

**BHUBANESWAR BRANCH OF  
EASTERN INDIA REGIONAL COUNCIL OF**

**THE**

**INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA**

**e-newsletter/06/2021-22**

# **NEWSLETTER**



**JUNE 2021**

**ICAI BHAWAN**  
**PLOT NO-A/122/1, NAYAPALLI,**  
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## *From Chairman's Desk*

Dear Professional Colleagues,

Greetings of the day!

I hope this message finds you and your families safe and in good health amidst these uncertain circumstances. There are certain things a Professional imbibes in his daily life: the value of time, the success of perseverance, the pleasure of working, the dignity of simplicity, the worth of character, the influence of example, the virtue of patience, the improvement of talent, the joy of originating and the power of kindness. While at the same time, the pandemic continues to take an unprecedented toll on the citizenry in various forms, and professionals and students such as ourselves are at a higher risk of suffering from mental fatigue and burnout, having to deal with the realities of the pandemic. So, while we're expected and keen to do so much, it is also important for us to allow ourselves to take a step back and pace ourselves.

The Branch is also currently in the process of organizing a vaccination camp exclusively for its members and their family. More details will be shared as and when made available to us. Thank you, stay safe, and make sure you double mask!

CA. Bisworanjan Sutar  
Chairman

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## Editorial Board

### **Editor-in-Chief:**

**CA Bisworanjan Sutar**

### **Editors:**

**CA Ranjan Kumar Prusty**

### **Members:**

**CA Goutam Lenka**

**CA Janhabi Deo**

**CA Pradip Kumar Sahoo**

**CA Bibhu Prasad Mohapatra**

**CA Sugyan Kumar Sahoo**

### **RELEASED BY:**

**CA. Bisworanjan Sutar**

Chairman,

Bhubaneswar Branch of

EIRC of ICAI

Plot No- A-122/1,

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Bhubaneswar - 751012

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### Disclaimer

Views expressed / advertisement published in the Newsletter are those of the contributors and do not necessarily represent the views of the Institute of Chartered Accountants of India and the Branch is not responsible for the same.



## Members Area of Interest



CA. Ranjan Kumar Sahoo

### 206C(1H): The New Tax Collection Driver

#### Why someone does business?

To earn profit!

In this background, a tax professional may advise the businessman that minimising tax is a way to maximise profit.

Here, we are in the cross road of Indian business ecosystem striving to achieve professional excellence through delivering value towards the objective of the businessman and tax to the kitty of government.

#### Pay 1/3 on 1

Now, as far as India is concerned, the tax incidence is high, owing to various reasons, well known to the professionals, intellectuals and politicians. You earn 1, you have to pay 1/3 as tax. Isn't that a bit stingy? Is this the reason for which most businesses do tax planning before business planning? Doesn't this happen in India that we check all kinds of tax benefits before making any business expansion? Isn't tax a deciding factor whether to do a business or not?

Whatever may be your answer, the government is consistently ensuring that the answers to remain "yes". The government also ensures that businesses do rigorous tax planning and plugging the loop holes for tax avoidance and tax evasion. This is quintessential in a developing economy like India. In our country the rhetoric slogan is "nation is made, when taxes are paid".

#### Tom and Jerry:

In a lighter note, the Indian tax system may be said as a Tom and Jerry game, where the Jerry always wins, as expected in the game. However, the situation may not continue so in the coming future, considering the move the tax administration is taking, especially, in the last 2 years. Times are near where Tom will win, at least the winning rate will increase significantly. This implied proclamation is even made by the authorities who are looking after the tax system of this country.

Technology being a change maker for every field has not left behind as far as tax system is concerned. The government has brought digital panacea into the tax system, which assures to make right everything, leaving minimal loopholes.

#### Tax Footprints:

TCS is an important mechanism to record the tax footprints like TDS. In line with intention of the tax administration, the sand area has recently expanded to sale of goods, to record the missed but important tax footprints. Artificial Intelligence (AI) based Technology with new provisions in the tax laws works best as seen from the last few years.

Keeping apart the technology, we will now look into a new provision; the new tax collection driver 206C(1H).

#### The text of the section is as follows:

*(1H) Every person, being a seller, who receives any amount as consideration for sale of any goods of the value or aggregate of such value exceeding fifty lakh rupees in any previous year, other than the goods*



*being exported out of India or goods covered in sub-section (1) or sub-section (1F) or sub-section (1G) shall, at the time of receipt of such amount, collect from the buyer, a sum equal to 0.1 per cent of the sale consideration exceeding fifty lakh rupees as income-tax:*

*Provided that if the buyer has not provided the Permanent Account Number or the Aadhaar number to the seller, then the provisions of clause (ii) of sub-section (1) of section 206CC shall be read as if for the words "five per cent", the words "one per cent" had been substituted:*

*Provided further that the provisions of this sub-section shall not apply, if the buyer is liable to deduct tax at source under any other provision of this Act on the goods purchased by him from the seller and has deducted such amount.*

*Explanation.—For the purposes of this sub-section,—*

*(a) "buyer" means a person who purchases any goods, but does not include,—*

*(A) the Central Government, a State Government, an embassy, a High Commission, legation, commission, consulate and the trade representation of a foreign State; or*

*(B) a local authority as defined in the Explanation to clause (20) of section 10; or*

*(C) a person importing goods into India or any other person as the Central Government may, by notification in the Official Gazette, specify for this purpose, subject to such conditions as may be specified therein;*

*(b) "seller" 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 sale of goods is carried out, not being a person as the Central Government may, by notification in the Official Gazette, specify for this purpose, subject to such conditions as may be specified therein.*

### **Analysis of important words used in the section:**

*Every person:* every assessee

*being a seller:* an assessee having turnover of more than Rs. 10 Crore from business during the immediately preceding financial year of the year in which consideration received against sale of goods. The turnover need not be necessarily from goods, it can be completely from services or a combination thereof also, since the term used is 'business'.

*who receives:* the TCS will be on receipt basis, in other words, its not on billing but on receipt of consideration including advance.

*any amount as consideration:* it's not 'an' amount, hence aggregate of all the amounts received has to be considered.

*for sale of any goods:* not sale of services but only sale of goods

*of the value or aggregate of such value exceeding fifty lakh rupees in any previous year:* the aggregate value of goods supplied should be more than Rs. 50 Lakhs.

*the buyer:* a person who purchases any goods from the seller

If all the above conditions are satisfied then the seller has to collect tax at the rate of 0.1 percent from the buyer on the consideration received exceeding Rs. 50 Lakhs.

### **Intention**

Assuming there is a receipt of Rs. 1 Crore from a party TCS will be Rs. 5000 i.e. 0.1% on 50 Lakhs. This is evident from this scanty TCS amount that the objective is to expand the tax net by tracking the income foot prints of assesses.

### **Exclusions:**

1. This section will not be applicable to transactions on which other TDS or TCS provisions are applicable. In other words, this is a residuary provision.
2. The term buyer excludes:



- a. the Central Government, a State Government, an embassy, a High Commission, legation, commission, consulate and the trade representation of a foreign State;
  - b. a local authority
  - c. a person importing goods into India or as may be prescribed
3. The aggregate value of goods should exclude value of goods exported or other items in which TCS is applicable as per subsection (1), (1G), (1G) of section 206C.
4. The calculation of aggregate value of amount received during the year shall not include GST amount.

**Case 1:**

Q: ABC had turnover of more than Rs. 10 crores in the preceding financial year out of supply of services. In this financial year ABC has supplied goods worth Rs. 80 lakhs to XYZ against advance of Rs. 10 Lakhs. There is collection of Rs. 45 lakhs after the supply. Will section 206C(1H) be applicable?

Ans: Yes, there will TCS of 0.1% on Rs. 5 Lakhs.

**Case 2:**

Everything in case one remains same except the goods sold is of Rs. 45 Lakhs instead of Rs. 80 Lakhs.

Ans: The answer will not change since, the tax collection is on receipt basis without any link to the sales made during the year.

**Case 3:**

Everything remains same in case 1 except the buyer is state government instead of XYZ.

Ans: TCS under this section will not be applicable, since state government is excluded from the definition of buyer.

**Case 4:**

Everything remains same in case 1 except the seller had sold to goods to an SEZ.

Ans: TCS shall be collected since, the section excludes only goods which are supplied out of India. SEZ is not a place out of India.

*Note: since we are approaching closure of financial year 2020-21, the articles intentionally does not cover the issues specific to financial year 2020-21 due to the extant section's implementation from 1st October 2020. The above article is written keeping in sight the financial year 2021-22 and onwards.*

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## Forthcoming Events for the Month of July 2021

### Members:

1. CA Day Celebration on 1st July, 2021. (Blood Donation Camp, Plantation Drive, Food Distribution at an Orphanage and Felicitation of Senior Members)
2. VCM on Mentorship of Young Members (Challenges in CA Profession) on 1st July, 2021.
3. VCM on Alternate source of funding: Opportunities for practicing professionals on 3rd July, 2021.
4. VCM on Data Visualization using Power BI for Mentorship for Young Members on 10th July, 2021.
5. Vaccination Camp for Members, Students and their family members on 14th July, 2021.
6. VCM on Young Member Mentorship Program ICDS from SME Prospective & Commonly Found errors in Tax Audit Reports on 16th July, 2021.
7. VCM for Young Member Mentorship Program on Reporting Standards & CARO 2020 on 17th July, 2021.

### Students:

1. AICITSS- Advanced Information Technology Class
2. ICITSS- Information Technology Class
3. Stand up evening for CA students on 23rd July, 2021.
4. Career Counselling Programme for Students of DAV Public School, Pokhariput on 24th July, 2021.





# THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA BHUBANESWAR BRANCH OF EIRC



## The Institute of Chartered Accountants of India

(Set up by an Act of Parliament)

**BHUBANESWAR BRANCH OF EIRC & EICASA, BHUBANESWAR**



1<sup>st</sup>  
July

## 73<sup>rd</sup> CA DAY CELEBRATION- 2021



Plantation  
(8 am- 9 am)



Flag Hoisting and Commemorate to  
Senior Chartered Accountants  
(9.00 am - 9.30 am)



Blood Donation  
(9.30 am - 01.30 pm)



Food Distribution at  
Divyajyoti Sevashram  
(1.00 pm - 2.00 pm)

### Webinar on Mentorship of Young Members:

(Sustainable well being in times of COVID)



CHIEF GUEST

**Sri Sanjay Kumar Singh, IAS**  
Commissioner  
Bhubaneswar Municipal Corporation



CHAIRMAN

**CA. Rajib Sekhar Sahoo**  
Member, IPEF Authority, Govt. of India  
Past Chairman, ICAI, Bhubaneswar



SPEAKER

**Mental Well-Being**  
**Dr. Udit Panda**  
MD, DNB, PDF(Addiction Medicine), Consultant  
Psychiatrist, NDA, NIMHANS, Bengaluru.



SPEAKER

**Healthy Diet**  
**Ms. Niharika Dash**  
Dietitian and Diabetic Educator

Zoom Meeting ID: 811 7771 9019  
Passcode: 866004

Time : 05.00 PM to 08.00 PM

Requested to join the CA Day Celebration

Regards,

TEAM MC, ICAI, Bhubaneswar

3 CPE Hours



## THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA BHUBANESWAR & ROURKELA BRANCH OF EIRC

*PRESENTS*



## VCM ON MENTORSHIP OF YOUNG MEMBERS

CPE:  
3 Hours  
Fee:  
Rs.118/-

10 JULY, 2021 | SATURDAY | (5 PM - 8 PM)

SPECIAL ADDRESS BY



**CA. PARTHA SARATHI MISHRA**  
Past Chairman, ICAI, Bhubaneswar

KEYNOTE ADDRESS BY



**CA. SANJAY SENGUPTA**  
Kolkata  
PRACTICE BEYOND  
TAX AND AUDIT

SPEAKER



**CA. ANIRUDH DAS**  
Chennai  
DATA VISUALISATION  
USING POWER BI



BANK DETAILS:

BHUBANESWAR BRANCH  
OF EIRC OF ICAI  
A/C NO - 0541220100000074  
UNION BANK OF INDIA  
IFSC - UBIN0005411

Google Form:

<https://forms.gle/3wYjEBvjiAPTEQJJ7>



Meeting ID: 834 1264 9006

Passcode: 435317

Please join the programme and make it a grand success

Regards

**CA. BISWORANJAN SUTAR**  
CHAIRMAN, ICAI, BHUBANESWAR

**CA. RAJESH PATNAIK**  
CHAIRMAN, ICAI, ROURKELA



## ON THE LIGHTER SIDE OF LIFE

CA on his death bed:  
My wife, are you here?  
“Yes dear”  
My daughter, are you here?  
“Yes dad”  
My son, are you here?  
“Yes dad”  
MY ARTICLES, ARE YOU HERE?  
“Yes SIR”  
KAMINO fir OFFICE me kaun hai.

## Glimpses of Events

