

Ref: TDS/Vendors/194Q/22-23/001

Date: 20th May, 2022

Dear Suppliers/Service Providers,

Sub: Tax Deduction at Source under Section 194Q read with section 206C (1H) of the Income Tax Act, 1961 (the said Act)

This has reference to the introduction of new section 194Q in the Income tax Act 1961 ("the Act") vide Finance Bill 2021 which was approved by the Parliament and has since received Presidential assent. As you are aware, this new section is effective from 1 July 2021. This section mandates all Buyers who are responsible for paying for purchase of goods to deduct Tax at Source (TDS) @ 0.1% subject to threshold limits as enumerated below:

1. Total turnover of the Buyer (RenewSys) in preceding financial year (i.e. FY 2021-22) exceeds Rs.10 Crores.; and
2. The value of Goods purchased from the Seller (Yourself) exceeds Rs.50 Lacs in the said financial year (FY 2021-22)

Please note, if the Buyer is liable to deduct TDS on payments made to the Seller under above conditions, then the Seller need not levy Tax Collected at Source (TCS) as required u/Sec.206C(1H) of the Act.

In this context, we would like to inform you that RenewSys India Private Limited has turnover greater than Rs. 10 crores in FY 2021-22. In view thereof, RenewSys India Private Limited shall be liable under law to deduct TDS while making payment for purchase of goods. Further, we request you **NOT TO LEVY TCS on the sales invoice or by way of Debit note post 01 July 2021 and RenewSys India Private Limited shall be complying with TDS provisions, since if any transaction is subject to both TDS u/Sec.194Q and TCS u/Sec.206C(1H), the Section 194Q applies.**

Any invoice which is dated on or after 1st July 2021 on which TCS is levied, RenewSys India Private Limited shall deduct TDS and RenewSys India Private Limited shall not be paying TCS on such invoices

Compliance under Section 206AB of the Act – TDS on Non-Filer of tax return at higher rates

As per section 206AB of the Act, a higher rate of TDS/ TCS is applicable if a person

- a) has not filed income-tax return for both of the two preceding years immediately prior to the previous year in which tax is required to be deducted within the time limit prescribed under section 139(1) of the Income-tax Act, 1961 and
- b) aggregate of TDS and TCS in his case is Rs. 50,000 or more in each of these two preceding years



Hence a declaration is requested along with acknowledgement number of return of previous two years with Invoice to avoid high rate of TDS/ TCS for all services and goods provided by you.

We request you to update the details by return email as per attached **undertaking** which will enable RenewSys India Private Limited to deduct TDS at appropriate rates as tabulated below and comply with the provisions of the Income tax Act, 1961:

| TCS +TDS in last 2 FYs | IT Return Filed | | | | IT Return not filed | | | |
|------------------------|------------------|----------------|----------------------------|----------|---------------------|-----------|----------------------------|----------|
| | Supplier Has PAN | | Supplier does not have PAN | | Supplier Has PAN | | Supplier does not have PAN | |
| | Goods | Services | Goods | Services | Goods | Services* | Goods | Services |
| Above Rs.50,000 | 0.1% | Specified Rate | 5% | 20% | 5% | 2 X TDS% | 5% | 20% |
| Below Rs.50,000 | 0.1% | Specified Rate | 5% | 20% | 5% | 1 X TDS% | 5% | 20% |

*TDS will be deducted at the higher of rate applicable as per applicable TDS section or 5%

The last date for filling responses in Annexure-A by an email (bpsupport@renewsysindia.com) is 20th June, 2022. In case of failure to comply within the stipulated time-line, RenewSys India Private Limited shall by default deduct tax at source at the punitive rate (20%) as prescribed table above second proviso to Section 206AA (1) and Section 206AB of the said Act, instead of rate prescribed under the specific provisions of the Act. Any tax deducted will not be refunded or adjusted subsequently or may withhold the payments till suitable undertaking is provided.

Further, any details mentioned in the declaration are found to be incorrect or accruing any liability accruing to RenewSys India Private Limited on account of false declaration shall be recovered (along with applicable interest and penalties) from the vendor. We, therefore, look forward to your full cooperation in the process.

Kindly note that RenewSys India Private Limited shall deposit the tax deducted with the tax authorities and shall issue TDS certificate on a quarterly basis.

We look forward to your prompt response and action in this matter. In the meanwhile, in case you require any clarifications, please feel free to reach out to us at bpsupport@renewsysindia.com (we request you not to correspond with any other email address or person in this regard).

This communication is to give effect to the directives of the CBDT in this regard.

Thanking You,
Yours truly,

for RenewSys India Private Limited,


Anand
Authorised Signatory.



ANNEXURE –A

On the letter head of Supplier

Undertaking pursuant to Section 206AB and Section 206CCA of the Income Tax Act, 1961

To,
RenewSys India Private Limited,
Via Email on bpsupport@renewsysindia.com.

Dear Sir/ Madam,

Subject: Declaration confirming filing of Income Tax Return for immediate two preceding years

I, Ms/Mr/M/s. _____
in capacity of Self/Proprietor/Partner/Director/Authorised Signatory of _____
having (PAN of ENTITY¹) _____
registered office address at _____ do hereby
declare that I/We have filed income Tax Returns for immediately last 2 preceding Financial Years for
which due date to file return of income has expired as per sub-section (1) of section 139 of the
Income Tax Act, 1961 and details of which are as given under:

| Financial Year for which income Tax Return was due as per Section 139(1) | Date of Filing | ITR Acknowledgement No. |
|--|----------------|-------------------------|
| 2021-22 (Leave blank in case not due) | | |
| 2020-21 | | |
| 2019-20 | | |

I/We hereby undertake to indemnify RenewSys India Private Limited for any loss/liability fully including any Tax, interest, penalty, etc. that may arise due to incorrect/erroneous of the reporting of above information.

For _____ (Name of Entity)

Authorized Signatory

Signature : _____
Name of person: _____
Designation : _____
Email : _____
Phone No : _____
Place : _____
Date : _____

**Please affix your Company stamp /
round seal here**

1 PAN should be same as was provided by the supplier for registration to RenewSys. In case of mismatch, this form will be treated invalid.

TO WHOMSOEVER IT MAY CONCERN

Communication on applicability of section 206AB (TDS) and section 206CCA (TCS) of the Income-tax Act, 1961 ('the Act')

The Company hereby provides the following information for the purpose of determining the Tax Deduction at Source (TDS) and Tax Collected at Source ('TCS') on any sum or income or amount received or receivable from us or paid or payable by us during the FY 2022-23, for the purpose of section 206AB and section 206CCA of the Act.

| | |
|--|---|
| Permanent Account Number | AAGCP2384M |
| Tax Deduction Account Number | BLRR12281D (Bengaluru Division) HYDR10198G (Hyderabad Division) MUMR33764D (Mumbai & Patalganga Division) |
| ITR Acknowledgement for FY 2019-20 | 257801641140221 |
| ITR Acknowledgement for FY 2020-21 | 316532160100322 |
| Whether aggregate TDS and TCS receivable in each of the previous two FYs (i.e. FY 2019-20 and FY 2020-21) exceeds INR 50,000 | Yes |

The Company hereby requests you to deduct TDS @ 0.1% or levy TCS @ 0.1% at normal rates Prescribed under the Act, as both conditions defined under section 206AB and section 206CCA of the Act are duly complied with by the Company.

Thanking You,

Yours Sincerely,
for RenewSys India Private Limited


Authorized Signatory
Mumbai

