

REF : APS/MSCDA/549

15<sup>th</sup> September, 2020

ALL PRESIDENTS/SECRETARIES  
OFFICE BEARER OF THE DISTRICT ASSOCIATION  
OF THE M.S.C.D.A

**SUB. : IMPORTANT INFORMATION REGARDING TAX COLLECTION AT SOURCES ON SALES OF GOODS**

Dear Sir,

This is to inform that finance act 2020 has introduced by the Income Tax Department Administration of Government of India. Government introduced a new Sub-section (1h) to section 206C of the income tax act.

The introduced section prescribe the following conditions;

- 1) Turnover of seller during previous year i.e F.Y 2019-2020 should be more than Rs. 10 crores.
- 2) Aggregate sales during the current F.Y to a single buyer should be more than Rs. 50 lakhs.
- 3) For this purpose limit of Rs. 50 lakhs aggregate sales from 1<sup>st</sup> April 2020 would be considered, but TCS would be applicable only on sales made after 1<sup>st</sup> October, 2020 ( to the single buyer) for eg. If sales upto to 30<sup>th</sup> September, 2020 is Rs. 30 lakhs and sales after 1<sup>st</sup> October, 2020 is Rs. 40 lakhs in current F.Y then TCS would be applicable on Rs. 40 lakhs sales only.
- 4) The provision under this act is not applicable for sales to Government, local authorities etc. Also not applicable in case of exports.

**How would it be collected**

- 1) Seller would add amount in the invoice and he shall collect the amount from purchaser and deposit the said all amounts on seller's TAN and shall distribute the credit to various PAN Nos. by filing TCS return.
- 2) In our opinion TCS is applicable on sale amount net of GST (there may be difference in view on this point).

**Rate Of TCS To Be Collected**

- 1) Rate of TCS is 0.075% upto 31<sup>st</sup> March 2021 and thereafter from 1<sup>st</sup> April 2021 the rate is 0.1% of amount received by purchasers.
- 2) If the seller has not obtained PAN or Aadhar Card of buyer then the rate would be 1% of amount received.

**Now issues in Operation**

- 1) TCS provisions are applicable on amount received against sales.
- 2) It is practically possible to collect by way of adding it in sales invoice and keeping track of applicability on the basis of sales.

You are hereby advised to circulate the circular to all the wholesalers /retailers whose turnover exceeds Rs. 10 Crores in preceding F.Y 19-20 to avoid any legal complications to them.

Expecting yours speedy action in the matter.

Thanking you  
Yours faithfully,  
For The M.S.C.D.A



ANIL NAVANDER  
HON GEN. SECRETARY

Encl : a/a