COMPARISON OF SECTION 194Q AND 206C(1H)

Finance Act 2020 had amended Section 206C of the Income-tax Act 1961 by inserting a new subsection (1H) which says that the seller is required to collect the Tax if the sale of goods to buyer exceeds Rs. 50 Lakh.

Finance Act 2021 inserted a new section 194Q which says that the buyer is required to deduct the Tax if the Purchase of Goods from the Seller exceeds Rs. 50 Lakh.

Following Table Shows The Comparison:-

Particulars	Section 194Q	Section 206C(1H)
Who is Liable	Buyer	Seller
Meaning of Buyer and Seller	As per Section 194Q(1) “buyer” means a person whose total sales, gross receipts or turnover from the business exceeds ₹ 10 Crores during the financial year immediately preceding the financial year in which the purchase of goods is carried out. Seller is not Defined here	As per Section 206C (1H) “buyer” means a person who purchases any goods, but does not include, - a) Government b) Local Authority c) Importer of the goods. As per Section 206C(1H) mentions: “seller” means a person whose total sales, gross receipts or turnover from the business carried on by him exceeds ₹ 10 Crores during the financial year immediately preceding the financial year in which the sale of goods is carried out.
Threshold Limit	If the Value of Purchase Exceeds Rs. 50 Lakh	If the Value of Consideration Exceeds Rs. 50 Lakh
Rate of TDS/TCS	0.1%, if the Value of Purchase >50 Lakh If the PAN is not Furnished then 5%	0.1%, if the Value of Sales >50 Lakh If the PAN is not Furnished then 5%

Time of Deduction/ Collection	Credit to seller or Payment to seller, whichever is Earlier	At the time of Receipt
Overriding Effects of the Provision	Section 194Q(5) Specifies: The provisions of this section shall not apply to a transactions on which : - a) Tax is deductible under any 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. It can be said that the 194Q will Prevail over 206C (1H) if the both seller and Buyer is Liable for Compliance.	Second proviso to Section 206C(1H) provides " the provisions of this sub-section shall not apply, if the buyer is liable to deduct tax at source under any other provisions of this Act on the goods purchased by him from the seller and has deducted such amount
Effective Date	01.07.2021	Already Applicable from 01.10.2020
Effects on Advance Payments	TDS to be Deducted on Advance Payments made for purchase of Goods	If the buyer is deducting TDS then TCS is not required to collect.
Both the Provisions will apply only in case where Buyer and Seller both are Resident, if one of them is Non Resident then these Provisions will not Apply.		
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