

# INTERPLAY OF 194Q AND 206C(1H)

BY CA RAKSHA AGARWAL

**Q:I am a seller.Do I need to collect TCS u/s  
206c(1h) on the sales amount?**

**Q:Is there any exception where seller is not  
required to collect TCS even if the previous 4  
answers are 'YES'?**

A:Please check whether the following is yes or no for  
you:

- ARE YOU A SELLER OF GOODS?
- IS YOUR TOTAL SALES IN LAST FINANCIAL  
YEAR>RS.10 CRORE?
- ARE YOU RECEIVING CONSIDERATION FROM A  
BUYER FOR SALE OF GOODS?
- IS THE TOTAL CONSIDERATION RECEIVED FROM  
SINGLE BUYER IN A YEAR MORE THAN RS.50  
LAKHS?

If all the above answers are 'YES' for you,then you  
need to collect TCS @ 0.1% on (Total amount  
received minus 50 lakhs)

A:Yes,there is an exception.

Please check if for the buyer the following answers  
are yes or not:

- IS THE BUYER CENTRAL GOVERNMENT,STATE  
GOVERNMENT,EMBASSY,HIGH  
COMMISSION,LEGATION,COMMISSION,CONSULA  
TE AND TRADE REPRESENTATION OF FOREIGN  
STATE?
- IS THE BUYER A LOCAL AUTHORITY U/S 10(20)
- IS THE BUYER AN IMPORTER OF GOODS?
- IS THE BUYER LIABLE TO DEDUCT TDS U/S 194Q  
AND HAS DEDUCTED THE SAME?

If any of the above answer is YES ,then you don't  
need to collect TCS.

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# INTERPLAY OF 194Q AND 206C(1H)

BY CA RAKSHA AGARWAL

**Q:I am not able to understand whether I am liable to deduct TDS u/s 194Q as a buyer on the sales made to me?**

**Q:I have understood both 194Q and 206C(1H) .But which is to be given priority?**

A:Please check whether the following is yes or no for you:

A:194Q is to be given priority.

- ARE YOU A BUYER OF GOODS?
- IS YOUR TOTAL SALES IN LAST FINANCIAL YEAR>RS.10 CRORE?
- ARE YOU PAYING CONSIDERATION TO A SELLER FOR PURCHASE OF GOODS?
- IS THE TOTAL CONSIDERATION PAID TO SINGLE SELLER IN A FINANCIAL YEAR MORE THAN RS.50 LAKHS?

So first check from buyer point of view and if not liable for him u/s 194Q ,only then look for eligibility criteria from seller point of view.

Assuming a seller receives 60 lakhs from buyer in a year for sale of goods, following cases are derived:

CASE 1:Both buyer and Seller total turnover in P.Y.>10 crore,deduct TDS.

CASE 2:Buyer's T.O. >10 crore and Seller's T.O.<10 crore,deduct TDS.

CASE 3.Buyer's T.O. <10 crore and Seller's T.O. >10 crore,collect TCS.

CASE 4:Both buyer and seller T.O. <10 crore,no TDS/TCS.

If all the above answers are 'YES' for you,then you need to deduct TDS at 0.1% on (Total amount paid minus 50 lakhs)

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