



Date: June 10, 2021

Dear Sir,

Subject :- Tax Deduction at Source (TDS) on purchase of Goods u/s 194Q

Dear Sir,

We would like to inform you of certain legislative changes being brought in by The Finance Act 2021 introducing TDS on Purchase of Goods u/s 194Q.

TDS u/s 194Q is deductible by the **specified buyers**, whose turnover, from sales of Goods and Services, was above Rs 10 Cr in preceding financial year. Accordingly, for FY 2021-22, the turnover of FY 2020-21 shall be considered to qualify as buyer. Further, TDS u/s 194Q is Applicable on purchases of Goods above Rs 50 Lacs during the financial year, it is effective from 01st Jul 2021.

Please note that Vectus Industries Limited's turnover for the preceding financial year (FY 2020-21) exceeds Rs 10 Crores making it liable to Deduct Tax at Source @ 0.10% "while making the payment for purchases of Goods if total purchase value exceeds Rs 50 Lacs during the current financial year.

Also "Tax Collection at Source" (TCS) under Section 206C(1H) shall not apply on sale of Goods, if the buyer is liable to deduct tax at source and deducted the same. In view of the above, it is apparent that in case TDS u/s 194Q is applicable, **then TCS u/s 206C(1H) should not be applied by supplier.**

Hence from effective date i.e 1st July 2021, under section 194Q of the Income Tax Act, Vectus Industries Limited is obligated as Buyer to deduct tax at source on all payments for purchase of Goods above Rs 50 Lacs during the financial year.

This may require changes in your systems so that from the effective date 01st Jul 2021 the TCS u/s 206C(1H) is not levied on Invoices raised on Vectus Industries Limited.

Further, please arrange to share the declaration in the attached format regarding applicability of higher rate of TDS under section 206AB for non-filing of ITR as per the Income Tax Act latest by 25th June 2021. Failure to submit the above declaration on time may result in TDS deduction at higher rate wherever applicable and Vectus should not be held responsible in any manner in future for such action.

Best Regards

For Vectus Industries Limited

Signature Not Verified
Digitally Signed By Arun Gupta
For : VECTUS INDUSTRIES LIMITED
Date : 2021.06.10 16:20:39 +05:30

Authorised Signatory

Name: **Arun Gupta**

Designation: **General Manager-Purchase**

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