# FACT



Implementation of Tax Deduction at Source u/s 194Q
and subsequent changes in TCS u/s 206C (1H)
of Income Tax Act 1961

**FACT ERP.NG**
**A Fully Automated Solution**
01 July 2021

factsoftware.com

**BRIEF BACKGROUND INFO**

### Tax Deduction at Source u/s 194Q on "Goods" wef 01 July 2021

With the introduction of Section 194Q in the Indian Income Tax Act 1961, you are required to deduct TDS on literally every Purchase Invoice wef 01 July 2021. Similarly, your Customers are now required to deduct TDS on literally every Sale Invoice you rise on them. This increases the workload in the Accounts Department exponentially, especially due to the many conditions under which the TDS needs to be deducted.

### Fully Automated in FACT ERP.NG

FACT ERP.NG has automated TDS Deduction u/s 194Q in a Fully Automated manner. No human errors are now possible as are commonplace in other ERP Systems. You can activate TDSu/s 194Q in simple steps (and the subsequent changes in TCS u/s 206C (1H)).

### Zero Manual Work & No More Spreadsheets

In line with our commitment of cut down duplication to zero and eliminating spreadsheets from your organization, we are delighted to share with you the implementation ofthe newly introduced Tax Deduction at Source (TDS) u/s 194Q in FACT ERP.NG.

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## CONDITIONS WHEN YOU MUST DEDUCT TDS UNDER SECTION 194Q

### You are liable to deduct TDS u/s 194Q on "Goods" purchased if

- Previous Year Turnover Higher than INR 10 Crores
- Vendor is resident in India (DTA or Composition Taxable Person)
- Total of Credit of Goods Purchased & Advance Payments made wef 01 April 2021 exceeds INR 50 Lakhs
- TDS to be deducted on Amount exceeding INR 50 Lakhs

### Calculation of Trigger Point of INR 50 Lakhs

- Sec 194Q defines it as the Total Amount of Vendor's Invoices (including GST if any) and the Advance Payments made by Vendor

### Rate of TDS Deduction

- 0.1% if Vendor has PAN, 5.0% if Vendor does not have PAN

### Tax Deduction Point

- When you credit the Vendor's Account or at time of Payment, whichever is earlier

### Amount on which TDS should be deducted

- On Amount you credited to the account of the Vendor
  - This means that TDS must be deducted on the Invoice Value (including GST, if any)
  - If you pay Advance to Vendor, you must deduct TDS on Amount Paid

### Is TCS applicable if you Deduct TDS u/s 194Q?

- No, Vendor will not collect TCS on the same transaction if you deduct TDS u/s 194Q

### Is TCS applicable if your Turnover does not exceed INR 10 Crores and hence you not liable to Deduct TDS u/s 194Q?

- If your Turnover does not exceed INR 10 Crores, you cannot deduct TDS u/s 194Q from Vendors
- Since you did not deduct TDS u/s 194Q, Vendor will collect TCS if
  - Vendor's Turnover exceeds INR 10 Crores in Financial Year 2020-2021
  - Your Turnover does not exceed INR 10 Crores in Financial Year 2020-2021
  - You pay more than INR 50 Lakhs to Vendor in Financial Year 2021-2022

**TDS Deduction Rules for the period: 01 July 2021 to 31 March 2022**

- Total Amount you credit to Vendor's Account and Advances Paid between 01 April 2021 to 30 June 2021 = INR 60 Lakhs and INR 20 Lakhs between July 2021 to March 2022
  - You will Deduct TDS on INR 20 Lakhs
- Total Amount you credit to Vendor's Account and Advances Paid between 01 April 2021 to 30 June 2021 = INR 40 Lakhs and INR 35 Lakhs between July 2021 to March 2022
  - You will Deduct TDS on INR 25 Lakhs

**Are you liable to Charge TCS to your Customers, if your Customers are deducting TDS u/s 194Q?**

- If your Customer deducts TDS u/s 194Q, you will not charge TCS
- You will collect TCS only if
  - Your Turnover exceeds INR 10 Crores in Financial Year 2020-2021
  - Customer's Turnover does not exceed INR 10 Crores in Financial Year 2020-2021
  - Amount of Customer Receipts exceeds INR 50 Lakhs in Financial Year 2021-2022

## SIMPLE STEPS TO SET UP TDS U/S 194Q IN FACT ERP.NG

### System-Company-Modify

- **TAN** = Enter TAN Number

### System-Preferences-System Controls-e-TDS & e-TCS

- **Activate e-TDS** = Yes
- **Previous Year Turnover Higher Than INR 10 Crores** = Yes/No (as the case may be)
- **TDS Deducted by Customers General Ledger** = Map a Balance Sheet Type General Ledger Code here (this is where the TDS Amount Deducted by Customers will be Debited)

### Masters-Tax Deduction at Source-TDS Master Settings

- **Deductor Type** = Select (generally, it will be "K – Company")
- **General Detail** = Fill up relevant information

### Masters-Tax Deduction at Source-TDS Types (Sections)

- Add Section 194Q
- Map a Balance Sheet Type General Ledger Code where the TDS Deducted Amount will be credited

### Masters-Customers/Vendors-Vendors

- **PAN Available** = Yes/No (as the case may be)
  - This will determine the Rate of TDS to be deducted
- **PAN Number** = Enter PAN Number
- **Vendor GST Category** = Regular (Domestic Tariff Area – DTA) or Composition Taxable Person
- **Previous Year Turnover Higher Than INR 10 Crores** = Yes/No (as the case may be)

### Masters-Customers/Vendors-Customers

- **TCS Exclusion List =** Yes/No (as the case may be)
  - Select "Yes" if Customer is in Exclusion List (Examples: Overseas/Foreign Customer, Central Govt, State Govt, Embassy, High Commission, Legation, Consulate, Trade Representation of Foreign State, Local Authority, Any other notified person)

## FULLY AUTOMATIC TDS DEDUCTION PROMPT / VENDOR TRANSACTIONS

### Enter Purchase Invoice / Vendor Advance Payment / Vendor Debit Note

- FACT ERP.NG will automatically total up the Amounts and prompt TDS Deduction u/s 194Q
- TDS Deduction Rate will be calculated automatically:
  - Vendor with PAN - 0.01%
  - Vendor without PAN - 5.00%

### Amazing Benefits of the Fully Automated TDS Deductions u/s 194Q

- Fully Automatic TDS Deduction / no errors
- All conditions of Section 194Q captured in FACT ERP.NG
- Automatic generation of TDS Payable Amount to Government at month end
- Automatic generation of TDS Return Form 26Q

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## FULLY AUTOMATIC TDS DEDUCTION PROMPT / CUSTOMER RECEIPTS

### Enter Customer Receipt

- FACT ERP.NG will automatically prompt you to enter TDS Deducted u/s 194Q by your Customer

### Amazing Benefits of the Fully Automated TDS Deducted u/s 194Q by your Customers

- TDS Deduction Amount captured when entering Customer Receipt (no extra entry required)
- All conditions of Section 194Q captured in FACT ERP.NG
- Import TDS Form 26AS directly into FACT ERP.NG
- Automatic Instant Reconciliation with TDS Form 26AS
- Single-Click Email to all Mismatched Customers

## Implementation Help Required?

Email us for a quote if you would like our Implementation Consultant to help you implement the above

support.in@factsoftware.com

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## OUTSTANDING SOLUTIONS FROM FACT
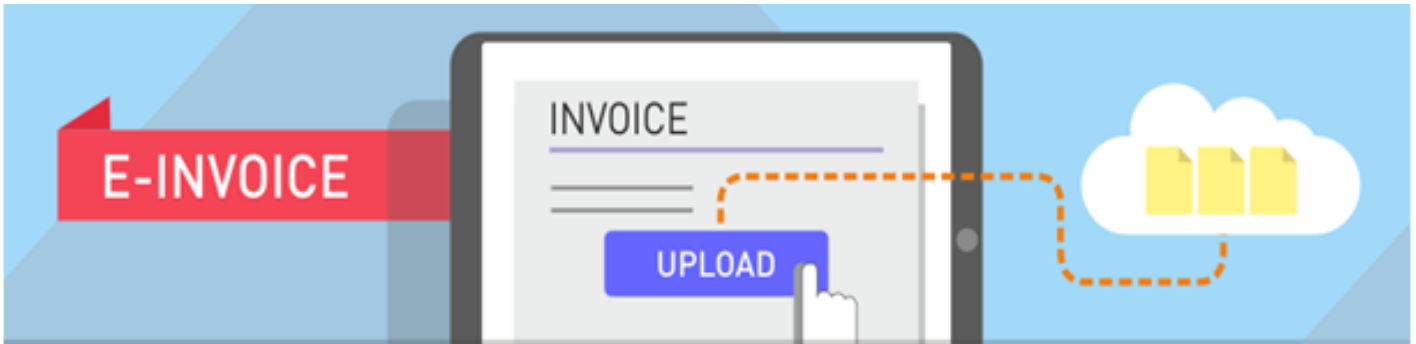


### E-Invoicing goes Live with FACT ERP.NG

- Direct Upload of E-Invoice from FACT ERP.NG
- API Upload via Vayana Networks as our GSP Partner
- Sale Invoice uploaded instantly to IRP Portal
- QR Code, IRN, IRN Ack Number and INR Date downloaded instantly
- QR Code, IRN, IRN Ack Number and INR Date stored in FACT ERP.NG immediately
- Direct Upload of Debit Note & Credit Note via API as well
- Direct Cancellation of E-Invoice also available

### Inter-State Stock Transfer also goes Live

- Inter-State Stock Transfer is also uploaded via API

### Huge Benefits to Users

- Shipments made without any delay
- Hassle Free Sale Invoicing with seamless Upload to GST Portal
- 100% Compliance with GST Rules
- No Third Party Software required

### Import from IRN – Heralding a Revolution in Purchase Accounting

- Copy IRN of your Supplier's Invoice
- Direct Import of Supplier's Invoice into FACT ERP.NG as Purchase Invoice
- Cuts down entry time of Purchase Invoice by 95%
- Zero Errors

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# FACT

**EXPORT DOCGURU**

**EXPORTS SIMPLIFIED**

Fully Integrated with FACT ERP.NG

- Single Entry generates all Export Documentation
  - Export Invoice
  - Customs Invoice
  - Export Certificates
  - Packing List
  - Forms 6, 9 and more
- No copy / paste and end of duplication
- No errors
- Integrated Sale Order Management / no extra entries
- Integrated Sales Analysis
- L/C Tracking
- Automatic GST/VAT Computation
- Attach Multiple Documents
- Capture any number of Custom Fields

exportdocguru.com

# COMPLIANCE MONITORGURU
## TRUSTED GRC PARTNER

Fully Integrated with FACT ERP.NG

- No More Missed Due Dates
- No More Late Payment Charges
- Statutory & General Compliances
- Monitor Court Cases & Appeals
- Email Reminders to Compliance Owners
- Multi-Level Escalations to Seniors
- Internal Auditor Approvals
- Allow Access to Auditor
- Monitor from Anywhere via Web Browser
- Integrated with FACT Document Vault
- Full GRC (Governance, Risk & Compliance)
- Upload Documents for each Compliance
- Upload Photos
- Compliance Dashboard in CXO Control Tower
- Multi-Company Compliance Control
- Search by Compliance Classifications
- Summary, Detail & Calendar Views

compliancemonitor.guru

# ICHIBAN PAYROLLGURU
## INTEGRATED PAYROLL

Integrated with FACT ERP.NG

- Payroll transactions get posted automatically in FACT ERP.NG
  - by Division
  - by Department
  - by Employee
- Employee Self Service (ESS) Portal / Web Browser
- Leave Application via ESS
- Automatic Calculation of Payroll Taxes (PF, CPF, EPF, SOCSO, ESI etc)
- Automatic Calculation of Withholding Taxes/Tax Deduction at Source
- Automatic Reminders via Compliance Monitor Guru for Passport Expiry, Visa Expiry etc
- Upload Employee Photo, Documents, Certificates – integrated with FACT Document Vault
- Search Employee Documents from CXO Control Tower

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