



केन्द्रीय भण्डारण निगम

(भारत सरकार का उपक्रम)

CENTRAL WAREHOUSING CORPORATION

(A Govt. of India Undertaking)

जन-जन के लिए भण्डारण/Warehousing for Everyone



No. CWC/FD-Taxation/ Circular/21-22

19th June,2021

TAXATION CIRCULAR No. # 43

Sub: Deduction of tax at source by CWC on payment for purchase of any goods exceeding Rs. 50 lakh w.e.f. 1st July, 2021

Ref: Section 194Q of Income Tax Act introduced by Finance Act, 2021 applicable w.e.f. 1st July, 2021 & Taxation circular # 40 dated 16/12/2020

1. Apropos above referred section 194Q introduced vide Finance Act 2021, any person (being a buyer) who is responsible for paying any sum to any resident for purchase of any goods of the value or aggregate of such value exceeding 50 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 percent of such sum exceeding fifty lakh rupees as income tax.
2. As CWC is covered in the definition of buyer, it is required to deduct tax at source in case of purchase of any Goods, from the seller, on the amount exceeding Rs 50 lakh rupees at the rate of 0.1%, at the time of credit or payment (whichever is earlier) . **The limit of Rs 50 Lakh has to be seen in respect of an individual seller and liability to TDS would arise after the aggregate value of transactions exceeds Rs 50 Lakhs.**
3. The provisions of this section will not apply to a transaction on which: -
 - a. TDS is deductible under any other provisions of Income Tax Act;

Thus, if on a particular transaction say “works contract service” or any other supply, TDS u/s 194C/ 194J is deducted by CWC , then TDS u/s 194Q is not applicable.

- b. Where TCS is collected under the provision of Section 206C (other than a transaction to which sub-section (1H) of section 206C(1H) applies as informed vide Taxation circular no 40 dt 16.12.2020).

Thus , if a particular transaction is covered by Section 194Q as well as Section 206C(1H) , then TDS under section 194Q will apply and not TCS under section 206C(1H) and thus in such a case , there is no requirement to collect TCS by the seller from CWC. **To give an example, Electricity supply falls in definition on**

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Goods and till 30.06.2021, the electricity supply co. (say BSES Yamuna) would be collecting TCS from CWC u/s 206C(1H) (assuming the electricity bill is more than Rs 50 Lakh in a year). Now with introduction of Sec 194Q with effect from 01.07.2021, CWC would be deducting TDS @ 0.1%u/s 194Q from the Bill of Supply of Electricity given by BSES and BSES would not be collecting TCS from CWC.

Though the term “Goods” has not been defined, but Purchase transactions of CWC which may get covered by virtue of above provisions includes Purchase of Chemicals, Electricity, Fixed Assets(excl Works contract),Software(excl software as a service) **if value of transaction exceeds Rs 50 Lakhs and TDS is not deducted under any section say 194C, 194 J etc.**

4. Consequential amendment has been made in section 206AA to provide that in case where TDS is required to be deducted under section 194Q and the seller does not have a PAN, then the buyer will be liable to deduct tax at source at a higher rate of 5%.
5. In case of non - compliance of section 194Q, apart from interest / penal charges for non-deduction of TDS as per existing TDS provisions, disallowance provision of section 40a(ia) of Income Tax Act will be applicable, as per which, **30% of the amount of expenditure on which TDS is not deducted /deposited shall be disallowed to the corporation**, while computing the taxable income.
6. The above compliance is to be ensured w.e.f. 1st July, 2021.

Amit Puri
General Manager (Tax & A/cs)

Distribution to:

1. All Regional Managers of CWC.
2. All DGMs/AGMs/Managers/ (Sr.) Asstt. Managers in-charge of the Finance, Accounts & Internal Audit Wings of all ROs.

Copy for information to:

1. All DGM/AGMs/Managers/(Sr.) Asstt. Managers/Accountants in Finance, Accounts & Internal Audit Cadre at CWC, Corporate Office, New Delhi.
2. Dir. (Fin)/MD, CWC, CO, New Delhi.
3. GGM (F&A), CWC, Corp. Office, New Delhi.
4. GGM (Systems), CWC, CO, New Delhi with request place on CWC's Website.

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