SECTION 194Q – TDS ON PURCHASE

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POINTS TO BE DISCUSSED

- Applicability
- Time of deduction & Rate
- 194Q vs. 206C(1H)
- FAQs

APPLICABILITY

- The buyer is responsible for making payment of a sum to the resident seller , for the purchase of goods of the value/ aggregate of the value exceeding INR 50 Lakhs.
- Buyer is a person having total sales/ gross receipts/ turnover exceeding INR 10 Crores in the immediately preceding Financial Year in which the specified purchase of goods took place

TIME OF DEDUCTION & RATE

- TDS on purchase of goods is to be deducted by the buyer within earlier of the following dates-
  - (a) At the time of credit of the sum into the account of the seller; or
  - (b) At the time of payment of the sum thereof.
- TDS is to be deducted @ 0.1% on value exceeding Rs. 50 lakhs.
- If PAN of the seller is not available than @ 5%.

194Q vs. 206(1H)

- As per Sec 206C(1H),seller is required to collect tax at the source on the sale of goods if the aggregate value of such sale exceeds Rs. 50 lakhs during the relevant financial year.
- Seller is a person having total sales/ gross receipts/ turnover exceeding INR 10 Crores in the immediately preceding Financial Year in which the specified purchase of goods took place.
- Sec 194Q Shall prevail over Sec. 206C(1H).

FAQs

- What is the consequence of buyer filing to comply with the provision of sec 194Q?
- Whether 194Q applicable on Capital goods?
- Is a buyer importing goods from outside India required to deduct TDS under this section?
- Whether TDS to be deducted on the purchase of immovable property by a developer?

FAQs

- Whether TDS has to be deducted on advance payment made to the seller?
- If the seller has multiple units, whether purchases made from different units need to be aggregated?

Regards:
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