

ANDHRA PRADESH STATE ROAD TRANSPORT CORPORATION

No.SAF/GST(1)/2019-20-FW



O/o the VC & MD::Finance Wing

RTC House: APSRTC: VJA

CIRCULAR NO.3 of AD Dated.11-09-2020

Sub: INCOME TAX – TCS on sale of any goods – Introduction of new section 206C(1H) - Communication - Reg.

At present, APSRTC is collecting Tax Collection at Source (TCS) on sale of goods/ services for the following and filing Quarterly returns against the TAN number of each respective unit of the Corporation under section 206C of Income Tax Act,1961.

Type of goods	Rate
Scrap	1%
Parking lot	2%

The Government of India has introduced a new sub section 1H under Section 206C with regards to “Tax Collection at Source (TCS)” deepening the tax base in the Finance Act 2020.

The provision of this section will be applicable from **01st October 2020**

As per Sec 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 **Rs.50 lacs** in any previous year, other than the goods being exported out of India, 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 if the buyer submits valid PAN.**

If the buyer has not provided the PAN or the Aadhar number, then we have to collect a sum equal to 1 per cent of the sale consideration exceeding fifty lakh rupees as income-tax.

The TCS provisions under this section is solely based on a receipts and not on sales. Further, it has been clarified that TCS provisions shall not apply for the amounts received before 30th Sep,2020.

Eg: Assuming that the seller has the turnover above Rs.10 crores and taken PAN/ Aadhar number of the buyer then TCS will be as follows.

Sr. No.	Receipts till 30th Sep (Rs.)	Receipts from 1st October (Rs.)	TCS u/s 206C(1H) (Rs.)	Remarks
1	2400000	6500000	3900	0.1% on 39 Lac (Being Excess of Rs. 50 Lac)
2	8500000	600000	600	0.1% on Rs. 6 Lac being receipts after 30th September

Further, the Government of India, vide Press release dated.13-05-2020. CBDT has specified that the rates of TDS has been reduced by 25% for the period from 14th May, 2020 to 31st March, 2021. Accordingly, the rate of TCS u/s 206C(1H) reduced to 0.075% for the period up to 31st March, 2021.

Conditions u/s 206c(1H) for Tax Collection at Source

- **The gross turnover or receipts of the Seller from the business for the immediately preceding Financial Year exceeds Rs. 10 Crores shall be liable for the collection of TCS. Such limit shall have to be checked every year.**
- Since APSRTC turnover is more than Rs. 10 crores, we need to collect TCS on the invoice value on the sale consideration exceeding fifty lakh rupees.
- TCS is to be collected only from those buyers from whom, sale consideration received during the FY exceeds Rs. 50 lakhs. This condition needs to be evaluated separately for each buyer and the amount needs to be evaluated separately every year.

Eg:- APSRTC is making payments to the IOC for an amount of 65 lacs towards HSD oil receipts. In this scenario, APSRTC is required to pay TCS for the value in excess of 50 lacs only i.e., on 15 lacs only. Similarly, if APSRTC is making payments to the BPCL for an amount of 75 lacs towards HSD oil receipts, TCS is to be paid for 25 lacs only i.e., in excess of 50 lacs. **The threshold limit of 50 lacs is to be evaluated for each buyer.**

Tax Collection is not required in following situations related to APSRTC:

The Section shall not be applicable in the following cases:

- **If Gross Turnover/Sales/Receipts of the Seller, during immediately preceding FY is less than Rs.10 Crores.**
- **If the sale consideration received from the buyer is less than Rs. 50 lakhs.**
- **In case the transaction is covered by TDS under any other section.**
- In case of any Import into India or Export from India.
- In case the sale is made to
 1. the Central Government, a State Government, an embassy, a High Commission, legation, commission, consulate and the trade representation of a foreign State; or
 2. a local authority or
 3. a person importing goods into India or 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;

The following Account Heads have been prescribed for Accountal of TCS

S. No	Nomenclature	Account Head
1	Income Tax – TCS by APSRTC	1076
2	Income Tax – TCS paid	2475

DUE DATES FOR DEPOSIT OF TAX AND OTHER COMPLIANCE

APSRTC being a seller, has to comply with the following conditions after collection of tax.

1. The tax collected during the month under the AH 1076 to be deposited to the credit of Central Government on or before 7th of subsequent month along with other TDS amounts.
2. TCS return is to be filed in form 27EQ on a quarterly basis on or before the 15th Day from the end of quarter in with tax was collected except for March quarter which is 15th May as may be prescribed for each year by the Income Tax Department.

APSRTC being a buyer, has to comply with the following conditions on collection of tax.

1. The amount of TCS paid to the buyer to be accounted under the Account Head 2475.
2. Every unit has to collect TCS certificate in form 27D for payments made to the buyers towards TCS amount.
3. Every unit has to send a Debit Advice for the amount of TCS booked under the Account Head 2475 along with Form 27D as a proof to AO(STORES), Head Office, Vijayawada.

However, everyone should ensure that the turnover of the seller has exceeded Rs.10 crores during previous financial year and the sales during current financial year exceeds Rs. 50 lacs. If the Sale value during current financial year exceed Rs. 50 lacs only we should allow the firm to make TCS on the consideration.

Further, it is not clear whether TCS will be levied on GST charged in invoice or not. Till a clarification is received from CBDT, it will be more appropriate that TCS should be collected on Sales Value including GST.

In view of the above, all Unit officers are requested to follow the above procedure with regard to TCS u/s 206C(1H) scrupulously so as to comply with the provisions of Income Tax Act,1961.


Financial Advisor &
Chief Accounts Officer