

*{Specimen of letter from seller (Individual) to buyer for compliance of section 206C(1H)}*

Date : .....

To

M/s. ....,  
.....,  
.....,  
.....,  
.....- .....  
{Mail ID : .....}

**Sub : Furnishing of Permanent Account No. (PAN) u/s 206CC(1) of the Income Tax Act, 1961; seeking information u/s 206CCA(3) of the Act and obligation to collect tax at source u/s 206C(1H) of the Act - for the financial year 2021-22 relevant for assessment year 2022-23**

Sir

With reference to above captioned subject we hereby state, furnish, declare and seek as follows:

1. I am the sole proprietor of M/s. .... having principal place of business at ..... - .....
2. I have been allotted Permanent Account Number (PAN) in terms of the provisions of section 139A of the Act, which is “XXXXXX0000X”.
3. I hereby intimate in terms of the provisions of section 139A(5A) and (5C) of the Act as the case may be, and furnish in terms of the provisions of section 206AA(1) my Permanent Account Number (PAN),
4. It is hereby declared that my above mentioned PAN is valid and active.
5. I *sell* goods to you in the course of carrying on business under the name and style of **M/s. ....**
6. The total sales, gross receipts or turnover *from the said business* during the financial year 2020-21 has exceeded Rs. 10 Crore. Therefore, I am covered by the definition of *seller* in terms of the clause (b) of Explanation to section 206C(1H) of the Act and thus, being a *seller*, I am responsible to collect tax at source in terms of the provisions of section 206C(1H) of the Act. Accordingly I shall collect tax at source @ 0.1% on the amounts received by me as consideration for sale of any goods from your entity exceeding Rs. 50 Lakh reckoned from 1<sup>st</sup> April, 2021.

7. However, if you are a **buyer** in terms of the provisions of Explanation to section 194Q of the Act and accordingly your total sales, gross receipts or turnover **from the business** carried on by you during the financial year 2020-21 has exceeded Rs. 10 Crore in terms of the provisions of section 194Q of the Act, you shall be responsible to deduct tax at source under section 194Q of the Act. In that case I will **not** collect tax at source on amounts received by me for the sales made to you in terms of the provisions of second proviso to section 206C(1H).
8. It is, therefore, requested to kindly confirm the above fact as stated in para seven (7) above, and if it is true, please feel obliged and deduct tax at source on such purchases u/s 194Q of the Act.
9. If no information is received from you in this respect, I shall collect tax at source in terms of the provisions of section 206C(1H) of the Act.
10. For the purpose **ensuring** that the provisions of section 194Q, 206AA and 206CCA are **not** applicable, I am obliged to observe due diligence of satisfying myself whether the collectee is a specified person or not. It is, therefore, requested to kindly furnish the following information:
  - (i) Please furnish your Permanent Account Number (PAN) in terms of the provisions of section 206CC of the Act.
  - (ii) Please provide following information in terms of the provisions of section 206CCA(3) so that I may **ascertain** whether you are specified person or not in terms of the provisions of section 206CCA(3):

Previous Year	Aggregate of TDS and TCS to ascertain whether it exceeded Rs 50,000/- in <b>each</b> year	Whether you have furnished your return of income for the assessment year relevant for the following previous years (Yes / No)	Acknowledgment number of the return furnished	Date of furnishing of return
2018-19				
2019-20				

11. Please furnish copies of the ITRs and PAN card, as mentioned above.
12. It may be informed that if the aggregate of the TDS and TCS in your case is equal to or more than Rs. 50,000/- in each of the above previous years and you have not furnished your return of income for the assessment years relevant for both the above previous year, I shall collect tax at source on such sale consideration @ 5% instead of @ 0.1% in terms of the provisions of section 206CCA(1)(ii) of the Act.

Thanking you.

Yours faithfully

For .....

.....  
Proprietor