

GOVERNMENT OF WEST BENGAL  
DIRECTORATE OF COMMERCIAL TAXES  
14, BELIAGHATA ROAD, KOLKATA-700015

**Subject: Corrigendum to Trade Circular No. 54/2018 (Circular No. 76/50/2018-GST)  
dated 31<sup>st</sup> December, 2018.**

***Corrigendum***

***Dated 02.05.2019***

Vide serial number 5 of Trade Circular No. 54/2018 (Circular No. 76/50/2018-GST) dated 31<sup>st</sup> December, 2018, it was clarified that the taxable value for the purposes of GST shall include the Tax Collected at Source (TCS) amount collected under the provisions of the Income Tax Act, as the value to be paid to the supplier by the recipient is inclusive of the said TCS.

2. In the light of the representations received from the stakeholders, the matter has been re-examined. The Commissioner has clarified that Tax collection at source (TCS) is not a tax on goods but an interim levy on the possible “income” arising from the sale of goods by the buyer and to be adjusted against the final income- tax liability of the buyer.

3. Accordingly, in serial No. 5 of the Trade Circular No. 54/2018 (Circular No. 76/50/2018-GST) dated 31<sup>st</sup> December, 2018:

**For**

5.	What is the correct valuation methodology for ascertainment of GST on Tax collected at source (TCS) under the provisions of the Income Tax Act, 1961?	1. Section 15(2) of WBGST Act specifies that the value of supply shall include “any taxes, duties cesses, fees and charges levied under any law for the time being in force other than this Act, the CGST Act, the UTGST Act and the GST (Compensation to States) Act, if charged separately by the supplier.”  2. It is clarified that as per the above provisions, taxable value for the purposes of GST shall include the TCS amount collected under the provisions of the Income Tax Act since the value to be paid to the supplier by the buyer is inclusive of the said TCS.
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## Read

5.	What is the correct valuation methodology for ascertainment of GST on Tax collected at source (TCS) under the provisions of the Income Tax Act, 1961?	<p>1. Section 15(2) of WBGST Act specifies that the value of supply shall include “any taxes, duties cesses, fees and charges levied under any law for the time being in force other than this Act, the CGST Act, the UTGST Act and the GST (Compensation to States) Act, if charged separately by the supplier.”</p> <p>2. For the purpose of determination of value of supply under GST, Tax collected at source (TCS) under the provisions of the Income Tax Act, 1961 would not be includible as it is an interim levy not having the character of tax.</p>
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3. Difficulty, if any, in implementation of this Circular may please be brought to the notice of the Commissioner.

Sd/-  
(Smaraki Mahapatra)  
Commissioner, State Tax,  
West Bengal

Memo. – 208 CT/PRO  
3C/PRO/2019

Date: 02.05.2019

Copy forwarded to the Additional CST/ISD for information and for uploading it on the official website of the Directorate for information of all concerned.

Sd/-  
(Adesh Kumar)  
Special CST & PRO