CLARIFICATION ON AMENDMENT TO SECTION 206-C OF INCOME TAX ACT
DEALING WITH TAX COLLECTION AT SOURCE (TCS) ON SALE OF BULLION OR
JEWELLERY IN CASH

New Delhi, Vaisakha 11, 1935
May 1, 2013

Currently, sale in cash of bullion (excluding coin or any other article weighing 10 grams or less) in excess of Rs 2 lakh or jewellery in excess of Rs.5 lakh is subject to Tax Collection at Source (TCS) @ 1%. As coins were neither included in bullion nor in jewellery, therefore, coins, even when amounting to more than Rs. 2 lakh in value, were being sold in cash without TCS.

The Finance Bill, 2013 proposes to delete exclusion of coins/articles weighing 10 grams or less from bullion. Hence, the sale of bullion (including coins/articles) in cash in excess of Rs 2 lakh shall be subject to TCS @1%. Similarly, sale of jewellery in cash in excess of Rs 5 lakh shall be subject to TCS @1%.

It is not a new levy of tax but continuation of old levy except withdrawal of exemption in the case of coins/articles weighing 10 grams or less.