



लद्दाख संघ राज्य
प्रशासन

THE ADMINISTRATION OF
UNION TERRITORY OF LADAKH
FINANCE DEPARTMENT

File No. M/5170/2026-OFFICE OF AC(E) UTGST/178-183 Dated: 14.10.2026

CIRCULAR

Subject: Deduction of tax at source (TDS) under Section 51 of the Central Goods and Services Tax Act, 2017 – compliance by Departments and Drawing and Disbursing Officers – regarding.

1. **Section 51 of the Central Goods and Services Tax (CGST) Act, 2017**, read with Section 21(xi) of the Union Territory Goods and Services Tax (UTGST) Act, 2017 and Section 20 of the Integrated Goods and Services Tax (IGST) Act, 2017, mandates deduction of tax at source. The provisions are in force with effect from 01.10.2018 vide Notification No. 50/2018-Central Tax dated 13.09.2018. It has been observed that these provisions are not being uniformly complied with in the Union Territory.
2. The following are liable to deduct tax (“deductors”):
 - (a) Departments and establishments of the Central Government and of the UT Administration;
 - (b) local authorities;
 - (c) Governmental agencies;
 - (d) an authority, a board or any other body (i) set up by an Act of Parliament or a State Legislature, or (ii) established by any Government with fifty-one per cent or more participation by way of equity or control, to carry out any function; societies established by the Central Government, a State Government or a local authority under the Societies Registration Act, 1860; and public sector undertakings (Notification No. 50/2018-Central Tax dated 13.09.2018);
 - (e) registered persons receiving supplies of metal scrap from other registered persons (Notification No. 25/2024-Central Tax dated 09.10.2024, with effect from 10.10.2024).

Societies, agencies and missions under the UT Administration falling within (c) or (d) above, including those implementing Centrally Sponsored Schemes through SNA or other bank accounts, are deductors even though their payments do not pass through the Treasury.

3. **Rate and threshold:**
 - (a) Tax shall be deducted where the total value of taxable supply under a contract exceeds ₹2,50,000, excluding the central tax, Union territory tax, integrated tax and cess indicated in the invoice. The tax shall likewise be deducted on the value

so arrived at, i.e. the taxable value excluding the taxes and cess indicated in the invoice (Explanation to Section 51(1)).

- (b) The rate is **1% CGST plus 1% UTGST** on supplies within the Union Territory, and **2% IGST** on inter-State supplies.
- (c) The threshold applies to the value of the contract and not to the individual bill. Tax shall be deducted from every payment, including every running account bill, under a contract exceeding the threshold. Where the supplier is located outside Ladakh and the place of supply is in Ladakh, tax shall be deducted at 2% as IGST.
- (d) No deduction shall be made where the location of the supplier and the place of supply are in a State or Union Territory different from that of registration of the recipient (proviso to Section 51(1)). This covers supplies received by offices of the UT Administration located outside Ladakh from suppliers of that State, unless the office is separately registered there.
- (e) No deduction is required on supplies between one Government department, local authority, Governmental agency or notified body and another, i.e. between one person and another person both of whom are specified under clauses (a), (b), (c) and (d) of Section 51(1) (Notification No. 73/2018-Central Tax dated 31.12.2018), or on supplies from one public sector undertaking to another public sector undertaking, whether or not a distinct person (Notification No. 61/2018-Central Tax dated 05.11.2018, effective from 01.10.2018).
- (f) No deduction is required on supplies that are wholly exempt or otherwise not taxable, as Section 51(1) applies only to supplies of taxable goods or services or both. Where a contract covers both taxable and exempt supplies, the threshold and the deduction shall be applied to the value of the taxable supplies only.

4. All deductors are accordingly directed to:

- (a) obtain registration as tax deductor in **FORM GST REG-07** under Section 24(vi) of the CGST Act read with Rule 12 of the CGST Rules, 2017. The registration shall be held under the Union Territory of Ladakh (State Code 38); any deductor still operating on a registration of the erstwhile State of Jammu and Kashmir (State Code 01) shall obtain a fresh registration forthwith;
- (b) deduct tax at the time of payment or credit to the supplier;
- (c) deposit the tax deducted **within ten days** after the end of the month of deduction, by debiting the electronic cash ledger, since input tax credit cannot be utilised for this purpose (Section 51(2));
- (d) furnish the return in **FORM GSTR-7** by the 10th of the succeeding month (Section 39(3) read with Rule 66), including a Nil return for any month in which no deduction is made. With effect from 01.11.2024, FORM GSTR-7 is to be furnished with invoice-wise details of the deductions, and the return for a month cannot be filed unless the returns for all previous months have been filed (Section 39(10));
- (e) make available to the deductee the TDS certificate in **FORM GSTR-7A**, generated on the common portal after the return is furnished (Section 51(3) read with Rule 66(3));

- (f) maintain a register of deductions and follow the procedure laid down in Circular No. 65/39/2018-DOR dated 14.09.2018 and the clarifications in Circular No. 76/50/2018-GST dated 31.12.2018;
- (g) ensure that no bill attracting Section 51 is drawn or passed for payment without the deduction. Treasury Officers shall check this before passing such bills;
- (h) note that deduction under Section 51 is in addition to, and independent of, tax deductible at source under the Income-tax Act;
- (i) furnish the GSTIN held as tax deductor to the State Taxes Department within thirty days of issue of this Circular.
5. Non-compliance shall attract:
- (a) interest under Section 50(1) on tax deducted but not deposited (Section 51(6));
- (b) penalty under Section 122(1)(v) of the CGST Act (and correspondingly under the UTGST Act), being ₹10,000 or the amount of tax not deducted, short deducted or deducted but not deposited, whichever is higher;
- (c) late fee under Section 47 for delay in furnishing FORM GSTR-7, presently ₹25 per day under each of the CGST and UTGST Acts, subject to a maximum of ₹1,000 per return under each Act, and fully waived where the tax deducted for the month is nil (Notification No. 23/2024-Central Tax dated 08.10.2024 and the corresponding UTGST notification);
- (d) determination and recovery of the amount in default under Section 73, 74 or 74A, as the case may be (Section 51(7)).

The above liabilities fall on the deductor. Interest, penalty and late fee paid on this account are avoidable expenditure from public funds. Where they arise from default or negligence of the Drawing and Disbursing Officer or any other official, personal responsibility shall be fixed and the loss recovered in accordance with Rule 33 of the General Financial Rules, 2017, without prejudice to action under the applicable conduct and disciplinary rules.

6. All Heads of Departments shall circulate these instructions among the officials dealing with bills and payments.
7. For any clarification, the State Taxes Officer, Leh or Kargil may be contacted.

Lenab...

-Sd-
(Tsewang Tharchin), IA&AS
Commissioner, State Taxes
Union Territory of Ladakh

Copy to:

1. All Administrative Secretaries/Heads of Departments, UT of Ladakh.
2. The Director General of Police, UT of Ladakh.
3. The Director, Accounts & Treasuries, for instructions to all Treasury Officers.
4. The Registrar, University of Ladakh.

5. Heads of all Central Government offices, autonomous bodies and public sector undertakings located in the UT of Ladakh, for information and necessary action.
6. All Drawing and Disbursing Officers.
7. All officers of the State Taxes Department, UT of Ladakh.
8. In-charge, UT website, NIC, for uploading the Circular on the website.


(Fesal Iqbal Tantray) JKAS
Asst Commissioner, State Taxes
Union Territory of Ladakh