



Circular No.: IGX/MO/17/2020

01<sup>st</sup> October 2020

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## **Applicability of TDS and TCS on IGX transactions w.e.f. October 01, 2020**

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Dear Members,

The Finance Bill 2020 has introduced two new provisions i.e. Tax Deduction at Source (TDS) and Tax Collection at Source (TCS) contained in section 194-O and section 206C(1H) of the Income-tax Act, 1961, both these provisions will come into effect from October 01, 2020.

Section 194-O will apply where sale of goods or provisions of services of an e-commerce participant is facilitated by an e-commerce operator through its electronic platform. Such e-commerce operator will be required to withhold tax at the specified rates on the gross amount including taxes of sale facilitated through its platform. Accordingly, IGX shall be required liable to withhold TDS on sums payable to members (sellers) on sale of natural gas with effect from October 01, 2020.

Section 206C(1H) provides that every person being a seller (with turnover of more than 10 Crores in previous financial year) who receives from selling to a buyer in a previous year an aggregate amount exceeding INR 50 Lakhs as consideration for sale of goods, shall be liable to collect tax at source at the specified rate on the consideration exceeding INR 50 lakhs as income-tax. However, the TCS collection will not be required if the buyer is exempted by Central Government. Accordingly, all the sellers of natural gas on IGX platform are required to collect TCS from its buyers on sale of natural gas with effect from October 01, 2020.

To ensure the compliance with section 194O and 206C(1H), IGX will initiate the process to deduct/collect the TDS/TCS from the clients, through their respective Members with effect from October 01, 2020.

Detailed process for the same will be communicated to the Members in due course.

**For and on behalf of**

**Indian Gas Exchange Limited**

**(Sd/-) Prasanna Rao**

**Vice President (MO)**

----- **Corporate Office** -----

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