Sub:- Tax Collection at Source (TCS) on scrap sales.

Ref:- GM(EPS)/CRIS e-mail dt.22.06.2018

1. GM(EPS)/CRIS vide the mail under reference informed that there are differences in TCS rates being followed by various railways and there is a need to have uniform rate all over the railways.

2. The matter has been examined in detail in Board’s Office and it has been decided that procedure as under should be followed all over Indian railways in respect of Scrap Sales:-

   i) Income Tax (Tax Collection at Source, TCS) is to be paid by scrap buyers to the Railways at the time of remittance of Balance Sale Value (BSV) in terms of section 206C of Income Tax Act (ITA). The present rate of TCS is @ 1% of all inclusive sale value. There is no surcharge or cess on the TCS.

   ii) As per Para 1(A) of the section 206C of ITA, no collection of tax shall be made in the case of a buyer, who is resident in India furnishes to the railway, a declaration in writing in duplicate in form 27C (as prescribed under 206C of ITA) duly verified in the prescribed manner to the effect that the scrap goods being purchased are to be utilized (i) for the purposes of manufacturing, processing or producing articles or things or (ii) for the purposes of generation of power, and (iii) not for trading purposes.

   iii) The declaration Form 27C should be submitted to the Railway by buyer at the time of making payment of BSV.

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iv) For claim of lower TCS rate, if any, a certificate for collection of tax at such lower rate should be obtained by the buyer from the concerned Income Tax Authority (Assessing Officer) in terms of Para 9 of section 206C of ITA and it should be submitted to the Railway at the time of making payment of BSV.

3. CRIS should make provision for accepting payment of TCS at applicable rate (relevant/lower as per para 206 C of ITA) from the buyer(s) at the time of payment of BSV. In case of "lower TCS", the Authorized Officer of railway should capture the details of the (i) certificate issued under Section 206 C (9) and (ii) the issuing Income Tax Authority.

This issues with the concurrence of Finance Dte./Railway Board.

(V Arparao)
Director Railway Stores (C)
Railway Board.