

Clarification in respect of levy of GST on Director's Remuneration

Circular No: 140/10/2020 – GST dt. 10 June, 2020

Independent Director and Whole Time Director who is not employee of the said company

Director, who is an employee of the said company

Whole Time Director-a person who is not an employee of the company.

'Independent Directors- such director which has not been an employee or proprietor or a partner of the said company, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed in the said company.

Liable for GST

Recipient of the said service i.e. the Company, is liable to discharge the GST on it on **reverse charge basis.**

Whether remuneration paid to director is subject to deduction of TDS u/s 192 of Income Tax Act under head "Salaries".

Whether remuneration paid to director is subject to deduction of TDS u/s 194J of Income Tax Act – under head "Fees for professional services"

Not liable for GST

Such salaries are not taxable under GST being consideration for services by an employee to the employer in the course of or in relation to his employment.

Liable for GST

The Recipient of the said service i.e. the Company, is liable to discharge the GST on it on **reverse charge basis**.

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