

CBDT notifies expansion in TCS applicability on Luxury Goods:

Central Board of Direct Taxes (CBDT), has issued two notifications (No. 35 & 36) dated 22nd April 2025, expanding the scope of Tax Collected at Source (TCS) under section 206C(1F) of the Income-tax Act, 1961. These measures are aimed at strengthening compliance and increasing tax visibility in high-value luxury goods transactions. These amendments are effective from the date of publication in the Official Gazette, i.e., **22nd April 2025**.

In exercise of the powers **under clause (ii) of sub-section (1F) of Section 206C**, of the Income-tax Act, 1961 (43 of 1961) the Central Government has notified the following goods where the **value of a single transaction exceeds INR 10 lakh**, making them liable to TCS at the rate of 1%:

1. Any wrist watch
2. Any art piece such as antiques, painting, sculpture
3. Any collectibles such as coin, stamp
4. Any yacht, rowing boats, canoes, helicopters

5. Any pair of sunglasses
6. Any bag such as handbag, purse
7. Any pair of shoes
8. Any sportswear and equipment such as golf kit, ski-wear
9. Any home theatre system
10. Any horse for horse racing in race clubs and horse for polo

Under the powers granted by Section 295 read with Section 206C of the Income Tax Act, 1961 (43 of 1961), the CBDT has also notified the Income-tax (Eleventh Amendment) Rules, 2025, making corresponding changes to Form 27EQ under the Income-tax Rules, 1962. After the row relating to “Collection at source on sale of motor vehicle”, the following shall be inserted, namely:-

206C	Collection at source on sale of wrist watch	6C	MA
206C	Collection at source on sale of art piece such as antiques, painting, sculpture	6C	MB
206C	Collection at source on sale of collectibles such as coin, stamp	6C	MC
206C	Collection at source on sale of yacht, rowing boat, canoe, helicopter	6C	MD
206C	Collection at source on sale of pair of sunglasses	6C	ME
206C	Collection at source on sale of bag such as handbag, purse	6C	MF

206C	Collection at source on sale of pair of shoes	6C	MG
206C	Collection at source on sale of sportswear and equipment such as golf kit, ski-wear	6C	MH
206C	Collection at source on sale of home theatre system	6C	MI
206C	Collection at source on sale of horse for horse racing in race clubs and horse for polo	6C	MJ

Source: <https://incometaxindia.gov.in/communications/notification/notification-35-english.pdf>

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