

Income tax TCS provision on sale of goods applicable from 1 Oct 2020

1. TCS is applicable from **1 Oct 2020**.
2. It is applicable on **sale of goods** and not on providing services.
3. Where there is **composite contract** for supply of goods and services, it shall be applicable on material value if specified, otherwise on full value.
4. TCS equal to **0.1 %** of the sale consideration exceeding INR 50 lakhs, however till 31st March 2021 its **0.075% as a Covid 19 relief measure**.
5. Amount of receipt to be considered **including GST**.
6. Receipts exceeding **INR 50 lakhs** is to be considered, therefore, even if sale occurred prior to 30 Sept 2020 and amount is received after 30 Sept 2020, it would be considered for determination of limit.
7. Where the amount exceeds 50 lakhs, TCS shall be on **amount exceeding** INR 50 lakhs
8. Illustration:
 - (i) INR 50 lakhs limit already crossed before 1 Oct, TCS shall be applicable from rupee 1 received on and after 1 Oct 2020.
 - (ii) INR 30 lakhs received before 1 Oct, INR 20 lakhs received after 1 Oct; TCS will not be applicable until INR 20 lakhs received after 1 Oct and shall be applicable thereafter.
9. TCS shall be collected **on date of receipt and not on date of sale**.
10. **No amount shall be reversed** / returned in case of **sales return**.
11. In case the buyer does not provide **PAN or Aadhaar** rate of TCS will be **1%**.
12. Not applicable if the goods are **exported** out of India;
13. Not applicable where the turnover of the **seller is less than INR 10** crore in the preceding FY.
14. Where TCS / TDS is deducted under **any other provisions of the act**, this provision shall not apply.

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