

TCS ON SALES
(APPLICABLE FROM 01.10.2020)
UPDATED Frequently Asked Questions

Sr No.	FAQ	Answer									
1	TCS on sales is applicable from which date?	1 st October, 2020(FY 2020-21).									
2	To whom it is applicable?	It is applicable to every person whose turnover was more than ₹.10 cr in FY 2019-20 from sale of goods.									
3	On which type of transaction, it is applicable?	It is applicable on RECEIPTS against sales of goods from a single person									
4	Is it applicable o receipts against sale of service ?	No									
5	On which type of transaction, it is NOT APPLICABLE?	On following transactions, it is NOT APPLICABLE a) In case of receipts below ₹.50 lakhs in the year 2020-21 b) In case of export sales c) In case of import purchase d) Sales to Central, State or Local government e) If buyer is required to deduct TDS on such sales f) If TCS provisions other than this are applicable like scrap sales, motor car sales etc.									
6	What is the limit of in terms of amount for TCS collection?	If RECEIPTS are more than ₹ 50 lakhs from a buyer including GST in the FY 2020-21									
7	So receipts before 01.10.2020 to be ignored or to be considered in calculating ₹.50 lakhs limit?	As per press release clarification, receipts from 1 st April, 2020 to consider now for calculating the limit of ₹.50lakhs.									
8	When to collect TCS?	TCS is required to be collected extra on receipt of the amount.									
9	Is it not to be charged in sales invoice?	No, it is to be collected on RECEIPT and not on sales. SO NOT TO CHARGE IN INVOICE.									
10	What is the rate of TCS?	<table border="1"> <thead> <tr> <th>Whether PAN/AADHAR available of buyer</th> <th>Upto 31.03.2021</th> <th>After 01.04.2021</th> </tr> </thead> <tbody> <tr> <td>Yes</td> <td>0.075%</td> <td>0.1%</td> </tr> <tr> <td>No</td> <td>0.75%</td> <td>1%</td> </tr> </tbody> </table>	Whether PAN/AADHAR available of buyer	Upto 31.03.2021	After 01.04.2021	Yes	0.075%	0.1%	No	0.75%	1%
Whether PAN/AADHAR available of buyer	Upto 31.03.2021	After 01.04.2021									
Yes	0.075%	0.1%									
No	0.75%	1%									
11	On which amount TCS is to be collected?	TCS is required to be collected on amount exceeding ₹.50 lakhs. So not to collect on receipts upto ₹.50 lakhs.									

Sr No.	FAQ
12	Can you explain in Tabular form whether sales to be considered or receipt to be considered and how limit of 50 lakhs to apply in practical scenario?

Answer:-

(Amount in ₹. lakhs)

Sr no.	Sales	Receipt		TCS liable amount	Remarks
	FY 2020-21	Before 1.10.2020	After 1.10.2020		
1	55	55	-	Nil	No receipt after 1.10.2020, Sales amount not important
2	55	25	30	5	Since receipt before 1.10.2020 to consider for 50 lakhs limit and to collect on above 50 lakhs
3	200	100	70	70	Receipt before 1.10.2020 was more than 50 lakhs but to collect on the amount received after 1.10.2020, so not on 100 lakhs
4	55	-	55	5	On receipt above 50 lakhs
5	30	-	70	20	On receipt above 50 lakhs- sales amount not important
6	-	-	55	Nil	Advance – No sales during the year. Looking at wordings- NO TCS . Sales should be there, amount is immaterial.
Sr no.	Sales	Receipt		TCS liable amount	Remarks
	FY 2019-20	Before 1.10.2020	After 1.10.2020		
1	55	-	55	5	Financial year for sales of goods is not important, receipt received after 1.10.2020, hence TCS applicable

Conclusion: Three things to keep in mind:

- 1) Your total receipt from a single buyer in FY 2020-21 should be more than 50 lakhs,
- 2) For calculating the limit of 50 lakhs of receipt, total receipt of FY 2020-21 to consider and
- 3) TCS is to be collected and paid on the amount received after 1.10.2020.

Disclaimer: This FAQ is prepared with an intention to give brief on the TCS on sales. Before taking any decision kindly check with your Consultants. This is updated since the clarification issued by way of Circular dated 29.09.2020 & Press Release dated 30.09.2020.