

\*Section 51. Tax deduction at source.-

(1) Notwithstanding anything to the contrary contained in this Act, the Government may mandate,-

(a) a department or establishment of the Central Government or State Government; or

(b) local authority; or

(c) Governmental agencies; or

(d) such persons or category of persons as may be notified by the Government on the recommendations of the Council, (hereafter in this section referred to as "the deductor"), to deduct tax at the rate of one per cent. from the payment made or credited to the supplier (hereafter in this section referred to as "the deductee") of taxable goods or services or both, where the total value of such supply, under a contract, exceeds two lakh and fifty thousand rupees:

Provided that 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.

Explanation .-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.

(2) The amount deducted as tax under this section shall be paid to the Government by the deductor within ten days after the end of the month in which such deduction is made, in such manner [as may be prescribed](#).

[1\[\(3\) A certificate of tax deduction at source shall be issued in such form and in such manner as may be prescribed.\]](#).

(4) [2\[\\*\\*\\*\\*\]](#)

(5) The deductee shall claim credit, in his electronic cash ledger, of the tax deducted and reflected in the return of the deductor furnished under sub-section (3) of [section 39](#), in such manner [as may be prescribed](#).

(6) If any deductor fails to pay to the Government the amount deducted as tax under sub-section (1), he shall pay interest in accordance with the provisions of sub-section (1) of [section 50](#), in addition to the amount of tax deducted.

(7) The determination of the amount in default under this section shall be made in the manner specified in [section 73](#) or [section 74](#) [3\[or section 74A\]](#).

(8) The refund to the deductor or the deductee arising on account of excess or erroneous deduction shall be dealt with in accordance with the provisions of [section 54](#):

Provided that no refund to the deductor shall be granted, if the amount deducted has been credited to the electronic cash ledger of the deductee.

\* Section 51(1) enforced w.e.f. 18-09-2017 with respect to persons special under (a), (b) and (d) of section 51(1). Provisions of sub-sections (2) to (8) of section 51 have not so far been brought into force. **Notification No. 50/2018 – Central Tax on September 13, 2018** superseded the previous 2017 order and formally appointed **October 1, 2018**, as the definitive date on which all operational provisions of Section 51 came into full effect for specified deductors.

1. Substituted by s. 124 of The Finance Act, 2020 (No. 12 of 2020) for -

"(3) The deductor shall furnish to the deductee a certificate mentioning therein the contract value, rate of deduction, amount deducted, amount paid to the Government and such other particulars in such manner as may be prescribed. "

-Brought into force w.e.f. 01st January, 2021 by Notification No. 92/2020-C.T., dated 22-12-2020.

2. Omitted by s. 124 by The Finance Act, 2020 (No. 12 of 2020) -

"(4) If any deductor fails to furnish to the deductee the certificate, after deducting the tax at source, within five days of crediting the amount so deducted to the Government, the deductor shall pay, by way of a late fee, a sum of one hundred rupees per day from the day after the expiry of such five days period until the failure is rectified, subject to a maximum amount of five thousand rupees. "

-Brought into force w.e.f. 01st January, 2021 vide Notification No. 92/2020-C.T., dated 22-12-2020.

3. Inserted by section 127 of The Finance Act (No. 2) Act, 2024 No. 15 of 2024 dated 16.08.2024.