



भारतसरकार GOVERNMENT OF INDIA
रेलमंत्रालय MINISTRY OF RAILWAYS
रेलवेबोर्ड (RAILWAY BOARD)

No.2018/RS(S)/709/14pt1

New Delhi, dt. 17.06.2026

**Principal Chief Materials Manager,
All Zonal Railways & PUs.**

Sub: Tax Collection at Source (TCS) on scrap sale.

Ref: Railway Board's letter No.2018/RS(S)/709/14 25.10.2018

Tax Collection at Source (TCS) rate applicable for scrap has been revised to @ 2% as per Section 394 (1) of Income-Tax Act, 2025 (as amended by Finance Act, 2026). Further, Form No. 127 (earlier Form No. 27C) is required for declaration u/s 394(2) of the Income-tax Act, 2025 to be made by a buyer for obtaining goods without collection of tax.

2. In view of above, the following is informed:

- (i) Tax Collection at Source (TCS) rate applicable for scrap sale through e-Auction (sale) module as well as through direct sale is revised to @ 2% as per section 394 (1) of Income-Tax Act, 2025 (as amended by Finance Act, 2026).
- (ii) Form No. 127 to be introduced in place of earlier Form No. 27C for declaration u/s 394(2) of the Income-tax Act, 2025 to be made by a buyer at the time of making payment of Balance Sale Value (BSV) for obtaining goods without collection of tax.

3. Further, in this regard, all other provisions of the Income-Tax Act, 2025 (as amended by Finance Act, 2026) should be followed.

4. This issues with the concurrence of Finance Directorate/Railway Board.

(Shiva Kant Mishra)
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Copy to : General Manager(D)/EPS, CRIS, for necessary action.