What is Tax collection at source-TCS?

TCS is another tax collection mechanism by govt to ensure regular flow of income to the govt and to widen the scope of income tax. In TDS tax is deducted from receiver or deductee but in TCS tax is collected from buyer.

What is TCS?

It is a liability as per section 206C.TCS is the tax collected by the **seller** from the **buyer** at the time of debiting of amount payable by buyer or at the time of receipt of amount by way of cash, DD, cheque or any other means whichever is earlier for the sales of prescribed goods under section 206C (1) for business purposes and not for personal use. Tax also collected by person who grants lease or a license in respect of parking lot, toll plaza, mine, quarry to another person.

Who is Buyer and seller under TCS

Sr No	**Seller**	**Buyer**
1	Central Govt	A person who obtained in sale by way of auction, tender or any other method, goods of nature specified in the below table in section 206C (1),or the right to receive any such goods.
2	State Govt	
3	Local authority or corporation	
4	Authority established by or under a central , state or Provincial act	
5	Company, Firm, Co-op society	
6	Individual or HUF whose books of account is required to be audited under section 44AB(a)/(b)	
7		

Who is not a seller

Public sector company, The central govt, State govt, an embassy, a high commission, Legation, commission, consulate and the trade representation of foreign state and a club or a buyer purchasing for personnel use.

What are the goods prescribed under section 206(C)

Goods/Contract/ lease/license prescribed under section 206C(1)	**Percentage of TCS**
Alcholic liquor for human consumption	1
Tendu leaves	5
Timber obtained under forest lease	2.50
Timer obtained by any mode other than under a forest lease	2.50
Any other forest produce(not being timber or tendu leaves)	2.5

Scrap	1
Parking lot, toll plaza, mining and quarrying (other than mining and quarrying of mineral oil, petroleum and natural gas)	2

How to Collect TCS?

Suppose **A** is selling any of the prescribed products for Rs 1000.00 to **B .**It is the liability of **A** to collect TCS amount from **B** apart from Rs 1000.00, the total amount to be collected from **B** is Rs 1000+TCS.

TCS Payment to Government

The seller shall deposit the TCS amount to central govt through Reserve bank of India, Statebank of India or any other authorized bank .The last date of payment is within one week of the last day of the month in which tax was collected. The challan number for TCS Payment is 281, Tax challan is not required if the tax collection is on behalf of the govt.

TCS Certificate

The seller (The person collecting tax) is responsible for issuing TCS Certificate to buyer in form 27D within one month from the end of the month during which the amount is debited to the account of the buyer or payment is received from the buyer. Consolidated form 27D can be issued to buyer on request for the financial year.

What to do if TCS certificate Lost?

If TCS Certificate lost, you can approach seller (the person who is collecting tax) to issue a duplicate TCS certificate .He will issue a duplicate certificate on plain paper with necessary details contained in Form 27D.

TCS return

TCS Return must be filed on quarterly and annual basis .The quarterly return should be filed in Form 27EQ and annual return in Form 27E .Form 27B should be filed physically along with Annual return (27E) and Quarterly return (27EQ).E-TCS – Electronic TCS is mandatory for corporate and govt collectors, which means online filing of TCS return is compulsory for corporate and govt collectors. Collectors other than corporate and govt can file TCS manually or electronically. NSDL collect the e-TCS returns from collectors for income tax dept.

Due date for TCS Return filing

Return	**Due date**
Ist Quarter (April to June)	On or before 15th July
IInd Quarter (July to September)	On or before 15th October
IIIrd Quarter (October to December)	On or Before15th January
IVth Quarter (January to March)	On or before 30th April
Annual	On or before 30th June

When are surcharge, Education Cess and higher secondary education cess applicable?

Surcharge & Cess are applicable in following cases

Collectee type	Exemption Limit	Surcharge	Edu cess	Higher Edu cess
Company –Non resident	10000000.00	2.5%	2	1
Individual /Huf-Nn resident	1000000.00	10	2	2

In which of the cases TCS is not applicable?

TCS need not be collected if buyer buying goods for personal consumption. In such cases the seller must satisfy that buyer purchasing goods for personal purposes. As a minimum requirement, the seller gets a declaration from buyer stating that goods are purchasing for personal use.

In second case, TCS is not applicable for goods purchasing for manufacturing purposes. The buyer should submit a declaration form in form 27C to the seller stating that goods are to be purchasing for manufacturing purposes.

How to calculate TCS?

Let's discuss this with an Example, A Sells timer from forest lease to B(Resident company), For Rs 50000.00,The calculation will be as under.

Timber 50000.00

TCS @2.5% 1250.00

51250.00

Vat @4% 2050.00

Total Bill 53300.00

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