



INDIA BULLION AND JEWELLERS ASSOCIATION LTD.

Since 1919

Clarification On Applicability Of TCS And TDS On Buying And Selling Of Bullion & Jewellery

In view of Circular No. 13 of 2021, dated 30/06/2021 issued by Central Board of Direct Taxes, Ministry of finance, with regard to chargeability of TCS Vs TDS. Vide clause 4.9.5(v), following can be concluded.

This clause provides that Where if for any reason, seller has collected TCS u/s 206C(1H) before the buyer could deduct TDS u/s 194Q, the buyer need not deduct TDS u/s 194Q again for the same transaction. This clause further states that this concession is given as the tax rate for TCS u/s 206C(1H) is the same as tax rate u/s 194Q of the Income tax act.

Thus, in our opinion, when the seller Collect TCS u/s 206C(1H) before the buyer could deduct TDS u/s 194Q, it is not a violation of section 40(a)(ia) and hence there can not be any disallowance in section 40(a)(ia).

The draft circular has specifically added the word "concession" is itself an concrete evidence that buyer need not deduct TDS where seller has already collected TCS. The circular further states that this concession is given as the tax rates for TCS and TDS are same. These itself shows that tax department is interested in collecting tax in one of the section either thru TCS or TDS.

Practically also, all bullion booking is done thru telephonic conversation where seller approves the buyers booking after which E- invoice is first raised by seller followed by payment by the buyer.

In respect of jewellery sales also, E invoicing is done first before the payment is received by the seller.

Thus, it is clear that seller has first right to collect TCS and as per circular dated 30/06/21 and once seller exercise his right to collect TCS, the buyer does not have right to deduct TDS

In view of the above practical aspect and for ease of doing business and to ensure 100% tax recovery in the entire supply chain, it is essential that bullion and jewellery industry Opt for TCS u/s 206C(1H) in its entire supply chain.

Thank you.

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National Secretary - IBJA
Date:- 05/07/2021