



# WELCOME

CA CMA Kedarnath

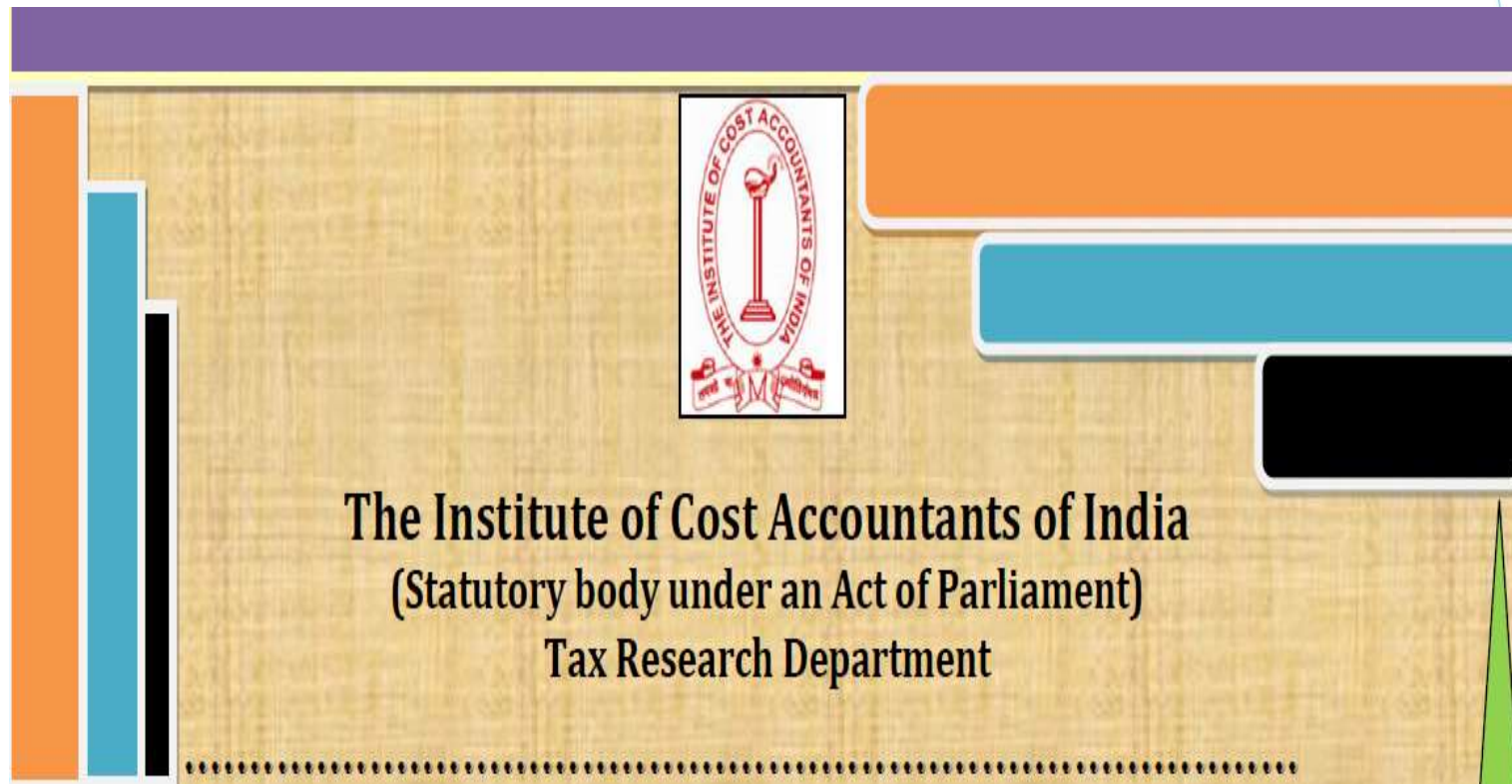
CMA CA Kedarnath

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Hyderabad

12-Mar-22

## ONLINE CERTIFICATE COURSE ON TDS - CCTDS-6<sup>th</sup> Batch



## Recent amendments related to TDS and TCS

# Tax deducted at Source



## Amendment in Section 194-IB – Higher rate of TDS for non-filers of ITR

- ✓ Applicable to Ind / HUF
- ✓ S.194 IB deals TDS on Rent
- ✓ If payment of Rent exceeds Rs 50,000 p.m.
- ✓ TDS @ 5%
- ✓ When to deduct TDS: Last month of tenancy in a FY

### LA:

- ✓ In case tax is required to be deducted as per provision of Section 206AA( Non-furnishing of PAN) or Sec 206AB (Higher rate of TDS for non-filers)
- ✓ Such deduction shall not exceed the rent payable for last month of previous year or last month of tenancy as case may be.

## Section 194P – Deduction of tax in case of specified senior citizen

- ✓ In order to provide relief to senior citizens (Age of 75 years or more),
- ✓ New section 194P inserted to provide relaxation from filling Income tax return u/s 139(1)
- ✓ Subject to the specified bank shall, after giving effect to the deduction allowable under Chapter VI-A and rebate allowable under section 87A,
- ✓ Compute the total income of such specified senior citizen for the relevant assessment year and
- ✓ Deduct income-tax on such total income on the basis of the rates in force

**"Specified Senior Citizen"** means an individual, being a resident in India –

- (i) Who is of the age of 75 years or more at any time during the previous year;
- (ii) Who is having pension income & Interest income from same bank in which he is receiving pension income
- (iii) He has no other income
- (iv) He has furnished a declaration to the specified bank containing such particulars, in such form and verified in such manner, as may be prescribed

### S.194Q : TDS on Purchase of Goods *(w.e.f 01.07.2021)*

- ❑ TDS is deducted Buyer of the Goods
- ❑ Rate of TDS is **0.1%**
- ❑ TDS shall be deducted by that buyer, whose turnover from the business carried on by him exceed **10 crore** rupees during the financial year immediately preceding the financial year
- ❑ TDS shall be deducted an amount equal to **0.1%** of such sum exceeding fifty lakh rupees
- ❑ *The provisions of this section shall **not** apply to a transaction on which*
  - ✓ *Tax is deductible under any of the provisions of this Act; and*
  - ✓ *Tax is collectible under the provisions of section 206C (1H)*
- ✓ In case PAN not furnished
- ✓ TDS @ **5%**



## S.206(1H): TCS on Sale of Goods

- ❑ TCS is collected by the seller of the Goods
- ❑ Rate of TCS is **0.1%**
- ❑ As per this provision, a seller is required to collect tax at the source on the sale of goods
- ❑ If the aggregate value of such sale exceeds Rs.50 lakh during the relevant financial year.
- ❑ TCS should be deducted at the time of **receipt** of such an amount

### **Note:**

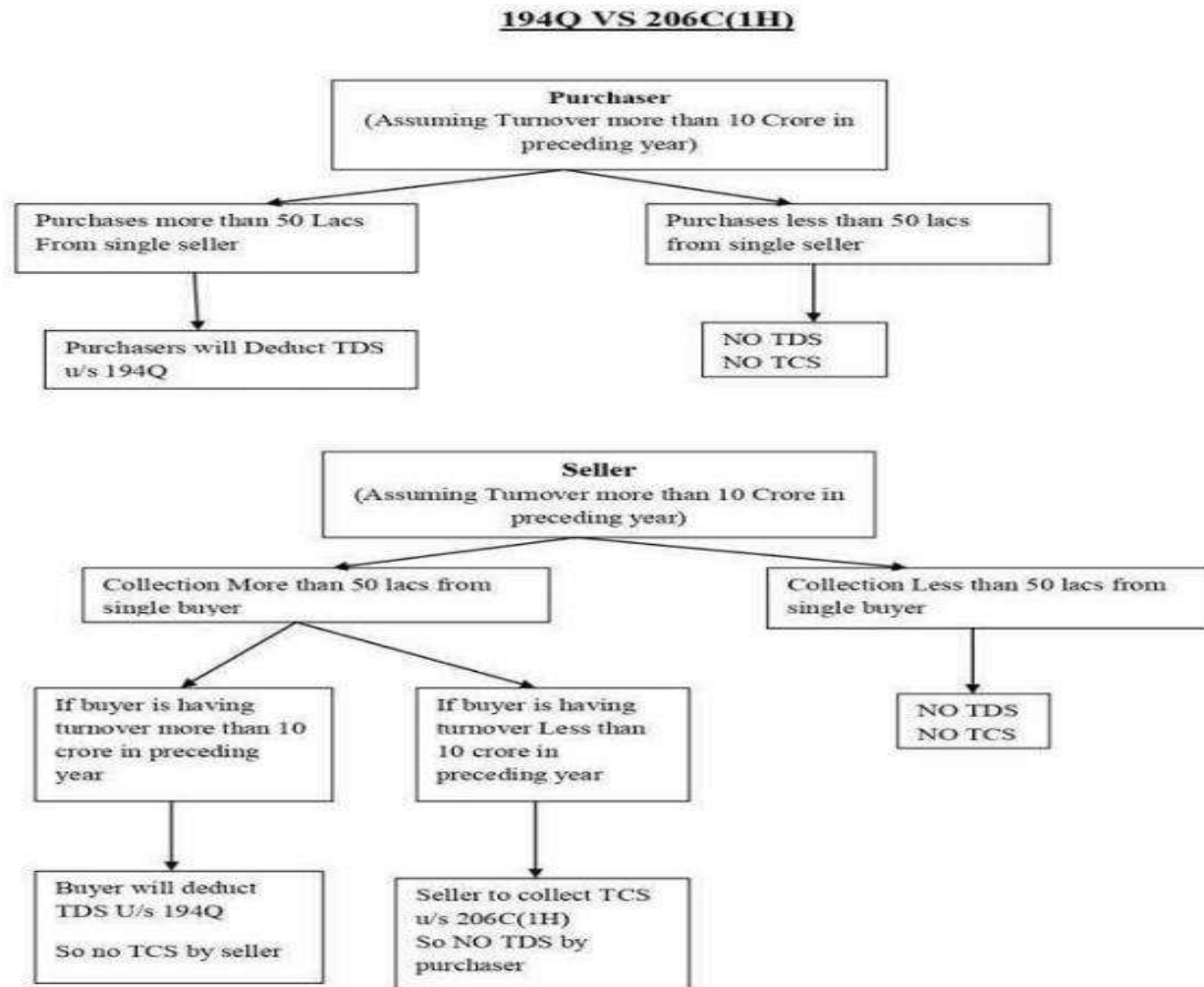
- ❑ This provision applies only to a seller whose gross turnover exceeds Rs.10 crore during the financial year preceding the FY in which such sale is carried out.
- ❑ Goods **do not** include
  - ✓ Exports and
  - ✓ Goods covered under section 206C(1)- TCS on Sale of alcohol, tendu leaves, forest produce and scrap;
  - ✓ 206C(1F)- TCS on sale of motor vehicles and
  - ✓ 206C(1G)- TCS on foreign remittance

## S.206(1H): TCS on Sale of Goods

- ❑ TCS is **not** required to be deducted if the buyer is
  - ✓ Central/State Government,
  - ✓ Embassy,
  - ✓ High Commission,
  - ✓ Legation,
  - ✓ Consulate,
  - ✓ Trade Representation of Foreign State or
  - ✓ any local authority.
  
- ❑ This provision does not apply to the import of goods to India
  
- ❑ If the buyer is required to deduct TDS under any other provisions of the Income Tax Act on the goods purchased by him from the seller and has deducted such amount, then the seller is not required to collect TCS on such transactions.
  
- ❑ Finally, if TDS's provisions applies then Concept of TCS will not apply



## S.194Q Vs. 206C(1H)



## S.194Q Vs 206(1H)

Sr. No.	Particulars	Section 194Q	Section 206C(1H)
1.	Who is responsible for paying the taxes	Purchaser of Goods	Seller of Goods
2.	Applicability of the law	Turnover <sup>1</sup> of <b>Assessee being buyer of goods</b> of goods more than 10Cr. in preceding year	Turnover <sup>1</sup> of <b>Assessee being seller of goods</b> more than 10Cr. in preceding year
3.	Threshold Limit	Value of <b>purchase</b> from a vendor of goods exceeds Rs.50 Lakhs during the current year.	Value of <b>sale consideration</b> with a customer exceeds Rs.50 Lakhs during the current year.
4.	Time of Deduction / Collection	At the time of payment or credit whichever is earlier	At the time of receipt from the buyer of goods.
5.	Value on which deduction/ Collection to be made	Deduction on gross value of purchase without GST	TCS to be collected on value including GST value ( <b>Circular 17 dated 29-09-2020</b> )
6.	Rate of Tax	0.1% (5% in No PAN and where 206AB apply)	0.1% (5% in No PAN and where 206AB apply)
7.	Return type	Form 26Q	Form 27EQ
8.	Certificate of Credit	Form 16A	Form 27D
9.	Interplay between both Sections	Section 194Q to prevail over Section 206C(1H) i.e. where 194Q applies 206C(1H) would not apply.	
10.	Option for lower deduction	Not Available	Not Available

## S.194Q Vs 206(1H)

### Practical Scenarios on Applicability of TDS/TCS under Section 194Q & Section 206C(1H)

Sr. No.	Scenario	Provision of Law
1	The turnover of Buyer and Seller in the preceding year exceeds Rs.10 Cr. and the purchase exceeds Rs.50 Lakhs in the current year.	Buyer would deduct TDS @ 0.1% u/s. 194Q.
2	The turnover of the Buyer exceeds Rs.10 Cr. in the preceding year but that of the seller is less than 10 Cr. and the purchases exceed Rs.50 Lakhs in the current year.	TDS would apply u/s. 194Q @ 0.1%
3	The turnover of the Seller exceeds Rs.10 Cr. in the preceding year, however that of the buyer is less than Rs. 10 Cr. and the purchases of the buyer is more than 50 lakhs in the current year.	TCS would apply u/s. 206C(1H) @ 0.1% assuming that the entire amount has been paid
4.	The turnover of both buyer and seller is less than Rs.10 Cr. in the preceding year and the purchases exceed Rs.50 Lakhs during the current year.	No TDS/ TCS is required to be deducted / collected.

## S.206AB: Higher rate for deduction of tax at source (TDS) for non-filers of income-tax return

- ✓ If person require to deduct tax under any of provision of Chapter XVIIB Tax Deduction at Sources.
- ✓ Transaction is done with Specified person.
- ✓ Specified person means a person who have not filed his return of Income of immediately two preceding previous years, for which due date U/s 139(1) has expired.
- ✓ Eg: If tax is required to deduct for July 2021, Previous year 2021-22, so for relevant immediately 2 preceding previous years for which ITR filing required to be checked are PY 2018-19 and 2019-20 (AY 2019-20 and 2020-21 respectively) as the time limit for Preceding Previous Year 2020-21 is not expired
- ✓ Eg. If tax is required to deduct for Mar 2022, Previous year 2021-22, so for relevant immediately 2 preceding previous years for which ITR filing required to be checked are PY 2019-20 and 2020-21 (AY 2020-21 and 2021-22 respectively)

## S.206AB: Higher rate for deduction of tax at source (TDS) for non-filers of income-tax return

✓ Aggregate of tax deducted at source and tax collected at source in this case is **Rs 50,000/- or more in each of these two previous years**

Particular	Tax Deduction/ Collection in Previous Year		ITR filing status	Is section 206AB/ 206CCA Applicable ?
	2019-20 Rs. 50000 Or More	2020-21 Rs. 50000 Or More		
Case A	No	Yes	Not filed for both year	No
Case B	Yes	No	Not filed for both year	No
Case C	Yes	Yes	Filed for both year	No
Case D	Yes	Yes	Not filed for both year	Yes
Case E	Yes	Yes	filed only for One relevant PY	No



## **S.206AB: Higher rate for deduction of tax at source (TDS) for non-filers of income-tax return**

- ❖ TDS Tax shall be deducted at **Highest** of the Followings:
  - ✓ at twice the rate specified in the relevant provision of the Act
  - (or)
  - ✓ at twice the rate or rates in force;
  - (or)
  - ✓ at the rate of five percent
  
- ❖ **If Section 206AA Is applicable to the Specified person then tax shall be deducted at higher of**
  - ✓ Tax rate as per this Section
  - (Or)
  - ✓ Tax rate as per Section 206AA





*{Arise, awake and stop not until the goal is reached}  
- Swami Vivekananda*



By

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## **SEC 206C (1): TAX COLLECTION AT SOURCE**

**TCS** is the tax collected by the **seller** from the **buyer** at the time of debiting of amount payable by buyer or at the time of receipt of amount by way of cash, DD, cheque, or any other means whichever is earlier for the sales of prescribed goods under **section 206C (1)** for business purposes and not for personal use.

Tax also collected by person who grants lease or a license in respect of parking lot, toll plaza, mine, quarry to another person.

### **What are the goods prescribed under section 206 C**

**SECTION 206C:** Seller shall collect tax from the buyer at the time of debiting the A/C or receipt of amount of buyer, whichever is earlier.

<b>Nature of Goods</b>	<b>TCS Rates</b>
1.Alcoholic liquor for Human consumption	<b>1%</b>
2.Tendu leaves	<b>5%</b>
3.Timber & any other forest product	<b>2.5%</b>
4.Scrap	<b>0.75%</b>
5.Minerals being coal, lignite or iron ore	<b>1%</b>
6.Motor vehicles(Note-1) sec 206C(1F)	<b>1%</b>

### **NOTES:**

1. TCS in case of motor vehicles is applicable only if consideration is more than RS 10,00,000
2. TCS not applicable if buyer is Government, Embassies, consulates, High commissions or institutions notified under united nations Act, 1947
3. TCS also applies in case of lease or license of parking lots, toll plaza, mine & quarry TCS rate is **2%**. Mine and quarry does not include mine of mineral oil.

4. TCS in case of goods prescribed on point No.1-5 not applicable if goods are purchased for personal consumption
5. TCS is not applicable if buyer is resident & furnishes incorrect PAN, then collector shall collect TCS at Double the rate specified or 5% whichever is higher

## # CBDT CIRCULAR No.22/ 2016 RELATING TO TDS

**Question 1: Whether tax collection at source ('TCS') at the rate of 1 % is on sale of Motor Vehicle at retail level or also on sale of motor vehicles by manufacturers to dealers/distributors?**

**Answer:** To bring high value transactions within the tax net, section 206C of the Act has been amended to provide that the seller shall collect the tax at the rate of one per cent from the purchaser on sale of motor vehicle of the value exceeding ten lakh rupees, This is brought to cover all transactions of **retail sales** and accordingly it will not apply on sale of motor vehicles by manufacturers to dealers / distributors,

**Question 2: Whether TCS at the rate of 1 % is on sale of Motor Vehicle is applicable only to Luxury Cars?**

**Answer:** No, As per sub section (1F) of Section 206C of the Act the seller shall collect the tax at the rate of one per cent from the purchaser on sale of any motor vehicle of the value exceeding ten lakh rupees,

**Question 3: Whether TCS at the rate of 1 % is applicable in the case of sale to Government Departments, Embassies, Consulates and United Nation Institutions for sale of motor vehicle or any other goods or provision of services?**

**Answer:** Government, institutions notified under United Nations (Privileges and Immunities) Act 1947, and Embassies, Consulates, High Commission, Legation, Commission and trade representation of a foreign State and shall not be liable to levy of TCS at the rate of 1 % under sub-section (1F) of section 206 C of the Act.

**Question 4: Whether TCS is applicable on each sale of motor vehicle or on aggregate value of sale during the year?**

**Answer:** Tax is to be collected at source at the rate of 1 % on sale consideration of a motor vehicle exceeding ten lakh rupees. It is applicable to each sale and not to aggregate value of sale made during the year.

**Question 5: whether TCS at the rate of 1 % on sale of motor vehicle is applicable in case of an individual?**

**Answer:** The definition of “Seller” as given in clause (c) of the Explanation below subsection Accordingly, an individual who is liable to audit as per the provisions of section 44AB of the Act during the financial year immediately preceding the financial year in which the motor vehicle is sold shall be liable for collection of tax at source on sale of motor vehicle by him.

**SEC 206C (1G): TCS ON REMITTANCE OUTSIDE INDIA OR SALE OF TOUR PACKAGE**

1. In case of authorized dealer, who receives an amount of more than 7,00,000 in the PY from a buyer who remitting such amount out of India under the liberalized remittance scheme (LRS) of the RBI then he is required to collect TCS @5% in excess of 7,00,000.
2. In case of sale of an overseas tour program package (OTPP), seller receives any amount from the buyer, he is required to collect TCS @5%

**Note:**

*If remitted amount is out of educational loan taken from financial institution, then TCS rate shall be 0.50% instead of TCS @ 5%*

## NOTES:

1. "OTPP" means any tour package which offers visit to a country or countries or territory or territories outside India and includes expenses for travel or hotel stay or boarding or lodging or any other expenditure of similar nature or in relation thereto
2. Above section is not applicable if buyer is
  - A) Liable to deduct TDS under IT Act and deducted the same
  - B) CG, SG, an embassy, High commission, Legation, commission, consulate, the trade representation of a foreign state, a local authority or any notified person.

## EXAMPLE-1

1. On 10/12/2020 Mr BB wants to transfer 10,00,000 to USA through AB LTD an authorized dealer under LRS scheme of RBI.

**Solution:** In this case AB LTD required to collect TCS from Mr BB @5% of 3,00,000 i.e., Rs 15,000

2. Suppose in case-1 Mr BB wants to transfer only 5,00,000 instead of 10,00,000.

**Solution:** In this case, TCS NOT applicable as it applies only if amount is more than Rs 7,00,000

3. Suppose in case-1, Mr BB wants to transfer 10,00,000 on 1/07/2020 instead of 10/12/2020



**Solution:** In this case TCS NOT applicable as this sec applicable only w.e.f. 1/10/2020

4. Suppose in case-1, Mr BB not submitted PAN/ AADHAR to AB ltd

**Solution:** In this case TCS applicable @ 10% of 3,00,000 i.e. 30,000

5. Suppose in case-1, Mr BB takes an education loan for, IDFC First bank for his sons higher education outside India, 10,00,000 remitted through AB LTD ON 10/12/20

**Solution:** In this case TCS applicable @0.5% of 3,00,000 i.e 1500

6. Suppose in case-1 Mr BB, remitted 5,00,000 through AB LTD and 5,00,000 through JJ LTD

**Solution:** In this case TCS not applicable as dealer not received amount of more than Rs 7,00,000

#### **EXAMPLE-2:**

Mr. Devam purchased Singapore tour package from the Thomas cook for 2,50,000 on 16/01/21

**Solution:** In this case Thomas cook required to collect TCS @ 5% OF 2,50,000 i.e. 12,500

### **EXAMPLE-3:**

Suppose in example 2 Devam deducted TDS of Thomas Cook u/s 194C.

**Solution:** If TDS deducted under any provisions of IT then TCS not apply u/s 206C(1G)

### **SOME RELATED NOTES TO TDS:**

#### **1. CIRCULAR NO. 23/2017:**

The board hereby declares that wherever in terms of the agreement or contract between the payer and the payee, the component of GST on services comprised in the amount payable to a resident is indicated separately, tax shall be deducted at the source under chapter XVII-B of the act on the amount paid or payable without including such GST on services component.

#### **2. NO TDS if payee is CG, SG, RBI, statutory corp, any mutual fund**

#### **3. Where total income or receipt of the income is not liable to tax or taxable at lower rates, then he can apply to A.O to issue a certificate for no deduction/lower deduction of TDS. In such a case payer shall deduct TDS as per rate u/s 197**

#### **4. Where income of the Assessee is less than the basic exemption, then in case of sec 192A/ 193/194A/194DA/194I, assessee can give a self-declaration in form no 15G/H to payer for non-deduction of TDS. If income is more than basic exemption limit, this section is not applicable.**

Example: Rent received by Mr kunal is 3,00,000 & he invested 1,20,000 u/s 80C. Now his NTI is less than basic exemption, Tax payable is NIL, now in this case, kunal cannot furnish declaration u/s 15G

FORM 15H FOR SENIOR CITIZEN: CBDT Notification payer shall accept the declaration in a case where income of the assessee, who is eligible for rebate of income tax u/s 87A, is higher than the basic Exemption limit, but his tax liability shall be nil after taking into account the rebate available to him under the said section 87A

5. In case the provisions of section 193, 194, 194A, 194C, 194D, 194DA, 194EE, 194F, 194G, 194H, 194I, 194 IA, 194IB, 194IC, 194J, 194K, 194LBA(1)- Payment to resident, 194LBB(i)- Payment to Resident, 194LBC(1)- Payment to resident, 194M and 194 O require deduction of TDS during the period 14/05/20 to the 31/0/21, then the deduction of TDS shall be made at the rate being 3/4<sup>th</sup> of the rate specified in these sections

**DUE DATES OF PAYMENT OF TDS:**

If deducted tax,

During APR-FEB by 7<sup>th</sup> of the next month

During March month 30<sup>th</sup> APRIL of next FY

**DUE DATE OF TDS/TCS return:**

QUARTER ENDED	TDS RETURN DUE DATE	TCS RETURN DUE DATE
30 <sup>TH</sup> JUNE	31 <sup>ST</sup> JULY	15 <sup>TH</sup> JULY
30 <sup>TH</sup> SEPT	31 <sup>ST</sup> OCT	15 <sup>TH</sup> OCT
31 <sup>ST</sup> DEC	31 <sup>ST</sup> JAN	15 <sup>TH</sup> JAN
31 <sup>ST</sup> MAR	31 <sup>ST</sup> MAY	15 <sup>TH</sup> MAY

Thanking You,

**CA CMA Kedarnath**