

# A Note on Tax Collection at Source (TCS)



## TCS Provisions in Finance Bill

As per Finance Bill 2020, Section 206 of income Tax has been amended to include Tax Collection at Source (TCS) on Supply of Goods w.e.f from 1<sup>st</sup> Oct 2020.

TCS is applicable on all Supplies of Goods in case of:

1. Turnover / Gross receipts in FY 2019-20, of Seller, has exceeded Rs 10 Crs
2. If the Invoice amount to a particular buyer / receipt from a buyer, in FY 2020-21, exceeds Rs 50 Lakhs.

For all such sell transaction to that Buyer, A seller has to charge and collect a TCS @ 0.075% (till 31<sup>st</sup> March 2021) and @0.1% from 1<sup>st</sup> April 2021 onwards

In case the buyer does not have PAN, the seller has to charge and collect TCS @1%

Thus if:

- A seller has sold goods worth 40 lakhs till 31<sup>st</sup> Dec 2020 to a particular Buyer – No TCS is applicable. If in January 2021, Seller sales goods worth Rs 15 Lakhs to the same Buyer, then TCS to be collected @0.075% on Rs 5 Lakhs (Value exceeding Rs 50 Lakhs).
- A seller sells goods worth Rs 65 Lakhs in a single Invoice, He has to collect TCS on Rs 15 Lakhs Only.

TCS is to be collected whenever the amount with a particular buyer exceeds 50 Lakhs in FY 2020-21.

Pl note that TCS is made applicable on gross receipts i.e Invoice amount including GST.

The period of sales consideration for computing TCS applicability starts from 1<sup>st</sup> April 2020. i.e if A seller has sold goods more than Rs 50 Lakhs to a particular Buyer, before 30-Sep-2020, TCS @0.075% is to be paid on 1<sup>st</sup> Oct 2020 on such transactions.

### TCS is not applicable in case of:

- a. Import / export of Goods
- b. High Seas sale transactions
- c. Buyer deducts TDS (under any provision of Income Tax Act) on the said transaction.

### Compliance:

- a. The responsibility of compliance is on Seller of the Goods. The Seller shall charge and Collect TCS at applicable rate to Buyer, when the conditions of TCS are complied.
- b. TCS is to be paid upon receipt of Money from buyer.
- c. TCS to be paid on 7<sup>th</sup> of every month for TCS collected in last calendar Month
- d. Tax Collector (I.e. Seller) has to file TCS return quarterly.

*Disclaimer:*

*This briefing note is for general information.*

*In case of specific queries please contact us at below details*

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