

# TAXBOOK<sup>+</sup>

## Workin3g steps of solutions

### B7 to B14

#### TDS, TCS & Advance Tax

#### Build Your Confidence (BYC)

##### B7. RENT - Discuss the liability for tax deduction in the following cases:

#	Section	Case	TDS
1	194-I	<b>CA2018(M)</b> – Mr. Bobby, a resident, whose turnover during the previous FY is Rs. 205 lakh and for the current FY 2021-22 is Rs. 80 lakh, made payment of shop rent to Mr. Rajasekharan, a resident, of Rs. 21,000 per month.	Mr. Bobby is covered u/s 194-I since turnover in preceding FY > Rs. 1 crore. Rent for FY > Rs. 2.4 lakh. TDS to be deducted @ 10%. <i>Mistake by students – Not considering exemption limit of Rs. 2.4 lakh.</i>
2	194-I	<b>CA2017(N)</b> – Rent of Rs. 2,30,000 paid by a partnership firm for use of plant and machinery.	No TDS since payment ≤ Rs. 2.4 lakh.
3	194-I	<b>CA2011(N)</b> – Rent paid for hire of machinery by B Ltd. to Mr. Raman of Rs. 2,50,000 on 15.11.2021.	TDS u/s 194-I @ 2%, i.e., Rs. 5,000, since rent > Rs. 2.4 lakh
4	194-I	Mr. Gupta, carrying on a business (turnover for PY 2020-21 Rs. 110 lakh and for PY 2021-22 Rs. 90 lakh) paid warehousing charges of Rs. 1 lakh to QR Pvt. Ltd during the PY 2021-22.	Mr. Gupta is covered u/s 194-I since TO of preceding FY > 1 crore. Warehousing charges are rent. But no TDS since amount ≤ Rs. 2.4 lakh.
5	194-I	Rashi & Co, a firm, paid rent of Rs. 3 lakh during the PY 2021-22 to Mr. C, a resident, for office premises which included Rs. 50,000 arrears for FY 2020-21, Rs. 50,000 advance for FY 2022-23 and Rs. 25,000 towards municipal taxes borne by the firm. Arrears were not liable to TDS during FY 2020-21.	Municipal tax will be excluded. Balance of Rs. 2.75 lakh > Rs. 2.4 lakh. TDS will be deducted u/s 194-I.
6	194-I	Bluesky Ltd. made payment of Rs. 1,00,000 as hire charges for machinery, Rs. 50,000 as hire charges for furniture and Rs. 2,00,000 as rent for office premises. These payments were made to Mr. K on 10.10.2021.	Amounts paid to Mr. K for the FY > Rs. 2.4 lakh. TDS u/s 194-I will be deducted @ 2% on Rs. 1,00,000 and @ 10% on Rs. 2,50,000.
7	194-I	Suresh, carrying on a business having turnover of Rs. 1.2 crore for FY 2020-21 and Rs. 95 lakh for FY 2021-22, paid shop rent of Rs. 2,50,000 to Raj on 21.1.2022.	Suresh is covered u/s 194-I since turnover for preceding FY > Rs. 1 cr and rent paid during FY > Rs. 2.4 lakh. TDS @ 10% of Rs. 2.5 lakh.
8	194-IB	<b>CA2019(N)</b> – Mr. Ashok, working in a private company, is on deputation for 3 months (from December 2021 to February 2022) at Hyderabad where he pays a monthly house rent of Rs. 52,000 for those three months, totaling to Rs. 1,56,000. Rent is paid by him on the first day of the relevant month.	Mr. Ashok is liable to deduct TDS @ 5% u/s 194-IB on Rs. 1,56,000 from the rent of Rs. 52,000 payable on 1.2.2022, since monthly rent > Rs. 50,000. Rent paid for February = 52,000 – 7,800 = 44,200.
9	194-IB	<b>CA2018(N)</b> – Mr. X, a salaried individual, pays rent of Rs. 55,000 p.m. to Mr. Y (does not have PAN) from June 2021. Is he required to deduct TDS? If so, when is he required to deduct tax? Mr. X vacated the premises on 31.12.2021.	Mr. X is liable to deduct tax u/s 194-IB since he pays rent > Rs. 50,000 p.m. Rate will be 20% u/s 206AA since Mr. Y does not have PAN. Tax will be deducted from rent of last month of tenancy, i.e., December. TDS = 20% of Rs. 3.85 lakh (rent from June to December) = Rs. 77,000. However, in such case, TDS cannot exceed rent payable for last month of tenancy. Hence, TDS = Rs. 55,000. <i>Mistake by students – Lack of clarity of provisions.</i>

10	194-IB	<b>CA2018(M)</b> – Mr. Thrilok, an individual not assessed to tax, pays rent of Rs. 60,000 per month.	Rent > Rs. 50,000 p.m. Mr. Thrilok will deduct TDS u/s 194-IB @ 5% of Rs. 7.2 lakh from the rent payable for March 2022, i.e., Rs. 36,000. Assumed that rent is for land/building and is payable throughout the year.
11	194-IB	Mr. UV, a salaried individual on deputation to Hyderabad, pays rent of Rs. 45,000 per month to BCD Pvt. Ltd. for the period September to December 2021. Rent is payable on first day of each month.	No TDS u/s 194-IB since monthly rent ≤ Rs. 50,000. No TDS u/s 194-I since Mr. UV is not engaged in business or profession with TS/GR/TO exceeding specified limits.
12	194-I, 194-IB	Mr. B pays rent of Rs. 30,000 p.m. to Mr. C. Mr. B is a professional having gross receipts of Rs. 60 lakh for PY 2020-21 and Mr. C is a businessman having turnover of Rs. 75 lakh for PY 2020-21.	Payer has gross receipts in profession > Rs. 50 lakh. Thus, covered u/s 194-I. Rent of FY > Rs. 2.4 lakh. TDS u/s 194-I @ 10%. S. 194-IB not applicable.
13	194-IB	Mr. J pays house rent of Rs. 60,000 to Mr. K for staying in the house during the period 1.1.2022 to 20.1.2022. Both persons are resident in India.	Rent for part of month > Rs. 50,000. TDS u/s 194-IB = 5% of Rs. 60,000 to be deducted from this rent. Assumed that Mr. J is not covered u/s 194-I.

### B8. IMMOVABLE PROPERTY - Discuss the liability for tax deduction in the following cases:

#	Section	Case	TDS
1	194-IA	<b>CA2019(M)</b> – Mr. Deepak transferred a residential house property to Mr. Karan for Rs. 45 lakh. The stamp duty value of such property is Rs. 55 lakh.	No TDS u/s 194-IA since consideration < Rs. 50 lakh even if SDV exceeds consideration and Rs. 50 lakh threshold. <i>Mistake by students – Not aware that 194-IA is not attracted where consideration &lt; Rs. 50 lakh even if SDV ≥ Rs. 50 lakh.</i>
2	194-IA	<b>CA2018(N)</b> – Mr. Dhanapal wishes to purchase a residential house costing Rs. 60 lakh from Ms. Saipriya. The house is situated at Chennai. He also wants to purchase agricultural lands in a rural area for Rs. 65 lakh. He wants to know whether there will be any obligation to deduct tax at source in these two situations. Both the buyer as well as the sellers are residents in India. Advise Mr. Dhanapal suitably.	TDS will be deducted u/s 194-IA @ 1% of Rs. 60 lakh. TDS is not applicable on transfer of rural agricultural land in India.
3	194-IA	<b>CA2015(M)</b> – Mr. Madan sold his house property in Surat as well as his rural agricultural land for a consideration of Rs. 65 lakh and Rs. 20 lakh, respectively, to Mr. Raman on 1.10.2021. He had purchased the house property for Rs. 40 lakh and the land for Rs. 15 lakh in the year 2016. There was no difference in the stamp valuation. You are required to determine TDS implications, if any, assuming both persons are resident Indians.	TDS will be deducted u/s 194-IA on Rs. 65 lakh @ 1%. TDS is not applicable on transfer of rural agricultural land (assuming it is in India).
4	194-IA	<b>CA2014(M)</b> – Mr. X sold his house to Mr. Y on 1.2.2022 for Rs. 60 lakh	TDS will be deducted u/s 194-IA on Rs. 60 lakh @ 1%, i.e., Rs. 60,000, assuming Mr. X is a resident.
5	194-IA	Sushant owned a house property in Delhi and agricultural land situated 15 kms from municipal limits of Faridabad (population 14 lakh). He sold these properties to Jayesh for Rs. 75 lakh and Rs. 65 lakh, respectively (SDV on date of transfer of 1.11.2021 is Rs. 85 lakh and Rs. 75 lakh, respectively). He had purchased these in the PY 2020-21 for Rs. 60 lakh and Rs. 50 lakh, respectively. Examine the tax implications.	For Sushant: 1. STCG on house property = FVC Rs. 85 lakh (u/s 50C) – COA Rs. 60 lakh = Rs. 25 lakh. 2. STCG on agricultural land – No CG since land is rural. For Jayesh: 1. Amount taxable u/s 56(2)(x) for house property = SDV Rs. 85 lakh – FVC Rs. 75 lakh = Rs. 10 lakh, since excess of Rs. 10 lakh is > Rs. 50,000 and SDV > 110% of consideration. 2. Amount taxable u/s 56(2)(x) for rural agricultural land: Nil since it is not a capital asset.

			3. TDS u/s 194-IA: He will deduct TDS @ 1% of Rs. 75 lakh, i.e., Rs. 75,000. TDS will not be deducted in respect of land.
6	194-IA	Sushant sold his house property to Sohan for Rs. 48 lakh on 1.12.2021. He also transferred the club membership of the housing complex and car parking for Rs. 5 lakh. Both parties are residents in India. Sushant failed to furnish his PAN to Sohan.	Consideration for club and parking will be included. Consideration $\geq$ Rs. 50 lakh. PAN not furnished. TDS u/s 194-IA @ 20% (in terms of 206AA) of Rs. 53 lakh, i.e., Rs. 10.6 lakh.
7	194LA	<b>CA2020(N)</b> – Rs. 2,29,000 paid to Mr. S, a resident individual, on 26.12.2021 by State of Gujarat on compulsory acquisition of his urban land.	No TDS u/s 194LA since amount $\leq$ Rs. 2.5 lakh
8	194LA	<b>CA2014(N)</b> – Rs. 3,00,000 is paid to Mr. A, a resident individual, on 22.2.2022 by the State of Uttar Pradesh on compulsory acquisition of his urban land.	TDS u/s 194LA @ 10% of Rs. 3 lakh since amount $>$ Rs. 2.5 lakh, assuming land is not agricultural land.
9	194LA	Delhi Government acquired the vacant plot of land owned by Ragini and paid compensation of Rs. 1.5 lakh on 15.4.2021. It further paid enhanced compensation of Rs. 1 lakh on 16.8.2021. Ragini computed the capital gain arising from this transaction at Rs. 1.75 lakh.	No TDS u/s 194LA since aggregate amount for FY $\leq$ Rs. 2.5 lakh.

#### B9. SPECIAL CASES - Discuss the liability for tax deduction in the following cases:

#	Section	Case	TDS
1	194E	<b>CA2021(JULY)</b> – A payment of Rs. 1,00,000 made to Jack Smith, a New Zealand cricketer, a non resident in India, on 20.12.2021 by a sports magazine for contribution of a sports article.	TDS is to be deducted u/s 194E @ 20% + 4% HEC, i.e., Rs. 20,800. There is no threshold.
2	194E	<b>CA2020(N)</b> – Payment of Rs. 26,000 made to Mr. Y, a French footballer, non-resident in India, by an Indian newspaper on 1.7.2021 for contribution of articles in relation to the sport of football.	TDS is to be deducted u/s 194E @ 20% + 4% HEC, i.e., Rs. 5,408. There is no threshold.
3	194E	<b>CA2019(N)</b> – An advertisement company paid Rs. 5 lakh to a cricketer, Mr. Peter from England, for working in an advertisement film.	TDS is to be deducted u/s 194E @ 20% + 4% HEC, i.e., Rs. 1,04,000
4	194E	<b>CA2014(N)</b> – Payment of Rs. 27,000 made to Jacques Kallis, a South African cricketer, by an Indian newspaper agency on 2.7.2021 for contribution of articles in relation to the sport of cricket.	TDS is to be deducted u/s 194E @ 20% + 4% HEC, i.e., Rs. 5,616. There is no threshold.
4A	194N	<b>CA2021(JULY)</b> – Payer: XYZ Urban Co-operative Bank. Nature of payment: Payment by way of cash withdrawal, by ABC & Co, a resident partnership firm, amounting to Rs. 1.2 crore during FY 2021-22. ABC & Co, has filed tax returns for the last 3 financial years within time.	It is assumed that the firm has duly filed ROI for all of the 3 AYs relevant to the 3 PYs, for which the time limit to file ROI u/s 139(1) has expired, immediately preceding the PY in which cash payment is made to him. Hence, limit u/s 194N is Rs. 1 crore. Since payments during the PY $>$ Rs. 1 cr, bank will deduct TDS @2% of Rs. 1.2 crore.
5	194N	Mr. C withdrew cash of Rs. 50 lakh on 1.2.2022 from Account I and Rs. 60 lakh on 1.3.2022 from Account II held with Punjab National Bank. He has been duly filing his ROI since the last 7 years.	Mr. C has duly filed his ROI for all of the 3 AYs relevant to the 3 PYs, for which the time limit to file ROI u/s 139(1) has expired, immediately preceding the PY in which cash payment is made to him. Hence, limit u/s 194N is Rs. 1 crore. Since payments during the PY from both accounts held with PNB $>$ Rs. 1 cr, bank will deduct TDS @2% of Rs. 1.1 cr.
6	194N	Mr. D, running a transport agency, withdrew cash of Rs. 70 lakh from his account in SBI and Rs. 70 lakh from his account in HDFC Bank during the PY 2021-22. He has been duly filing his ROI since the last 10 years.	Mr. D has duly filed his ROI for all of the 3 AYs relevant to the 3 PYs, for which the time limit to file ROI u/s 139(1) has expired, immediately preceding the PY in which cash payment is made to him. Hence, limit u/s 194N is Rs. 1 crore. No TDS u/s 194N since payment by each bank during the PY $\leq$ Rs. 1 cr.
7	194N	Mr. G, a real estate broker, withdrew Rs. 1.5 crore from	Mr. G has not filed his ROI for all of the 3 AYs

		his account in Wealth Co-operative Bank on 15.1.2022. He has not been filing his return of income since the last 10 years.	relevant to the 3 PYs, for which the time limit to file ROI u/s 139(1) has expired, immediately preceding the PY in which cash payment is made to him. TDS u/s 194N will be @ 5% of Rs. 1.5 cr.
8	194N	Mr. G, a transporter, withdrew Rs. 25 lakh from his account in Post Office on 15.11.2021. He has not been filing his return of income since the last five years.	Mr. G has not filed his ROI for all of the 3 AYs relevant to the 3 PYs, for which the time limit to file ROI u/s 139(1) has expired, immediately preceding the PY in which cash payment is made to him. TDS u/s 194N will be @ 2% of Rs. 25 lakh, since payment during the PY > Rs. 20 lakh and up to Rs. 1 crore.
9	194-O	Mr. Z, a resident, starts selling musical instruments on an e-commerce website from 1.11.2021. Gross sales value credited/paid till 31.3.2022 is Rs. 10 lakh.	E-commerce operator will deduct TDS u/s 194-O @ 1% of Rs. 10 lakh.
10	194-O	Mr. Q, a resident and a doctor, provides consultancy services to patients on an online medical platform. The gross amount credited/paid in respect of services for the PY 2021-22 is Rs. 3 lakh. Mr. Q has furnished his Aadhar number to the online platform but has not furnished his PAN.	No TDS u/s 194-O since Mr. Q has furnished his Aadhar number to the online medical platform and gross amount ≤ Rs. 5 lakh.
11	194-O	Mr. C, a resident businessman having a turnover of Rs. 1.5 crore for PY 2020-21, gets a website designed from Zoopla, a do-it-yourself website designing platform resident in India, and pays Rs. 5 lakh in this respect on 12.3.2022.	S. 194-O not applicable since payee does not provide services facilitated by an e-commerce operator. Mr. C is covered u/s 194J since his turnover for preceding FY > Rs. 1 crore. Service falls u/s 194J. Amount > Rs. 30,000. TDS will be deducted u/s 194J.
12	194-O	Mr. Y, a resident, sells stationery products from his stationery shop as well as through Flipkart. His gross turnover from the business for the PY 2021-22 is Rs. 10 lakh out of which Rs. 4 lakh has been generated through Flipkart. Mr. Y has furnished his PAN number to Flipkart but has not furnished his Aadhar number.	Since gross amount of sales through Flipkart, the e-commerce operator ≤ Rs. 5 lakh, TDS will not be deducted u/s 194-O as Mr. Y has furnished his PAN number to Flipkart.
13	194-O	BK & Co, a resident partnership firm, sells mobile phones through the web platform provided by PQR Ltd. PQR Ltd. credited Rs. 3 lakh to the account of the firm for sale of mobile phone through its platform during February 2022 and paid Rs. 2.5 lakh out of this amount on 15.3.2022. X and Y purchased mobile phones through the web platform but made payment of Rs. 60,000 directly to the partnership firm.	TDS @ 1% of Rs. 3,60,000 to be deducted. TDS is deducted at the time of earlier of credit or payment. Direct payment by customers to ECP is included in the gross amount for deducting TDS.
14	194P	Mr. Z, a resident of age 75 years, is a pensioner receiving Rs. 55,000 p.m. as pension in Jaipur branch of National Bank. The Bank is specified u/s 194P. He also maintains fixed deposit in Delhi branch of National Bank. Interest on savings account with Jaipur branch and fixed deposit account with Delhi branch is Rs. 1,00,000 for the PY 2021-22. He has no other income. Mr. Z wants to know whether he is required to file ROI u/s 139(1) for the PY 2021-22 and whether he needs to pay any tax from his end. He has not opted for section 115BAC.	Conditions of section 194P are satisfied. If Mr. Z furnishes the prescribed declaration to National Bank, the bank will compute his total income for PY 2021-22 and deduct TDS u/s 194P at the rates in force (after considering any TDS deducted u/s 192 on pension). Mr. Z will not be required to file his ROI u/s 139(1) or pay any tax from his end for AY 2022-23.
15	194P	In #13, assume that while Mr. Z was a resident for PY 2020-21, he is a non-resident for PY 2021-22.	194P is not applicable to a non-resident. Mr. Z will be required to file his ROI u/s 139(1) for AY 2022-23. TDS u/s 192 will apply on pension and TDS u/s 194A will apply on fixed deposit interest (if it exceeds limit of Rs. 50,000). He will need to discharge his tax liability (remaining after TDS) at his own end.
16	194Q	Mr. Q, carrying on a manufacturing business, purchased machines for Rs. 1 crore from BCD Pvt. Ltd., an Indian company, during the FY 2021-22 for installation in his	No TDS u/s 194Q as turnover of business of Mr. Q is not > 10 crore in FY 2020-21.

		factory. He commenced his business on 1.4.2021. Machines, comprising 60% of the value, were purchased during April and May 2021. Turnover of BCD Pvt. Ltd. was Rs. 9.5 crore during FY 2020-21. Credit/payment was made in the months of purchase.	
17	194Q	In #16, assume that Mr. Q commenced business on 1.4.2020 and the turnover for FY 2020-21 was Rs. 12 crore.	Turnover of preceding FY > 10 crore. Sum credited/paid to seller during FY > 50 lakh. Seller is a resident. TDS u/s 194Q = 0.1% of 40 lakh (payment after 30.6.2021) = 4,000.

**B10a. 206AA/206AB - Discuss the liability for tax deduction in the following cases:**

#	Case	TDS
1	Mr. Z, a resident, received Rs. 10 lakh on 12.7.2021 as compensation for compulsory acquisition of his building from the local authority. He furnished his PAN to the authority. He had not been filing his ROI for the last 6 years. Due date to file ROI u/s 139(1) has been 31 July for all the years. The total amount of TDS deducted in his case during the last 5 years aggregated to Rs. 40,000. No TCS has been collected so far in his case.	TDS is applicable u/s 194LA. Normal rate is 10%. 206AA is not applicable as PAN is furnished. While Mr. Z did not file ROI for PY 2018-19 and 2019-20 (being 2 immediately preceding PYs for which time limit to file ROI u/s 139(1) has expired), total TDS and TCS deducted/collected in his case is not $\geq$ 50,000 in each of these years. Hence, 206AB is not applicable. TDS = 10% of 10 lakh = 1 lakh.
2	JK LLP paid rent of Rs. 1 lakh per month to Mr. C, a resident, in respect of certain plant and machinery taken on hire during the period October 2021 to March 2022. Mr. C is a regular filer of ROI ever since he started earning his income from the year 2010. Due date to file ROI u/s 139(1) has been 31 July for all the years. Total amount of TDS and TCS deducted/collected in his case has been $\geq$ Rs. 50,000 in all these years. He did not furnish his PAN to JK LLP.	TDS is applicable u/s 194-I. Normal rate is 2%. 206AA applies as PAN is not furnished. He has filed ROI for PY 2019-20 and 2020-21 (being 2 immediately preceding PYs for which time limit to file ROI u/s 139(1) has expired). Hence, 206AB is not applicable. TDS = 20% of 6 lakh = 1.2 lakh.
3	CK Ltd. paid Rs. 5 lakh to Mr. J, a resident, on 10.7.2021 towards a catering contract. Mr. J furnished his PAN to CK Ltd. He has been regular in filing his ROI since AY 2010-11. However, he did not file the ROI for AY 2019-20 and 2020-21. Due date to file ROI u/s 139(1) has been 31 July for all the years. Total amount of TDS and TCS deducted/collected for PY 2018-19 and 2019-20 in his case was Rs. 50,000 and Rs. 60,000, respectively.	TDS is applicable u/s 194C. Normal rate is 1%. 206AA is not applicable as PAN is furnished. He did not file ROI for PY 2018-19 and 2019-20 (being 2 immediately preceding PYs for which time limit to file ROI u/s 139(1) has expired) and total TDS and TCS deducted/collected in his case $\geq$ Rs. 50,000 in each of these years. Hence, 206AB is applicable and TDS rate will be 5%. TDS = 5% of 5 lakh = Rs. 25,000.

**B11. INTEREST U/S 201(1A) – Determine whether interest will be chargeable u/s 201(1A) in the hands of Mr. K in the following cases of TDS u/s 194H:**

#	Amount of TDS	Date of earlier of payment or credit	Date when TDS deducted	Date when TDS paid	Interest u/s 201(1A)
1	20,000	10.7.2021	15.7.2021	6.8.2021	TDS is deducted late by 5 days but paid on time (within 7 days from end of month in which TDS is deducted). Interest = 1% of Rs. 20,000 for 1 month (part of month is taken as 1 month) = Rs. 200.
2	30,000	18.9.2021	18.9.2021	10.1.2022	TDS is deducted on time but is paid late (beyond 7.10.2021). Interest = 1.5% of Rs. 30,000 for 4 months (part of month is taken as 1 month) = Rs. 1,800.
3	40,000	10.7.2021	10.7.2021	7.8.2021	TDS is deducted on time and also paid on time (within 7 days from end of month in which TDS is deducted). Hence, no interest.

**B12. INTEREST U/S 201(1A) - Mr. B paid fees for professional service of Rs. 40,000 to Mr. C on 1.7.2021 without.....**

Particulars	Rs.
Interest for late deduction of TDS = 1% of Rs. 4,000 (10% of Rs. 40,000) for 8 months (1.7.2021 to 28.2.2022)	320
Interest for late payment of TDS = 1.5% of Rs. 9,000 (10% of Rs. 90,000) for 4 months (1.3.2022 to 22.6.2022)	540



### COLLECTION OF TAX AT SOURCE (TCS)

#### B14. TCS - Discuss the liability for TCS (or TDS, if applicable) in the following cases:

#	Section	Case	TCS
1	206C(1)	Mr. Q operates a liquor shop which sells alcohol to buyers for personal consumption. Turnover of business was Rs. 105 lakh for FY 2020-21 and Rs. 95 lakh for FY 2021-22.	Mr. Q is covered u/s 206C(1) since TO for preceding FY > Rs. 1 crore. However, TCS will not be collected as buyers purchase goods in retail sale for personal consumption.
2	206C(1)	B Ltd. sold scrap to Mr. K, a resident and a scrap dealer, for Rs. 50,000. Mr. K would sell the scrap to another scrap dealer. He did not furnish his PAN to B Ltd.	B Ltd. will collect TCS u/s 206C(1) @ 5% (higher of 2% (twice of 1%) or 5% in terms of section 206CC) of Rs. 50,000.
3	206C(1)	CK LLP sold timber to Mr. T, a resident, for Rs. 5 lakh. Mr. T uses timber purchased to manufacture furniture. He furnished declaration to this effect to CK LLP.	No TCS since resident buyer furnishes declaration to seller that goods are to be utilized for manufacturing and not for trading purposes.
4	206C(1F)	Motor vehicle worth Rs. 20 lakh is sold for which payments are made in instalments, Rs. 5 lakh at the time of booking on 1.8.2021 and Rs. 15 lakh at the time of delivery on 1.9.2021.	TCS will be collected u/s 206C(1F) @ 1% on Rs. 5 lakh at time of booking and on Rs. 15 lakh at time of delivery.
5	206C(1F)	<b>CA2018(N)</b> – Rahil & Co, a partnership firm, is having a car dealership showroom. They have purchased cars for Rs. 2 crore from XYZ Ltd., car manufacturers, the cost of each car being more than Rs. 10 lakh. They sell the cars to individual buyers at a price yielding 10% margin on cost. State whether there will be any obligation to collect tax in the above two situations.	<ul style="list-style-type: none"> <li>• <i>Sale by manufacturer to firm</i> – No TCS u/s 206C(1F) as it applies to retail sale. TCS liability to be examined u/s 206C(1H).</li> <li>• <i>Sale by firm to individual buyers</i> – Firm will collect TCS u/s 206C(1F) @ 1% on receipt of consideration.</li> </ul>
6	206C(1F)	Mr. K HUF is a car dealer having turnover from business of Rs. 2 crore for PY 2020-21 and Rs. 75 lakh for PY 2021-22. It sold Car 1 to Mr. Q on 1.1.2022 for Rs. 15 lakh, Car 2 to State Government on 15.1.2022 for Rs. 12 lakh, Car 3 to PQR Pvt. Ltd. on 1.2.2022 for Rs. 10 lakh and Cars 4 and 5 to Mr. B for Rs. 6 lakh each on 1.3.2022 and 15.3.2022.	<ul style="list-style-type: none"> <li>• Since turnover for preceding FY &gt; 1 cr, HUF is covered u/s 206C(1F).</li> <li>• <i>Sale to Mr. Q</i> – HUF will collect TCS @ 1% of Rs. 15 lakh u/s 206C(1F).</li> <li>• <i>Sale to State Government</i> – Government is not covered as buyer u/s 206C(1F). No TCS.</li> <li>• <i>Sale to PQR Pvt. Ltd.</i> – No TCS u/s 206C(1F) since value ≤ Rs. 10 lakh.</li> <li>• <i>Sale to Mr. B</i> – No TCS u/s 206C(1F) since value of each sale ≤ Rs. 10 lakh.</li> </ul>
7	206C(1G)	An authorized dealer received the following amounts during the FY 2021-22 for remittance abroad under the Liberalized Remittance Scheme of RBI: Rs. 6 lakh from Mr. P for maintenance of his parents, Rs. 10 lakh from Mr. Q being loan taken from Indian Bank for higher education, Rs. 12 lakh from Mr. R for medical treatment of relative (Rs. 6 lakh each received on 15.11.2021 and Rs. 30.11.2021). All persons, except Mr. R, furnished their PAN.	<ul style="list-style-type: none"> <li>• Mr. P: No TCS u/s 206C(1G) as amount remitted during FY &lt; Rs. 7 lakh;</li> <li>• Mr. Q: TCS u/s 206C(1G) @ 0.5% of Rs. 3 lakh (amount exceeding Rs. 7 lakh);</li> <li>• Mr. R: TCS u/s 206C(1G) @ 10% (being higher of 10% (twice of 5%) or 5% in terms of section 206CC) on Rs. 5 lakh (amount exceeding Rs. 7 lakh) on 30.11.2021.</li> </ul>
8	206C(1G)	Ghumo World, a travel agency, received the following amounts during the FY 2021-22: Rs. 30,000 from Mr. G for local travel ticket booking in Malaysia, Rs. 2 lakh from Mr. J for an all-inclusive tour program package for travel to Singapore, Rs. 1.5 lakh from Mr. K for an all-inclusive tour program package to Kerala.	<ul style="list-style-type: none"> <li>• Mr. G: No TCS u/s 206C(1G) as receipt is not for program package.</li> <li>• Mr. J: TCS u/s 206C(1G) @ 5% of Rs. 2 lakh.</li> <li>• Mr. K: No TCS u/s 206C(1G) as tour is not overseas.</li> </ul>
9	206C(1H)	PQR Ltd., having turnover of Rs. 9 crore for FY 2020-21 and Rs. 15 crore for FY 2021-22 received Rs. 75 lakh from BK & Co, partnership firm, towards sale of computers. BK & Co, is a law firm, having gross receipts of 12 crore for FY 2020-21 and Rs. 10 crore for FY 2021-22.	No TDS u/s 194Q since buyer does not carry on a business whose turnover of preceding year > 10 crore. No TCS u/s 206C(1H) since turnover of seller of preceding year ≤ Rs. 10 crore.

10	206C(1H)	Cars Ltd., a car dealer having turnover of Rs. 25 crore for FY 2020-21, sold 6 cars to Mr. Rich during March 2022 (consideration received immediately), each for Rs. 9 lakh. Business turnover of Mr. Rich was Rs. 8 crore for FY 2020-21 and Rs. 11 crore for FY 2021-22.	<ul style="list-style-type: none"> <li>• TCS will not be collected u/s 206C(1F) since value of each car ≤ Rs. 10 lakh.</li> <li>• TDS u/s 194Q will not apply as turnover of buyer for preceding FY is ≤ 10 crore.</li> <li>• TCS will be collected u/s 206C(1H) @ 0.1% on Rs. 4 lakh (Rs. 54 lakh – Rs. 50 lakh) since turnover of seller for preceding FY &gt; 10 crore, sale consideration &gt; Rs. 50 lakh, goods are not covered u/s 206C(1F) and TDS is not deducted u/s 194Q.</li> </ul>
11	206C(1H)	Cars & Co., a partnership firm and dealer in cars, purchased 10 cars of Rs. 15 lakh each from Honda Cars Ltd., an Indian car manufacturer having turnover of Rs. 15 crore in FY 2020-21, during January 2022 and made payment in February 2022. Turnover of Cars & Co. was Rs. 12 crore for FY 2020-21 and Rs. 9 crore for FY 2021-22.	<ul style="list-style-type: none"> <li>• TCS u/s 206C(1F) covers only retail sale. Hence, it will not apply.</li> <li>• TDS will be deducted u/s 194Q as turnover of buyer for preceding FY &gt; 10 crore, sum &gt; 50 lakh, seller is a resident and TDS/TCS is not deductible / collectible under any provision (except 206C(1H)). TDS = 0.1% of 1 crore (150 lakh – 50 lakh) = Rs. 10,000.</li> <li>• TCS will not be collected u/s 206C(1H) since TDS is deducted u/s 194Q.</li> </ul>