



Hon'ble ITAT bench Mumbai held that in case of "sales or return arrangement" (SoR) No need to deduct TDS as per section 194C of the Income Tax Act 1961.

Sameer ACIT Versus M/s Shoppers Stop Limited [TS-976-ITAT-2022(Mum)]

Mumbai, December 20, 2022

In the present case, the assessee company is running outlets and selling various items of many renowned brands in its outlets. The assessee company Sold the items of the other brands in its outlet under the Sales and Returns arrangement (SoR) which includes the following terms.

- The brand company that sold goods to the assessee will depute its salesperson to the assessee's store to assist a customer
- the brand company sold goods with a condition to return them according to its agreement. i.e., in case of damaged, remained unsold etc.
- Payment on a monthly basis or on at intervals as per the agreement

On assessment proceeding, Assessing Officer held that it was a composite contract of the supply of goods, and services as well, and therefore provisions of Section 194C of the Act will be applicable and liable to the buyer to deduct TDS as the prescribed rates under the section.

Hon'ble ITAT held that the present model of Sales or Return and its conditions will not amount to work under section 194C of the Act. Hence, Assessee is not liable to deduct TDS as per 194C for payments transactions under such agreement.

**194C of income tax Act 1961 Deduction of TDS in Case of payments to the contractor for works contract.*

