

FAQS

on Taxes & Related ISSUES



Dr. Suresh Surana, founder, RSM Astute Consulting Group, answers readers' queries on various issues pertaining to taxes that need to be paid by the jewellers. Readers are encouraged to send in their questions and receive clarifications through this column.

? We are a private limited company engaged in the trading of Gold Jewellery. We understand that there is applicability of Tax Collection at Source ("TCS") on sale of goods w.e.f. 1 October 2020. Kindly guide us on the computation of the threshold pertaining to the same.

Any person whose total sales, gross receipts or turnover is exceeding Rs. 10 crores in the financial year immediately preceding the financial year of sale would be liable to collect tax on sale of goods @ 0.1% of the consideration on the value exceeding Rs. 50 lakhs in a financial year in accordance with Section 206C(1H).

It is pertinent to note that due to the ongoing pandemic situation, such rate of 0.1% has been reduced to 0.075% for the period 1.10.2020 to 31.3.2021. Also, the said rate of TCS would be replaced by 1% in the case of absence of availability of PAN or Aadhar.

The provisions of the TCS sections shall not apply if a buyer is Central Government, a State Government, an embassy, High Commission, legation, commission, consulate and the trade representation of a foreign State; local authority, etc.

Pertaining to the said section, the CBDT has via Circular 17 of 2020 clarified that while computing the threshold limit, the said section would not apply on any sale consideration which is received before 01-10-2020 but would apply on the sale

consideration (including advance received for sale) which is received on or after 01-10-2020 irrespective of the fact that the sale was carried out before 01-10-2020. Moreover, the amount that needs to be considered for the purpose of TCS would be the gross amount inclusive of GST, if any.

? I am a Sole Proprietor engaged in the trading of gold jewellery. I have recently established my venture and have a gross turnover of less than Rs. 2 crores. Kindly guide me whether I can opt for presumptive basis of Taxation and the finer nuances associated with the same.

Yes, you can opt for presumptive basis of taxation which is governed by 44AD of the IT Act. Any Individual deriving income from Business may opt for the presumptive taxation scheme under section 44AD of the IT Act provided their turnover is less than Rs 2 crores. When opting for the presumptive basis, you would be required to declare profits of a minimum of 6% of the gross turnover for transactions carried out through account payee cheque, demand draft, electronic payment through bank account and minimum of 8% of the gross turnover for all the other transactions.

Any person who opts for presumptive taxation would not be required to get his accounts audited irrespective of the fact that the threshold exceeds the limit in accordance with Section 44AB of the IT Act. Also, an exemption is also available

from payment of the advance tax liability on a quarterly basis instead such person would be required to pay advance tax by 15th March of the relevant financial year. However, no deduction of any expenditure incurred would be available on opting for Presumptive Taxation.

It is pertinent to note that a person who eligible to avail the presumptive basis u/s 44AD and does not opt for the same, he would not be able to opt for the said presumptive basis for the next 5 years.

? We are a Listed entity engaged in the manufacturing of gold and silver coins. We would like to know about the recent changes made in the Form 26AS and how such changes would enable us in filing our tax return.

The scope of Form 26AS has been widened and would now constitute as an Annual Information Statement instead of simply being an Annual Tax Statement.

The new form would contain additional personal details such as the taxpayer's date of birth, mobile number and email ID. Apart from the details of the tax credits, the revised form would also contain details of specified high value financial transactions such as cash deposit, details of share transactions, debentures, property transactions etc. Moreover, details of pending demands alongwith pending & completed tax proceedings, if any, would also be available in the Statement.

Thus, such statement would enable your organization to easily track and report the information all the financial transactions in their tax return as well as by way of facilitating the details of the pending tax proceedings / demands, if any, the assessee can take the necessary action in regards to the same.

? We are an Indian entity engaged in the trading and manufacturing of Gold Bars. Kindly guide us on the extension of timelines for Belated and revised returns for FY 2018-19 (AY 2019-20).

The date for filing belated and revised returns for AY 2019-20 was extended to 30 September 2020 via The Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020. However, the CBDT has now via notification [F No. 225/150/2020-ITA-II] dated 30.9.2020 further extended the said due date to 30 November 2020.

Thus, Income Tax returns (belated and revised returns for the FY 2018-19 (AY 2019-20) can now be filed upto 30 November 2020.

? We are a private limited company engaged in the business of gold ornaments. We had duly paid our installment of Advance Tax for the second quarter on 15.9.2019 for the FY 2019-20 by way of online mode by 10.30 pm. However, the revenue authorities had imposed interest on the same. We

understand that since the payment was made before 12 midnight, it cannot be classified as being beyond the due date. If not, please guide us on the deadline for making such payment.

It is vital to note that any payment of advance tax needs to be made before 8 pm provided the same is being made by way of online mode. This is in accordance with RBI regulations. As any payment made after 8.00 pm even through online transfer, would be regarded as payment received on the next working day. This is vital since even delay of one day would mean interest payment for 3 months @ 1% per month.

Thus, since the payment in question was made after 8 pm, the same would be subjected to interest.

? We are an E-commerce operator enabling the trade of gold and silver jewellery through our e-commerce platform. We understand that TDS provisions u/s 194-O are applicable to E-commerce operators from 1st October 2020. As the transactions are online, the payments are generally facilitated through the payment gateways who may also qualify as a e-commerce operator. In such a case, we would like to know whether the liability to deduct such TDS would be on the e-commerce operator or the Payment Gateways or both.

As per Section 194-O of the IT Act, TDS provisions shall be applicable to payments by e-commerce operator to e-commerce participants. However, if such payments are made to Individual / HUF upto Rs. 5 lakhs, no TDS shall be required to be deducted.

The TDS rate is 1% which shall be replaced by 5% in case of failure to furnish Aadhaar or PAN. The rate of TDS has been relaxed to 0.75% upto 31st March 2020. This relaxation is not available in case of failure to furnish Aadhaar or PAN.

In case of transactions carried out via payment gateways, such payment gateways would not be liable to deduct the TDS u/s 194-O, if the tax has been deducted by the e-commerce operator on the same transaction. In order to facilitate a proper and smooth implementation, the e-commerce operator may provide an undertaking to the payment gateways in this regard. ■

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