



Circular No.: IGX/MO/39/2021

July 01, 2021

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## **Applicability of TDS u/s 194-Q on IGX transactions w.e.f. July 01, 2021**

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Dear Members,

The Finance Bill 2021 has introduced new section 194-Q in Tax Deduction at Source (TDS) of the Income-tax Act, 1961, which will come into effect from July 01, 2021. The requirements of section 194-Q are as below:

- Section 194-Q requires the specified buyer to deduct TDS on the purchase of goods from the resident seller, where 'buyer' means as under:
  - A person having total sales/ gross receipts/ turnover exceeding INR 10 Crores in the immediately preceding Financial Year in which the specified purchase of goods took place;
  - Buyer will not include person as notified by the Central Government.
- Rate of TDS: 0.1% on the gross purchase value exceeding Rs. 50 lakh aggregate purchase value in relevant FY.
- If seller doesn't submit PAN, then TDS will be deducted at the rate of **5%**.
- Transactions, wherein, TDS is deductible under both the provisions i.e., section 206C(1H) and section 194-Q. Under such cases, TDS would be deductible only under section 194-Q.

To assist the buyers to comply with section 194-Q for transactions executed at IGX platform, IGX will facilitate them by deducting the applicable TDS from seller's pay-out (commodity value and applicable VAT/CST) and reimburse the same to buyer through their respective member during the final settlement process. Sellers shall issue the invoice to buyers based on which the buyer shall issue the TDS certificate to the seller in compliance with applicable rules.

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Registered Office: C/O Avanta Business Center, First Floor, Unit no 1.14(b), D2, Southern park, District Centre, Saket 110017

CIN: U74999DL2019PLC357145



Exchange shall act as facilitator only. In case of any dispute between the buyer and seller or with tax authorities, it shall be handled mutually between the buyer and seller or with the tax authorities.

**For and on behalf of**

**Indian Gas Exchange Limited**

**(Sd/-) Prasanna Rao**

**Vice President (Market Operations)**

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