



टीबोर्डभारत Tea Board India

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CIRCULAR

Subject: Deposit of TDS U/S 194H by buyers and producers on auction brokerage

As per Section of Income Tax 1940 sub-section 1 with effect from 01.10.2020, any payment made by a purchaser of goods or recipient of services directly to an e-commerce participant for the sale of goods or provision of services or both, facilitated by an e-commerce operator, shall be deemed to be the amount credited or paid by the e-commerce operator to the e-commerce participant and shall be included in the gross amount of such sale of service for the purpose of deduction of income-tax under this sub-section.

Further, it is stated that "notwithstanding anything contained in part B of this Chapter, a transaction in respect of which tax has been deducted by the e-commerce operator under sub-section (1), or which is not liable to deduction under sub-section (2), shall not be liable to tax deduction at source under any other provision of this Chapter".

And subsequent circular no. 13 dated 30th June, 2021 of CBDT wherein it is clearly stated that under sub-section (3) of section 194-0 of the Act, a transaction in respect of which tax has been deducted by the e-commerce operator under sub-section (1), or which is not liable to deduction under sub-section (2), shall not be liable to tax deduction at source under any other provision of chapter XVII of the Act.

In this context, it may please be informed that deduction of TDS u/s 194H on auctioneers services has been disabled in the auction portal due to applicability of section 1940 on auctioneers services w.e.f. 01/10/2020 which states that if TDS is deducted under section 1940 by an e-commerce operator, such transaction is not liable for deduction of TDS under any other section and as TDS u/s 1940 is deducted by Tea Board as an e-commerce operator on auctioneers services, such services are not liable for deduction of TDS under any other section.

As section 194H is no longer applicable on brokerage transactions under the auction system, the auctioneers have stopped claiming TDS under section 194H in their tax return for auction sales with effect from FY 2021-22 and they have also stopped refunding TDS U/S 194H with regard to auction transactions taking place post 01.10.2020.

Now, it has come to the notice of Tea Board that few seller and buyer members are still continuing to deposit TDS u/s 194H on auctioneers' services under the e- auction system and claim refund from auctioneers.

In view of the above, it is advised once again not to deposit TDS u/s194H on auction transactions as Tea Board is already deducting TDS on the same u/s. 1940.

The content of this circular may please be brought to the notice of all concerned.



(Rajanigandha Seal Naskar)
Controller of Licensing

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