

## CBDT Issues Guidelines under Section 194-O; Clarifies Treatment of TDS for E-Commerce Operators

On December 28, 2023, the Central Board of Direct Taxes (CBDT) issued guidelines with respect to section 194-O of the Income tax Act 1961 (the Act).

Section 194-O had been inserted into the Act by the Finance Act 2020 mandating that an e-commerce operator (ECO) shall be liable to deduct income-tax at the rate of one per cent of the gross amount sale of goods or provision of service or both, enabled through its digital or electronic facility or platform.

Sub section (4) of this provision authorizes the CBDT with approval from the Central Government, to issue guidelines in order to ease obscurities. Guidelines dated September 29, 2020, and November 25, 2021, had been published previously vide Circular no. 17 of 2020 and 20 of 2021 respectively. However, having received representation for further clarifications, the CBDT has issued new guidelines in a question-answer format by incorporating such queries in it.

The guidelines clarify the scope of Tax Deducted at Source (TDS) in cases where transactions involving multiple e-commerce operators or in cases where a transaction is conducted on a platform or network. It further sheds light on the interplay of Goods and Services Tax (GST) and other State taxes with section 194-O. Additionally, the guidelines illuminate the treatment of discounts while computing gross amount.

The detailed Circular has been enclosed herein for reference.

**Source: CBDT in Circular No. 20 of 2023 dated December 28, 2023.**

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