Income Tax TCS at higher Rate [Section 206CCA]

[with effect from 1st July 2021]

Finance Act 2021 has introduced a new Section 206CCA in Income Tax Act, 1961 to provide for collection of Income Tax at Source at higher rate than prescribed under respective section.

1.1 Provision enacted

Where Tax is required to be collected at source [TCS] on any sum or amount received from any person, other than non-resident who does not have a permanent establishment in India, and such person -

1) has not filed the Return of Income for both of the 2 [Two] immediately preceding Assessment Years whose time limit of filing return of income without late fee is already over; and
2) aggregate of tax deducted at source [TDS] and tax collected at source [TCS] is more than Rs.50,000/- in both Assessment Years referred above,

tax shall be collected at the higher of the following rates -

twice the rate specified in the relevant provision of the Act **OR** at the rate of **5%.**

1.2 Precautions to be taken by Deductor -

The Department has stated that an utility will be provided on its website to the collectors to check the fulfillment of the provisions of Section 206CCA for proper collection of Income Tax at source.

However practically, till the utility is provided by the Department, the Collector can ask for Declaration to safeguard himself from gross non-compliance of the provision.

1.3 Draft Declaration format

I/We <Taxpayer name> holding PAN <pan> hereby declare that **TCS** at the higher rate **as prescribed in Section 206CCA** of Income Tax Act, 1961 is **NOT APPLICABLE** to me/us.

I/We hereby provide following details in support of non-applicability of Section 206CCA.

Financial Year	Assessment Year	Submission of Income Tax Return		Whether TDS & TCS is more than Rs.50,000/-
		Acknowledgement No	Filing Date	
2020-21	2021-22	Due Date not yet over	- -	Yes / No
2019-20	2020-21			Yes / No
2018-19	2019-20			Yes / No

My PAN is linked with Aadhar. / Our PAN is not required to be linked with Aadhar.

I/We hereby declare that the information given above is true and correct and I/we will indemnify you for any loss incurred by you on account of non-compliance of provisions of Section 206CCA of Income Tax Act, 1961 due to the incorrect or wrong information given in this declaration / statement.

Thank You