

DECLARATION FOR NO TCS NEED TO BE COLLECTED WHEN TDS IS DEDUCTED BY THE BUYER

Company Name: -

Pan No. : -

The Government of India vide Section 194Q of the Income Tax Act has proposed to introduce 'Tax Deduction at Source (TDS) on purchase of goods' with effect from 1 July, 2021.

As per this new rule, a Buyer is required to deduct tax @ 0.1% on the payments made to the Seller if the value of material purchases made from the seller exceeds Rs.50 lacs and turnover of the buyer exceed Rs.10 crore in previous financial year

Considering prescribed date for accumulation of purchase turnover of Rs.50 lacs has been fixed from 01/04/2021 and further TDS deduction @ 0.1% u/s 194Q is in form of advance Tax only, we would be deducting TDS u/s 194Q from all purchase Invoices accounted by us from 01/07/2021 onwards.

Further no TCS u/s 206C (1H) is required to be collected if TDS U/s 194Q is deducted on the same transaction. Considering we are bound to deduct TDS U/s 194Q on each purchase accounted by us from 01/07/2021 onwards, we request you to kindly stop charging TCS corresponding to such transactions.