**On the letterhead of the Purchasing Entity**

**Declaration to be provided by the buyer with reference to Section 194Q of Indian Income Tax Act, 1961 – (TDS on purchase of goods)**

**To,**

**……………..**

**…………….. (Vendor name and address)**

**Dear Sir/Madam,**

**Subject : TDS compliance on purchase of goods**

This is to confirm that we, ………………….. (name of the Company) would be buying the goods/products which are specified in detail in the purchase orders (purchase order number and date) submitted to you.

Section 194Q (New section inserted in the Finance Act, 2021 applicable from 1st July 2021) requires that a person (buyer) whose gross receipts or turnover exceeds INR 10 Crore during the preceding financial year and who purchases goods from a resident seller, having a purchase value of exceeding INR 50 lakhs, TDS has to be deducted at 0.1% of the purchase value.

We would like to inform you that, upon satisfying all the conditions mentioned in section 194Q, we are bound to deduct TDS (Tax Deduction at Source) at the rate of 0.1% of the purchase value. Thus, there is no obligation under section 206C(1H) for you to collect the tax on receipt of the transaction amount.

Section 206AB (New section inserted in the Finance Act, 2021) necessitates the seller (with whom TDS of Rs. 50,000 or more is deducted in each of the immediately preceding two years) to furnish certain information/documents to the buyer, enabling the buyer to deduct TDS at the rate of 0.1%. In this regard, we are enclosing Annexure 1 wherein we request you to provide certain information as specified in Section 206AB.

Please note that if the above information/documents are not provided within 15 days from the receipt of this letter, higher rate of TDS as mentioned in section 206AB would be deducted.

Kindly let us know for any clarifications in this regard.

Request you to do the needful and oblige.

Thanking you,

Yours Truly,

(Name of the Authorised Person)

For ……………………… (Name of the Purchasing Entity)

Designation

Place: Bengaluru

Date: