

CASE STUDY – TDS u/s 194Q vis-a-vis TCS u/s 206C(1H)

by CA Pawan Kumar Agarwal, CA Amitesh Agarwal - KOLKATA

email: madanlalassociates@gmail.com

For In-dept analysis refer our detailed notes -Titled “Demystifying provisions of TDS u/s 194Q vis a vis TCS u/s 206C(1H); 206AB & 206CCA

CASE 1

Basic Assumptions-

- X and Y - both are having turnover above Rs 10 Crores in FY 20-21 and both are Resident Indian in terms of provision of Income Tax Act,1961
- X Purchases goods from Y.
- None of them are specified person u/s 206CCA and 206AB. *As such Rate of TDS/TCS taken be @ 0.1%*
- Amount o/s Rs 70 lakhs as on 31.3.21 relates to purchase made by X in Jan 21 from Y.
- Neither the buyer nor the seller is under any such exempted category for the purpose of Section 194Q and/or 206C(1H)
- TDS /TCS is not deducted under any other provision of the Income Tax

CASE 1	Mar 21	Apr 21	May 21	Jun 21	Jul 21	Aug 21	Sep-21	Total
Closing O/s	70 lakhs	70 lakhs	NIL	NIL	NIL	NIL	NIL	O/s NIL
Purchase by X	NIL	NIL	NIL	NIL	40 lakhs	30 lakhs	80 lakhs	150 lakhs
Payment to Y	NIL	NIL	70 LAKHS	NIL	40 lakhs	30 lakhs	80 lakhs	220 lakh
TDS u/s 194Q (i.e by X) Reason	Not applicable	Not applicable	Not applicable	Not applicable	NIL	2000	8000	10000
	TDS u/s 194Q applicable w.e.f 01.07.2021				since aggregate purchase for the year from Y is less than 50 lakhs	=((40+30)-50) *0.1%	=80 *0.1%	
TCS u/s 206C(1H) (i.e by Y) Reason	NIL	NIL	2000	NIL	4000	1000	NIL	7000
			=(70-50) *0.1%		=40 lakh*0.1%	Tricky: Deducted @0.1% on 10Lakhs on which TDS u/s 194Q was NOT deducted	(NIL since TDS u/s194Q deducted on entire 80 lakhs)	

by CA Pawan Kumar Agarwal , CA Amitesh Agarwal - KOLKATA

email: madanlalassociates@gmail.com

Note 1: Normally **Provisions of Section 194Q will prevail over the provisions of 206C(1H)** in view of 2nd proviso to Section 206C(1H).

Note 2: Provisions of section 194Q and the provisions of section 206C(1H) are mutually exclusive

Note 3: TDS u/s 194Q and TCS u/s 206C(1H) – **applicable on GOODS only. (NOT APPLICABLE on SERVICES)**

Note 4: As per Section 206C(1H) TCS is applicable on receipt basis – i.e on amount actually received in excess of Rs 50 lakhs in a financial year

For In-dept analysis refer our detailed notes -Titled “Demystifying provisions of TDS u/s 194Q vis a vis TCS u/s 206C(1H); 206AB & 206CCA”

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CASE 2

Basic Assumptions-

- X and Y - both are having turnover above Rs 10 Crores in FY 20-21 and both are Resident Indian in terms of provision of Income Tax Act,1961
- X Purchases goods from Y.
- None of them are they are specified person u/s 206CCA and 206AB. *As such Rate of TDS/TCS taken be @ 0.1%*
- Amount o/s Rs 70 lakhs as on 31.3.21 relates to purchase made by X in Jan 21 from Y.
- Neither the buyer nor the seller is under any such exempted category for the purpose of Section 194Q and/or 206C(1H)
- TDS /TCS is not deducted under any other provision of the Income Tax

CASE 2	Mar 21	Apr 21	May 21	Jun 21	Jul 21	Aug 21	Sep-21	Total
Closing O/s	70 lakhs	70 lakhs	NIL	NIL	NIL	NIL	NIL	O/s NIL
Purchase by X	NIL	NIL	NIL	NIL	60 lakhs	40 lakhs	50 lakhs	150 lakhs
Payment to Y	NIL	NIL	70	NIL	60 lakhs	40 lakhs	50 lakhs	220 lakhs
TDS u/s 194Q (i.e by X) Reason	Not applicable	Not applicable	Not applicable	Not applicable	1000	4000	5000	10000
	TDS u/s 194Q applicable w.e.f 01.07.2021				= $(60-50)*0.1\%$	= $40 *0.1\%$	= $50 *0.1\%$	
TCS u/s 206C(1H) (i.e by Y) Reason	NIL	NIL	2000	NIL	5000	NIL	NIL	7000
			= $(70-50)*0.1\%$		ON 50 LAKHS component on which TDS u/s 194Q not deducted	(NIL since TDS u/s194Q deducted on entire 40 lakhs)	(NIL since TDS u/s194Q deducted on entire 50 lakhs)	

by CA Pawan Kumar Agarwal , CA Amitesh Agarwal - KOLKATA

email: madanlalassociates@gmail.com

Note 1: Normally **Provisions of Section 194Q will prevail over the provisions of 206C(1H)** in view of 2nd proviso to Section 206C(1H).

Note 2: Provisions of section 194Q and the provisions of section 206C(1H) are mutually exclusive

Note 3: TDS u/s 194Q and TCS u/s 206C(1H) – **applicable on GOODS only. (NOT APPLICABLE on SERVICES)**

Note 4: As per Section 206C(1H) TCS is applicable on receipt basis – i.e on amount actually received in excess of Rs 50 lakhs in a financial year

For In-dept analysis refer our detailed notes -Titled “Demystifying provisions of TDS u/s 194Q vis a vis TCS u/s 206C(1H); 206AB & 206CCA”

CASE STUDY – TDS u/s 194Q vis-a-vis TCS u/s 206C(1H)

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CASE 3

Basic Assumptions-

- X and Y - both are having turnover above Rs 10 Crores in FY 20-21 and both are Resident Indian in terms of provision of Income Tax Act,1961
- X Purchases goods from Y.
- None of them are specified person u/s 206CCA and 206AB. *As such Rate of TDS/TCS taken be @ 0.1%*
- Amount o/s Rs 70 lakhs as on 31.3.21 relates to purchase made by X in Jan 21 from Y.
- Neither the buyer nor the seller is under any such exempted category for the purpose of Section 194Q and/or 206C(1H)
- TDS /TCS is not deducted under any other provision of the Income Tax

CASE 3	Mar 21	Apr 21	May 21	Jun 21	Jul 21	Aug 21	Sep-21	Total
Closing O/s	70 lakhs	70 lakhs	NIL	40 lakhs	20 lakhs	NIL	NIL	O/s NIL
Purchase by X	NIL	NIL	NIL	40	20 lakhs	10 lakhs	80 lakhs	150
Payment to Y	NIL	NIL	70 lakhs	NIL	40 lakhs	30 lakhs	80 lakhs	220
TDS u/s 194Q (i.e by X) Reason	Not applicable	Not applicable	Not applicable	Not applicable	1000	1000	8000	10000
	TDS u/s 194Q applicable w.e.f 01.07.2021				=((40+20)-50) *0.1%	=10 *0.1%	=80 *0.1%	
TCS u/s 206C(1H) (i.e by Y) Reason	NIL	NIL	2000	NIL	4000	1000	NIL	7000
			= (70-50) *0.1%		ON 40 LAKHS	Tricky: on 10Lakhs on which TDS u/s 194Q NOT deducted	(NIL since TDS u/s194Q deducted on entire 80 lakhs)	
by CA Pawan Kumar Agarwal , CA Amitesh Agarwal - KOLKATA email: madanlassociates@gmail.com								

Note 1: Normally **Provisions of Section 194Q will prevail over the provisions of 206C(1H)** in view of 2nd proviso to Section 206C(1H).

Note 2: Provisions of section 194Q and the provisions of section 206C(1H) are mutually exclusive

Note 3: TDS u/s 194Q and TCS u/s 206C(1H) – **applicable on GOODS only**. (NOT APPLICABLE on SERVICES)

Note 4: As per Section 206C(1H) TCS is applicable on receipt basis – i.e on amount actually received in excess of Rs 50 lakhs in a financial year

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CASE STUDY – TDS u/s 194Q vis-a-vis TCS u/s 206C(1H)

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For In-dept analysis refer our detailed notes -Titled “Demystifying provisions of TDS u/s 194Q vis a vis TCS u/s 206C(1H); 206AB & 206CCA

CASE 4

Basic Assumptions-

- X and Y - both are having turnover above Rs 10 Crores in FY 20-21 and both are Resident Indian in terms of provision of Income Tax Act,1961
- X Purchases goods from Y.
- None of them are specified person u/s 206CCA and 206AB. *As such Rate of TDS/TCS taken be @ 0.1%* Amount o/s Rs 70 lakhs as on 31.3.21 relates to purchase made by X in Jan 21 from Y.
- Neither the buyer nor the seller is under any such exempted category for the purpose of Section 194Q and/or 206C(1H)
- TDS /TCS is not deducted under any other provision of the Income Tax

CASE 4	Mar 21	Apr 21	May 21	Jun 21	Jul 21	Aug 21	Sep-21	Total
Closing O/s	70 lakhs	70 lakhs	NIL	150 lakhs	110 lakhs	80 lakhs	NIL	O/s NIL
Purchase by X	NIL	NIL	NIL	150 lakhs	NIL	NIL	NIL	150 lakhs
Payment to Y	NIL	NIL	70 lakhs	NIL	40 lakhs	30 lakhs	80 lakhs	220 lakhs
TDS u/s 194Q (i.e by X) Reason	Not applicable	Not applicable	Not applicable	Not applicable	NIL	NIL	NIL	NIL
	TDS u/s 194Q applicable w.e.f 01.07.2021				Since no purchase on or after 01.07.2021			
TCS u/s 206C(1H) (i.e by Y) Reason	NIL	NIL	2000 =(70-50) *0.1%	NIL	4000 ON 40 LAKHS	3000 ON 30 LAKHS	8000 ON 80 LAKHS	17000
by CA Pawan Kumar Agarwal , CA Amitesh Agarwal - KOLKATA					email: madanlalassociates@gmail.com			

Note 1: Normally **Provisions of Section 194Q will prevail over the provisions of 206C(1H)** in view of 2nd proviso to Section 206C(1H).

Note 2: Provisions of section 194Q and the provisions of section 206C(1H) are mutually exclusive

Note 3: TDS u/s 194Q and TCS u/s 206C(1H) – **applicable on GOODS only. (NOT APPLICABLE on SERVICES)**

Note 4: As per Section 206C(1H) TCS is applicable on receipt basis – i.e on amount actually received in excess of Rs 50 lakhs in a financial year

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CASE STUDY – TDS u/s 194Q vis-a-vis TCS u/s 206C(1H)

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email: madanlassociates@gmail.com

For In-dept analysis refer our detailed notes -Titled “Demystifying provisions of TDS u/s 194Q vis a vis TCS u/s 206C(1H); 206AB & 206CCA

CASE 5

Basic Assumptions-

- X and Y - both are having turnover above Rs 10 Crores in FY 20-21 and both are Resident Indian in terms of provision of Income Tax Act,1961
- X Purchases goods from Y.
- None of them are they are specified person u/s 206CCA and 206AB. *As such Rate of TDS/TCS taken be @ 0.1%*
- Amount o/s Rs 70 lakhs as on 31.3.21 relates to purchase made by X in Jan 21 from Y.
- Neither the buyer nor the seller is under any such exempted category for the purpose of Section 194Q and/or 206C(1H)
- TDS /TCS is not deducted under any other provision of the Income Tax

CASE 5	Mar 21	Apr 21	May 21	Jun 21	Jul 21	Aug 21	Sep-21	Total
Closing O/s	70 lakhs	70 lakhs	NIL	150 lakhs	180 lakhs	80 lakhs	NIL	O/s NIL
Purchase by X	NIL	NIL	NIL	150 lakhs	70 lakhs	NIL	NIL	220 lakhs
Payment to Y	NIL	NIL	70 lakhs	NIL	40 lakhs	100 lakhs	80	290 lakhs
TDS u/s 194Q (i.e by X) Reason	Not applicable	Not applicable	Not applicable	Not applicable	7000	NIL	NIL	7000
	TDS u/s 194Q applicable w.e.f 01.07.2021				On entire 70lakh purchase of July	No purchase	No purchase	
TCS u/s 206C(1H) (i.e by Y) Reason	NIL	NIL	2000 =(70-50) *0.1%	NIL	4000 ON 40 LAKHS RECEIVED in July	10000 ON 100 LAKHS RECEIVED in Aug	1000 On 10 lakhs- since 80 lakhs includes Rs 70 lakh on which TDS u/s 194Q already deducted	17000
by CA Pawan Kumar Agarwal , CA Amitesh Agarwal - KOLKATA					email: madanlassociates@gmail.com			

Note 1: Normally **Provisions of Section 194Q will prevail over the provisions of 206C(1H)** in view of 2nd proviso to Section 206C(1H).

Note 2: Provisions of section 194Q and the provisions of section 206C(1H) are mutually exclusive

Note 3: TDS u/s 194Q and TCS u/s 206C(1H) – **applicable on GOODS only. (NOT APPLICABLE on SERVICES)**

Note 4: As per Section 206C(1H) TCS is applicable on receipt basis – i.e on amount actually received in excess of Rs 50 lakhs in a financial year

For In-dept analysis refer our detailed notes -Titled “Demystifying provisions of TDS u/s 194Q vis a vis TCS u/s 206C(1H); 206AB & 206CCA”

CASE STUDY – TDS u/s 194Q vis-a-vis TCS u/s 206C(1H)

by CA Pawan Kumar Agarwal, CA Amitesh Agarwal - KOLKATA

email: madanllassociates@gmail.com

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CASE 6- Advance

Basic Assumptions-

- X and Y - both are having turnover above Rs 10 Crores in FY 20-21 and both are Resident Indian in terms of provision of Income Tax Act,1961
- X Purchases goods from Y.
- None of them are specified person u/s 206CCA and 206AB. *As such Rate of TDS/TCS taken be @ 0.1%*
- Neither the buyer nor the seller is under any such exempted category for the purpose of Section 194Q and/or 206C(1H)
- TDS /TCS is not deducted under any other provision of the Income Tax

CASE 6	Mar 21	Apr 21	May 21	Jun 21	Jul 21	Aug 21	Sep-21	Total
Closing O/s	NIL	NIL	NIL	NIL	NIL	NIL	NIL	O/s NIL
Purchase by X	NIL	NIL	NIL	NIL	NIL	140 lakhs	NIL	140 lakhs
ADVANCE Payment to Y	NIL	NIL	NIL	70 lakhs	70 lakhs	NIL	NIL	140 lakhs
TDS u/s 194Q (i.e by X) Reason	Not applicable	Not applicable	Not applicable	Not applicable	2000	NIL	NIL	2000
	TDS u/s 194Q applicable w.e.f 01.07.2021				$=(70-50)*0.1\%$	Since TDS already deducted on advance payment in july while TCS also deducted u/s 206C(1H) for June pmt	No purchase	
TCS u/s 206C(1H) (i.e by Y) Reason	NIL	NIL	NIL	2000	5000	NIL	NIL	7000
					$=(70-50)*0.1\%$	Tricky: on 50Lakhs on which TDS u/s 194Q NOT deducted	since TCS already deducted on advance	
by CA Pawan Kumar Agarwal , CA Amitesh Agarwal - KOLKATA					email: madanllassociates@gmail.com			

Note 1: Normally **Provisions of Section 194Q will prevail over the provisions of 206C(1H)** in view of 2nd proviso to Section 206C(1H).

Note 2: Provisions of section 194Q and the provisions of section 206C(1H) are mutually exclusive

Note 3: TDS u/s 194Q and TCS u/s 206C(1H) – **applicable on GOODS only. (NOT APPLICABLE on SERVICES)**

Note 4: As per Section 206C(1H) TCS is applicable on receipt basis – i.e on amount actually received in excess of Rs 50 lakhs in a financial year

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email: madanlalassociates@gmail.com

For In-dept analysis refer our detailed notes -Titled “Demystifying provisions of TDS u/s 194Q vis a vis TCS u/s 206C(1H); 206AB & 206CCA

CASE 7- Advance

Basic Assumptions-

- X and Y - both are having turnover above Rs 10 Crores in FY 20-21 and both are Resident Indian in terms of provision of Income Tax Act,1961
- X Purchases goods from Y.
- None of them are specified person u/s 206CCA and 206AB. *As such Rate of TDS/TCS taken be @ 0.1%*
- Neither the buyer nor the seller is under any such exempted category for the purpose of Section 194Q and/or 206C(1H)
- TDS /TCS is not deducted under any other provision of the Income Tax

CASE 7	Mar 21	Apr 21	May 21	Jun 21	Jul 21	Aug 21	Sep-21	Total
Closing O/s	NIL	NIL	NIL	NIL	20 lakhs	20 lakhs	NIL	O/s NIL
Purchase by X	NIL	NIL	NIL	NIL	20 lakhs	140 lakhs	NIL	160 lakhs
Payment to Y	NIL	NIL	NIL	NIL	NIL	NIL	20 lakhs	20 lakhs
ADVANCE Payment to Y	NIL	NIL	NIL	70 lakhs	70 lakhs	NIL	NIL	140 lakhs
TDS u/s 194Q (i.e by X) Reason	Not applicable	Not applicable	Not applicable	Not applicable	=2000+2000 = Rs 4000	NIL	NIL	4000
	TDS u/s 194Q applicable w.e.f 01.07.2021				=((70+20)-50) *0.1%	Since TDS already deducted on advance payment in july while TCS also deducted u/s 206C(1H) for June pmt	Since TDS u/s 194Q deducted in July	
TCS u/s 206C(1H) (i.e by Y) Reason	NIL	NIL	NIL	2000	5000	NIL	NIL	7000
				=(70-50) *0.1%	Tricky: on 50Lakhs on which TDS u/s 194Q NOT deducted	since TCS already deducted on advance	Since TDS u/s 194Q deducted in July	

by CA Pawan Kumar Agarwal , CA Amitesh Agarwal - KOLKATA

email: madanlalassociates@gmail.com

Note 1: Normally **Provisions of Section 194Q will prevail over the provisions of 206C(1H)** in view of 2nd proviso to Section 206C(1H).

Note 2: Provisions of section 194Q and the provisions of section 206C(1H) are mutually exclusive

Note 3: TDS u/s 194Q and TCS u/s 206C(1H) – **applicable on GOODS only. (NOT APPLICABLE on SERVICES)**

Note 4: As per Section 206C(1H) TCS is applicable on receipt basis – i.e on amount actually received in excess of Rs 50 lakhs in a financial year

For In-dept analysis refer our detailed notes -Titled “Demystifying provisions of TDS u/s 194Q vis a vis TCS u/s 206C(1H); 206AB & 206CCA”

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CASE 8

Basic Assumptions-

- X and Y - both are having turnover above Rs 10 Crores in FY 20-21 and both are Resident Indian in terms of provision of Income Tax Act,1961
- X Purchases goods from Y.
- None of them are specified person u/s 206CCA and 206AB. *As such Rate of TDS/TCS taken be @ 0.1%*
- Neither the buyer nor the seller is under any such exempted category for the purpose of Section 194Q and/or 206C(1H)
- TDS /TCS is not deducted under any other provision of the Income Tax

CASE 8	Mar 21	Apr 21	May 21	Jun 21	Jul 21	Aug 21	Sep-21	Total
Closing O/s	NIL	NIL	NIL	NIL	NIL	NIL	NIL	O/s NIL
Purchase by X	NIL	NIL	30 lakhs	NIL	25 lakhs	20 lakhs	30 lakhs	105 lakhs
Payment to Y	NIL	NIL	NIL	NIL	05 lakhs	20 lakhs	20 lakhs	45 lakhs
ADVANCE Payment to Y	NIL	NIL	50 lakhs	NIL	NIL	10 lakhs	NIL	60 lakhs
TDS u/s 194Q (i.e by X) Reason	Not applicable	Not applicable	Not applicable	Not applicable	=500	=2000+1000= Rs 3000	=2000	5500
	TDS u/s 194Q applicable w.e.f 01.07.2021				$=((30+25)-50) * 0.1\%$	$=(30+20)*0.1\%$	TDS On 20 lakhs, since in Aug TDS on advance of Rs 10 lakhs already deducted	
TCS u/s 206C(1H) (i.e by Y) Reason	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
			Since TCS applicable in excess of 50 lakhs		TDS u/s 194Q deducted	TDS u/s 194Q deducted	TDS u/s 194Q deducted	
by CA Pawan Kumar Agarwal , CA Amitesh Agarwal - KOLKATA email: madanlalassociates@gmail.com								

Note 1: Normally **Provisions of Section 194Q will prevail over the provisions of 206C(1H)** in view of 2nd proviso to Section 206C(1H).

Note 2: Provisions of section 194Q and the provisions of section 206C(1H) are mutually exclusive

Note 3: TDS u/s 194Q and TCS u/s 206C(1H) – **applicable on GOODS only. (NOT APPLICABLE on SERVICES)**

Note 4: As per Section 206C(1H) TCS is applicable on receipt basis – i.e on amount actually received in excess of Rs 50 lakhs in a financial year

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CASE 9

Basic Assumptions-

- X and Y - both are having turnover above Rs 10 Crores in FY 20-21 and both are Resident Indian in terms of provision of Income Tax Act,1961
- X Purchases goods from Y.
- None of them are specified person u/s 206CCA and 206AB. *As such Rate of TDS/TCS taken be @ 0.1%*
- Neither the buyer nor the seller is under any such exempted category for the purpose of Section 194Q and/or 206C(1H)
- TDS /TCS is not deducted under any other provision of the Income Tax

CASE 9	Mar 21	Apr 21	May 21	Jun 21	Jul 21	Aug 21	Sep-21	Total
Closing O/s	NIL	NIL	NIL	NIL	NIL	NIL	NIL	O/s NIL
Purchase by X	NIL	NIL	30 lakhs	NIL	25 lakhs	20 lakhs	30 lakhs	105 lakhs
Payment to Y	NIL	NIL	NIL	NIL	04 lakhs	20 lakhs	20 lakhs	44 lakhs
ADVANCE Payment to Y	NIL	NIL	51 lakhs	NIL	NIL	10 lakhs	NIL	61 lakhs
TDS u/s 194Q (i.e by X) Reason	Not applicable	Not applicable	Not applicable	Not applicable	=400	=2000+1000= Rs 3000	=2000	5400
	TDS u/s 194Q applicable w.e.f 01.07.2021				=((30+25)-50)- 1)*0.1% TCS on 1 lakh u/s 206C(1H)	=(30+20)*0.1%	= (30-10)*0.1% TDS On 20 lakhs, since in Aug TDS on advance of Rs 10 lakhs already deducted	
TCS u/s 206C(1H) (i.e by Y) Reason	NIL	NIL	100	NIL	NIL	NIL	NIL	100
			=(51-50) *0.1%		TDS u/s 194Q deducted	TDS u/s 194Q deducted	TDS u/s 194Q deducted	
by CA Pawan Kumar Agarwal , CA Amitesh Agarwal - KOLKATA email: madanlassociates@gmail.com								

Note 1: Normally **Provisions of Section 194Q will prevail over the provisions of 206C(1H)** in view of 2nd proviso to Section 206C(1H).

Note 2: Provisions of section 194Q and the provisions of section 206C(1H) are mutually exclusive

Note 3: TDS u/s 194Q and TCS u/s 206C(1H) – **applicable on GOODS only. (NOT APPLICABLE on SERVICES)**

Note 4: As per Section 206C(1H) TCS is applicable on receipt basis – i.e on amount actually received in excess of Rs 50 lakhs in a financial year

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CASE 10- Seller’s Turnover less than 10 cr

Basic Assumptions-

- X is having turnover above Rs 10 Crores in FY 20-21 and is Resident Indian in terms of provision of Income Tax Act,1961
- **Y- SELLER is having turnover less than Rs 10 Crores in FY 20-21 and is Resident Indian in terms of provision of Income Tax Act,1961**
- X Purchases goods from Y.
- None of them are specified person u/s 206CCA and 206AB. As such Rate of TDS/TCS taken be @ 0.1%
- Neither the buyer nor the seller is under any such exempted category for the purpose of Section 194Q and/or 206C(1H)
- TDS /TCS is not deducted under any other provision of the Income Tax

CASE 10	Mar 21	Apr 21	May 21	Jun 21	Jul 21	Aug 21	Sep-21	Total
Closing O/s	NIL	NIL	NIL	NIL	NIL	NIL	20 lakhs	20 lakhs
Purchase by X	NIL	NIL	30 lakhs	NIL	25 lakhs	20 lakhs	30 lakhs	105 lakhs
Payment to Y	NIL	NIL	NIL	NIL	04 lakhs	20 lakhs	NIL	44 lakhs
ADVANCE Payment to Y	NIL	NIL	51 lakhs	NIL	NIL	10 lakhs	NIL	61 lakhs
TDS u/s 194Q (i.e by X) Reason	Not applicable	Not applicable	Not applicable	Not applicable	=500	=2000+1000= Rs 3000	=2000	5500
	TDS u/s 194Q applicable w.e.f 01.07.2021				=((30+25)-50)) *0.1%	=(30+20)*0.1%	= (30-10)*0.1% TDS On 20 lakhs, since in Aug TDS on advance of Rs 10 lakhs already deducted	
TCS u/s 206C(1H) (i.e by Y) Reason	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	NA
	Since Turnover of Seller in FY 20-21 was less than 10 crores as such TCS u/s 206C(1H) not applicable in FY 21-22- as such							

by CA Pawan Kumar Agarwal , CA Amitesh Agarwal - KOLKATA

email: madanlalassociates@gmail.com

Note 1: Normally **Provisions of Section 194Q will prevail over the provisions of 206C(1H)** in view of 2nd proviso to Section 206C(1H).

Note 2: Provisions of section 194Q and the provisions of section 206C(1H) are mutually exclusive

Note 3: TDS u/s 194Q and TCS u/s 206C(1H) – **applicable on GOODS only. (NOT APPLICABLE on SERVICES)**

Note 4: As per Section 206C(1H) TCS is applicable on receipt basis – i.e on amount actually received in excess of Rs 50 lakhs in a financial year

For In-dept analysis refer our detailed notes -Titled “Demystifying provisions of TDS u/s 194Q vis a vis TCS u/s 206C(1H); 206AB & 206CCA”

CASE STUDY – TDS u/s 194Q vis-a-vis TCS u/s 206C(1H)

by CA Pawan Kumar Agarwal, CA Amitesh Agarwal - KOLKATA

email: madanlassociates@gmail.com

For For In-dept analysis refer our detailed notes -Titled “Demystifying provisions of TDS u/s 194Q vis a vis TCS u/s 206C(1H); 206AB & 206CCA

CASE 11- Buyer’s Turnover less than 10 cr

Basic Assumptions-

- X- BUYER is having turnover less than Rs 10 Crores in FY 20-21 and is Resident Indian in terms of provision of Income Tax Act,1961
- Y is having turnover above Rs 10 Crores in FY 20-21 and is Resident Indian in terms of provision of Income Tax Act,1961
- X Purchases goods from Y.
- None of them are they are specified person u/s 206CCA and 206AB. As such Rate of TDS/TCS taken be @ 0.1%
- Neither the buyer nor the seller is under any such exempted category for the purpose of Section 194Q and/or 206C(1H)
- TDS /TCS is not deducted under any other provision of the Income Tax

CASE 11	Mar 21	Apr 21	May 21	Jun 21	Jul 21	Aug 21	Sep-21	Total
Closing O/s	NIL	NIL	NIL	NIL	NIL	NIL	10 lakhs	O/s 10Lakhs
Purchase by X	NIL	NIL	30 lakhs	NIL	25 lakhs	20 lakhs	30 lakhs	105 lakhs
Payment to Y	NIL	NIL	NIL	NIL	04 lakhs	20 lakhs	10 lakhs	34 lakhs
ADVANCE Payment to Y	NIL	NIL	51 lakhs	NIL	NIL	10 lakhs	NIL	61 lakhs
TDS u/s 194Q (i.e by X) Reason	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not Applicable
	TDS u/s 194Q applicable w.e.f 01.07.2021				Since Turnover of Buyer is less than 10 cr- so TDS u/s 194Q not applicable			
TCS u/s 206C(1H) (i.e by Y) Reason	NIL	NIL	=100	NIL	=400	=2000+1000= Rs 3000	=1000	4500
			=(51-50)*0.1%		=((30+25)-50)*0.1%	=(30+20)*0.1%	Since payment received Rs 10 lakhs	
by CA Pawan Kumar Agarwal , CA Amitesh Agarwal - KOLKATA					email: madanlassociates@gmail.com			

Note 1: Normally **Provisions of Section 194Q will prevail over the provisions of 206C(1H)** in view of 2nd proviso to Section 206C(1H).

Note 2: Provisions of section 194Q and the provisions of section 206C(1H) are mutually exclusive

Note 3: TDS u/s 194Q and TCS u/s 206C(1H) – **applicable on GOODS only. (NOT APPLICABLE on SERVICES)**

Note 4: As per Section 206C(1H) TCS is applicable on receipt basis – i.e. on amount actually received in excess of Rs 50 lakhs in a financial year