



TEA BOARD
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Dated: 08.11.2018

Ref No:12(48)/LC/GST/2016/ 11824

Circular

I am directed to attach herewith a copy of circular no 74/48/2018-GST dated 5th November, 2018 issued by Shri Upender Gupta, Commissioner (GST), Ministry of Finance, Department of Revenue, Central Board of Indirect Taxes and Customs, GST Policy Wing, Government of India for information and necessary action please.

Sd/-

(Rajanigandha Seal Naskar)

Controller of Licensing

Encl: As stated.

Distribution:-

All Auction Organisers	For bringing it to the notice of all concerned members of your association/organization
All Producers Association	
All Brokers fraternity	

F. No. 20/16/04/2018- GST
Government of India
Ministry of Finance
Department of Revenue
Central Board of Indirect Taxes and Customs
GST Policy Wing

New Delhi, Dated the 5th November, 2018

The Principal Chief Commissioners/ Chief Commissioners/ Principal Commissioners/
Commissioners of Central Tax (All)
The Principal Directors General/ Directors General (All)

Madam/Sir,

Subject: Collection of tax at source by Tea Board of India – Reg.

Tea Board of India (hereinafter referred to as the, "Tea Board"), being the operator of the electronic auction system for trading of tea across the country including for collection and settlement of payments, admittedly falls under the category of electronic commerce operator liable to collect Tax at Source (hereinafter referred to as, "TCS") in accordance with the provisions of section 52 of the Central Goods and Service Tax Act, 2017 (hereinafter referred to as, "the CGST Act").

2. The participants in the said auction are the sellers i.e. the tea producers and auctioneers who carry out the auction on behalf of such sellers and buyers.

3. It has been represented that the buyers in the said auction make payment of a consolidated amount to an escrow Account maintained by the Tea Board. The said consolidated amount is towards the value of the tea, the selling and buying brokerages charged by the auctioneers and also the amount charged by the Tea Board from sellers, auctioneers and buyers. Thereafter, Tea Board pays to the sellers (i.e. tea producers), from the said escrow account, for the supply of goods made by them (i.e. tea) and to the auctioneers for the supply of services made by them (i.e. brokerage). Under no circumstances, the payment is made by the Tea Board to the auctioneers on account of supply of goods i.e., tea sold at auction.

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4. A representation has been received from Tea Board, seeking clarification whether they should collect TCS under section 52 of the CGST Act from the sellers of tea (i.e. the tea producers), or from the auctioneers of tea or from both.
5. The matter has been examined. In exercise of the powers conferred under sub-section (1) of section 168 of the CGST Act, for the purpose of uniformity in the implementation of the Act, it is hereby clarified, that TCS at the notified rate, in terms of section 52 of the CGST Act, shall be collected by Tea Board respectively from the -
 - (i) sellers (i.e. tea producers) on the net value of supply of goods i.e. tea; and
 - (ii) auctioneers on the net value of supply of services (i.e. brokerage).
6. It is requested that suitable trade notices may be issued to publicize the contents of this Circular.
7. Difficulties faced, if any, in implementation of the above instructions may please be brought to the notice of the Board.
8. Hindi version would follow.

(Upender Gupta)
Commissioner (GST)