



### **XIII. Reduction in compliance burden by omission of TCS on sale of specified goods**

Sub-section (1H) of section 206C of the Act, requires any person being a seller who receives consideration for sale of any goods of the value or aggregate of value exceeding Rs 50 lakhs in any previous year, to collect tax from the buyer at the rate of 0.1% of the sale consideration exceeding Rs 50 lakhs, subject to certain conditions.

2. Section 194Q of the Act, requires any person being a buyer, to deduct tax at the rate of 0.1%, on payment made to a resident seller, for the purchase of any goods of the value or aggregate of value exceeding fifty lakh rupees in any previous year .

3. Sub-section (1H) of section 206C mandates tax collection at source (TCS) by a seller while Section 194Q provides for tax deduction at source (TDS) by a buyer on the same transaction.

4. Further, it is provided in sub-section (1H) of section 206C of the Act that the provision will not apply, if the buyer is liable to deduct TDS under any other provision of this Act on the goods purchased from the seller and has deducted such amount. Representations have been received that it becomes difficult for the seller to check whether the buyers have ensured the compliance of TDS deduction under 194Q of the Act. This results in both TDS and TCS being made applicable on the same transaction.

5. Therefore, to facilitate ease of doing business and reduce compliance burden on the taxpayers, it is proposed that provisions of sub-section (1H) of section 206C of the Act will not be applicable from the 1st day of April, 2025.

6. These amendments will take effect from the 1st day of April 2025.