

In case majority of materials was purchased from third parties for job work sec. 194C TDS is not applicable

Summary – The High Court of Madras in a recent case of Kramski Stamping & Molding India (P.) Ltd., (the Assessee) held that in case majority of materials was purchased from third parties for job work sec. 194C TDS is not applicable

Facts

- During relevant year, the assessee made payments to for certain job work of on the copper rolls sent by the assessee.
- The Assessing Officer took a view that assessee was required to deduct tax under section 194C and since assessee failed to do so, the Assessing Officer disallowed said payments under section 40(a)(ia).
- The Tribunal confirmed the disallowance made by Assessing Officer.
- The assessee filed instant appeal contending that in view of clause (iv) of *Explanation* appended to section 194C, provisions of said section would not apply because major part of the materials *viz.*, Gold and Nickel for undertaking the job work was purchased by from the third parties and not from the assessee and for which a composite sale invoice was issued.

Held

- The HC stated that while a detailed order has been passed by the Commissioner (Appeals), but the Commissioner (Appeals) has not at all dealt with the exclusion part in the *Explanation* to section 194C of the Act; whether the said section applies to the present case or not, in view of the definition 'Work' as defined in the *Explanation* to section 194C. The Tribunal is also equally duty bound to discuss the facts and legal contentions in detail and not by merely affirming the order of the lower Appellate Authority.
- Therefore, the matter was remitted back to the Commissioner (Appeals) for passing fresh orders in accordance with law.