

*{Specimen of letter from buyer (other than Individual) to seller for compliance of  
section 194Q}*

Date : .....

To

M/s. ....,  
.....,  
.....,  
.....,  
.....- .....

{Mail ID : .....}

**Sub : Furnishing of Permanent Account No. (PAN) u/s 206AA(1) of the Income Tax Act, 1961; seeking information u/s 206AB(3) of the Act and obligation to deduct tax at source u/s 194Q of the Act – for the financial year 2021-22 relevant for assessment year 2022-23**

Sir

With reference to above captioned subject we hereby state, furnish, declare and seek as follows:

1. I am the partner / director / karta / authorized signatory of **M/s. ....** having principal place of business at ..... - .....
2. We have been allotted Permanent Account Number (PAN) in terms of the provisions of section 139A of the Act , which is “**XXXXX0000X**”.
3. It is hereby declared that the above mentioned PAN is valid and active.
4. We **buy** goods from you in the course of carrying business under the name and style of **M/s. ....**
5. The total sales, gross receipts or turnover **from the said business** during the financial year 2020-21 has exceeded Rs. 10 Crore. Therefore, we are covered by the definition of **buyer** in terms of the Explanation to section 194Q(1) of the Act and thus, being a **buyer**, we are responsible to deduct tax at source in terms of the provisions of section 194Q(1) of the Act. Accordingly, *w.e.f.* 1.7.2021, we will deduct tax at source @ 0.1% on purchases from your entity exceeding Rs. 50 Lakh.
6. We understand that for the same transaction we may be **buyer** in terms of the provisions of section 194Q of the Act and you may be a **seller** in terms of the provisions of section 206C(1H) of the Act. However, in terms of the provisions of second proviso to section 206C(1H), since we are liable to deduct tax at source u/s 194Q on the purchases to be made from you, you will **not** collect tax at source u/s 206C(1H) on receipt of consideration value of such transactions.

7. Therefore, it is hereby informed that we will deduct tax at source on the purchases made by us from you *w.e.f.* 1.7.2021 in accordance with the provisions of section 194Q of the Act.
8. For the purpose ***ensuring*** that the provisions of section 206AA and 206AB are not applicable, we are obliged to observe due diligence of satisfying ourselves whether the deductee is a specified person or not. It is, therefore, requested to kindly furnish the following information:
- (i) Please furnish your Permanent Account Number (PAN) in terms of the provisions of section 206AA of the Act.
- (ii) Please provide following information in terms of the provisions of section 206AB(3) so that we may ***ascertain*** whether you are a specified person or not in terms of the provisions of section 206AB(3):

Previous Year	Aggregate of TDS and TCS to ascertain whether it is equal to or exceeded Rs 50,000/- in <b>each</b> year	Whether you have furnished your return of income for the assessment year relevant for the following previous years (Yes / No)	Acknowledgment number of the return furnished duly verified as per law	Date of furnishing of return
2018-19				
2019-20				

10. Please furnish copies of the ITRs and PAN card, as mentioned above.

11. It may be informed that if the aggregate of the TDS and TCS in your case is equal to or more than Rs. 50,000/- in **each** of the above previous years and you have **not** furnished your return of income for the assessment years relevant for **both** the above previous years, we will deduct tax at source on such purchases @ 5% instead of @ 0.1% in terms of the provisions of section 206AB(1)(iii) of the Act.

Thanking you.

Yours faithfully

For .....

.....  
(Partner / Director / Karta /  
Authorised Signatoryetor)