

Payment of certain sums by certain individuals or Hindu undivided family.¹⁹

194M. (1) Any person, being an individual or a Hindu undivided family (other than those who are required to deduct income-tax as per the provisions of section 194C, section 194H or section 194J) responsible for paying any sum to any resident for carrying out any work (including supply of labour for carrying out any work) in pursuance of a contract, by way of commission (not being insurance commission referred to in section 194D) or brokerage or by way of fees for professional services during the financial year, shall, at the time of credit of such sum or at the time of payment of such sum in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct an amount equal to five per cent of such sum as income-tax thereon:

Provided that no such deduction under this section shall be made if such sum or, as the case may be, aggregate of such sums, credited or paid to a resident during a financial year does not exceed fifty lakh rupees.

(2) The provisions of section 203A shall not apply to a person required to deduct tax in accordance with the provisions of this section.

Explanation.—For the purposes of this section,—

- (a) "contract" shall have the meaning assigned to it in clause (iii) of the *Explanation* to section 194C;
- (b) "commission or brokerage" shall have the meaning assigned to it in clause (i) of the *Explanation* to section 194H;
- (c) "professional services" shall have the meaning assigned to it in clause (a) of the *Explanation* to section 194J;
- (d) "work" shall have the meaning assigned to it in clause (iv) of the *Explanation* to section 194C.

²⁶[Deduction of tax at source on payment of certain sum for purchase of goods.²⁷

194Q. (1) Any person, being a buyer who is responsible for paying any sum to any resident (hereafter in this section referred to as the seller) for purchase of any goods of the value or aggregate of such value exceeding fifty lakh rupees in any previous year, shall, at the time of credit of such sum to the account of the seller or at the time of payment thereof by any mode, whichever is earlier, deduct an amount equal to 0.1 per cent of such sum exceeding fifty lakh rupees as income-tax.

Explanation.—For the purposes of this sub-section, "buyer" means a person whose total sales, gross receipts or turnover from the business carried on by him exceed ten crore rupees during the financial year immediately preceding the financial year in which the purchase of goods is carried out, not being a person, as the Central Government may, by notification in the Official Gazette, specify for this purpose, subject to such conditions as may be specified therein.

(2) Where any sum referred to in sub-section (1) is credited to any account, whether called "suspense account" or by any other name, in the books of account of the person liable to pay such income, such credit of income shall be deemed to be the credit of such income to the account of the payee and the provisions of this section shall apply accordingly.

(3) If any difficulty arises in giving effect to the provisions of this section, the Board may, with the previous approval of the Central Government, issue guidelines for the purpose of removing the difficulty.

(4) Every guideline issued by the Board under sub-section (3) shall, as soon as may be after it is issued, be laid before each House of Parliament, and shall be binding on the income-tax authorities and the person liable to deduct tax.

(5) The provisions of this section shall not apply to a transaction on which—

- (a) tax is deductible under any of the provisions of this Act; and
- (b) tax is collectible under the provisions of section 206C other than a transaction to which sub-section (1H) of section 206C applies.]

Income Tax Department

Section - 206C, Income-tax Act, 1961-2022

similar nature or in relation thereto.

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(1H) Every person, being a seller, who receives any amount as consideration for sale of any goods of the value or aggregate of such value exceeding fifty lakh rupees in any previous year, other than the goods being exported out of India or goods covered in sub-section (1) or sub-section (1F) or sub-section (1G) shall, at the time of receipt of such amount, collect from the buyer, a sum equal to 0.1 per cent of the sale consideration exceeding fifty lakh rupees as income-tax:

Provided that if the buyer has not provided the Permanent Account Number or the Aadhaar number to the seller, then the provisions of clause (ii) of sub-section (1) of section 206CC shall be read as if for the words "five per cent", the words "one per cent" had been substituted:

Provided further that the provisions of this sub-section shall not apply, if the buyer is liable to deduct tax at source under any other provision of this Act on the goods purchased by him from the seller and has deducted such amount.

Explanation.—For the purposes of this sub-section,—

(a) "buyer" means a person who purchases any goods, but does not include,—

(A) the Central Government, a State Government, an embassy, a High Commission, legation, commission, consulate and the trade representation of a foreign State; or

(B) a local authority as defined in the Explanation to clause (20) of section 10; or

(C) a person importing goods into India or any other person as the Central Government may, by notification in the Official Gazette, specify for this purpose, subject to such conditions as may be specified therein;

(b) "seller" means a person whose total sales, gross receipts or turnover from the business carried on by him exceed ten crore rupees during the financial year immediately preceding the financial year in which the sale of goods is carried out, not being a person as the Central Government may, by notification in the Official Gazette, specify for this purpose, subject to such conditions as may be specified therein.

- What to prescribe, 194Q or 206C(1H) ?
- Whether TDS is to be made on Gross Amount or GST Can be excluded ?

➤ Year End Adjustments :

- Accumulated Loss - should we keep it outstanding in B/s. or W/off to Capital A/c.
- 269SS / 269T / 269ST
 - Direct Payments like School Fees, LIPs etc.
 - Specified Payments, include : "specified sum" means any sum of money receivable, whether as advance or otherwise, in relation to transfer of an immovable property, whether or not the transfer takes place. '
- Keep a separate Head for 180 days or more
 - Provide for ITC Reversal

- Other ITC Reversal (do suo motu)
 - Cross Check with Contra Ledgers
 - Tally your Turnover, Closing Balances of with GST
 - Tally your Turnover with Form 26AS, AIS and TIS
 - Valuation of Stock
 - Quantitative Details must be maintained, if falling under GST
 - Value to include Indirect Taxes
 - Bad Debts // keep difference of PAN
 - Generate and keep proper proofs
 - Maintain PAN of the persons where BD exceeds 1 L.
 - Pass Provisions for Audit Fees, Legal Fees etc it is important from RCM purpose also
 - asset purchase - asset constructed
 - Pre-paid op to be transferred and new provisions to be made
 - PF Entries (Employee's share entries are not passed seperately, that should be passed)
 - Int. payable / rcvbl entries for March
 - Int. on Capital (firm) to be as per Deed
 - Remu. (firm) to be as per Deed
 - Statutory Dues head to be seen, if any o/s. then 43B
 - We keep mixed books, exempt income earning - 14A repurcussions
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- change in definition of resident - 1A
 - sec 68 scope extended
 - 79A
 - UPDATED RETURN
 - BOGUS PURCHASE, and wrong accounting entries > 271AAD

- Check Clubbing Provisions
- Records to be maintained under GST
- Clause 44 OF 3CD as under:

Expenditure in respect of entities registered under the GST

Total Amount of expenditure incurred during the year	Relating to the goods or services exempt from GST	Relating to the entities falling under the composition scheme	Relating to the other registered entities	Total Payment to Registered entities	Expenditure relating to entities not registered under GST
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