

**Income Tax Act 1961 s 206CCA - Special provision
for collection of tax at source for non-filers of income-
tax return**

(1) Notwithstanding anything contained in any other provisions of this Act, where tax is required to be collected at source under the provisions of Chapter XVII-BB, on any sum or amount received by a person (hereafter referred to as collectee) from a specified person, the tax shall be collected at the higher of the following two rates, namely: —

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

(2) If the provisions of section 206CC*ⁱ is applicable to a specified person, in addition to the provisions of this section, the tax shall be collected at higher of the two rates provided in this section and in section 206CC.

(3) For the purposes of this section "specified person" means a person who has not filed the returns of income for both of the two assessment years relevant to the two previous years immediately prior to the previous year in which tax is required to be collected, for which the time limit of filing return of income under sub-section (1) of section 139 has expired; and the aggregate of tax deducted at source and tax collected at source in his case is rupees fifty thousand or more in each of these two previous years:*ⁱⁱ

Provided that the specified person shall not include a non-resident who does not have a permanent establishment in India.

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**Explanation. —For the purposes of this sub-section, the expression "permanent establishment" includes a fixed place of business through which the business of the enterprise is wholly or partly carried on.**

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<sup>i</sup>IT Sec 206CC: Requirement to furnish PAN by collectee

<sup>ii</sup>**Non-filers of return:** The focus appears to be on dealer of scrap, liquor or forest produce. They may be defaulting in filing return even if they may be having the PAN. Such persons may not be even claiming refund of TCS / TDS against their PAN. In this scenario the person collecting TCS shall ensure filing of return by collecting ITR-V (Acknowledgement) of the previous year of such dealers (collectee).

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