



## Collection of Tax at Source by Seller of Goods



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The new section 206C (1H) which is applicable with effect from 1st October, 2020, prescribes that if a seller (being a person, whose turnover in the previous financial year exceeds 1`0 crores rupees) makes sale of “goods” whose value, either individually or in aggregate exceeds 50 lakhs, then the seller shall collect tax at source at 0.1% on the value of sale consideration exceeding 50 lakh rupees from the buyer.

Details of the provisions of the section are as under:

- **Applicability:** The provisions of this section shall be applicable on the sale of “all” goods except those exported out of India or explicitly prescribed under sub

section 1, 1F & 1G (on which separate rates have already been prescribed) under Section 206C of the Income Tax Act

- **Definition of Seller:** ‘Seller’ is liable to collect tax at source from the buyer. ‘Seller’ means a person whose total sales, gross receipts or turnover from the business carried on by him exceeds 10 crore rupees during the financial year immediately preceding the financial year (i.e. previous financial year) in which the sale of goods is carried out. ‘Seller’ does not include, a person as the Central Government may specify, by notification in the official Gazette.

- **Definition of Buyer:** ‘Buyer’ means a person who purchases any goods (i.e. any goods other than those covered under provisions of Section 206C), but does not include: a) the Central Government, State Government, an embassy, a High Commission, legation, commission, consulate and the trade representation of a foreign State, or b) local authority, or c) a person importing goods into India, or d) any other person as notified by the Central Government.

- **Tax Collection:** Tax is collected by the ‘Seller’ who receives any amount as consideration for sale of goods of the value (or aggregate of such value) exceeding 50 lakh rupees in any previous year.

- **Applicable Rate of TCS:**

Particulars	Upto 31/03/2021	From 01/04/2021
PAN/Aadhaar Furnished		
- If YES	0.075%	0.100%
- If NO	0.750%	1.000%

- **Point of tax collection:** Tax is to be collected at the time of receipt of sale consideration from buyer exceeding 50 lakh rupees.

- **Transactions exempt from applicability of this provisions:**

- If the amount of sale consideration or the aggregate amount of sale consideration during the financial year received by the seller from a buyer does not exceed 50 lakh rupees.
- If the buyer is liable to deduct tax at source, under any provisions of the Act on the goods purchased by him from the seller and has deducted the same.
- If the seller exports goods out of India.

d. Transactions covered under any other sub sections of section 206C.

- **Depositing tax collected:** The person having collected the tax shall deposit the same within 7 days from the last day of the month in which the tax was collected.
- **TCS Returns:** Every tax collector shall submit Quarterly TCS return i.e., Form 27EQ in respect of the tax collected by him in a particular quarter.

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