



**Circular No.: IEX/MO/302/2018**

**Date: 01<sup>st</sup> October, 2018**

**Applicability of Tax Collection at Source (TCS) under GST Act for REC/ESCerts**

Members may kindly be informed that as per the Notification no. 51/2018 – Central Tax dated 13 September 2018, the Government of India has operationalized Section 52 of the Central Goods and Services Tax, 2017 (“CGST Act”) w.e.f. 1<sup>st</sup> October 2018. Presently this Section will be applicable on Renewable Energy Certificate (REC) and Energy Saving Certificate (ESCerts) segment only.

**Pursuant to Section 52 of the CGST Act, 2017:-**

- The Exchange will collect TCS at the rate of 1% (CGST+SGST or IGST) of the net value of taxable supplies of the RECs or ESCerts (goods) traded on its platform.
- TCS @ 1% will be deducted from the sell proceeds of the seller and will be deposited to the Government as required under the said Act.
- The credit of TCS deducted by the Exchange will be available to the seller.

Further, Section 24(ix) of the CGST Act, 2017 makes it mandatory for every person who supplies goods through the exchange to get registered under GST. Accordingly all sellers of REC and ESCert will have to be registered under GST Act, failing which they will not be allowed to participate on the exchange platform.

Necessary changes in the Members report will be made accordingly. IEX wish to highlight that to comply with the TCS provision under Section 52, Members/Clients who have not got registered are requested to immediately get registration under GST.

This circular will come into effect from 1<sup>st</sup> October 2018 and needs to be complied from October REC session.

**For and on behalf of  
Indian Energy Exchange Limited**

**Akhilesh Awasthy  
Director- Market Operations**

----- Corporate office-----  
Indian Energy Exchange Limited  
Unit no.3,4,5 & 6, Fourth Floor, Plot No.7, TDI Center, District Center, Jasola, New Delhi 110 025  
Phone: 011 - 4300 4000 | Fax: 011 - 4300 4015 [www.iexindia.com](http://www.iexindia.com)  
CIN: L74999DL2007PLC277039