



Creative Metal Craft Industries

Gat No. 115, Jyotiba Nagar, Talawade,

Lane opposite to Hotel Shree Pandurang Krupa, Pune – 411062.

Ref. No.:- CMCI/2122/OUT.DOC./04

Date: - 25/06/2021

To whomsoever it may concern

This is to inform you that the Indian government has recently introduced TDS on Purchase of Goods under section 194Q of the Income Tax Act, 1961 ('the Act') applicable with effect from 1st July 2021. Therefore, in the current scenario the same transaction of purchase/ sale of goods can be subjected to either TCS or TDS. The provisions of these sections are specified as follows:

I. TDS on Purchase of Goods:

The newly introduced TDS provisions [please refer Section 194-Q of the Income Tax Act, 1961], casts an obligation on the buyer (having a turnover more than INR 10 crores in the preceding year) to withhold tax @ 0.1% (with effect from 1 Jul 2021) at the time of credit of such sum to the account of the Indian seller or at the time of payment thereof by any mode, whichever is earlier, provided the value or aggregate of such value exceeds INR 50 lacs for a given year.

This rate would increase to 5% if the seller/ buyer does not give a proof that he has filed tax return for last 2 years and aggregate amount of TDS and TCS is more than INR 0.50 lakhs in each of the last FY. In addition, buyer/seller is also required to furnish a PAN.

II. TCS on Sale of Goods:

Every Indian seller (having a turnover of **more than INR 10** crores in the preceding year) is required to collect TCS @ 0.1% if the consideration received from sale of goods to an Indian buyer, in aggregate for a Financial Year exceeds INR 50 lakhs.

If the Indian buyer does not provide a Permanent Account Number or an Aadhar Number to the Indian seller, then, TCS shall be required to be collected at a rate of 1% instead, on the sale consideration.

This rate would increase to 5% if the buyer does not give a proof that he has filed tax return for last 2 years and aggregate amount of TDS and TCS is more than INR 0.50 lakhs in each of the last FY. In addition, buyer must furnish a PAN.

It is pertinent to note that in case the conditions given in section 194Q are getting satisfied, the same would supersede the provisions of TCS and purchaser is required to deduct TDS on such purchases.

In this regard, please note that the value of the sales transaction with your company would be more than INR 50 lakhs in the FY 21-22 and if your turnover in the previous year exceeds INR 10 crores, then your company would be liable to deduct tax @0.10% at the time of entry or advance payment, whichever is earlier. In such case ESPL will stop charging the TCS on the invoices from 1st July, 2021 as applicable u/s 206C(1H) of the Act.



Mail us : creativemetalcraft@gmail.com

Contact us : +91-9960539885/ +91-9922098885



Creative Metal Craft Industries

Gat No. 115, Jyotiba Nagar, Talawade,

Lane opposite to Hotel Shree Pandurang Krupa, Pune – 411062.

Further, for the purpose of deduction of TDS under section 194Q on sale made by us, you may note the following details of CMCI: -

- CMCI's turnover is less than Rs. 10 Cr. in FY 2020-21.
- CMCI has filed its last two year's income tax return u/s 139(l) detailed as under:

Financial Year	Whether ITR filed	Date of filing ITR	ITR E-filing Ack. No.	Aggregate TDS and TCS credit in Form 26AS ≥ Rs. 50,000 (Yes/No)
FY 2018-19	Yes	25-10-2019	220411361251019	No
FY 2019-20	Yes	31-12-2020	979904041311220	No
FY 2020-21*	Not Yet			No

We request you to revert us on the applicability of section 194Q of the Act with the details of your turnover in the preceding financial year by 19th July, 2021. Would request you to please submit a declaration in the format enclosed as **Exhibit 1**.

Further, please let us know in case of any further details are required in this regard.

