



PUNJAB STATE TRANSMISSION CORPORATION LIMITED

(Regd. Office: PSEB, Head Office, The Mall, Patiala-147001, Punjab, India)

Corporate Identity Number - U40109PB2010SGC033814,

Office of CFO, AO/Taxation, Shakti Sadan, Patiala

E-mail: ao-taxation@pstcl.org

Income Tax Circular - 03/2020

To

All Addl. SEs/Sr. Xens/AOs (DDOs)

Under PSTCL

Memo No: - ⁷⁵¹⁻⁷⁹³/CFO/Taxation/11

Dated: -30.09.2020

Subject: - Introduction of Section 206C (1H) – ‘TCS on Sale of Goods’ under Income Tax Act, 1961 by Finance Act, 2020.

Section 206C (Tax Collected at Source) of the Income Tax Act has been amended by Finance Act, 2020 and a **new Sub-Section 1H to Section 206C has been inserted to expand the Scope of TCS on sale of goods**. The newly introduced Section 206C (1H) which is going to be applicable from 1st October, 2020 is as follows:

*“206C (1H) 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: Provided that if the buyer has not provided the Permanent Account Number or the Aadhar number to the seller, then the provisions of clause (ii) of sub-section (1) of section 206CC shall be read as if for the words “five per cent.”, the words “one per cent.” had been substituted.*

Provided further that the provisions of this sub-section shall not apply, if the buyer is liable to deduct tax at source under any other provision of this Act on the goods purchased by him from the seller and has deducted such amount.

Explanation - For the purposes of this sub-section:

- (a) “buyer” means a person who purchases any goods, but does not include,
 - (A) the Central Government, a State Government, an embassy, a High Commission, legation, commission, consulate and the trade representation of a foreign State;
 - (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.
- (b) “seller” means a person whose total sales, gross receipts or turnover from the business carried on by him exceed 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.

Key Points of above Amendment

The highlights of the newly introduced section 206C (1H) are as under:

1. A seller of goods is liable to collect TCS at the rate of 0.1% (Special rate due to covid-19 is 0.075% upto 31st March, 2020) of sale consideration received from a buyer in a financial year exceeding fifty lakh rupees **i.e. TCS is only collected at the time of receipt of payment above Rs.50 lacs in a financial year on sale of goods only (i.e. services are not covered)**. If the buyer has not provided PAN or Aadhar Card, the TCS rate shall be 1 per cent.
2. Only those sellers, whose total sales, gross receipts or turnover from the business carried on by it exceed 10 crore rupees during the financial year immediately preceding the financial year, shall be liable to collect such TCS.
3. Central Government may notify person, subject to conditions contained in such notification, who shall not be liable to collect such TCS.
4. No TCS is to be collected from the Central Government, a State Government and an embassy, a High Commission, legation, commission, consulate, the trade representation of a foreign State, a local authority as defined in Explanation to clause (20) of section 10 or any other person as the Central Government may, by notification in the Official Gazette, specify for this purpose, subject to conditions as prescribed in such notification.
5. **No such TCS is to be collected, if the seller is liable to collect TCS under other provision of section 206C or the buyer is liable to deduct TDS under any provision of the Act and has deducted such amount.**
6. **These amendments will take effect from 1st October, 2020.**

SUMMARY:-

Particulars	Remarks	Notes
Effective Date	1 st October, 2020	
Applicable to	Turnover of seller is more than Rs.10 Crores in previous financial year	Applicable only on Sale of Goods

When to be Collected	<p>Value/Aggregate Value of Goods is more than ₹ 50 Lakhs in a financial year.</p> <p>Tax to be collected at the time of receipt of sale consideration.</p> <p><u>Hence also applicable in case of advance payment also</u></p>	<p><u>For determining of value or aggregate value:-</u></p> <p>Turnover/receipts from 01.04.2020 to 30.09.2020 are also to be taken while calculating the threshold limit of Rs. 50 lakh.</p>
Qualifying amount on which Tax is to be collected	<p>Total Sale Value - Rs. 50.00 Lacs</p> <p>(Sales Value including GST)</p>	i.e. TCS on value in the excess of Rs. 50 Lacs.
Rate of TCS	<p>Rate of TCS is 0.10%, if PAN of buyer is available</p> <p>Else 1%</p>	<p>Special rate for the period from 01.10.2020 to 31.03.2021 (COVID-19) Rate of TCS is 0.075%, if PAN of buyer is not available then 0.75%</p>
Due date of deposit	Tax collected during the month to be deposited within 7 days of next month	
NOT APPLICABLE TO	<p>a. Goods being exported out of India or in case of a person importing goods into India.</p> <p>b. If TDS/other TCS provisions applicable to any transactions.</p> <p>c. sales made to Central Government, State Government or to a local authority.</p> <p>d. sales made to Embassy, High Commission, Consulate or a trade representation of foreign state</p>	

Kindly ensure meticulous compliance with the provisions of newly introduced section 206C (1H) and the relevant rules pertaining to its deposit and filing of returns. Further, it must be ensured that PAN of company should be provided to all vendors in case of procurements in order to avoid collection of TCS @ 1% instead of 0.1% (special rate upto 31.03.2021 is 0.075%). This is for your information and further necessary action, please.

This issue with the approval of competent authority.

Vijay Kansal

Accounts Officer/ Taxation
PSTCL, Patiala.

794-835

Endst No: - /CFO/Taxation/11

Dated: -30.09.2020

Copy of the above is forwarded to the followings for information and further necessary action please.

1. All EICs/CEs under PSTCL, Patiala.
2. CAO/F&A, PSTCL Patiala.
3. Company Secretary, PSTCL.
4. All Dy.CEs/SEs under PSTCL.
5. All Joint/Dy. CAOs/Dy. FAs/Dy. CAs under PSTCL.
6. All Addl. SEs/Sr. Xens/AOs under PSTCL (other than DDOs)
7. SE/IT, PSTCL, Patiala for uploading the circular on website of PSTCL.

Vijay Kansal

Accounts Officer/Taxation
PSTCL, Patiala.

CC:

1. PS to CMD, PSTCL, Patiala
2. PS to Director/F&C, PSTCL, Patiala
3. Joint. Secy. to Director/Tech., PSTCL, Patiala
4. Sr. PS to Director/Admin., PSTCL, Patiala

For Kind Information of
CMD and Directors, please