

(On the Letterhead of the Buyer)

To,

(Supplier's/Seller Name & Address)

Sub: Regarding change in compliance due to insertion of new sections under Income Tax Act 1961 deduction of TDS u/s 194Q

Dear Madam/Sir,

We, _____ (Name of buyer), having PAN _____ (PAN of buyer) do hereby inform you that our total sales/gross receipts/turnover from our business during financial year 2020-21 has been **more than ₹10 Crore**. Therefore, provisions of newly added section 194Q in the Income Tax Act 1961 vide Finance Act 2021 with effect from 1st July 2021 is applicable to our firm/concern/company. Hence, we shall be deducting TDS as per provisions of this section at the time of credit of such sum to the account or at the time of payment thereof by any mode, whichever is earlier on or after 01.07.2021 against purchase of any goods @ 0.1 % on sum exceeding ₹ 50 lacs during the current financial year.

Since, we are liable to deduct tax at source under section 194Q of the Act, you are not required to deduct and deposit TCS i.e., tax at source under section 206C (1H) of the Act w.e.f. 1st July 2021, as per provisions of the mentioned section. You are requested to kindly assure us that you are not going to deduct and deposit tax collection at source u/s 206C(1H) w.e.f. 1st July 2021.

You are also requested to intimate your **Permanent Account Number**. In case you fail to provide your PAN, tax will be deducted at a higher rate in the terms of **Section 206AA of the Act**.

Further, you are also required to **confirm** that in your case amount of TDS/TCS was ₹ 50,000/- or more in each of previous years relevant to Assessment Years 2019-20 and 2020-20, you have filed your returns of income for these assessment years according to section 139(1). Otherwise, tax is required to be deducted at the rate of 5% in terms of **Section 206AB of the Act**.

You may send to us your declaration to enable as early as possible.

Thanking you,

For (name of buyer)

Authorized Signatory

The below format vendor will confirm its details.

(On the letter head of the seller)

To,

(Buyer Name & Address)

Sub: Declaration / information for deduction of tax at source u/s 194Q of the Act.

Dear Madam/Sir,

This is with reference to your letter dated _____ requiring our declaration / information in regard to deduction of tax at source u/s 194Q of the Act. The information is being provided hereunder:

1. As your firm/concern/company is liable to deduct tax u/s 194Q of the Act, you may deduct the tax deducted at source i.e., TDS @ 0.1% at the time of credit of such sum to the account or at the time of payment thereof by any mode against our sales to your firm/concern/company on the amount exceeding ₹ 50 lacs during the current financial year.
2. We also confirm that we are not going to deduct and deposit tax collection at source i.e., TCS under section 206C(1H) of the Income Tax Act 1961 w.e.f. 1st July 2021.
3. Permanent Account Number of our firm/concern/company is _____ (PAN of seller).
4. We have filed our Income Tax Returns for the previous year relevant to Assessment Years 2019-20, 2020-20 and 202021 as per details given below:

Financial Year for which Income Tax Return was due as per Section 139(1)	Due Date of Filing	Date of Filing	ITR Acknowledgement Number
2018-19	30 th Nov. 2019		
2019-20	12 th Feb. 2021		
2020-21	30 th Dec. 2021		
Aggregate Turnover in FY 2020-21			

I hereby declare that I am duly authorised to give this declaration and the information stated above is true to the best of my knowledge and belief. Kindly take note of the above information and deduct tax at the appropriate rate.

Thanking you,

For (Seller Name)

Authorized Signatory