

FC02/UNIT 2/MBA III

Date of class: 03/09/20 Thursday

TOPIC : COLLECTION OF TAX AT SOURCE

Tax collected at source (TCS) is the tax payable by a seller which he collects from the buyer at the time of sale. Sec 206C of the IT Act governs the goods on which the seller has to collect tax from purchasers.

GOODS COVERED UNDER TCS PROVISIONS AND RATES APPLICABLE TO THEM

When the below mentioned are utilized for the purpose of manufacturing, processing, or producing things, the taxes are not payable. • If the same goods are utilized for trading purposes then tax is payable. The tax payable is collected by the seller at the point of sale.

TYPES OF GOODS

- | | |
|---|---------|
| i> Liquor of alcoholic nature, made for consumption by human | Rate 1% |
| ii> Timber wood under a lease contract ^{leased} | 2.5% |
| iii> Tendu lives | 5% |
| iv> Timber wood by any other mode than forest leased | 2.5% |

	<u>Rate</u>
V> A Forest produce other than Tendu leaves and timber	2.5%
VI> Scrap	1%
VII> Minerals like, lignite, coal and iron ore	1%
VIII> Bullion that exceeds ^{Rs 2 lacs} Rs 5 lacs ^{JEWELLERY Rs 5 lacs}	1%
IX> Purchase of Motor vehicle exceeds Rs 10 lacs	1%
X> Parking lot, Toll Plaza and Mining and Quarrying	2%

CLASSIFICATION OF SELLERS & BUYERS

There are some specific people or organisations who have been classified as sellers for tax collected at source - No other seller of goods can collect tax at source from the buyers apart from the following list:-

1. Central govt
2. State Govt.
3. Local Authority
4. Corporation
5. Company
6. Partnership firm
7. Cooperative society
8. HUF or any person who is subject to an audit of Accounts under IT act for a particular financial year.

Similarly, only a few buyers are liable to pay the tax at source to the sellers.

Let us know who are ~~from~~ those buyers:

- (1) Public sector companies
- (2) Central Government
- (3) State Government
- (4) Embassy of High Commission
- (5) Consulate and other trade Representation of a foreign nation
- (6) Club such as Sports & Social Clubs

4. Tax Collection Payments & Returns.

(a) The date for paying TCS to the governments are:

Collection Month	Quarter Ending	Due Date of Payment	Due date of filing return
April April May June	30 JUNE	7 th May 7 th June 7 th July	15 July
July August September	30 th Sep	7 th August 7 th Sep 7 th October	15 October
October NOV December	31 Dec	7 th Nov 7 th Dec 7 th Jan	15 Jan
JAN FEB MARCH	31 March	7 th Feb 7 th March 7 April	15 April May

* All sums collected by an office of the Government should be deposited on the same day of collection.

(b) The seller deposit the TCS amount in Challan 281 within 7 days from the last day of the month in which the tax was collected.

1) Note : If the tax collector responsible for collecting the tax and depositing the same to the government does not collect the tax or after collecting doesn't pay it to the government as per above due date, then he will be liable to pay interest of 1% P.M. or a part of month.

2) Every tax collector has to submit quarterly TCS return i.e. in form 27EQ in respect of tax collected by him in a particular quarter. The interest on delay in payment of TCS to the government should be paid before filing of the return.

CERTIFICATE OF TCS

1) When a tax collector files his quarterly TCS return i.e. form 27EQ, he has to provide a TCS Certificate to the purchaser of the goods.

2) Form 27D is the certificate issued for TCS returns filed. This certificate contains the following details:-

a) Name of the Seller & Buyer

b) TAN of the Seller i.e. who is filing the TCS return quarterly.

c) PAN of both

d) Total tax collected by the Seller

e) Date of Collection

3) This certificate has to be issued within 15 days from the date of filing TCS quarterly returns. The due dates are:

Quarter Ending	Date of generating Form 27D
For the quarter ending on 30 June	30 July

For that ~~quarter~~ quarter ending on 30 Sept
For the quarter ending on 31 Dec
For the quarter ending on 31st March

TCS EXEMPTIONS

Tax collection at source is exempted in the following cases:
1) When the eligible goods are used for personal consumption
2) The purchaser buys the goods for manufacturing, processing or production and not for the purpose of trading of those goods.

TCS under GST

- a) Any dealer or traders selling goods online would get the payment from the online platform after deducting an amount @ 1% under IGST Act. (0.5% in CGST and 0.5% in SGST)
- b) The tax would have to be deposited to the govt by 10th of the next month.
- c) All the dealers/traders are required to get registered under GST compulsorily.
- d) These provisions are effective from 1st Oct 2018.

SUBMISSION OF FORM 24G

In case of an office of the Govt. where tax has been paid to the credit of central Govt. without the production of a challan associated with the deposited of tax in a bank (below are the changes the rules, form 24G has to be submitted).

■ Rule when TDS is deposited without challan [change the rule 30]

→ If TDS has been deposited without a or challan, the person to whom TDS have been reported

For depositing to the government - such a person has to submit a statement in form 24G to the agency authorised by the principal Director of IT (System) Rule 20(a)

- b) Such form 24G must be submitted, issued within 15 days from the end of the relevant month. For the month of March, the form should be submitted by 30 April 2019
- c) Form 24G must be submitted (a) electronically under digital signature (b) Electronically along with verification ~~code~~ in Form 27A (c) or verified through an electronic process as prescribed.
- d) Person referred to in bullet 1 shall inform the bank identification number generated to each of the deductors for who the sum deducted has been deposited.
- e) The chief of IT system shall specify the procedure for furnishing and verification of statement form 24G

■ RULES WHERE TCS UNDER SECTION 206C IS DEPOSITED WITHOUT CHALLAN (Change to Rule 37CA)

- a) If TCS has been deposited without a challan, the person to who the collector has reported the TCS ~~of~~ for depositing to the government - such a person will submit Form 24G to the agency authorised by the chief officer of IT system.
- b) Such form 24G must be submitted within 15 days from the end of the relevant month
- c) If form 24G pertains to month of March, it must be submitted on or before 30th April.

- d) Form 24G must be issued:
- (a) electronically under digital signature
 - (b) electronically along with verification in form 27 A ~~or~~ or
 - (c) verified through an electronic process as presented.
- e) Person referred to in bullet 1 shall inform the Bank Identification Number generated to each of the deducting A/c from whom the sum deducted has been deposited.
- f) The principal Director General of Income Tax (Systems) shall specify the procedure for furnishing and verification of statement form 24G.
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