

## TDS / Withholding Tax Changes applicable w.e.f 1<sup>st</sup> July 2021

Section Ref.	Criteria	Applicable rates	Actions by	
			Seller	Buyer
<b>194 Q – Tax Deduction at Source</b>	TDS to be deducted by Buyers on Purchases if it's Turnover > INR 10 crores in preceding FY	0.1% (5%, if no PAN)	Advisable to mention on All Sales Invoices <sup>#</sup> and Obtain Declaration from Buyer <sup>##</sup>	Provide Declaration on withholding
<b>206C (1H) – Tax Collection at Source</b>	Responsibility of Seller whose Turnover > INR 10 crores in preceding FY to collect TCS, if such goods not subject to TDS u/s 194Q	0.1% (1%, if no PAN)	Obtain PAN, declaration, ITR details from the Buyer	
<b>206AB – Liable for Tax Deduction &amp; 206CCA – Liability to Collect Tax At Source</b>	In case of Payees if ITR not filed for two years immediately preceding the previous year; <b>and</b> TDS/TDS amount > 50 Thousand in each of the previous years (Not Applicable In Case of Non Resident Deductee and where deductions being made in Certain Specified Sections)	Higher of the following – (i) twice the applicable rate of TDS/TCS at 5%	<sup>###</sup> Declaration on the Invoice	(a) Check Eligibility – Check Turnovers (b) Obtain List 2 Years ITR (c) Obtain Declarations (d) Update Master Data Start Tracking Transactions

<sup>#</sup> This Invoice is subject to tax deduction at source u/s 194Q of the Income Tax Act, 1961, If applicable.

<sup>##</sup> Attached below

<sup>###</sup> The Assessee supplying the contents as in this Invoice is in Compliance to the requirements of section 206AB/206CCA under the Income Tax Act, 1961, w.r.t. Tax Deduction \* Tax Collection, as applicable

### New Delhi

#001, B-7/107A, GF,  
Safdarjung Enclave Extension,  
New Delhi 110 029

### Gurgaon

# 13-14, 3<sup>rd</sup> Floor, MGF Metropolis, M G Road,  
Gurgaon,  
Haryana 122002

### Mumbai

Boston House, 5<sup>th</sup> Floor, Western Exp. Highway,  
Andheri Kurla Road, Andheri East, Mumbai, MH  
400053

### Assam

J P Road, Bilasipara,  
District Dhubri,  
ASSAM 783 348

## Undertaking from Customer –

Date

To,

XYZ Ltd

Address -

PAN-

TAN -

In pursuance of Section 194Q of the Income Tax, 1961 and responsibility cast on us with respect to deduction of Tax at source, We, M/s \_\_\_\_\_ qualify as a Buyer as defined under Section 194Q of the Income Tax Act, 1961 (“the Act”)

We hereby confirm that as per provisions of Section 194Q of the Act, it is our primary responsibility to deduct tax at source and discharge the liability regularly with effect from 1<sup>st</sup> July, 2021.

We understand that our failure to deduct tax under Section 194Q would result in liability of the Seller to collect tax at source under Section 206C(1H) of the Act and therefore would undertake to pay the tax to Seller under 206C(1H) and indemnify the Seller for any other consequential interest and penalty.

For \_\_\_\_\_

**Authorized Signatory**

**(On the letterhead)**

Declaration of non – applicability of Section 206AB/206CCA

To

(Name and Address)

**Sub:** Non-applicability of Section 206AB/206CCA

Dear Sir/Ma’am

We, (Name of the company), a company having PAN No. \_\_\_\_\_ confirms, by the means of this letter, that we have filed/not filed the income tax returns for the preceding two financial years. Thus, the provisions relating to TDS/TCS laid down under section 206AB/206CCA shall not/shall apply.

Find the necessary information in this regard mentioned below -

If ITR has been filed		
Financial Year	Acknowledgment Number	Date of Filing (DD/MM/YYYY)
2019-20		
2018-19		
If ITR has not been filed		
TDS/TCS>50000 in each of the previous year	Yes <input type="checkbox"/>	No <input type="checkbox"/>

We would like to further confirm that the information mentioned in this declaration is correct and we shall accept to indemnify the company in case any information mentioned above is false.

Thanks & Regards,

**sAuthorized Signatory**

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