



CERTIFICATE COURSE ON TDS

Today's Content – All relevant section associated with Section 206 of the Act

1. Introduction to Section 206

Section 206 of the Income Tax Act, 1961, governs the duty of persons deducting tax at source (TDS) or collecting tax at source (TCS) to furnish statements to the Income Tax Department. It mandates:

- Preparation,
- Submission, and
- Reporting compliance of tax deducted/collected at source.

It is part of **Chapter XVII**, which deals with **Collection and Recovery of Tax**.

The goal of Section 206 is to ensure proper flow of information between deductors /collectors and the Income Tax Department for effective tax administration.

2. Scope of Section 206

Applicable to:

- All persons responsible for deducting TDS
- All persons responsible for collecting TCS

- Collectees (in certain clauses) — specifically regarding PAN

Types of transactions:

- Salaries
- Interest
- Commission
- Rent
- Sale of goods
- Scrap sales, etc.

Applicable Forms:

- TDS: 24Q (salary), 26Q (domestic non-salary), 27Q (non-resident)
- TCS: 27EQ

3. Detailed Explanation of Sub-Sections

◇ Section 206(1): Obligation to Furnish TDS/TCS Statements

Who: Deductors/Collectors

What: File quarterly TDS/TCS statements

When: After depositing tax to the government

Form: 24Q / 26Q / 27Q / 27EQ

Due Dates for Filing Quarterly TDS Returns:

- Q1: 31st July
- Q2: 31st October
- Q3: 31st January
- Q4: 31st May

Purpose:

- Enables cross-verification of taxes paid
- Ensures compliance with TDS/TCS provisions

◇ Section 206(1A): Electronic Filing of Statements

Empowers CBDT to prescribe rules for electronic filing of TDS/TCS statements.

Mandatory e-filing applies to:

- Companies
- Government deductors
- Entities required to audit under Section 44AB

☒ **Benefit:**

Streamlines filing, enhances transparency, and improves processing speed.

◇ **Section 206(2): Consequences of Non-Filing**

Failure to furnish TDS/TCS statement within time attracts:

- Late fee of ₹200 per day of default (under Section 234E)
- Maximum fee capped at total tax deductible/collectible.

☒ **Important:**

- This is **fee**, not **penalty**.
 - Penalty under Section 271H can also apply separately.
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◇ **Section 206(3): PAN Requirement in TCS Transactions**

Person receiving amount liable for TCS must provide PAN to the collector.

Non-furnishing of PAN attracts:

- Higher TCS rate under Section 206CC:
 - Higher of twice the rate prescribed or 5%.

☒ **Example:** If Mr. A purchases scrap but does not furnish PAN, the collector applies a higher TCS rate under Section 206CC.

◇ **Section 206(4): Reporting Obligation on Collector (PAN Absence)**

If the collectee does not provide PAN:

- Collector must mention this fact in the quarterly TCS statement (Form 27EQ).

☒ **Purpose:** Ensure that tax authorities are aware of collectees without PAN for better compliance monitoring.

◆ Section 206(5): CBDT Rule-Making Power

CBDT may prescribe:

- Formats of TDS/TCS statements
- Particulars to be furnished
- Manner of furnishing (electronic/manual)
- Verification procedures

☒ **Current Practice:** CBDT notifies rules under:

- Rule 31A (for TDS)
 - Rule 31AA (for TCS)
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🔗 4. Penalties, Late Fees, and Consequences

Nature of Default	Section Involved	Consequence
Late filing of statement	Sec. 206(2), Sec. 234E	₹200/day (max up to TDS amount)
Non-filing / incorrect filing	Sec. 271H	₹10,000 to ₹1 lakh
Non-deposit of TDS	Sec. 201(1A)	Interest @ 1% or 1.5% p.m.
No PAN furnished	Sec. 206CC	Higher TCS rate (twice the rate or 5%)

5. Practical Illustration

Example 1:

XYZ Ltd. deducts TDS on rent in April but fails to file TDS return for Q1.

Consequences:

- Late fee @ ₹200/day under Sec. 234E
- Possible penalty under Sec. 271H
- Interest under Sec. 201(1A) if payment delayed

Example 2:

Mr. A buys goods from ABC Ltd. but does not furnish PAN.

Consequences:

- ABC Ltd. must apply higher TCS rate (Sec. 206CC)
- Must mention non-furnishing of PAN in Form 27EQ

6. Related Forms and Rules

Form No.	Purpose	Rule
24Q	TDS Return for salary	Rule 31A
26Q	TDS Return for other than salary	Rule 31A
27Q	TDS Return for non-residents	Rule 31A
27EQ	TCS Return	Rule 31AA

Filing is done through:

- TRACES Portal
- Income Tax e-Filing Portal

Verification:

- Digital Signature Certificate (DSC) for companies
- Electronic Verification Code (EVC) for others

7. Conclusion

Section 206 serves as a compliance backbone for TDS/TCS procedures:

- Ensuring proper reporting
- Mandating disclosure of PAN
- Empowering CBDT to create effective frameworks
- Imposing consequences for defaults

Overview of Section 206A

Section 206A of the Income Tax Act mandates **certain entities** (mainly banks, co-operative societies, and public companies) to **furnish statements of interest paid**, even if **no TDS** was deducted on such interest.

☒ Purpose:

- To track interest income of taxpayers where no TDS is deducted.
- Ensure transparency and prevent tax evasion.

☒ Scope:

Applies to **interest payments** made to residents where:

- **No tax was deducted** due to exemption under the Act (like Section 197A - where form 15G/15H is submitted).

Applicability of Section 206A

Who needs to file?

1. **Banking Companies**
2. **Co-operative societies** engaged in banking
3. **Public companies** issuing debentures to the public

For what?

- Interest payments **without TDS deduction** due to exemption (e.g., submission of Form 15G / 15H).

Examples:

- Senior citizens submitting Form 15H for non-deduction of TDS on interest.
- Depositors submitting Form 15G to avoid TDS on FD interest.

Detailed Clause-by-Clause Explanation

◇ 1. Statement Requirement

The entities mentioned **must furnish a statement** containing details of:

- Interest payments made without TDS.
- Recipient details (name, address, PAN, etc.)

- Amount of interest paid.

Why? Even if no tax is deducted, the Income Tax Department needs to know about these payments for information reporting.

◇ 2. Timeline for Filing

The statement must be filed **quarterly**, like TDS returns.

Quarter Due Date

Apr–Jun 31st July

Jul–Sep 31st Oct

Oct–Dec 31st Jan

Jan–Mar 31st May

☒ These timelines align with TDS return filing timelines.

◇ 3. Form for Filing

The prescribed form is **Form 26Q**, along with **Annexure** for interest payments without deduction of tax. In some cases, **Form 26Q-A** is used (where specifically applicable).

◇ 4. Mode of Filing

- **Mandatory electronic filing if:**
 - Deductor is a company
 - Or covered under tax audit (Section 44AB)
 - Optional manual filing for others, but practically, almost all entities e-file.
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◇ 5. Penalties and Consequences for Non-Compliance

Nature of Default	Consequence
Non-filing or late filing	Fee of ₹200/day u/s 234E (not exceeding the TDS amount)
Incorrect or false filing	Penalty of ₹10,000 to ₹1,00,000 u/s 271H
Persistent default	Possible prosecution in extreme cases

◆ 6. Practical Use of Information

The data filed under Section 206A:

- Helps match with **recipient's tax returns**.
- Ensures that those claiming no TDS are reporting correct income.
- Used in **Annual Information Statements (AIS)** of taxpayers.

Quick Recap Table

Particulars	Details
Applicable to	Banks, Co-op banks, Public companies issuing debentures
Nature of Payment	Interest without TDS (e.g., Form 15G/15H cases)
Filing Timeline	Quarterly (same as TDS return due dates)
Form	Form 26Q with Annexure or specific form prescribed
Penalty for Delay	₹200 per day u/s 234E
Penalty for Incorrect Info	₹10,000 to ₹1,00,000 u/s 271H
Mode of Filing	Electronic (mandatory for companies & tax audit cases)

Practical Example

➡ **ABC Bank Ltd.** pays ₹30,000 interest on fixed deposits to Mr. Sharma (senior citizen). Mr. Sharma submitted **Form 15H** claiming exemption from TDS.
ABC Bank:

- Will not deduct TDS on the payment.
- But will **report this payment under Section 206A** in their quarterly filing.

This ensures Mr. Sharma's interest income is tracked by the Income Tax Department.

☐ Related Sections to Know

Section	Relevance
Section 197A	Submission of Form 15G/15H for non-deduction of TDS
Section 234E	Late filing fee for TDS/TCS statements
Section 271H	Penalty for incorrect filing of returns
Section 206	Filing of TDS/TCS returns generally

☒ Conclusion

Section 206A strengthens the reporting system under the Income Tax Act by ensuring that even interest payments not subjected to TDS are reported properly. This ensures transparency and helps in preventing tax leakage.

Overview of Section 206AA

Section 206AA was introduced to strengthen compliance and ensure accurate reporting of income. It mandates that **any person entitled to receive any income, on which TDS is applicable, must furnish their PAN to the deductor.**

☒ **If PAN is not furnished**, TDS is deducted at **higher rates**.

🔗 Applicability of Section 206AA

Applies to:

- All payments **where TDS is applicable** under Income Tax Act.
- **Both residents and non-residents** (to some extent, explained later).

Deductees:

- Individuals
- Companies
- LLPs
- Firms
- Trusts
- Any person entitled to receive income.

Deductors:

- Any person responsible for deducting tax (banks, companies, employers, etc.)

Important:

Even if the recipient claims exemption by submitting Form 15G/15H or lower deduction certificate u/s 197 — **PAN is mandatory**.



TDS Rates under Section 206AA

Scenario	TDS Rate under 206AA
PAN Furnished	Normal rates as per Income Tax Act
PAN Not Furnished	Higher of the following: <ul style="list-style-type: none">(i) Rate specified in the Act(ii) Rate in force (Finance Act)(iii) 20% (commonly applicable)

☒ **Note:** For certain sections like 194-O (e-commerce) or 194Q (TDS on purchase of goods), the rate under 206AA is **5%**.

Section-Wise Impact of 206AA

Section	Nature of Payment	Normal Rate	206AA Rate
192	Salary	Slab rates	Slab rates (PAN mandatory for Form 16)
194A	Interest (other than securities)	10%	20%
194C	Contractor payment	1% / 2%	20%
194J	Professional Fees	10%	20%
194O	E-commerce operator	1%	5%
194Q	Purchase of goods	0.1%	5%

Special Points

- ☒ **Form 15G / 15H without PAN is invalid.**
 - If Form 15G/15H is submitted without PAN, it is **deemed invalid** and TDS will be deducted at **20%**.
- ☒ **Applicability to Non-residents:**
 - Section 206AA **applies** to non-residents as well.
 - However, there is a **relaxation**:
 - If non-resident receives **interest on long-term bonds u/s 194LC**, 206AA does **not apply** (CBDT Circular No. 03/2015).
 - Also, under some tax treaties (DTAA), lower rates can apply even if PAN is not furnished, subject to certain conditions.
- ☒ **Section 206AA overrides other provisions:**
 - Even if Section 197 certificate of lower deduction is obtained, if PAN is not furnished, higher rates under 206AA apply.

Practical Example

Example 1:

Mr. Raj is a consultant and receives ₹50,000 as professional fees.

- Normal TDS u/s 194J = 10%
- Mr. Raj does not furnish PAN.
- TDS under 206AA = 20%**, i.e., ₹10,000 will be deducted instead of ₹5,000.

Example 2:

XYZ Pvt. Ltd. pays interest of ₹1,00,000 to Mr. Sharma.

- Normal TDS u/s 194A = 10%
- Mr. Sharma submits Form 15H but does **not provide PAN**.
- Form 15H becomes invalid without PAN.

- **TDS @ 20% under 206AA**, i.e., ₹20,000 will be deducted.

Judicial Precedents & Circulars

1. **CBDT Circular No. 03/2015:**
 - Clarified non-applicability of Section 206AA for interest on foreign currency bonds u/s 194LC.
2. **Engineering Analysis Centre of Excellence Pvt Ltd v. CIT (SC Judgment):**
 - DTAA's override provisions of the Act if more beneficial. Non-residents may avail treaty benefit even if PAN is not furnished (subject to conditions).

Penalties and Consequences

Issue	Consequence
PAN not furnished by deductee	Higher TDS deduction (usually 20%)
PAN not furnished in Form 15G/15H	Form invalid; TDS at 20%
PAN invalid or incorrect	Treated as PAN not furnished
Deductor fails to deduct as per 206AA	Treated as assessee in default; liable for interest and penalty

Conclusion

Section 206AA is a strict compliance provision that ensures the availability of PAN for tax deduction processes. It promotes transparency, facilitates effective tracking of transactions, and deters non-compliance by penalizing the recipient through higher TDS rates.

Overview of Section 206C

1. Introduction

Section 206C deals with the provisions related to **Tax Collected at Source (TCS)**.

- While **TDS** is tax deducted **while making payment**,
- **TCS** is tax collected **by the seller at the time of receiving the amount from the buyer**.

☒ **Objective:**

To ensure tax is collected at the very first point of transaction (like sale of goods), to improve tax compliance.

☒ 2. Applicability of Section 206C

Who Collects TCS?

- **Seller** of specified goods
- "Seller" means:
 - Central/State Government
 - Local Authority
 - Corporation/Company
 - Partnership Firm
 - Cooperative Society
 - Individual/HUF (if turnover exceeds ₹1 crore for business or ₹50 lakh for profession in preceding FY)

Who Pays TCS?

- **Buyer** of goods (except public sector companies, central/state government, embassy, consulates, etc.)

☒ 3. Specified Transactions under Section 206C

Sr. No.	Nature of Goods/Transactions	Rate of TCS
1	Alcoholic liquor for human consumption	1%
2	Tendu leaves	5%
3	Timber obtained under a forest lease	2.5%
4	Timber by any mode other than forest lease	2.5%

Sr. No.	Nature of Goods/Transactions	Rate of TCS
5	Any other forest produce (excluding timber & tendu leaves)	2.5%
6	Scrap	1%
7	Minerals, being coal, lignite, iron ore	1%
8	Motor vehicle > ₹10 lakh	1% of sale consideration
9	Sale of goods (w.e.f. 1st July 2021) --- if sale exceeds ₹50 lakh (Section 206C(1H))	0.1% of amount exceeding ₹50 lakh
10	Overseas tour packages (Section 206C(1G))	5%
11	Remittance under LRS exceeding ₹7 lakh (Section 206C(1G))	5% / 0.5% for education loans

Note: Surcharge & cess apply where applicable.

4. Detailed Sub-Sections of Section 206C

Section 206C(1) – Sale of specified goods

- Seller collects TCS from the buyer **at the time of debiting the buyer's account or receipt, whichever is earlier.**

Section 206C(1C) – Leasing, Licensing or Use of Parking Lot, Toll Plaza, Quarry, Mine

- TCS applicable on amounts received for lease/license of:
 - Parking lot
 - Toll plaza
 - Mining or quarrying

Section 206C(1F) – Sale of Motor Vehicle

- Seller to collect TCS @ 1% on sale of motor vehicle exceeding ₹10 lakh.

Section 206C(1G) – Liberalized Remittance Scheme (LRS) & Tour packages

- TCS at 5% on:
 - Overseas remittance exceeding ₹7 lakh (except for medical/education purposes financed by loans).
 - Overseas tour packages.

Section 206C(1H) – Sale of Goods (General Provision)

- If **turnover > ₹10 crore in preceding FY**, and
- Sale to buyer exceeds ₹50 lakh,
- TCS @ 0.1% on amount exceeding ₹50 lakh.
- PAN not provided? Higher TCS rate = 1%.

5. Time of Collection

☒ TCS is to be collected:

- **At the time of debiting the buyer's account** in the books of account, or
- **At the time of receipt of payment,**
Whichever is **earlier**.

6. Practical Examples

Example 1: Sale of Timber

- Sale value: ₹10,00,000
- TCS @ 2.5%
- TCS = ₹25,000

Example 2: Sale of Motor Vehicle

- Vehicle sold for ₹15,00,000
- TCS @ 1%
- TCS = ₹15,000

Example 3: Sale of Goods (Sec 206C(1H))

- Seller turnover: ₹12 crore
- Sale to buyer: ₹70 lakh
- Exceeds ₹50 lakh by ₹20 lakh
- TCS @ 0.1% = ₹2,000

7. Exceptions to TCS

TCS is **not applicable** in the following cases:

- Sale to Government departments
- Sale to embassies, consulates, high commissions
- Sale to local authorities
- Sale to public sector companies
- Export of goods outside India (for section 206C(1H))

8. Higher TCS Rate for Non-Furnishing of PAN (Section 206CC)

If the buyer fails to provide PAN:

- TCS is at **higher of**:
 - Twice the applicable rate **or**
 - **5%**

Example:

Normal TCS rate = 0.1%

No PAN? = Higher of $(0.1\% \times 2 = 0.2\%)$ or 5% → **5%**

9. Due Date of Deposit and Return Filing

Particulars	Due Date
Deposit of TCS	7th of next month
Filing of TCS Return (Form 27EQ)	Quarterly (15th July/Oct/Jan/May)
Issue of TCS Certificate (Form 27D)	Within 15 days from due date of filing TCS return

10. Penalties for Non-Compliance

Default	Consequence
Failure to collect TCS	Demand for short collection, interest @ 1% per month
Late payment of TCS	Interest @ 1% per month or part thereof
Failure to file TCS return	₹200 per day (maximum TCS amount)
Penalty for non-collection	Equal to TCS amount (Section 271CA)

11. Summary Table for Quick Revision

Provision	Details
Section	206C

Provision	Details
Applicability	Sale of specified goods, services, foreign remittances, etc.
Who Collects	Seller/Service provider
When to Collect	On debit or receipt, whichever is earlier
Basic Rate	Varies: 0.1% to 5%
Higher Rate (No PAN)	Higher of twice the rate or 5%
Returns	Form 27EQ quarterly
Certificate	Form 27D
Penalty	₹200/day late filing, interest, penalty equal to TCS amount

Overview of Section 206CB

1. Introduction

- Section 206CB relates to the **processing of TCS returns** (i.e., statements furnished under Section 206C).
- Think of this section like **Section 143(1)**, which is about processing ITRs, but this is specific to **TCS statements** filed by the collector.
- **Objective:**
 - Automated and systematic processing of TCS returns to reduce errors and ensure faster matching of tax credits.

2. Applicability

- Applies to **statements of tax collected at source** furnished under **Section 206C(3)**.
 - TCS statement is filed in **Form 27EQ**.
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3. Step-by-Step Process of Section 206CB

When you file a TCS statement, the Income Tax Department processes it as follows:

Step 1: Computation of Arithmetical Accuracy

- Verify **arithmetical accuracy** of TCS collected, deposited, and reported.

Step 2: Verification of Tax Payment

- Confirm whether TCS reported in the statement matches the **amount deposited to the credit of the Central Government**.

Step 3: Interest Computation

- If there is any delay in:
 - Collection of tax
 - Payment of TCS to the government
- **Interest is calculated as per Section 206C(7).**

Step 4: Fee Computation

- Check if any **fee under Section 234E** is payable for late filing of the TCS statement.
 - ₹200 per day of default (subject to TCS amount).

Step 5: Sum Payable or Refund Due

- After adjustments, the system determines:
 - Any **amount payable** by the collector, or
 - **Refund due** to the collector.

Step 6: Intimation to Collector

- The department **issues intimation** of the outcome of the processing:
 - Amount payable/refundable
 - Computation details
- Timeline: **Within 1 year** from the end of the financial year in which the statement is filed.

4. Key Provisions Summary

Particulars	Details
Applicable to	Processing of TCS statements under Section 206C(3)
Form	Form 27EQ

Particulars	Details
System checks	Arithmetical accuracy, tax payment, interest, late fee
Interest	u/s 206C(7)
Late fee	u/s 234E
Intimation timeline	Within 1 year from end of FY in which the statement is filed
Adjustment	Amount payable or refund due
Nature of processing	Computerised/systematic

5. Practical Example

Let's say Pragn Traders collected TCS of ₹50,000 in Q1 and filed **Form 27EQ**, but there was a **delay of 2 months** in depositing TCS.

During processing:

- System checks arithmetic accuracy.
 - System detects delay → **Interest @ 1% per month** under **Section 206C(7)**.
 - Delay in filing? ₹200/day under **Section 234E**.
 - Intimation issued showing:
 - TCS deposited: ₹50,000
 - Interest: ₹1,000
 - Late filing fee: ₹2,000
 - Collector needs to pay ₹3,000 extra.
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6. Legal Language Simplified

The section authorizes the Central Government to:

- Process TCS statements like an automated summary assessment.
 - Adjust payments, compute interest/fees, and issue intimation to the collector.
 - Ensure that the final liability or refund is communicated quickly.
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7. Due Dates & Timeline

Action	Timeline
Filing of TCS Statement	Quarterly: 15th July / 15th Oct / 15th Jan / 15th May
Intimation of Processing	Within 1 year from end of FY of filing

Action	Timeline
Payment of Interest / Fee Along with intimation	

8. Penalties & Consequences

Non-Compliance	Consequences
Late filing of TCS statement	₹200/day (Section 234E)
Delay in TCS deposit	Interest @ 1% p.m. (Section 206C(7))
Non-compliance with intimation	Demand and recovery proceedings initiated

9. Quick Revision Table

Feature	Details
Section	206CB
Applies to	Processing of TCS Statements (Form 27EQ)
Checks	Arithmetic accuracy, tax deposit verification, interest, late fee
Intimation Time	Within 1 year from end of FY
Interest Section	206C(7)
Late Fee Section	234E
Outcome	Amount payable/refundable intimation to collector

Conclusion

Section 206CB ensures **speedy, automated, and error-free processing** of TCS returns. It benefits both:

- The tax department (by quicker reconciliation).
- The collector (by faster resolution and intimation).

Overview of Section 206CC

1. Introduction

- Section 206CC was introduced to **ensure better compliance** in TCS provisions.
- If the collectee (buyer) **fails to provide PAN or Aadhaar**, the person collecting TCS must **collect tax at a higher rate**.
- **Objective:**
 - To enforce compliance with PAN/Aadhaar quoting in TCS transactions and curb tax evasion.



2. Applicability

Particulars	Details
Applicable on	All transactions where TCS is collectible under Section 206C
Applies to	Buyer / Collectee (who is liable to provide PAN/Aadhaar)
Trigger Point	Non-furnishing of PAN or Aadhaar by the collectee
Responsibility	Person collecting tax (Collector) must ensure higher TCS rate if PAN/Aadhaar is not furnished



3. Provisions Explained

☒ **Situation: PAN/Aadhaar not furnished**

- If the collectee **does not provide PAN/Aadhaar**, then:

TCS shall be collected at **higher of** the following rates:

1. **Twice the specified rate in relevant section (206C)**

OR

2. **5%**

☒ **Special Case: Section 206C(1H)**

- If transaction falls under **Section 206C(1H)** (sale of goods exceeding ₹50 lakh), and PAN/Aadhaar is not provided:
 - TCS rate = **1%** (not 5%)

4. Summary Table

Particulars	Rate of TCS
Normal Rate (PAN/Aadhaar provided)	As per Section 206C (varies based on goods)
If PAN/Aadhaar not provided	Higher of: <ul style="list-style-type: none">• $2 \times$ normal rate• 5%
For Section 206C(1H) transactions (sale of goods > ₹50L)	1% if no PAN/Aadhaar

5. Important Points to Remember

- **Declaration of PAN/Aadhaar is mandatory** — this section penalises non-compliance by the collectee.
- **Higher rate is applicable on entire amount** liable for TCS.
- **Collectee has no right to claim refund from the collector** — must claim credit in return.
- Once PAN/Aadhaar is provided, future transactions will revert to the normal TCS rate.
- Even if PAN is invalid (not genuine), this section applies — invalid PAN = no PAN.

6. Legal Language Simplified

"If the collectee fails to furnish PAN or Aadhaar to the collector, then the collector shall collect tax at source at a higher of:

- Twice the rate specified in the relevant provision of this Act,
- Or 5%,
- Or 1% in the case of transactions covered under Section 206C(1H)."

7. Practical Example

Example 1:

- ☒ Normal TCS rate under Section 206C for scrap = **1%**.
- ☒ Collectee does **not** provide PAN/Aadhaar.
- Applicable TCS rate:
 - Twice the rate = $2 \times 1\% = 2\%$
 - 5%
 - **Higher of the two = 5%**
- ☒ Final TCS rate = **5%**

8. Timeline & Compliance

Action	Timeline
Collect PAN/Aadhaar from collectee	Before collection of tax
If not provided, collect at higher rate	At the time of transaction
Deposit TCS with government	By the 7th of next month
File TCS return	Quarterly (Form 27EQ)

9. Consequences of Non-Compliance

Non-Compliance	Impact
Collector collects at lower rate despite no PAN/Aadhaar	Penalty + Interest + Demand from department
Non-furnishing of PAN/Aadhaar by collectee	Higher outflow due to higher TCS rate

10. Quick Revision Points

- ☒ Section: 206CC
 - ☒ Trigger: Non-furnishing of PAN/Aadhaar by collectee
 - ☒ Higher Rate: Higher of 2× specified rate or 5% (1% in case of 206C(1H))
 - ☒ Applies to: Collector of tax
 - ☒ Timeline: At the time of collection
 - ☒ Impact: Higher TCS rate, no refund by collector
 - ☒ Aim: Better tax compliance and traceability
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☒ Conclusion

Section 206CC works as a **compliance booster**.

It ensures that buyers/collectees furnish PAN/Aadhaar, or else face **higher TCS deduction**, making tax tracing easier for the authorities and ensuring accountability.

Discussion on any questions

