

SVSR E-connect

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TCS Section-206C (1H):

Q1. What is Section 206C (1H)?

Section 206C (1H) of The Income Tax Act, 1961, is a TCS provision introduced in the 2020 Finance Bill, which allows the Seller to collect tax at source at 0.1% * on sale consideration (or at 1%** if the buyer does not provide PAN/AADHAR details) from the buyer for **sale of goods** whose value, either individually or in aggregate exceeds Rs. 50,00,000/-, This section is applicable from 01.10.2020 as provided in Finance Act, 2020.

Bare Provision:

“Every person, being a seller, who receives any amount as consideration for **sale of any goods** of the value or aggregate of such value exceeding fifty lakh rupees in any previous year, other than the goods being exported out of India or goods covered in sub-section (1) or sub-section (1F) or sub-section (1G) shall, **at the time of receipt of such amount**, collect from the buyer, a sum equal to **0.1 per cent.** of the sale consideration exceeding fifty lakh rupees as income-tax”

***The rate shall be 0.075% & **0.75% from 01/10/2020 to 31/03/2021**

Q2. What is section 206C (1), (1F) and (1G)

Section 206C of the Income-tax act governs the **goods on which the seller has to collect tax** from the purchasers.

Section	Type of goods	Till 13/05/2020	Rate From 14/05/2020 to 31/03/2021
206C (1)	Alcoholic Liquor for human consumption	1%	0.75%
	Tendu leaves	5%	3.75%
	Timber obtained under a forest lease	5%	3.75%
	Timber obtained by any mode other than under a forest lease	5%	3.75%
	Any other forest produce not being timber or tendu leaves	5%	3.75%
	Scrap	1%	0.75%
	Minerals, being coal or lignite or iron ore	1%	0.75%
206C (1F)	Motor vehicle (if value exceeds 10 Lakhs)	1%	0.75%
206C (1G)(a)	Sum of money (above 7 Lakhs) for remittance out of India	5%	5%
206C (1G)(b)	Seller of an overseas tour program package	5%	5%

Q3. Who all are included in the term seller, buyer & what is meant by goods?

*The term Seller is defined as "a person whose total sales, gross receipts or turnover from the business carried on by him **exceeds ten crore rupees during the financial year** immediately preceding the financial year in which the sale of goods is carried out, not being a person as the Central Government may, by notification in the Official Gazette, specify for this purpose, subject to such conditions as may be specified therein.*

The term Buyer is as "a person who purchases any goods, but does not include,

- a. Central Government, a State Government, an embassy, a High Commission, legation, commission, consulate and the trade representation of a foreign State; or*
- b. A local authority as defined in the Explanation to clause (20) of section 10; or*
- c. Any other person as the Central Government may, by notification in the Official Gazette, specify for this purpose, subject to such conditions as may be specified therein.*

*Goods has not been defined in the Income tax act and hence reference is made to Section 2(7) of the Sale of Goods Act, 1930 which defines goods to "**mean every kind of movable property other than actionable claims and money; and includes stock and shares, growing crops, grass, and things attached to or forming part of the land which are agreed to be severed before sale or under the contract of sale**". Export or Import of goods is not covered under TCS on sale of goods.*

Q4. When shall the tax be collected & remitted?

*The TCS shall be collected, if the buyer is not liable to deduct TDS in the full course of transaction (Eg: 194C/194H), The person responsible for collecting tax shall deposit the TCS amount within **7 days from the last day of the month in which the tax was collected**. Every tax collector shall submit quarterly TCS return i.e., **Form 27EQ** in respect of the tax collected by him in a particular quarter.*