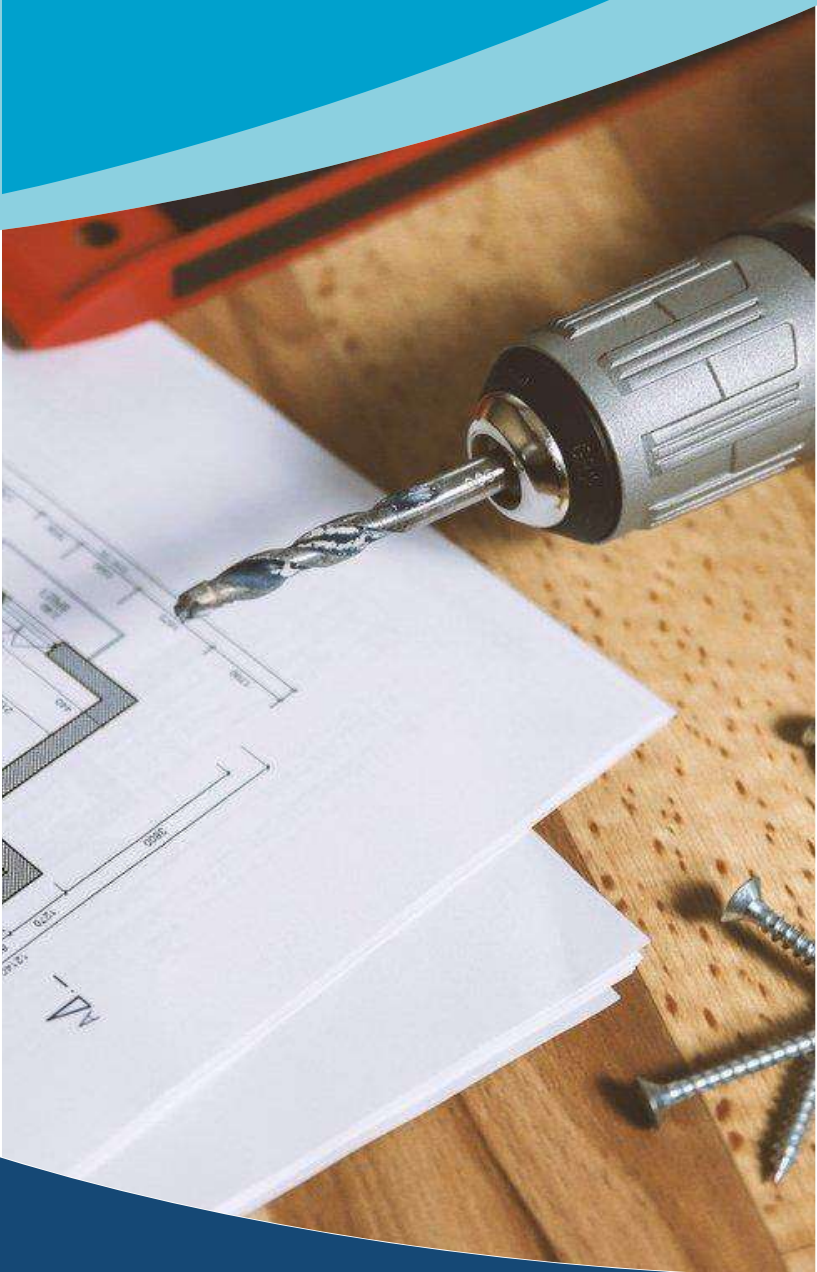


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26.09.2020

**206C(1H) of the
Income Tax Act :
TCS on Sales of Goods
w.e.f 1st Oct 2020!**



1. This section is applicable from 1st October 2020 onwards only. Hence, sales made only on or after 01.10.2020 shall be liable for TCS.
2. This section is applicable to seller having a turnover of more than INR 10 Crores in the previous financial year and TCS shall be collected for sales to a single buyer in excess of INR 50 lakhs during a year.
3. The 50 lakhs threshold limit for each buyer has to be calculated from 1.4.2020 and amount over and above 50 lakhs will be the value for the collection of tax at source.
4. If the amount of sale already exceeded 50 Lakh up to 30th September, 2020, then TCS shall be applicable from the next sale onwards.
5. Sale Consideration includes Value of Goods, GST, Cess and any other amount charged in the sale invoice. TCS is not on sale consideration billed but on the sale consideration received. Therefore, the amount of credit note issued to the buyer shall be deductible. Please note that, in the absence of any clarification on this matter by the CBDT, it is safe to include GST, cess, etc., while calculating the sale consideration for the threshold limit of 50 lakhs and for the purpose of collecting TCS.

TCS is the tax collected by the seller when goods are being sold to the buyer.

Section 206C of the Income Tax Act lays down the terms and conditions under which tax has to be collected.

However, an amendment has been made u/s. 206C (1H) which will be applicable from 1.10.2020 onwards.

6. TCS under this section is to be shown in the invoice and payment of TCS to the government is to be made on receipt from the buyer. Hence, the liability to deposit TCS arises only upon receipt and not upon raising of the invoice. Further, receipt of the outstanding amount as on 30th September shall not be liable for TCS.
7. TCS shall be 0.1% (0.075% up to 31.03.2021) If the buyer does not quote his PAN/AADHAR number to the supplier, TCS shall be collected @1% ((0.75% up to 31.03.2021).
8. TCS collected by the seller must be deposited before the 7th of each month, for the preceding month and file quarterly return in Form 27EQ on or before the 15th of the next month after the end of the quarter.

TCS shall not be collected under section 206 C (1H), if

- i) TCS is applicable under any other sub-section, or if TDS is already deductible on it
- ii) Goods are exported out of India
- iii) Sale to Central or State government, Local authority, etc
- iv) Sale to a person importing goods into India or
- v) any other person as the Central Government may notify.

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