



Surana Group

BHAGYANAGAR INDIA LIMITED

ISO 9001 - 2008 Certified Company

Registered Office :

5th Floor, Surya Towers, Sardar Patel Road,
Secunderabad-500 003. Telangana, India
Tel : +91 40 27845119/27841198/44665700
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CIN No.: L27201TG1985PLC012449

21.06.2021

To All Vendor's of Bhagyanagar India Ltd. /
Bhagyanagar Copper Pvt. Ltd.

Kind Attention: MD/Head of Department

Subject: Compliance with new TDS Provisions introduced by Union Budget 2021 – Detailed Information & Request for furnishing ITR filing status.

Dear Sir,

Thank you very much for your valuable support and co-operation in the journey of our success.

We hope you and everyone in your company Safe and keeping healthy in these COVID times.

With effect from October 1, 2020 the Central Govt. has introduced TCS provisions under section 206C(1H) of the Income Tax Act mandating collection of TCS on receipt of sale consideration against supply of goods by seller. Accordingly Bhagyanagar India Ltd's/ Bhagyanagar Copper Pvt. Ltd's, Suppliers has been collecting TCS from Bhagyanagar India Ltd./Bhagyanagar Copper Pvt. Ltd. at 0.075%/0.1% through Invoicing for supply of components/parts/goods etc. w.e.f. October 1, 2020.

This Year vide Finance Act 2021 the Central Govt. has now introduced a new TDS provision vide section 194Q of the Income Tax Act in order to further widen the tax base and create a trail of transactions.

Section **194Q** provides for **deduction of tax at the rate of 0.1% from** payment made towards the purchase of goods, if such payment **exceeds Rs.50 lacs** in a financial year. However, in order to reduce the compliance burden, it has been provided that the responsibility of deduction shall lie only on the buyers whose annual turnover exceeds Rs.10 Crores in last Financial Year.

However, seller is not required to collect TCS under section 206C(1H) if buyer fulfils the prescribed condition of section 194Q and deduct TDS under such section on the same transaction. This is because the new provision for TDS under Section 194Q prevails over TCS under section 206C(1H).

Further, Finance Act 2021 also contains special provisions under section 206AB for deduction of tax at source at higher rate from payment made to non-filers of Income tax return. **Section 206AB casts an obligation on buyer to check that seller has filed Income Tax Return for the last 2 Financial Years. If such seller is found to be non-filer of the**





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income tax returns, then in such case, TDS rate shall be applied at double the normal rate or 5%, whoever is higher.

Aforesaid provisions shall be effective from July 1, 2021.

How the above provisions impact transaction of sale & purchase of goods between Suppliers & Bhagyanagar India Ltd./Bhagyanagar Copper Pvt. Ltd.

- **Bhagyanagar India Ltd./Bhagyanagar Copper Pvt. Ltd., to deduct TDS at the rate of 0.1% under section 194Q on all payments made against purchase of components/ parts/goods to Suppliers effected from 1st July 2021, as Bhagyanagar India Ltd./ Bhagyanagar Copper Pvt. Ltd., annual turnover during last financial Years exceed Rs.10 crores.**
- **Suppliers not to collect TCS from Bhagyanagar India Ltd./Bhagyanagar Copper Pvt. Ltd., through Invoicing against supplies of components/parts/goods with effect from 1st July 2021 onwards as new provision for TDS under Section 194Q prevails over TCS under section 206C(1H).**
- **Selection Method: Bhagyanagar India Ltd./ Bhagyanagar Copper Pvt. Ltd., will deduct TDS @ 0.1% from invoice raised from 01.07.2021 if Purchases made in FY 20-21/2019-20 has exceeded Rs.50 lacs irrespective of transaction value from 01.07.2021. Please confirm for this method.**
- **Higher Rate: Please note that, if last 2 years tax returns filed confirmation not received before 27th June 2021, will apply higher rate of Tax.**

Thank you,

With regards,

Bhagyanagar India Ltd./Bhagyanagar Copper Pvt. Ltd.

