



WELCOME

CA CMA Kedarnath

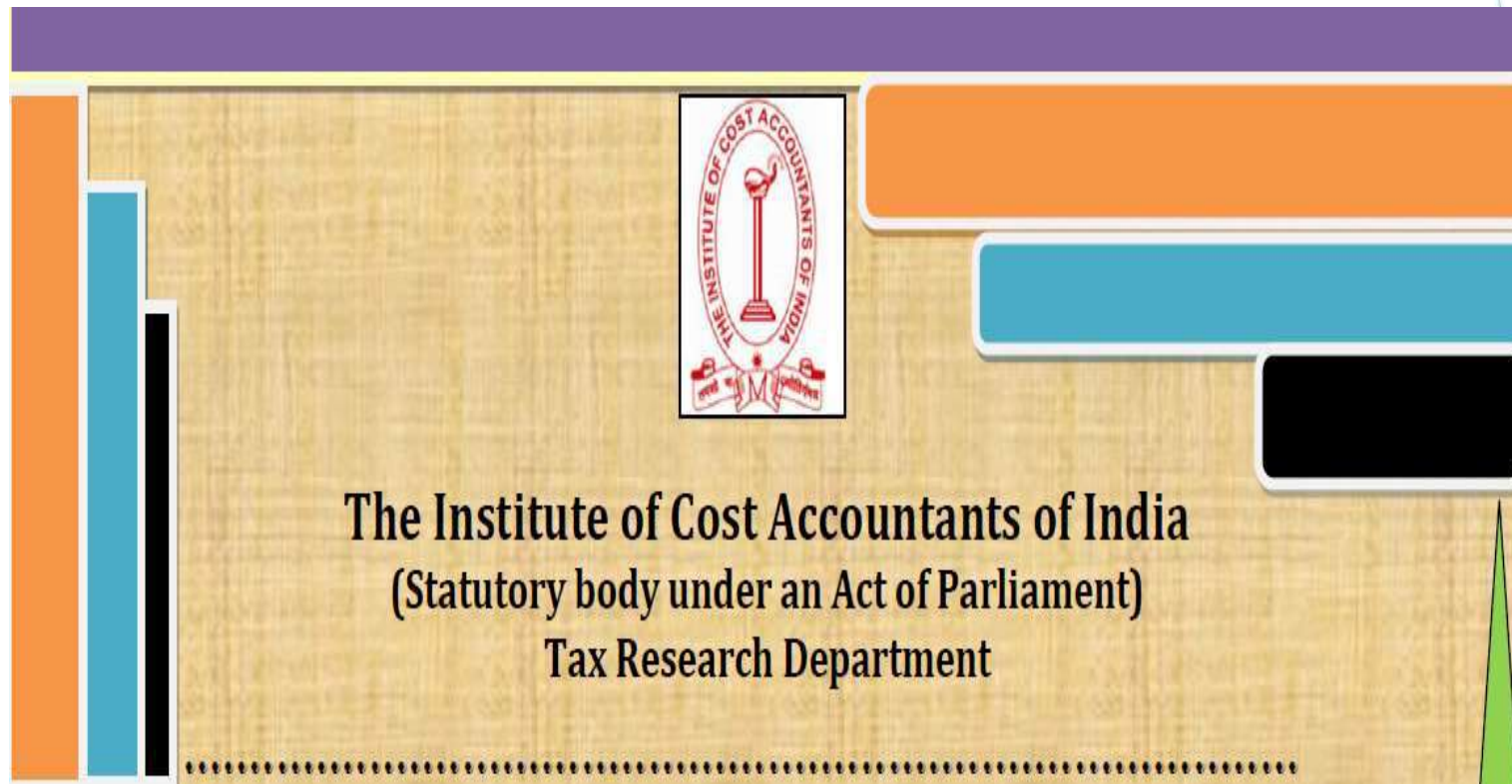
CMA CA Kedarnath

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Hyderabad

24 Dec 22

ONLINE CERTIFICATE COURSE ON TDS - CCTDS-8th Batch



Recent amendments related to TDS and TCS



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.206C(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 collected 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.206C(1H): TCS on Sale of Goods

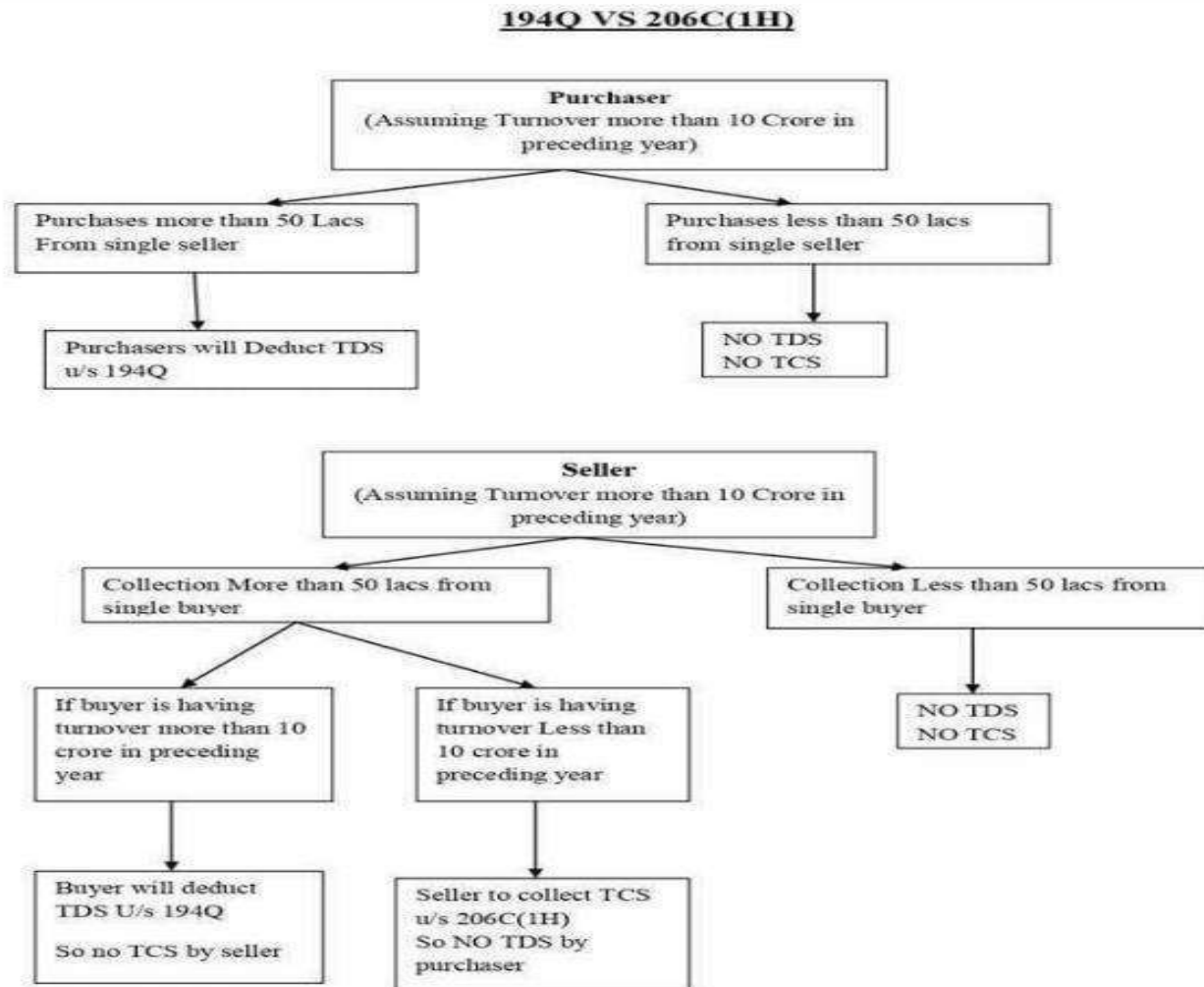
- ❑ TCS is **not** required to be collected if the buyer is
 - ✓ Central/State Government,
 - ✓ Embassy,
 - ✓ High Commission,
 - ✓ Legation,
 - ✓ Consulate,
 - ✓ Trade Representation of Foreign State or
 - ✓ any local authority.

- ❑ 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 ¹ of Assessee being buyer of goods of goods more than 10Cr. in preceding year	Turnover ¹ of Assessee being seller of goods more than 10Cr. in preceding year
3.	Threshold Limit	Value of purchase from a vendor of goods exceeds Rs.50 Lakhs during the current year.	Value of sale consideration 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 (Circular 17 dated 29-09-2020)
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 Dec 2022, so for relevant immediately 2 preceding previous years for which ITR filing required to be checked are PY 2020-21 and 2021-22 (AY 2021-22 and 2022-23 respectively) as the time limit for Preceding Previous Year 2021-22 is 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*



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