



Income Tax Department

Ministry of Finance, Government of India

BB.—Collection at source

Profits and gains from the business of trading in alcoholic liquor, forest produce, scrap, etc.

206C. (1) Every person, being a seller shall, at the time of debiting of the amount payable by the buyer to the account of the buyer or at the time of receipt of such amount from the said buyer in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, collect from the buyer of any goods of the nature specified in column (2) of the Table below, a sum equal to the percentage, specified in the corresponding entry in column (3) of the said Table, of such amount as income-tax:

TABLE

Sl. No.	Nature of goods	Percentage
(1)	(2)	(3)
(i)	Alcoholic Liquor for human consumption	One per cent
(ii)	Tendu leaves	Five per cent
(iii)	Timber ¹⁸ [or any other forest produce (notbeing tendu leaves)] obtained under a forest lease	¹⁹ [Two] per cent
(iv)	Timber obtained by any mode other than under a forest lease	¹⁹ [Two] per cent
(v)	²⁰ [***]	
(vi)	Scrap	One per cent
(vii)	Minerals, being coal or lignite or iron ore	One per cent:

Provided that every person, being a seller shall at the time, during the period beginning on the 1st day of June, 2003 and ending on the day immediately preceding the date on which the Taxation Laws (Amendment) Act, 2003 comes into force, of debiting of the amount payable by the buyer to the account of the buyer or of receipt of such amount from the said buyer in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, collect from the buyer of any goods of the nature specified in column (2) of the Table as it stood immediately before the 1st day of June, 2003, a sum equal to the percentage, specified in the corresponding entry in column (3) of the said Table, of such amount as income-tax in accordance with the provisions of this section as they stood immediately before the 1st day of June, 2003.

²¹[Explanation.—For the purposes of this sub-section, "forest produce" shall have the same meaning as defined in any State Act for the time being in force, or in the Indian Forest Act, 1927 (16 of 1927).]

(1A) Notwithstanding anything contained in sub-section (1), no collection of tax shall be made in the case of a buyer, who is resident in India, if such buyer furnishes to the person responsible for collecting tax, a declaration in writing in duplicate in the prescribed form and verified in the prescribed manner to the effect that the goods referred to in column (2) of the aforesaid Table are to be utilised for the purposes of manufacturing, processing or producing articles or things or for the purposes of generation of power and not for trading purposes.

(1B) The person responsible for collecting tax under this section shall deliver or cause to be delivered to the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner one copy of the declaration referred to in sub-section (1A) on or before the seventh day of the month next following the month in which the declaration is furnished to him.

(1C) Every person, who grants a lease or a licence or enters into a contract or otherwise transfers any right or interest either in whole or in part in any parking lot or toll plaza or mine or quarry, to another person, other than a public sector company (hereafter in this section referred to as "licensee or lessee") for the use of such parking lot or toll plaza or mine or quarry for the purpose of business shall, at the time of debiting of the amount payable by the licensee or lessee to the account of the licensee or lessee or at the time of receipt of such amount from the licensee or lessee in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, collect from the licensee or lessee of any such licence, contract or lease of the nature specified in column (2) of the Table below, a sum equal to the percentage, specified in the corresponding entry in column (3) of the said Table, of such amount as income-tax:

TABLE

Sl. No.	Nature of contract or licence or lease, etc.	Percentage
(1)	(2)	(3)
(i)	Parking lot	Two per cent
(ii)	Toll plaza	Two per cent
(iii)	Mining and quarrying	Two per cent.

Explanation 1.—For the purposes of this sub-section, "mining and quarrying" shall not include mining and quarrying of mineral oil.

Explanation 2.—For the purposes of *Explanation 1*, "mineral oil" includes petroleum and natural gas.

(1D) [***]

(1E) [***]

²²[(1F) Every person, being a seller, who receives any amount as consideration for sale of—

- a motor vehicle; or
- any other goods, as may be specified by the Central Government by notification in the Official Gazette,



Income Tax Department

Ministry of Finance, Government of India

of the value exceeding ten lakh rupees, shall, at the time of receipt of such amount, collect from the buyer, a sum equal to one per cent of the sale consideration as income-tax.]

(1G) Every person,—

- (a) being an authorised dealer, who receives an amount, for remittance ²³[***] from a buyer, being a person remitting such amount ²³[***] under the Liberalised Remittance Scheme of the Reserve Bank of India;
- (b) being a seller of an overseas tour program package, who receives any amount from a buyer, being the person who purchases such package,

shall, at the time of debiting the amount payable by the buyer or at the time of receipt of such amount from the said buyer, by any mode, whichever is earlier, collect from the buyer, a sum equal to ²⁴[five] per cent of such amount as income-tax:

Provided that the authorised dealer shall not collect the sum, if the amount or aggregate of the amounts being remitted by a buyer is less than ²⁵[ten] lakh rupees in a financial year ²⁶[***]:

Provided further that the sum to be collected by an authorised dealer from the buyer shall be equal to ²⁷[twenty] per cent of the amount or aggregate of the amounts in excess of ²⁵[ten] lakh rupees remitted by the buyer in a financial year, where the amount being remitted ²⁸[²⁹is for purposes other than] education or medical treatment]:

³⁰[**Provided also** that the authorised dealer shall not collect the sum if the amount being remitted out is a loan obtained from any financial institution as defined in clause (b) of sub-section (3) of section 80E, for the purpose of pursuing any education:]

³¹[**Provided also** that the seller of an overseas tour programme package shall collect a sum of twenty per cent of the amount or aggregate of amounts in excess of ³²[ten] lakh rupees received from the buyer in a financial year:]

Provided also that the authorised dealer shall not collect the sum on an amount in respect of which the sum has been collected by the seller:

Provided also that the provisions of this sub-section shall not apply, if the buyer is,—

- (i) liable to deduct tax at source under any other provision of this Act and has deducted such amount;
- (ii) the Central Government, a State Government, an embassy, a High Commission, a legation, a commission, a consulate, the trade representation of a foreign State, a local authority as defined in the *Explanation* to clause (20) of section 10 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:

³³[**Provided also** that the sum to be collected under this sub-section on or after the 1st day of July, 2023 and before the 1st day of October, 2023, shall be collected in accordance with the provisions of this sub-section as they stood on the 1st day of April, 2023.]

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

- (i) "authorised dealer" means a person authorised by the Reserve Bank of India under sub-section (1) of section 10 of the Foreign Exchange Management Act, 1999 (42 of 1999) to deal in foreign exchange or foreign security;
- (ii) "overseas tour programme package" means any tour package which offers visit to a country or countries or territory or territories outside India and includes expenses for travel or hotel stay or boarding or lodging or any other expenditure of similar nature or in relation there to.

(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:

³⁴[**Provided also** that nothing contained in the provisions of this sub-section shall apply from the 1st day of April, 2025.]

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.

(1-I) If any difficulty arises in giving effect to the provisions of sub-section (1G) or sub-section (1H), the Board may, with the approval of the Central Government, issue guidelines for the purpose of removing the difficulty.

(1J) Every guideline issued by the Board under sub-section (1-I) shall be laid before each House of Parliament, and shall be binding on the income-tax authorities and on the person liable to collect the sum.

(2) The power to recover tax by collection under this section shall be without prejudice to any other mode of recovery.

(3) Any person collecting any amount under this section shall pay within the prescribed time the amount so collected to the credit of the Central Government or as the Board directs :



Income Tax Department

Ministry of Finance, Government of India

Provided that the person collecting tax on or after the 1st day of April, 2005 in accordance with the foregoing provisions of this section shall, after paying the tax collected to the credit of the Central Government within the prescribed time, prepare such statements for such period as may be prescribed and deliver or cause to be delivered to the prescribed income-tax authority, or the person authorised by such authority, such statement in such form and verified in such manner and setting forth such particulars and within such time as may be prescribed.

(3A) In case of an office of the Government, where the amount collected under sub-section (1) or sub-section (1C) has been paid to the credit of the Central Government without the production of a challan, the Pay and Accounts Officer or the Treasury Officer or the Cheque Drawing and Disbursing Officer or any other person, by whatever name called, who is responsible for crediting such tax to the credit of the Central Government, shall deliver or cause to be delivered to the prescribed income-tax authority, or to the person authorised by such authority, a statement in such form, verified in such manner, setting forth such particulars and within such time as may be prescribed.

(3B) The person referred to in the proviso to sub-section (3) may also deliver to the prescribed authority under the said proviso, a correction statement for rectification of any mistake or to add, delete or update the information furnished in the statement delivered under the said proviso in such form and verified in such manner, as may be specified by the authority:

³⁵**Provided** that no correction statement shall be delivered after the expiry of six years from the end of the financial year in which the statement referred to in the proviso to sub-section (3) is required to be delivered.]

(4) Any amount collected in accordance with the provisions of this section and paid to the credit of the Central Government shall be deemed to be a payment of tax on behalf of the person from whom the amount has been collected and credit shall be given to such person ³⁶[or any other person eligible for credit] for the amount so collected in a particular assessment year in accordance with the rules as may be prescribed by the Board from time to time.

(5) Every person collecting tax in accordance with the provisions of this section shall within such period as may be prescribed from the time of debit or receipt of the amount furnish to the buyer or licensee or lessee to whose account such amount is debited or from whom such payment is received, a certificate to the effect that tax has been collected, and specifying the sum so collected, the rate at which the tax has been collected and such other particulars as may be prescribed :

Provided that the prescribed income-tax authority or the person authorised by such authority referred to in sub-section (3) shall, within the prescribed time after the end of each financial year beginning on or after the 1st day of April, 2008, prepare and deliver to the buyer referred to in sub-section (1) or, as the case may be, to the licensee or lessee referred to in sub-section (1C), a statement in the prescribed form specifying the amount of tax collected and such other particulars as may be prescribed.

(5A) Every person collecting tax before the 1st day of April, 2005 in accordance with the provisions of this section shall prepare within the prescribed time after the end of each financial year, and deliver or cause to be delivered to the prescribed income-tax authority or such other authority or agency as may be prescribed such returns in such form and verified in such manner and setting forth such particulars and within such time as may be prescribed :

Provided that the Board may, if it considers necessary or expedient so to do, frame a scheme for the purposes of filing such returns with such other authority or agency referred to in this sub-section.

(5B) Without prejudice to the provisions of sub-section (5A), any person collecting tax, other than in a case where the seller is a company, the Central Government or a State Government, may at his option, deliver or cause to be delivered such return to the prescribed income-tax authority in accordance with such scheme as may be specified by the Board in this behalf, by notification in the Official Gazette, and subject to such conditions as may be specified therein, on or before the prescribed time after the end of each financial year, on a floppy, diskette, magnetic cartridge tape, CD-ROM or any other computer readable media (hereinafter referred to as the computer media) and in the manner as may be specified in that scheme:

Provided that where the person collecting tax is a company or the Central Government or a State Government, such person shall, in accordance with the provisions of this section, deliver or cause to be delivered, within the prescribed time after the end of each financial year, such returns on computer media under the said scheme.

(5C) Notwithstanding anything contained in any other law for the time being in force, a return filed on computer media shall be deemed to be a return for the purposes of sub-section (5A) and the rules made thereunder and shall be admissible in any proceedings made thereunder, without further proof of production of the original, as evidence of any contents of the original or of any facts stated therein.

(5D) Where the Assessing Officer considers that the return delivered or caused to be delivered under sub-section (5B) is defective, he may intimate the defect to the person collecting tax and give him an opportunity of rectifying the defect within a period of fifteen days from the date of such intimation or within such further period which, on an application made in this behalf, the Assessing Officer may, in his discretion, allow; and if the defect is not rectified within the said period of fifteen days or, as the case may be, the further period so allowed, then, notwithstanding anything contained in any other provision of this Act, such return shall be treated as an invalid return and the provisions of this Act shall apply as if such person had failed to deliver the return.

(6) Any person responsible for collecting the tax who fails to collect the tax in accordance with the provisions of this section, shall, notwithstanding such failure, be liable to pay the tax to the credit of the Central Government in accordance with the provisions of sub-section (3).

(6A) If any person responsible for collecting tax in accordance with the provisions of this section does not collect the whole or any part of the tax or after collecting, fails to pay the tax as required by or under this Act, he shall, without prejudice to any other consequences which he may incur, be deemed to be an assessee in default in respect of the tax:

Provided that any person responsible for collecting tax in accordance with the provisions of sub-section (1) and sub-section (1C), who fails to collect the whole or any part of the tax on the amount received from a buyer or licensee or lessee or on the amount debited to the account of the buyer or licensee or lessee shall not be deemed to be an assessee in default in respect of such tax if such buyer or licensee or lessee—



Income Tax Department

Ministry of Finance, Government of India

- (i) has furnished his return of income under section 139;
- (ii) has taken into account such amount for computing income in such return of income; and
- (iii) has paid the tax due on the income declared by him in such return of income,

and the person furnishes a certificate to this effect from an accountant in such form as may be prescribed:

Provided further that no penalty shall be charged under section 221 from such person unless the Assessing Officer is satisfied that the person has without good and sufficient reasons failed to collect and pay the tax.

(7) Without prejudice to the provisions of sub-section (6), if the person responsible for collecting tax does not collect the tax or after collecting the tax fails to pay it as required under this section, he shall be liable to pay simple ³⁷[interest—

- (a) at the rate of one per cent for every month or part thereof on the amount of such tax from the date on which such tax was collectible to the date on which such tax is collected; and
- (b) at the rate of one and one-half per cent for every month or part thereof on the amount of such tax from the date on which such tax was collected to the date on which such tax is actually paid,

and such interest shall be paid] before furnishing the quarterly statement for each quarter in accordance with the provisions of sub-section (3):

Provided that in case any person responsible for collecting tax in accordance with the provisions of this section, fails to collect the whole or any part of the tax on the amount received from a buyer or licensee or lessee or on the amount debited to the account of the buyer or licensee or lessee but is not deemed to be an assessee in default under the first proviso of sub-section (6A), the interest shall be payable from the date on which such tax was collectible to the date of furnishing of return of income by such buyer or licensee or lessee:

Provided further that where an order is made by the Assessing Officer for the default under sub-section (6A), the interest shall be paid by the person in accordance with such order.

³⁸[(7A) No order shall be made under sub-section (6A) deeming a person to be an assessee in default for failure to collect the whole or any part of the tax from any person, at any time after the expiry of six years from the end of the financial year in which tax was collectible or two years from the end of the financial year in which the correction statement is delivered under sub-section (3B), whichever is later:]

³⁹[**Provided** that the provisions of sub-sections (3), (5) and (6) of section 153 and Explanation 1 thereof shall, so far as may be, apply to the time limit specified in this sub-section.]

(8) Where the tax has not been paid as aforesaid, after it is collected, the amount of the tax together with the amount of simple interest thereon referred to in sub-section (7) shall be a charge upon all the assets of the person responsible for collecting tax.

(9) Where the Assessing Officer is satisfied that the total income of the buyer or licensee or lessee justifies the collection of the tax at any lower rate than the relevant rate specified in ⁴⁰[sub-section (1) ⁴¹[or sub-section (1C)]]], the Assessing Officer shall, on an application made by the buyer or licensee or lessee in this behalf, give to him a certificate for collection of tax at such lower rate than the relevant rate specified in ⁴⁰[sub-section (1) ⁴¹[or sub-section (1C)]]].

(10) Where a certificate under sub-section (9) is given, the person responsible for collecting the tax shall, until such certificate is cancelled by the Assessing Officer, collect the tax at the rates specified in such certificate.

(10A) In case the provisions of sub-section (1) [except the goods referred at serial number (i) in the TABLE], ⁴²[(1C) or (1F)] require collection of tax at source during the period commencing from the 14th day of May, 2020 to the 31st day of March, 2021, then, notwithstanding anything contained in these sub-sections the collection of tax shall be made at the rate being the three-fourth of the rate specified in these sub-sections.

(11) The Board may, having regard to the convenience of assesseees and the interests of revenue, by notification in the Official Gazette, make rules specifying the cases in which, and the circumstances under which, an application may be made for the grant of a certificate under sub-section (9) and the conditions subject to which such certificate may be granted and providing for all other matters connected therewith.

⁴³⁻⁴⁵[(12) Notwithstanding anything contained in this section, no collection of tax shall be made or collection of tax shall be made at such lower rate in respect of specified transaction, from such person or class of persons, including institution, association or body or class of institutions, associations or bodies, as the Central Government may, by notification in the Official Gazette specify in this behalf.]

Explanation.—For the purposes of this section,—

(a) "accountant" shall have the meaning assigned to it in the *Explanation* to sub-section (2) of section 288;

(aa) "buyer" with respect to—

(i) sub-section (1) means a person who obtains in any sale, by way of auction, tender or any other mode, goods of the nature specified in the Table in sub-section (1) or the right to receive any such goods but does not include,—

- (A) a public sector company, the Central Government, a State Government, and an embassy, a High Commission, legation, commission, consulate and the trade representation, of a foreign State and a club; or
- (B) a buyer in the retail sale of such goods purchased by him for personal consumption;

(ii) [***]

(iii) sub-section (1F) means a person who obtains in any sale, goods of the nature specified in the said sub-section, but does not include,—

- (A) the Central Government, a State Government and an embassy, a High Commission, legation, commission, consulate and the trade representation of a foreign State; or
- (B) a local authority as defined in *Explanation* to clause (20) of section 10; or
- (C) a public sector company which is engaged in the business of carrying passengers.

(ab) [***]

(b) "scrap" means waste and scrap from the manufacture or mechanical working of materials which is definitely not usable as such because of breakage, cutting up, wear and other reasons;



Income Tax Department

Ministry of Finance, Government of India

- (c) "seller" with respect to sub-section (1) and sub-section (1F) means the Central Government, a State Government or any local authority or corporation or authority established by or under a Central, State or Provincial Act, or any company or firm or co-operative society and also includes an individual or a Hindu undivided family whose total sales, gross receipts or turnover from the business or profession carried on by him exceed one crore rupees in case of business or fifty lakh rupees in case of profession during the financial year immediately preceding the financial year in which the goods of the nature specified in the Table in sub-section (1) are sold.

18. Ins. by Act No. 7 of 2025, w.e.f. **1-4-2025**.

19. Sub. for "two and one-half" by Act No. 7 of 2025, w.e.f. **1-4-2025**.

20. Serial No. (v) and the entries relating thereto, omtt. by Act No. 7 of 2025, w.e.f. **1-4-2025**. Prior to its omission, serial No. (v) read as under:

"(v) Any other forest produce not being timber or tendu leaves	Two and one-half per cent."
---	-----------------------------

21. Ins. by Act No. 7 of 2025, w.e.f. **1-4-2025**.

22. Sub. by Act No. 15 of 2024, w.e.f. **1-1-2025**.

23. Words "out of India" omtt. by Act No. 08 of 2023, w.e.f. 1-7-2023.

24. Sub. for "twenty" by Act No. 8 of 2024, w.r.e.f. 1-7-2023. Earlier "twenty" was Sub. for "five" by Act No. 08 of 2023, w.e.f. 1-7-2023.

25. Sub. for "seven" by Act No. 7 of 2025, w.e.f. **1-4-2025**.

26. Words "and is for the purposes of education or medical treatment" omtt. by Act No. 8 of 2024, w.r.e.f. 1-7-2023. Earlier the quoted words were Sub. for "and is for a purpose other than purchase of overseas tour program package" by Act No. 08 of 2023, w.e.f. 1-7-2023.

27. Sub. for "five" by Act No. 8 of 2024, w.r.e.f. 1-10-2023.

28. Sub. for "is for a purpose other than purchase of overseas tour program package" by Act No. 08 of 2023, w.e.f. 1-7-2023.

29. Sub. for "is for the purposes of" by Act No. 8 of 2024, w.r.e.f. 1-10-2023.

30. Sub. by Act No. 7 of 2025, w.e.f. **1-4-2025**. Prior to its substitution, third proviso read as under :

"Provided also that the authorised dealer shall collect a sum equal to one half per cent of the amount or aggregate of the amounts in excess of seven lakh rupees remitted by the buyer in a financial year, if the amount being remitted out is a loan obtained from any financial institution as defined in section 80E, for the purpose of pursuing any education:"

31. Ins. by Act No. 08 of 2024, w.r.e.f. 1-10-2023.

32. Sub. for "seven" by Act No. 7 of 2025, w.e.f. **1-4-2025**.

33. Ins. by Act No. 8 of 2024, w.r.e.f. 1-7-2023.

34. Ins. by Act No. 7 of 2025, w.e.f. **1-4-2025**.

35. Ins. by Act No. 15 of 2024, w.e.f. **1-4-2025**.

36. Ins. by Act No. 15 of 2024, w.e.f. **1-1-2025**.

37. Sub. for "interest at the rate of one per cent per month or part thereof on the amount of such tax from the date on which such tax was collectible to the date on which the tax was actually paid and such interest shall be paid" by Act No. 15 of 2024, w.e.f. **1-4-2025**.

38. Ins. by Act No. 15 of 2024, w.e.f. **1-4-2025**.

39. Ins. by Act No. 7 of 2025, w.e.f. **1-4-2025**.

40. Sub. for "sub-section (1) or sub-section (1C)" by Act No. 15 of 2024, w.e.f. 1-10-2024.

41. Sub. for "sub-section (1C) or sub-section (1H)" by Act No. 7 of 2025, w.e.f. **1-4-2025**.

42. Sub. for "(1C), (1F) or (1H)" by Act No. 7 of 2025, w.e.f. **1-4-2025**.

43-45. Ins. by Act No. 15 of 2024, w.e.f. 1-10-2024.