

New Tds Rule wef 01st July 2021

Scenarios for clear understanding of application of section 194H or section 206C(1H):

	Scenarios	Action for Buyer	Action for Seller
1	If buyer's turnover > Rs.10 Crs. + transaction amount > Rs.50 Lacs during financial year	Buyer to deduct TDS @ 0.1% while paying to seller	No action
2	If buyer's turnover < Rs.10 Crs. + transaction amount > Rs.50 Lacs during financial year	No action	Seller has to levy TCS @ 0.1% / 5%, whichever applicable, while raising sales invoice on buyer
3	If buyer's turnover > Rs.10 Crs. + transaction amount < Rs.50 Lacs during financial year	No action	No action
4	If buyer's turnover < Rs.10 Crs. + transaction amount < Rs.50 Lacs during financial year	No action	No action
5	If buyer's turnover > Rs.10 Crs + transaction amount > Rs.50 lacs and Seller's turnover > Rs.10 Crs during financial year	No action	Seller has to collect TCS @ 0.1%/ 5 % whichever is applicable, while issuing invoice to buyer

A prior understanding between buyer and seller is to be worked soon to reduce any overlapping or any complexities.