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**Dated: 08<sup>th</sup> November, 2018**

**CIRCULAR  
(No. 37 / 2018-19 - GST)**

**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 Goa Goods and Service Tax Act, 2017 (hereinafter referred to as, “the Goa GST 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.



4. A representation was received by CBIC from Tea Board, seeking clarification whether they should collect TCS under section 52 of the Goa GST 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 Goa GST 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 Goa GST 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. Difficulties faced, if any, in implementation of the above instructions may please be brought to the notice of the Commissioner.



(Dipak M. Bandekar)

Commissioner of State Tax

Note: Similar circular is issued under Central Goods and Services Tax Act, 2017 by the GST Policy Wing, Central Board of Indirect Taxes and Customs, Department of Revenue, Ministry of Finance, GOI, New Delhi vide Circular No. 74/48/2018-GST dated 05/11/2018.