

**Guidelines under sec 194Q on Income Tax Act 1961**  
**Circular No. 13 of 2021**

Query	Clarification
Non Applicability of Sec 194Q	1. Transaction in securities and commodities traded through recognised stock exchange or recognised clearing corporation located in IFSC 2. Transaction in electricity, renewable energy certificates and energy savings certificates through power exchanges registered in accordance with regulation 21 of the CERC.
Will TDS apply for transaction taken place during 01 April 2021 to 30 June 2021	If the seller is credited in the books for transaction or payment is made during the given period sec 194Q shall not be applicable.
How is the threshold of 50 Lakhs calculated	Threshold for the purpose of 194Q is calculated for full year right from 01 april 2021. if during the period upto 30 June 2021 the aggregate value exceeds 50 Lakhs TDS u/s 194Q is deducted on that value which exceeds 50 Lakhs from 01 july 2021.
Whether TDS on GST is applicable	For the purpose of 194Q GST portion is to be excluded. However on advance payment made it is not possible to ascertain GST, hence in such case TDS shall be deducted on full value.
TDS in case of Purchase Returns	If any purchase is returned then the TDS so deducted shall be adjusted with next purchase against same seller. If the purchase is replaced by other product no adjustment is required.
TDS when the persons income is exempt	If the seller is exempt u/s 10 then no TDS shall be deducted on such purchase. The same exemption from deduction shall not apply if part of income is exempt,