

Attention All Customers and Vendors

Insertion of Section 206AB and 206CCA – Special Provision for TDS & TCS for Non-filers of Income Tax return w.e.f. 01-07-2021

The Finance Act, 2021 has inserted new **section 206AB- Special provision for deduction of tax at source for non-filers of Income Tax Return** and **206CCA - Special provision for collection of tax at source for non-filers of Income Tax Return** which will be effective from 01st July 2021.

Above provision will apply to the “Specified Person” who has not filed the returns of income for all of the 2 assessment years relevant to the 2 previous years, and whose aggregate of TCS & TDS is ₹. 50000 and more in each of the above 2 previous years.

As per above provision, Tax for “Specified Person” shall be deducted at higher of the following rates: -

- (i) at twice the rate specified in the relevant provision of the Act; or
- (ii) at twice the rate or rates in force; or
- (iii) at the rate of five per cent.

TDS Rate as per Special provision 206AB:

Recipient (customer / vendor) who has not filed the returns of income for both 2 assessment years relevant to the 2 previous years for which filing of ITR under Sec 139(1) has expired and aggregate of TDS & TCS is ₹ 50,000 and more in each of above 2 previous years (<i>i.e. TDS will apply at Higher rate</i>)			Other Recipient– Recipient (customer / vendor) who has filed return of income for any of the 2 assessment years relevant to the 2 previous years for which filing of ITR u/s 139(1) has expired (<i>i.e. TDS will apply at normal rate</i>)		
Section	Particulars	TDS Rate	Section	Particulars	TDS Rate
194A	TDS on interest other than interest on Securities	20%	194A	TDS on interest other than interest on Securities	10%
194C	Contractors and Sub contractors' payments -Individual or HUF	5%	194C	Contractors and Sub contractors' payments -Individual or HUF	1%
	Contractors and Sub contractors' payments -Others	5%		Contractors and Sub contractors' payments -Others	2%
194H	TDS on Commission or Brokerage	10%	194H	TDS on Commission or Brokerage	5%
194I	a. Payment of rent on Plant & Machinery or equipment	5%	194I	a. Payment of rent on Plant & Machinery or equipment	2%
	b. Payment of rent on Land & Building or F&F	20%		b. Payment of rent on Land & Building or F&F	10%
194J	In case of fees for technical services (not being a professional royalty where such royalty is in the nature of consideration for sale, distribution or exhibition of cinematographic film) (w.e.f. 1st April 2020)	5%	194J	In case of fees for technical services (not being a professional royalty where such royalty is in the nature of consideration for sale, distribution or exhibition of cinematographic film) (w.e.f. 1st April 2020)	2%
	Person engaged only in the business of operation of call centre (w.e.f. 01-06-2017)	5%		Person engaged only in the business of operation of call centre (w.e.f. 01-06-2017)	2%
	Professional royalty where such royalty is in the nature of consideration for sale, distribution or exhibition of cinematographic film and in case of fees for any other professional services	20%		Professional royalty where such royalty is in the nature of consideration for sale, distribution or exhibition of cinematographic film and in case of fees for any other professional services	10%
194Q	Payment to resident for purchase of goods of the aggregate value exceeding Rs. 50 lakhs Note: TDS is deductible on sum exceeding Rs. 50 lakhs	5%	194Q	Payment to resident for purchase of goods of the aggregate value exceeding Rs. 50 lakhs Note: TDS is deductible on sum exceeding Rs. 50 lakhs	0.1%

195	Payment to NRI (NRO account)	60% (plus applicable surcharge and cess)	195	Payment to NRI (NRO account)	30% (plus applicable surcharge and cess)
Rate applicable if PAN is not submitted by the customer/vendor as per provision of Section 206AA.					
Section	Particulars			TDS Rate (If pan is not submitted)	
194Q	Payment to resident for purchase of goods of the aggregate value exceeding Rs. 50 lakhs Note: TDS is deductible on sum exceeding Rs. 50 lakhs			5%	
195	Payment to NRI (NRO account)			30% (plus applicable surcharge and cess)	
Other TDS section	194A, 194C, 194H, 194I, 194J			20%	

TCS Rate as per Special provision 206CCA:

Recipient (customer / vendor) who has not filed the returns of income for all of the 2 assessment years relevant to the 2 previous years for which filing of ITR under Sec 139(1) has expired and aggregate of TDS & TCS is ₹ 50,000 and more in each of above 2 previous years. (i.e. TCS will apply at HIGHER rate)			Other Recipient – Recipient (customer / vendor) who has filed return of income for any of the 2 assessment years relevant to the 2 previous years for which filing of ITR u/s 139(1) has expired (i.e. TCS will apply at normal rate)		
Section	Particulars	TCS Rate	Section	Particulars	TCS Rate
206C(1F)	Motor Vehicle (any mode of payment)	5%	206C(1F)	Motor Vehicle (any mode of payment)	1%
206C(1G)	TCS on Foreign Remittance	10%	206C(1G)	TCS on Foreign Remittance	5%
206C(1G)	Remittance under LRS for education Loan taken from financial institution mentioned in Sec 80E	5%	206C(1G)	Remittance under LRS for education Loan taken from financial institution mentioned in Sec 80E	0.50%
Rate applicable if PAN is not submitted by the customer/vendor as per provision of Section 206CC.					
Section	Particulars		TDS Rate (If Pan is not submitted)		
206C(1G)	TCS on Foreign Remittance		10%		
206C(1G)	Remittance under LRS for education Loan taken from financial institution mentioned in Sec 80E		1%		
206C(1F)	Motor Vehicle (any mode of payment)		5%		