

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(SET UP BY AN ACT OF PARLIAMENT)

RAIPUR BRANCH OF CIRC OF ICAI



E-NEWS LETTER

APRIL 2021

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(CHAIRMAN)
- **CA AMITABH DUBEY**
(VICE CHAIRMAN)
- **CA RAVI GWALANI**
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(EXECUTIVE MEMBER)
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(EXECUTIVE MEMBER)
- **CA SHASHIKANT CHANDRAKAR**
(EX-OFFICIO MEMBER)

RAIPUR BRANCH OF CIRC OF ICAI

A-21, First Floor, Mahavir Gaushala Complex,
K. K. Road, Raipur (C.G.), India, 492001
Tel.91-0771-4030937 Email: raipur@icai.org
website: www.icairaipur.org

Chairman's Message



Dear Members,

It is quite a challenging task to and even much more as the Chairman of Raipur Branch where I am shouldered with the responsibility that the post entails, and to maintain the legacy left on by the gallery of past chairmen and managing committees. But I assure you I shall leave no stone unturned to step up to the task, and deliver on your expectations.

As we are seeing the lockdowns are continuously being extended, but we all know how essential they are to public health and safety, and I urge you all to follow the guidelines sincerely so that we all may tide these difficult times soon and come emerging with a new energy.

We shall continue to endeavour to bring the CPE events to you via virtual mode, and bringing in an array of speakers who otherwise are not available to us.

Your feedback and suggestions are always welcome, regarding any matters related to the Branch at the email ID of the Branch Raipur@icai.org or you can also reach us directly by call.

Stay Home Stay Safe

Regards,

CA Suresh Kumar Agrawal

Chairman, Raipur Branch of CIRC of ICAI



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TDS U/S Sec 206AB for non filers of income tax:

1. Provision:

Section 206AB mandates the person to deduct TDS in case of non-filing of an income tax return by the specified person.

2. Meaning of specified person:

A specified person means a person who satisfies all the below criteria:

- ☞ The person has not filed his Income Tax Returns for the last 2 years.
- ☞ Due date for filing returns as per Sec 139(1) has passed.
- ☞ The TDS or TCS liability for each of the two years has been Rs 50,000 or more.

3. Tax liability:

TDS under section 206AB will be deducted at higher of the following rates-

- ☞ Twice the rate as specified under the relevant provision of the Income Tax Act; or

At the rate of 5%.

4. Effective date of applicability: 1st July, 2021.

5. Exemption: TDS under Salary, withdrawal of PF, winnings under horse races, games, income against investment in securitisation trust, withdrawals of cash

6. Applicability of both Sec 206AA and 206AB:

☞ Section 206AA of the Income Tax Act mandates the person to deduct TDS at higher rates in case of non-availability of PAN.

☞ If both Sec 206AA and 206AB are applicable, higher of the rates prescribed in both sections would be applicable.



Section 194Q: TDS on Purchase of Goods Exceeding Rs. 50 Lakhs

CA Pankaj Agarwal (via CAClubIndia)

Stated by section

Effective from **01-July-2021**, Any person, being a buyer who is responsible for paying any sum to any **resident** for purchase of any goods of the aggregate of such value exceeding **fifty lakh rupees** in any previous year, shall, at the time of credit of such sum to the account of the seller or at the time of payment thereof by any mode, whichever is earlier, deduct an amount equal to **0.1 percent** of such sum exceeding fifty lakh rupees as income-tax.

Important Points to keep in mind

- 'Buyer' means a person whose total sales, gross receipts or turnover from the business carried on by him exceed ten crore rupees during the financial year immediately preceding the financial year in which the purchase of goods is carried out.
- In case Seller provided PAN card details, Rate will be 0.1% otherwise it will deducted @5% as per Sec206 AA.
- The provisions of this section shall not apply to a transaction in following cases:-
 - tax is deductible under any of the provisions of this Act; and
 - tax is collectible under the provisions of section 206C other than a transaction to which sub-section (1H) of section 206C applies(TCS).
- It is clarified that if on a transaction TCS is required u/s 206C(1H) as well as TDS under this section, then on that transaction only TDS under this section shall be carried out. It means if a transaction is subject to TCS u/s 206C(1H) then buyer shall have first obligation to deduct tax. If he does so seller will not have any obligation to collect tax u/s 206C(1H). Seller shall be liable to collect tax only if purchaser is not liable to deduct tax or purchaser failed to deduct tax.
- TDS shall be deducted on remaining amount of purchase after 50lacs.
- If by mistake TDS is not deducted, then 30% of purchase amount shall be disallowed u/s. 40(a)(ia) and will be added to total income.
- TDS shall be deducted on purchases made from India. Import of goods is not liable to TDS.
- As not specifically mentioned, provisions of section 194Q apply to the purchase of both the types of goods i.e. capital as well as revenue.
- As the tax has to be computed on the purchase value, the adjustment made to the ledger of the seller by issuing the debit note will not have an impact on the tax to be deducted. The position would remain the same if, after the deduction of tax, the seller repays some consideration to the buyer. In such a situation, the amount of purchase value shall not be reduced with the amount so refunded or the debit note so adjusted for calculation of TDS.
- A similar issue has been raised in respect of Section 194J, to which the CBDT vide Circular No. 23/2017, dated 19-7-2017, has clarified that wherever in terms of the agreement or contract between the payer and the payee, the component of 'GST on services' comprised in the amount payable to a resident is indicated separately, tax shall be deducted at source on the amount paid or payable without including such 'GST on services' component. However, such clarification was issued in respect of GST on services only. No such clarification has been issued for GST on goods.



However, in respect of Section 206C(1H), the CBDT vide Circular No. 17, dated 29-09-2020, has clarified that since the collection is made with reference to receipt of the amount of sale consideration, no adjustment on account of indirect taxes including GST is required to be made for the collection of tax under this provision. Since deduction under Section 194Q is to be made with reference to the purchase value, applying the same principle it can be concluded that GST shall form part of the purchase value, therefore, the TDS is deductible on the purchase value inclusive of GST.

| Seller T/O (In Crore) | Buyer T/O (In Crore) | Receipt or Payment for sale or purchase of Goods in previous year (In Lakhs) | Amt. on which tax will be calculated | Seller PAN | Buyer PAN | TDS | TCS | Liabe Person | Section | Exclusion Section | Reason |
|-----------------------|----------------------|--|--------------------------------------|----------------|----------------|------------|------------|--------------|-------------------|-------------------------------|---------------------------------------|
| 9 | 12 | 54 | 4 | Availa ble | N/A | Yes @0.1 % | N/A | Buyer | 194Q | Out of scope of Sec 206C (1H) | Seller Turnover less than 10 Cr. |
| 14 | 8 | 57 | 7 | N/A | Availa ble | N/A | Yes @0.1 % | Seller | 206C(1 H) | Out of scope of Sec 194Q | Buyer Turnover less than 10 Cr. |
| 13 | 14 | 62 | 12 | Availa ble | Availa ble | Yes @0.1 % | N/A | Buyer | 194Q | Out of scope of Sec 206C (1H) | Exclusion Provided under Sec 206C(1H) |
| 9 | 12 | 54 | 4 | Not Availa ble | N/A | Yes @5% | N/A | Buyer | 194Q/ 206AA | Out of scope of Sec 206C (1H) | Seller Turnover less than 10 Cr. |
| 14 | 8 | 57 | 7 | N/A | Not Availa ble | N/A | Yes @1% | Seller | 206C(1 H) / 206AA | Out of scope of Sec 194Q | Buyer Turnover less than 1 |

Comparison of [Sec 194Q](#) and [206C\(1H\)](#) of Income Tax Act, 1961

| Particulars | 194Q | 206C(1H) |
|---------------------------------|--|--|
| Purpose | Tax to be DEDUCTED | Tax to be COLLECTED |
| Applicable to | Buyer/Purchaser | Seller |
| With effect from | 01/07/2021 | 01/10/2020 |
| When Deducted or collected | Payment or credit, whichever is earlier | At the time of receipt |
| Advances | TDS shall be deducted on advance payments made | TCS shall be collected on advance receipts |
| Rate of TDS/TCS | 0.1% | 0.1% (0.075% for FY 2020-21) |
| PAN not available | 5% | 1% |
| Triggering point | Turnover/Gross Receipts/Sales from the business of BUYER should exceed Rs.10cr during previous year (Excluding GST) Purchase of goods of aggregate value exceeding Rs.50Lakhs in P.Y. | Turnover/Gross Receipts/Sales from the business of SELLER should exceed Rs.10cr during previous year (Excluding GST) Sale consideration received exceeds Rs.50Lakhs in P.Y. (The value of goods includes GST) |
| When to deposit/collect | Tax so deducted shall be deposited with government by 7th day of subsequent month | Tax so collected shall be deposited with government by 7th day of subsequent month |
| Quarterly statement to be filed | 26Q | 27EQ |

How to ensure compliance of [Section 194Q](#)

In any business, purchase is an ongoing process and it is difficult to keep tab to identify as and when purchase from any vendor is exceeded Rs. 50 lakhs especially in a big organization. Hence, atomization is the only solution for compliance of section 194Q. Hence, following steps are required to atomization:

- On the basis of previous year, identify the vendors from whom purchases for more than Rs. 50 lakhs have been made in previous year and arrange alteration in the master of these vendor with activation of TDS deduction option in your accounting software.
- Arrange changes in your accounting software so that software can automatically identify and deduct TDS or provide you alert to deduct TDS as and when purchase of any vendor exceed from Rs. 50 lakhs during the current accounting year.

The author can also be reached at capankajabu@gmail.com



SSP Portal Improvement

One more interesting change everyone is going to see for making it easy for our members and firms.

When there is a change in firm constitution,

If the Head Incharge (HI)/ Partner's OTP is pending for an application then the HI/ member doesn't have to navigate and go through all the steps to submitted application and then further navigate inside the application to complete the OTP validation.

TOMORROW onwards a blinking button on the firm module home page will be seen and as well as on Firm's module side bar menu,

So that the user can click on that button and complete the OTP by selecting the "Open" and OTP unsigned applications.

Its going to ease the experience of members and simplify the process.

SSP@ More in pipeline, will be a great experience for members and students in times to come.....

Thank you president sir for approving for the changing times....

Thanks to all the council members and MSS Directorate Members including MSS team.

CA: Prakash Sharma



M&C-MSS Directorate
The Institute of Chartered Accountants of India
29th April, 2021

Important Announcement
COVID-19 (CABF)

On account of recent surge in COVID cases, the Managing Committee of the Chartered Accountants' Benevolent Fund (CABF) has decided to relax certain aspects of procedure followed for grant of Medical Financial Assistance to the Members and their dependents mentioned below:

- Financial Assistance will be considered for dependent parents with no age bar where gross total income as per Income tax Act of family of the Member is less than Rs. 10 lacs.
- Financial Assistance will also be considered for remaining amount in the cases (including dependent) where Member has received partial claim from the insurance company.
- Dependent parent with income shall also be now eligible (as against no income of dependent earlier) provided the total gross income as per Income tax Act of the family of the Member is less than Rs. 10 lacs

The above relaxed norms shall be applicable for the Hospitalization cases [on and after 26th April, 2021] to the members and their dependents who are in distress and need help. They may apply in the prescribed Application Form-cum-Undertaking hosted on the website of the ICAI at the link <https://resource.cdn.icai.org/64607cabf-covid19-appform-2021.pdf>.

For detailed information please mail to covidassistance@icai.in.

Member Secretary
Chartered Accountants' Benevolent Fund
M&C-MSS Directorate
The Institute of Chartered Accountants of India
ICAI Bhawan
Plot No. A-29, Sector-62
NOIDA



**M&C-MSS Directorate
The Institute of Chartered Accountants of India
2nd May, 2021**

Important Announcement

**Waiving-off Condonation Fees due to late filing of application Form 18 related to
Members and Firms amidst COVID-19 Pandemic till 30th July, 2021**

Amidst the current situation arising out of Covid-19, it is observed that Members and Firms are facing difficulties in filing Form 18, i.e., for re-constitution of Firm, intimating Joining/leaving of Partner(s)/Paid Assistant(s) and opening/closing of Branch Office within the prescribed period. Such delay in submission of online application Form is attracting levy of Condonation fee under the relevant Regulatory Provisions and creating hardship to them.

Considering the difficulties which may be faced by Members and Firms, it has been decided to Waive-off Condonation Fees for the transactions falling between 1st April, 2021 to 30th June, 2021 till 30th July, 2021.

**Additional Secretary
M&C-MSS Directorate
ICAI**



RAIPUR BRANCH OF CIRC OF ICAI

Reports of Activities carried out by RAIPUR BRANCH

IN THE MONTH OF MARCH 2021

| SR.NO | DATE | PROGRAMME | TOPICS |
|-------|----------------|--|--|
| 1 | 4th March 2021 | RBI is requesting all the CA members who are empanelled with Registrar of cooperative societies for auditing Urban Co-operative Banks , CG to join webinar to be conducted through CISCO Webex on 4th March 2021 at 2:15pm onwards | |
| 2 | 8.03.2021 | Final Result -Cake Cutting Ceremoney | |
| 3 | 13.03.2021 | Seminar on Direct Tax and GST | 1. Recent Amendment, show cause notices & replies, summons & arrest under GST law 2. Recent changes relating to search, survey, assessment and reassessment under direct tax budget proposals |
| 4 | 13.03.2021 | Felicitation Ceremony of :- *Shri Shashikant Chandrakar, Raipur * Secretary of CIRC of ICAI | |
| 5 | 25.03.2021 | VCM on Statutory Bank Branch Audit 2021 | 1. IT Technology and relevant & imp. commands used in Banks Software FINACLE 2. KCC & Agriculture Advances including # NPA classification for # Agriculture Advances #Interest Subvension #Relief/ wavier |
| 6 | 26.03.2021 | VCM on Practical Approach to Bank Audit | Practical Approach to Bank Audit Planning, Documentation, Financial Statements, Certificates and Changes in LFAR 2021-Procedure on audit allotment and Practical aspect on bank audit |



Thank You



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