

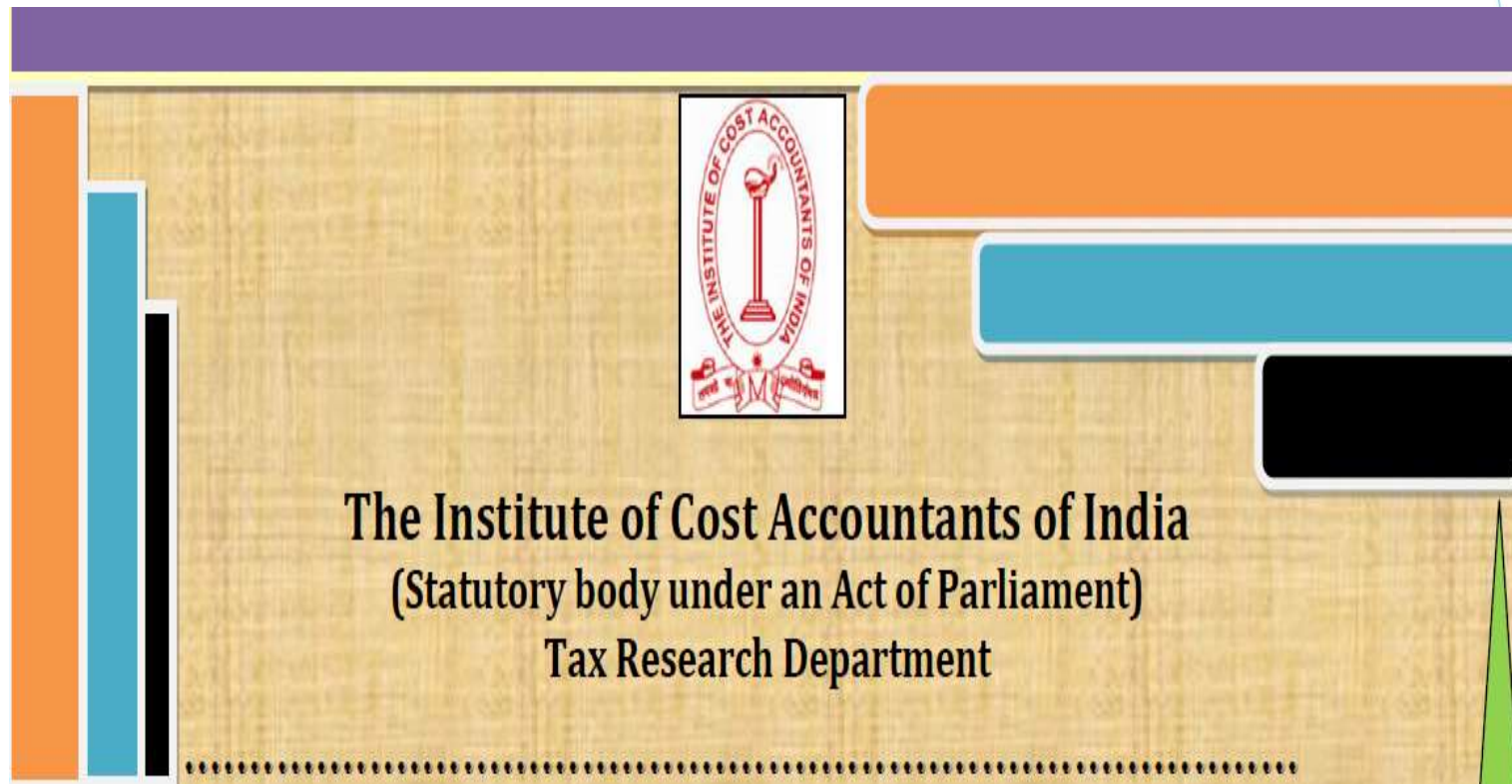


CA CMA Kedarnath

Hyderabad

5 Aug 2021

## ONLINE CERTIFICATE COURSE ON TDS - CCTDS-5<sup>th</sup> Batch



A Session on S.200, 200A, 201, 201(1A), 203, 234E & 206C

# Tax deducted at Source





## S.200 Duty of Person Deducting Tax

- ❖ Any person
- ❖ Any person being an employer
- ❖ Government
- ✓ deducting any sum in accordance with the provisions of TDS
- ✓ shall pay within the prescribed time,
- ✓ the sum so deducted to the credit of the Central Government

**Provided** that the person may also deliver to the prescribed authority

- ✓ a correction statement for rectification of any mistake or to add, delete or update the information furnished
- ✓ under this sub-section in such form and
- ✓ verified in such manner as may be specified by the authority.

## S.200 Duty of Person Deducting Tax

As per provisions of the IT Act, 1961

### □ **Person S.2(31):** Includes

- ✓ Individual
- ✓ HUF
- ✓ Firm
- ✓ Company
- ✓ AOP/BOI
- ✓ Co-operative Society
- ✓ Local Authority
- ✓ AJP (Trust, Temples, Political Parties etc.,)

## **S.200A Processing of statements of tax deducted at source**

(a) TDS return statement / correction statement **filed** in accordance with S.200

Shall be processed u/s 200A and following Adjustments to be made

- ✓ any arithmetical error in the statement; or
  - ✓ an incorrect claim, apparent from any information in the statement;
- (b) The interest, if any, shall be computed on the basis of the sums deductible as computed in the statement;
- (c) The fee, if any, shall be computed in accordance with the provisions of section 234E;
- (d) Intimation shall be sent to the deductor specifying the
- ✓ Demand or
  - ✓ Refund

### **Note:**

Intimation shall be issued within 1 year from the end of FY in which quarterly return filed

## S. 201: Consequences of failure to Deduct or Pay - Penalty

- If Assessee fails to deduct TDS or after deduction fails to pay TDS to Government,
- Then Assessee treated as deemed to be **Assessee in default**
- He shall be liable to pay **Penalty** u/s 221

### Note:

- ✓ Penalty does not exceed the amount of tax in arrears
- ✓ **Provided** that before levying any such penalty, the Assessee shall be given a reasonable **OBH**
- ✓ **Provided further** that where the Assessee proves to the satisfaction of the AO that the default was for good and sufficient reasons, **no** penalty shall be levied under this section.
- ✓ Where as a result of any final order the amount of tax, with respect to the default in the payment of which the penalty was levied, has been wholly reduced,
- ✓ the penalty levied shall be cancelled and the amount of penalty paid shall be refunded.

## S. 201(1A): Consequences of failure to Deduct or Pay - Interest

### □ Late Deduction:

Rate: Interest @ 1% p.m. or part

What: On amount of TDS

Period: From the date of tax was deductible till the date of tax actually deducted

*Ex: M/s ABC Ltd liable to deduct TDS on professional fee paid to Mr. Ram Rs 1,00,000 for the month of Apr-2021 and the same is deducted in the month of June-2021*

### □ Late Payment:

Rate: Interest @ 1.50% p.m. or part

What: On amount of TDS

Period: From the date on which tax was deducted till the date on which such tax is actually paid.

*Ex: M/s ABC Ltd liable to deduct TDS on professional fee paid to Mr. Ram Rs 1,00,000 for the month of Apr-2021 and the same is deducted in the month of June-2021 and deposited in Aug-2021*



## S. 203 ISSUE OF TDS CERTIFICATE

- ❖ Every person deducting tax at source is required as per **Section 203** of Income Tax Act, 1961 to furnish a certificate to the **payee** to the effect that tax has been deducted along with certain other particulars.
- ❖ This certificate is usually called the **TDS certificate**.
- ❖ Even the banks deducting tax at the time of payment of pension are required to issue such certificates.
- ❖ Employees receiving salary income including pension, the certificate has to be issued in **Form No.16**
- ❖ In all other cases, the TDS certificate is to be issued in **Form 16B**.
- ❖ The certificate is to be issued in the deductor's own stationery.
- ❖ However, there is no obligation to issue TDS certificate in case of tax at source is not deducted / deductible by virtue of claims of exemptions/ deductions
- ❖ Model Copies:

## **S.234E - PENALTY OR LATE FILING FEE**

- ❑ As per **Section 234E** of the income tax act, a penalty or late filing fee is charged for default in furnishing quarterly TDS/TCS return to the department.
- ❑ This section was brought into force from **1st July 2012**.
- ❑ Under Section 234E a late fee of **Rs 200 per day** would be levied until your return is filed.
- ❑ The late fees shall not exceed the TDS amount

## **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**





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



By

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5 Aug 2021

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