THE HARYANA STATE COOPERATIVE SUPPLY
AND MARKETING FEDERATION LIMITED
CORPORATE OFFICE, SECTOR 5, PANCHKULA HARYANA (INDIA)
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Web-site: www.hafed.gov.in

HAFED

No. Hafed/Acctt/Tax/ 2850 Dated: 14/09/2023

1. All the District Managers, Hafed in the state.
2. GMs/PMs/Managers, Hafed Processing Units in the state.
3. GMs/PMs/Managers, Rice Mills & Cold Storage in the State.
4. The Regional Sales Offices, Hafed, Kolkata, Mumbai & Delhi; XEN office Hisar.

Subject: Regarding Non-applicability of TDS u/s 194Q of the Income Tax Act, 1961 on the purchase made by Hafed through Member Cooperative Societies.

Please refer to the subject cited above.

In reference to the demand of The Haryana Cooperative Marketing Society Employees Union regarding non-applicability of TDS u/s 194Q on the purchases made through CMS and acceptance of commission bill only in lieu of services provided by them, the authority has decided that the CMS shall not raise the sale invoices and would only raise commission invoices in respect of the agriculture produce purchased by Hafed. Proceeding of the matter is enclosed herewith. **This decision is going to implement from KMS 2023-24 onwards**. It has also been decided that the said practice may be adopted on receipt of written consent of all the member societies.

In view of the above, you all are hereby directed to get the consent/undertaking form (enclosed) signed from the Coop. Mkt. Societies working under your control and send the same to this office by 18.09.2023.

The consent/undertaking must be signed by the Chairman of member societies only.

14/9/2023

General Manager (F&A)
for Managing Director
Hafed, Panchkula

Encl: 1. Consent form.
2. Proceeding of the matter.

CC:- State General Secretary, The Haryana Cooperative Marketing Societies Employees Union, for information please.

UNDERTAKING

I/we hereby give my/our consent on behalf of ______________________________(name of society) regarding non deduction of TDS u/s 194Q of the Income Tax Act, 1961 on the purchase of agriculture produce made by The Haryana State Co-operative Supply & Marketing Federation Ltd through Member Cooperative Societies. I/we undertake the below mentioned terms as under:-

1. That the society has weighed the pros and cons of adopting the new procedure which is that purchase would be booked by The Haryana State Co-operative Supply & Marketing Federation Ltd. as having effected from farmers directly through effected through CMS. In view of above procedure the purchase would now not being booked in the books of CMS.
2. That the society is well aware about the benefits/consequences that may arise after adoption of new procedure.
3. That the society will indemnify The Haryana State Co-operative Supply & Marketing Federation Ltd. of any loss that may arise due to adoption of such procedure and would not claim any monetary/non-monetary compensation for such losses in either ways-directly or through litigation.

This consent has been read and fully understood by the undersigned.

Name & Designation ________________

Consenter's Signature & Stamp ________________

Date ________________

Name of the Society ________________

MINUTES OF THE MEETING HELD ON 18.05.2023 ON THE MATTER OF APPLICABILITY OF TDS U/S 194Q OF THE INCOME TAX ACT, 1961.

A meeting under the chairmanship of CGM, Hafed was held on 18.05.2023 at Conference Hall, HAFED Complex, Sector-5, Panchkula at 2:00 P.M. GM(F&A), GM(Procurement), DGM (F&A), DGM(Procurement), Hafed's CA's Consultant representative, Income Tax Consultant-HAFED and Tax Consultant & C.A. of the CMS Union along with State General Secretary, The Haryana Cooperative Marketing Societies Employees Union attended the meeting.

The meeting addressed the issue of applicability of TDS U/s 194Q of The Income Tax Act, 1961 on the purchase done through CMS on commission basis for HAFED in Haryana.

As per the current practice, Hafed books its purchases of wheat and other crops on the basis of bills submitted by CMS & accordingly deduct TDS u/s 194Q of the Income Tax Act, 1961. Vide its demand, the CMS union has submitted that the CMS merely facilitates Hafed for the purchase of agriculture produce from the farmers/jamidars acting as an agent of Hafed on commission basis only. CMS Union has submitted that in procurement of wheat, the commission received by them is Rs. 1.33/- Per Quintal, however, TDS u/s 194Q @ 0.1% on the purchase value i.e 2,170/- per Quintal and TDS u/s 194H @5% on the commission amount is being deducted by Hafed. Meaning thereby, a total recovery of Rs. 0.91/- is initiated from CMS. Due to this, all CMS are facing great difficulties in their operations.

In order to resolve this issue, the Co-operative Marketing Society Union as well as their Advocate and Chartered Accountant has suggested that as per the current practice, the payment of agricultural produce purchased from the farmers is being done by HAFED directly to the farmer's account through the E-Kharid Portal as per govt. instructions, therefore, the CMS shall not be raising sale invoices in respect of the agriculture produce purchased by Hafed. CMS would raise invoices of commission only in respect of services rendered by it for facilitating the purchase of agriculture produce.

It was further discussed that if CMS would not provide sale bill, then on what basis Hafed would book its purchases. It was then analyzed that the e-khraid transactions/MIS report/ I Form & J form would act as a supporting document for booking the direct purchase from Farmers. In this way, CMS would only raise commission bill and Hafed would deduct TDS on commission only.

In the end, the chair concluded that Hafed's final decision in the matter would be arrived after having detailed deliberation on the matter taking into consideration the technical practicalities that may be involved in such implementation of proposed changes. It was also decided by Hafed that the above procedure may be adopted on receipt of written consent of all the member societies by CMS union.

Meeting ended with a vote of thanks to the Chair.

General Secretary
The Haryana Cooperative Marketing
Society Employees Union