

TAX DEDUCTION AT SOURCE

MULTIPLE CHOICE QUESTIONS

- Which of the following persons is liable to deduct tax at source :**
 - A department or establishment of the Central Government or State Government
 - Local authority
 - Governmental agencies
 - All of the above
- What is the threshold limit for tax deduction at source?**
 - If contract value exceeds ₹ 20,00,000
 - If contract value exceeds ₹ 10,00,000
 - If contract value exceeds ₹ 5,00,000
 - If contract value exceeds ₹ 2,50,000
- The following persons have been notified u/s 51(1)(d) to deduct tax at source.**
 - An authority or a board or any other body, set up by an Act of Parliament or a State Legislature; or established by any Government, with 51% or more participation by way of equity or control, to carry out any function.
 - Society established by the Central Government or the State Government or a Local Authority under the Societies Registration Act, 1860.
 - Public sector undertakings.
 - All of the above.
- The deductor has to deduct tax @ ___ rom the payment made or credited to the supplier ("the deductee") of taxable goods or services or both, where the total value of such supply, under a contract, exceeds _____.**
 - 2% (1% CGST and 1% SGST), ₹ 2,50,000
 - 1% (0.5% CGST and 0.5% SGST), ₹ 2,50,000
 - 4% (2% CGST and 2% SGST), ₹ 2,50,000
 - 2% (1% CGST and 1% SGST), ₹ 5,00,000
- No deduction shall be made if _____**
 - Location of the supplier, place of supply and location of the recipient are in the same state.
 - Location of the supplier and the place of supply is in a State which is different from the State of registration of the recipient.
 - Location of supplier as well as the place of supply is in different states.
 - All of the above.
- The amount deducted as tax shall be paid to the Government by the deductor within _____ after the end of the month in which**

such deduction is made, in such manner as may be prescribed.

- (a) 10 days
(b) 7 days
(c) 5 days
(d) 30 days
7. Determine the amount of tax to be deducted at source. XYZ Ltd. a public sector undertaking has credited a sum of ₹ 5,90,000 (inclusive of 18% GST) to the account of PQR Ltd. (another public sector undertaking) for supply of taxable goods.
- (a) Nil
(b) ₹ 11,800
(c) ₹ 10,000
(d) ₹ 5,000
8. XYZ Ltd. of Delhi has contracted with the Government department of Delhi to supply taxable goods amounting ₹ 4,00,000 (exclusive of GST @ 18%). It has raised two invoices for such supply amounting ₹ 2,36,000 inclusive of GST. The amount of tax to be deducted at source is .
- (a) 8,000
(b) Nil
(c) 9,440
(d) 4,720
9. If any deductor fails to pay to the Government the amount deducted as tax u/s 51(1), he shall pay interest @ _____ in addition to the amount of tax deducted.
- (a) 18% p.a.
(b) 24% p.a.
(c) 6% p.a.
(d) 9% p.a.
10. On what value TDS needs to be deducted?

- (a) Contract value
(b) Contract value excluding tax
(c) Invoice value including tax
(d) Invoice value excluding tax

11. Manihar Enterprises, registered in Delhi, is engaged in supply of various goods and services exclusively to Government departments, agencies etc. and persons notified u/s 51 of the CGST Act, 2017. It has provided the information relating to the supply made, its contract value and the payment due in the month of October, as under:

Particulars	Total contract value (inclusive of GST) (₹)	Payment due in October (₹)
Interior decoration of Andhra Bhawan located in Delhi. Service contract is entered into with the Government of Andhra Pradesh.	12,39,000	12,39,000

You are required to determine amount of tax, if any, to be deducted from each of the receivable given above assuming the rate of CGST, SGST and IGST as 9%, 9% and 18% respectively.

- (a) Nil
(b) ₹ 12390 as CGST and ₹ 12,390 as SGST
(c) ₹ 21,000 as IGST
(d) ₹ 10,500 as CGST and ₹ 10,500 as SGST
12. Manihar Enterprises, registered in Delhi, is engaged in supply of various goods and services exclusively to Government departments, agencies etc. and persons notified under section 51 of the CGST Act, 2017. It has provided the information



relating to the supply made, its contract value and the payment due in the month of October, as under:

Particulars	Total contract value (inclusive of GST) (₹)	Payment due in October (₹)
Supply of printed books and printed post cards to a West Delhi Post Office [Out of total contract value of ₹ 9,72,000, contract value for supply of books (exempt from GST) is ₹ 7,00,000 and for supply of printed post cards (taxable under GST) is ₹ 2,72,000.]	9,72,000	50,000 for books and 20,000 for printed post cards

You are required to determine amount of tax, if any, to be deducted from each of the receivable given above assuming the rate of CGST, SGST and IGST as 9%, 9% and 18% respectively.

- (a) Nil
- (b) ₹ 9,720 as CGST and ₹ 9,720 as SGST
- (c) ₹ 200 as CGST and ₹ 200 as SGST
- (d) ₹ 500 as CGST and ₹ 500 as SGST

13. Manihar Enterprises, registered in Delhi, is engaged in supply of various goods and services exclusively to Government departments, agencies etc. and persons notified u/s 51 of the CGST Act, 2017. It has provided the information relating to the supply made, its contract value and the payment due in the month of October as under:

Particulars	Total contract value (inclusive of GST) (₹)	Payment due in October (₹)
Maintenance of street lights in Municipal area of East Delhi* [The maintenance contract entered into with the Municipal Corporation of Delhi also involves replacement of defunct lights and other spares. However, the value of supply of goods is not more than 25% of the value of composite supply.] *an activity in relation to any function entrusted to a Municipality under article 243W of the Constitution.	3,50,000	1,00,000

You are required to determine amount of tax, if any, to be deducted from each of the receivable given above assuming the rate of CGST, SGST and IGST as 9%, 9% and 18% respectively.

- (a) Nil
- (b) ₹ 3,500 as CGST and ₹ 3,500 as SGST
- (c) ₹ 1000 as CGST and ₹ 1000 as SGST
- (d) ₹ 2,966 as CGST and ₹ 2,966 as SGST

14. Harihar Enterprises, registered in Delhi, is engaged in supply of various goods and

services exclusively to Government departments, agencies etc. and persons notified u/s 51 of the CGST Act, 2017. It has provided the information relating to the supply made, its contract value and the payment due in the month of October as under:

Particulars	Total contract value (inclusive of GST) (₹)	Payment due in October (₹)
Supply of stationery to Fisheries Department, Kolkata)	2,60,000	15,000

You are required to determine amount of tax, if any, to be deducted from each of the receivable given above assuming the rate of CGST, SGST and IGST as 9%, 9% and 18% respectively.

- (a) Nil
- (b) ₹ 4,406 as IGST
- (c) ₹ 5,200 as IGST
- (d) ₹ 300 as IGST

15. Sridharan Enterprises, registered in Rajasthan, is engaged in supply of various goods and services exclusively to Government departments, agencies etc. and persons notified u/s 51 of the CGST Act, 2017. It has provided the information relating to the supply made, its contract value and the payment due in the month of October as under:

Particulars	Total contract value (inclusive of GST) (₹)	Payment due in October, 2021 (₹)
Supply of car rental services to Municipal	2,95,000	20,000

Corporation of Rajasthan		
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You are required to determine amount of tax, if any, to be deducted from each of the receivable given above assuming the rate of CGST, SGST and IGST as 9%, 9% and 18% respectively.

- (a) Nil
- (b) ₹ 2,950 as CGST and ₹ 2,950 as SGST
- (c) ₹ 2,500 as CGST and ₹ 2,500 as SGST
- (d) ₹ 200 as CGST and ₹ 200 as SGST

16. Parihar Enterprises, registered in Delhi, is engaged in supply of various goods and services exclusively to Government departments, agencies etc. and persons notified u/s 51 of the CGST Act, 2017. It has provided the information relating to the supply made, its contract value and the payment due in the month of October as under:

Particulars	Total contract value (inclusive of GST) (₹)	Payment due in October, 2021 (₹)
Supply of a heavy machinery to Public Sector Undertaking located in Uttarakhand	5,90,000	25,000

You are required to determine amount of tax, if any, to be deducted from each of the receivable given above assuming the rate of CGST, SGST and IGST as 9%, 9% and 18% respectively.

- (a) Nil
- (b) ₹ 11,800 as IGST
- (c) ₹ 10,000 as IGST
- (d) ₹ 500 as IGST



17. Manihar Enterprises, registered in Delhi, is engaged in supply of various goods and services exclusively to Government departments, agencies etc. and persons notified under section 51 of the CGST Act, 2017. It has provided the information relating to the supply made, its contract value and the payment due in the month of October as under:

Particulars	Total contract value (inclusive of GST) (₹)	Payment due in October (₹)
Supply of taxable goods to Delhi office of National Housing Bank, a society established by Government of India under the Societies Registration Act, 1860	6,49,000	50,000

You are required to determine amount of tax, if any, to be deducted from each of the receivable given above assuming the rate of CGST, SGST and IGST as 9%, 9% and 18% respectively.

- (a) Nil
 (b) ₹ 6,490 as CGST and ₹ 6,490 as SGST
 (c) ₹ 5,500 as CGST and ₹ 5,500 as SGST
 (d) ₹ 500 as CGST and ₹ 500 as SGST

18. XYZ Ltd. has supplied goods to local authority for ₹ 11,80,000 (inclusive of GST @ 18%). Determine the amount of tax to be deducted at source. Also determine the interest liability if the tax deducted at source on 25-12-2024 is deposited on 28-03-2025.

- (a) ₹ 20,000; ₹ 769
 (b) ₹ 20,000; ₹ 759
 (c) ₹ 23,600; ₹ 945
 (d) ₹ 11,800; ₹ 448

ANSWERS TO MCQ'S

Question No.	Answer
1.	<p>(d) According to Section 51(1), the following persons (the deductor) are liable to deduct tax at source from payments made to the suppliers of taxable goods and/or services.</p> <p>(a) a department or establishment of the Central Government or State Government; or</p> <p>(b) local authority; or</p>

		(c) Governmental agencies; or (d) such persons or category of persons as may be notified by the Government on the recommendations of the Council.
2.	(d)	The deductor has to deduct tax @ 2% (1% CGST and 1% SGST) from the payment made or credited to the supplier ("the deductee") of taxable goods or services or both, where the total value of such supply, under a contract, exceeds ₹ 2,50,000.
3.	(d)	The following persons have been notified : (i) an authority or a board or any other body, - (a) set up by an Act of Parliament or a State Legislature; or (b) established by any Government, with 51% or more participation by way of equity or control, to carry out any function; (ii) Society established by the Central Government or the State Government or a Local Authority under the Societies Registration Act, 1860 ; (iii) public sector undertakings.
4.	(a)	The deductor has to deduct tax @ 2% (1% CGST and 1% SGST) from the payment made or credited to the supplier ("the deductee") of taxable goods or services or both, where the total value of such supply, under a contract, exceeds ₹ 2,50,000.
5.	(b)	No deduction shall be made if the location of the supplier and the place of supply is in a State or Union territory which is different from the State or as the case may be, Union territory of registration of the recipient.
6.	(a)	According to Section 51(2), the amount deducted as tax under this Section shall be paid to the Government by the deductor within 10 days after the end of the month in which such deduction is made, in such manner as may be prescribed.
7.	(a)	TDS provisions shall not apply to the supply of goods or services or both from a public sector undertaking to another public sector undertaking, whether or not a distinct person.
8.	(a)	Individual supplies may be less than ₹ 2,50,000/-, but if total value of supply under a contract is more than ₹ 2,50,000/-, tax will have to be deducted at source. The deductor have to deduct tax @ 2% from the payment made or credited to the supplier of taxable goods and/or services. Thus, the amount of tax required to be deducted at source = 2% of ₹ 4,00,000 = ₹ 8,000.
9.	(a)	If any deductor fails to pay to the Government the amount deducted as tax u/s 51(1), he shall pay interest @ 18% p.a. in addition to the amount of tax deducted.
10.	(d)	For the purpose of deduction of tax specified above, the value of supply shall be taken as the amount excluding the central tax, State tax, Union territory tax, integrated tax and cess indicated in the invoice.

11.	(a)	<p>Proviso to section 51(1) of the CGST Act, 2017 stipulates that no tax shall be deducted if the location of the supplier and the place of supply is in a State or Union territory which is different from the State or as the case may be, Union territory of registration of the recipient.</p> <p>Section 12(3) of the IGST Act, 2017, <i>inter alia</i>, stipulates that the place of supply of services, directly in relation to an immovable property, including services provided by interior decorators, shall be the location at which the immovable property is located or intended to be located. Accordingly, the place of supply of the interior decoration of Andhra Bhawan shall be Delhi.</p> <p>Since the location of the supplier (Manihar Enterprises) and the place of supply is Delhi and the State of registration of the recipient - Government of Andhra Pradesh is Andhra Pradesh, no tax is liable to be deducted in the given case.</p>
12.	(a)	<p>If the contract is made for both taxable supply and exempted supply, tax shall be deducted if the total value of taxable supply in the contract exceeds ₹ 2,50,000. Being an intra-State supply of goods, supply of printed post cards to a West Delhi Post Office is subject to CGST and SGST @ 9% each. Therefore, total value of taxable supply [excluding CGST and SGST] under the contract is as follows:</p> <p>= ₹ 2,72,000 × 100/118 = ₹ 2,30,509 (rounded off)</p> <p>Since the total value of taxable supply under the contract does not exceed ₹ 2,50,000, tax is not required to be deducted.</p>
13.	(a)	<p>Composite supply of goods and services in which the value of supply of goods constitutes not more than 25% of the value of the said composite supply provided to, <i>inter alia</i>, local authority by way of any activity in relation to any function entrusted to a Municipality under article 243W of the Constitution is exempt from GST. Thus, maintenance of street lights (an activity in relation to a function entrusted to a Municipality) in Municipal area of East Delhi involving replacement of defunct lights and other spares where the value of supply of goods is not more than 25% of the value of composite supply is a service exempt from GST. Since, tax is liable to be deducted from the payment made or credited to the supplier of taxable goods or services or both, no tax is required to be deducted in the given case as the supply is exempt.</p>
14.	(a)	<p>In this case the total value of taxable supply under the contract is [₹ 2,60,000 × 100 ÷ 118] = ₹ 2,20,339. Since the total value of supply under the contract does not exceed ₹ 2,50,000, tax is not required to be deducted.</p>
15.	(a)	<p>In this case the total value of taxable supply under the contract is [₹ 2,95,000 × 100 ÷ 118] = ₹ 2,50,000. Since the total value of supply under the contract does not exceed ₹ 2,50,000, tax is not required to be deducted.</p>

16.	(d)	<p>Being an inter-State supply of goods, supply of heavy machinery to PSU in Uttarakhand is subject to IGST @ 18%. Therefore, total value of taxable supply [excluding IGST] under the contract is as follows:</p> $= ₹ 5,90,000 \times 100/118$ $= ₹ 5,00,000$ <p>Since the total value of supply under the contract exceeds ₹ 2,50,000, PSU in Uttarakhand is required to deduct tax @ 2% of ₹ 25,000, i.e. ₹ 500.</p>												
17.	(d)	<p>Being an intra-State supply of goods, supply of taxable goods to National Housing Bank, Delhi is subject to CGST and SGST @ 9% each. Therefore, total value of taxable supply [excluding CGST and SGST] under the contract is as follows:</p> $= ₹ 6,49,000 \times 100/118$ $= ₹ 5,50,000 \text{ (rounded off)}$ <p>Since the total value of supply under the contract exceeds ₹ 2,50,000, National Housing Bank, Delhi is required to deduct tax @ 2% (1% CGST + 1% SGST) of ₹ 50,000, i.e. ₹ 1,000</p>												
18.	(b)	<p>As per provisions Section 50(1) of the Act, the local authority has to deduct tax @ 2% from the payment made or credited to the supplier of taxable goods or services or both, where the total value of such supply, under a contract, exceeds ₹ 2,50,000. Such tax has to be paid to the Government by the deductor within 10 days after the end of the month in which such deduction is made, in such manner as may be prescribed otherwise interest shall be levied @ 18% p.a. for the period for which the tax or any part thereof remains unpaid.</p> <p>Hence, the amount of tax to be deducted at source shall be 2% of ₹ 10,00,000 = ₹ 20,000</p> <p>Computation of Interest on delay in deposit of TDS (amount in ₹) :</p> <table border="1" data-bbox="379 1263 1441 1599"> <thead> <tr> <th data-bbox="379 1263 1267 1317">Particulars</th> <th data-bbox="1267 1263 1441 1317">(₹)</th> </tr> </thead> <tbody> <tr> <td data-bbox="379 1317 1267 1370">Due date for deposit of TDS [A]</td> <td data-bbox="1267 1317 1441 1370">10-01-2025</td> </tr> <tr> <td data-bbox="379 1370 1267 1424">Actual date of deposit of TDS [B]</td> <td data-bbox="1267 1370 1441 1424">28-03-2025</td> </tr> <tr> <td data-bbox="379 1424 1267 1478">Period of delay (in days) [C] = B – A</td> <td data-bbox="1267 1424 1441 1478">77</td> </tr> <tr> <td data-bbox="379 1478 1267 1532">Amount of TDS [D]</td> <td data-bbox="1267 1478 1441 1532">20,000</td> </tr> <tr> <td data-bbox="379 1532 1267 1599">Interest payable @ 18 % p.a. for delay in payment of days [D × 18% × C ÷ 365 days] (Leap Year)</td> <td data-bbox="1267 1532 1441 1599">759</td> </tr> </tbody> </table>	Particulars	(₹)	Due date for deposit of TDS [A]	10-01-2025	Actual date of deposit of TDS [B]	28-03-2025	Period of delay (in days) [C] = B – A	77	Amount of TDS [D]	20,000	Interest payable @ 18 % p.a. for delay in payment of days [D × 18% × C ÷ 365 days] (Leap Year)	759
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Due date for deposit of TDS [A]	10-01-2025													
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