

Overview - CS u/s 206C(1)/(1F)/(1H) v. TDS u/s 194Q

	Particulars	206C(1)	206C(1F)	206C(1H)	194Q
		TCS	TCS	TCS	TDS
1.	Point of time	At the time of debit or at the time of receipt, whichever is earlier	At the time of receipt	At the time of receipt	At the time of pay or credit, whichever is earlier
2.	% of TDS/TCS, as the case may be	Different rates for different goods (See on next page)	1% of sale consideration	0.1% of the sale consideration > ₹ 50 lakhs from a buyer	0.1% of the value of purchases > ₹ 50 lakhs from a seller
3.	Seller [206C(1)/(1F)/(1H)] Buyer (194Q)	Central Govt., State Govt., Local Authority, Company, Co-op society, firm, corporation, Individual/HUF whose turnover in F.Y.2022-23 > ₹ 1 crore (business)/ ₹ 50 lakh (profession)		Seller's turnover should > ₹ 10 crore in the F.Y.2022-23	Buyer's turnover should > ₹ 10 crore in the F.Y.2022-23

## INCOME TAX LAW

	Particulars	206C(1)	206C(1F)	206C(1H)	194Q
		TCS	TCS	TCS	TDS
4.	<b>Exclusions from the definition of buyer</b>				
	<b>Common Exclusions from 206C(1)/(1F)/(1H)</b>	Central Govt, State Govt, embassy, High commission, legation, consulate, commission, trade rep. of a foreign state			
	<b>Specific exclusions</b>	Public sector Co., a club and Buyer in retail sale of goods purchased for personal consumption	Local authority, Public sector co. engaged in the business of carrying passengers	Local authority, Persons importing goods into India or other notified persons	

	Goods	206C(1)	206C(1F)	194Q	206C(1H)
		TCS	TCS	TDS	TCS
1	Alcoholic liquor for human consumption	1%			
2	Tendu leaves	5%			
3	Timber obtained under forest lease	2.5%			
4	Timber obtained by any other mode	2.5%			
5	Any other forest produce not being timber or tendu leaves	2.5%			
6	Scrap	1%			
7	Minerals, being coal or lignite or iron ore	1%			
	If items (1) to (7) are used for manufacturing, processing or producing articles or things or generation of electricity and not for trading purposes	Nil, by virtue of section 206C(1A)	N.A.	Yes, if turnover of buyer > ₹ 10 crore in the F.Y.2022-23 and value of purchases from seller in F.Y.2023-24 > ₹ 50 lakhs	Nil
8	Sale of Motor Vehicle of value > ₹ 10 lakhs	-	1% of sale consideration	-	-
9	Sale of Motor Vehicle of value > ₹ 10 lakhs by manufacturer to dealers/ distributors	-	-	Yes, if turnover of dealer > ₹ 10 crore in the F.Y.2022-23 and value of motor vehicles purchased from manufacturer in the F.Y.2023-24 > ₹ 50 lakhs.	No, if dealer is required to deduct tax at source. Yes, if dealer is not required to deduct tax at source and manufacturer's turnover > ₹ 10 crore in the F.Y.2022-23 and value of motor vehicles sold to dealer in F.Y. 2023-24 > ₹ 50 lakhs
10	Sale of Motor Vehicle of value ≤ ₹ 10 lakhs and aggre. value of all motor vehicles sold by the seller to the buyer ≤ ₹ 50 lakhs in the F.Y.2023-24	-	-	-	-
11	Sale of Motor Vehicle of value ≤ ₹ 10 lakhs but aggre. value of all motor vehicles sold by the seller to the buyer > ₹ 50 lakhs in the F.Y.2023-24	-	-	Yes, if turnover of buyer > ₹ 10 crore in the F.Y.2022-23.	No, if buyer is required to deduct tax at source. Yes, if buyer is not required to deduct TDS and seller's turnover > ₹ 10 crore in the F.Y.2022-23
12	<b>Sale of goods other than mentioned in 1 to 11</b>				
	If aggregate value of goods sold by seller to buyer is ₹ 50 lakhs or less	-	-	-	-
	If aggregate value of goods sold by the seller to buyer is more than ₹ 50 lakhs	-	-	Yes, if turnover of buyer > ₹ 10 crore in the F.Y.2022-23.	No, if buyer is required to deduct tax at source. Yes, if buyer is not required to deduct TDS and seller's turnover > ₹ 10 crore in the F.Y.2022-23

- (1) **Lease or a licence of parking lot, toll plaza or mine or a quarry [Section 206C(1C)]** - Every person who grants a lease or a licence or enters into a contract or otherwise transfers any right or interest in any
- parking lot or
  - toll plaza or
  - a mine or a quarry
- to another person (other than a public sector company) for the use of such parking lot or toll plaza or mine or quarry for the purposes of business. The tax shall be collected as provided, from the licensee or lessee of any such licence, contract or lease of the specified nature, at the rate of 2%, at the time of debiting of the amt payable by the licensee or lessee to his a/c or at the time of receipt of such amt from the licensee or lessee, whichever is earlier.
- (2) **Remittance under LRS of RBI or purchase of an overseas tour package [Section 206C(1G)]** - Every person,
- being an authorized dealer, who receives amt under the LRS of the RBI for remittance from a buyer, being a person remitting such amt,
  - being seller of an overseas tour programme package who receives any amt from the buyer who purchases the package
- has to collect tax at the time of debiting of the amt payable by the buyer or at the time of receipt of such amt from the said buyer by any mode, whichever is earlier.

## INCOME TAX LAW ||

Rate of TCS in case of collection by an authorized dealer/ seller of an overseas tour programme package			
S. No.	Amount and purpose of remittance	Rate of TCS upto 30.9.2023	Rate of TCS on or after 1.10.2023
(i)	Remittances for the purpose of education [other than (ii) below] or medical treatment;	No TCS upto ₹ 7 lakhs 5% of the amt or aggre. of amts in excess of ₹ 7 lakh	
(ii)	Remittances out of loan obtained from any financial institution as referred under section 80E, for the purpose of pursuing any education	0.5% of the amt or aggre. of amts in excess of ₹ 7 lakh	
(iii)	Remittances for purposes other than mentioned in (i) and (ii)	No TCS upto ₹ 7 lakhs 5% on the amt or aggre. of amts in excess of ₹ 7 lakhs	No TCS upto ₹ 7 lakhs 20% on the amt or aggre. of amts in excess of ₹ 7 lakhs
(iv)	Overseas tour programme package	5% without any threshold limit	5% upto ₹ 7 lakhs and 20% above ₹ 7 lakhs

**Cases where no tax is to be collected**

(i) No TCS by the authorized dealer on an amt in respect of which the sum has been collected by the seller

(ii) No TCS, if the buyer is liable to deduct tax at source under any other provision of the Act and has deducted such tax

(iii) No TCS, if the buyer is the Central Govt., a State Govt., an embassy, a High Commission, a legation, a commission, a consulate, the trade representation of a foreign State, a local authority or any other person notified by the Central Govt., subject to fulfillment of conditions stipulated thereunder.

Accordingly, the CBDT has, vide notification no. 99/2022 dated 17.8.2022, notified that the provisions of section 206C(1G) would not apply to a person (being a buyer) who is a non-resident in terms of section 6 and does not have a PE in India.

(3) In case of non-furnishing of PAN [PAN or Aadhaar number in case of section 206C(1H)] by the collectee to the collector, tax is required to be collected at the higher of –

(i) twice the rate specified in the relevant provisions of the Act; or

(ii) at 5% [1%, in case tax is required to be collected at source u/s 206C(1H)]. [Section 206CC]

However, the maximum the rate of TCS under this section shall not exceed 20%.

The provisions of section 206CC do not apply to a non-resident who does not have a PE in India.

(4) Section 206CCA requires tax to be collected at source on any sum or amount received by a person from a specified person, at higher of the following rates –

(a) at twice the rate specified in the relevant provision of the Act;

(b) at 5%

However, the maximum the rate of TCS under this section shall not exceed 20%.

In case the provisions of section 206CC are also applicable to the specified person, in addition to the provisions of section 206CCA, then, tax is required to be collected at higher of the two rates provided in section 206CC and section 206CCA.

**Meaning of "specified person"** – A person who has not furnished the ROI for A.Y. relevant to the P.Y. immediately preceding the F.Y. in which tax is required to be collected, for which the time limit for furnishing the ROI u/s 139(1) has expired, and the aggre. of TDS and TCS in his case is ₹ 50,000 or more in the said P.Y..

However, the specified person would not include

- a non-resident who does not have a PE in India ; or
- a person who is not required to furnish the ROI for the A.Y. relevant to the said P.Y. and is notified by the Central Govt. in this behalf.

## I. TAX DEDUCTION AT SOURCE

Section	Nature of payment	Threshold Limit for deduction of tax at source	Payer	Payee	Rate of TDS	Time of deduction
192	Salary	Basic exemption limit [₹3,00,000 (in case assessee pays tax under default tax regime u/s 115BAC), ₹2,50,000/ ₹3,00,000 / ₹5,00,000, as the case may be, if the assessee has exercised the option of shifting out of the default tax regime u/s 115BAC]. This is taken care of in computation of the average rate of income-tax.	Any person responsible for paying any income chargeable under the head "Salaries"	Individual (Employee)	Average rate of income-tax	At the time of payment (payt)
192A	Premature withdrawal from EPF	Payt or aggre. payt $\geq$ ₹ 50,000	Trustees of the EPF Scheme or any authorised person under the Scheme	Individual (Employee)	10% on premature taxable withdrawal	At the time of payt
193	Interest on Securities	> ₹ 10,000 in a F.Y., in case of interest on 8% Savings (Taxable) Bonds, 2003/7.75% Savings (Taxable) Bonds, 2018. > ₹ 5,000 in a F.Y., in case of interest on debns issued by a Co. in which the public are substantially interested, paid or credited to a resident individual or HUF by an A/c payee cheque > No threshold specified in any other case	Any person responsible for paying any income by way of interest on securities	Any resident	10%	At the time of credit of such income to the a/c of the payee or at the time of payt, whichever is earlier.
194	Dividend (including dividends on preference shares)	Amt or aggre amt > ₹ 5,000 in a F.Y., in case of dividend paid or credited to an individual shareholder by any mode other than cash > No threshold in other cases	The Principal Officer of a domestic company	Resident shareholder	10%	Before making any payt by any mode in respect of any dividend or before making any distribution or payt of dividend.

# INCOME TAX LAW

Section	Nature of payment	Threshold Limit for deduction of tax at source	Payer	Payee	Rate of TDS	Time of deduction
194LA	Compensation on acquisition of certain immovable property other than agricultural land situated in India	Amt or aggre. amt > ₹ 2,50,000 in a F.Y.	Any person responsible for paying any sum in the nature of compensation or enhanced compensation on compulsory acquisition of immovable property	Any Resident	10%	At the time of payt
194M	- Pays to Contractors - Commission or brokerage - FPS	> ₹ 50,00,000 in a F.Y.	Individual or HUF other than those who are required to deduct tax at source u/s 194C or 194H or 194J	Any Resident	5%	At the time of credit of such sum or at the time of payt, whichever is earlier.
194N	Cash withdrawals	> ₹ 3 crore if the recipient is a co-operative society > ₹ 1 crore in case of others	- a banking company or any bank or banking institution - a co-operative society engaged in carrying on the business of banking or - a post office who is responsible for paying any sum, being the amt or the aggre. of amts, as the case may be, in cash > ₹ 1 crore/ ₹ 3 crore in case the recipient is a cooperative society, during the P.Y., to any person from one or more accounts maintained by the recipient	Any person	@2% of such sum In case the recipient has not filed ROI for all the 3 immediately preceding P.Y.s, for which time limit u/s 139(1) has expired, such sum shall be the amt or aggr. of amts, in cash > ₹ 20 lakh during the P.Y. TDS - @2% of the sum, where cash withdrawal > ₹ 20 lakhs but ≤ ₹ 1 crore/ ₹ 3 crore in case the recipient is a co-operative society - @5% of the sum, where cash withdrawal > ₹ 1 crore/ ₹ 3 crore in case the recipient is a co-operative society	At the time of payment of such sum

# INCOME TAX LAW

Section	Nature of payment	Threshold Limit for deduction of tax at source	Payer	Payee	Rate of TDS	Time of deduction
194LA	Compensation on acquisition of certain immovable property other than agricultural land situated in India	Amt or aggre. amt > ₹ 2,50,000 in a F.Y.	Any person responsible for paying any sum in the nature of compensation or enhanced compensation on compulsory acquisition of immovable property	Any Resident	10%	At the time of payt
194M	- Pays to Contractors - Commission or brokerage - FPS	> ₹ 50,00,000 in a F.Y.	Individual or HUF other than those who are required to deduct tax at source u/s 194C or 194H or 194J	Any Resident	5%	At the time of credit of such sum or at the time of payt, whichever is earlier.
194N	Cash withdrawals	> ₹ 3 crore if the recipient is a co-operative society > ₹ 1 crore in case of others	- a banking company or any bank or banking institution - a co-operative society engaged in carrying on the business of banking or - a post office who is responsible for paying any sum, being the amt or the aggre. of amts, as the case may be, in cash > ₹ 1 crore/ ₹ 3 crore in case the recipient is a cooperative society, during the P.Y., to any person from one or more accounts maintained by the recipient	Any person	@2% of such sum In case the recipient has not filed ROI for all the 3 immediately preceding P.Y.s, for which time limit u/s 139(1) has expired, such sum shall be the amt or aggr. of amts, in cash > ₹ 20 lakh during the P.Y. TDS - @2% of the sum, where cash withdrawal > ₹ 20 lakhs but ≤ ₹ 1 crore/ ₹ 3 crore in case the recipient is a co-operative society - @5% of the sum, where cash withdrawal > ₹ 1 crore/ ₹ 3 crore in case the recipient is a co-operative society	At the time of payment of such sum

Section	Nature of payment	Threshold Limit for deduction of tax at source	Payer	Payee	Rate of TDS	Time of deduction
194A	Interest other than interest on securities	Amt or aggre. amt > ₹ 40,000 in a F.Y., in case of interest credited or paid by – (i) a banking company; (ii) a co-operative society engaged in banking business; and (iii) a post office on any deposit under a notified Scheme. In all the above cases, if payee is a resident senior citizen, tax deduction limit is > ₹ 50,000. > ₹ 5,000 in a F.Y., in other cases.	Any person (other than an individual or HUF whose total sales, gross receipts or turnover ≤ ₹ 1 crore in case of business or ≤ ₹ 50 lakhs in case of profession during the immediately preceding F.Y.) responsible for paying interest other than interest on securities.	Any Resident	10%	At the time of credit of such income to the a/c of the payee or at the time of payt, whichever is earlier.
194B	Winnings from any lottery, crossword puzzle or card game or other game of any sort or from gambling or betting of any form or nature	Amt or the aggre. of amts > ₹ 10,000 in a F.Y.	The person responsible for paying income by way of such winnings	Any Person	30%	At the time of payt
194BA	Winnings from online games	On the net winnings in a person's user a/c as computed in prescribed manner.	Any person responsible for paying income by way of such winnings from any online game.	Any person	30%	At the end of the F.Y. In case there is withdrawal from user a/c during the F.Y., tax would be deducted at the time of such withdrawal on net winnings comprised in such withdrawal. In addition, tax would also be deducted on the remaining amt of net winnings in the user a/c as computed in prescribed manner at the end of the F.Y.
194BB	Winnings from horse race	Amt or the aggre. of amts > ₹ 10,000 in a F.Y.	Book Maker or a person holding licence for horse racing or for arranging for wagering or betting in any race course.	Any Person	30%	At the time of payt

## INCOME TAX LAW

Section	Nature of payment	Threshold Limit for deduction of tax at source	Payer	Payee	Rate of TDS	Time of deduction
194P	Pension (along with interest on bank a/c)	<b>Basic exemption limit</b> [₹ 3,00,000 (in case specified senior citizen pays tax under default tax regime u/s 115BAC), ₹ 3,00,000 / ₹ 5,00,000, as the case may be, if specified senior citizen has exercised the option of shifting out of the default tax regime u/s 115BAC] [i.e., TI after giving effect to the deduction allowable under Chapter VI-A, if any allowable should exceed the basic exemption limit. Further, in case the individual is entitled to rebate u/s 87A from tax payable, then the same should be given effect to]	Notified specified bank	Specified senior citizen i.e., An individual, being a resident in India, who <ul style="list-style-type: none"> <li>- is of the age of 75 years or more at any time during the PY;</li> <li>- is having pension income and no other income except interest income received or receivable from any a/c maintained by such individual in the same specified bank in which he is receiving his pension income; and</li> <li>- has furnished a declaration to the specified bank.</li> </ul>	Rates in force, where the individual has exercised the option of shifting out of the default tax regime. Rates specified in section 115BAC, where the individual pays tax under the default tax regime.	
194R	Any benefit or perquisite, whether convertible into money or not, arising from business or the exercise of a profession The provisions would apply to any benefit or perquisite, whether in cash or in kind or partly in cash and partly in kind.	Value or aggre. of value of benefit or perquisite > ₹ 20,000 in a F.Y.	Any person (other than an individual or HUF whose total sales, gross receipts or turnover ≤ ₹ 1 crore in case of business or ≤ ₹ 50 lakhs in case of profession during the immediately preceding F.Y.) responsible for providing any benefit or perquisite. In case of a company, "person responsible for paying" means the company itself including the Principal Officer thereof.	Any resident	10% of value or aggre. of value of such benefit or perquisite	Before providing such benefit or perquisite