

**Form No. 127: Declaration u/s 394(2) of the Income-tax Act, 2025 to be made by a buyer for obtaining goods without collection of tax**

<b>Name of form as per I.T. Rules, 1962</b>	27C	<b>Name of form as per I.T. Rules, 2026</b>	127
<b>Corresponding section of I.T. Act, 1961</b>	206C(1A)	<b>Corresponding section of I.T. Act, 2025</b>	394(2)
<b>Corresponding Rule of I.T. Rules, 1962</b>	37C	<b>Corresponding Rule of I.T. Rules, 2026</b>	212

**Purpose:**

Form No. 127 is a declaration furnished by a buyer to the seller stating that the goods purchased **are to be used for manufacturing, processing or producing articles or things, and not for trading purposes**, thereby allowing the seller **not to collect tax at source (TCS) under Section 394(2) of the Income-tax Act, 2025**.

The declaration is governed by Rule **212** of the Income-tax Rules, 2026.

**Who Should File:****1. Buyer (Declarant)**

A buyer who:

- Purchases goods such as scrap, tendu leaves, timber, coal, lignite, iron ore, or any other notified goods, **and**
- The goods will be used for:
  - **Manufacturing, processing, or production, or**
  - **Generation of power.**
- Goods will not be used for **trading purposes**

**2. Seller (Collector of TCS)**

A seller receiving a valid Form No. 127 should:

- Ensure completeness and correctness of the declaration.
- Forward the declaration to the **Chief Commissioner / Commissioner of Income-tax** as required.

**Frequency & Due Dates:**

<b>Event</b>	<b>Action Required</b>	<b>Due Date</b>
Submission of Declaration	Buyer furnishes Form No. 127 to seller before or at the time of transaction	At transaction / purchase event
Seller's Monthly Submission	Seller to upload details of all Form No. 127 declarations to the e-filing Portal of Income-tax Department	On or before <b>7th of the following month</b>

**Structure of Form No. 127:**

**Part A – Particulars of the Buyer (Declarant)**

- Name, Address, PAN, Residential Status, Email id and Contact Number
- Nature of Business/Occupation
- Nature of goods purchased under section 394(1)[Table: Sl. No. 1 to 5] of the Income-tax Act, 2025.
- Purpose of utilization of goods (manufacturing/processing/production or Generation of power)
- Estimated amount of payment for which declaration is being made for no collection of tax
- Declaration.

**Part B – Particulars of the Seller (Person to whom the declaration is furnished)**

- Seller's Name, Address, PAN, TAN, Status (Individual/Company/Firm/etc.), Email id and Contact Number
- Date on which declaration is furnished
- Date of debit or receipt of the amount payable by the buyer
- Estimated amount of payment for which declaration is being made for no collection of tax
- Declaration.

**Documents/details required to file the Form No. 127:**

1. **PAN or Aadhaar** of Buyer (If PAN not available)
2. **PAN/TAN of Seller**
3. **Details of goods** being purchased
4. **Proof of business activity** (manufacturing/processing/power generation) if seller requests
5. **Purchase order / invoice details** for internal verification

**Process flow of filing Form No. 127:**

**A. Buyer (Declarant)**

1. **Check Eligibility**
  - Goods must be used for manufacturing/processing/production
  - Goods must not be used for trading purposes
2. **Obtain Form No. 127**
  - Download from Income-tax Department website or obtain from seller
  - Some sellers offer online filing interfaces

**3. Fill in the Declaration**

- Personal and entity details
- Details of goods purchased and intended use
- Self-declaration confirming non-trading use

**4. Submit to Seller**

- Provide signed form in **paper** or **electronic** form on or before the purchase / payment event

**B. Seller (Collector)**

**1. Receive and Verify**

- Validate buyer's PAN
- Confirm intent of manufacturing/processing/production/generation of power
- Verify completeness and correctness of buyer details

**2. Upload Monthly Statement**

- File statement of Form No. 127 via the e-filing portal (TAN login) on or before 7th of next month.
- Forward the declaration to the **Chief Commissioner / Commissioner of Income-tax**.

**Outcome of Processed Declarations:**

**For Sellers**

- Accurate validation of declarations
- Reduced liability for incorrect TCS omission
- Lower penalty exposure

**For Buyers**

- Prevents unnecessary TCS collection
- Reduces refund claims and improves cash flow

**Common Changes Made Across Forms:**

1. To make Forms system-friendly and enable e-filing and uploading, certain anomalies found due to grouping of Name, Designation, Address and PAN have been separated into different boxes.
2. Assessment / Financial / Previous year or years have been replaced with Tax year or years, wherever appearing in the Form/Annexure.
3. Changes in Sections, Clauses and Schedules have been aligned as per the Income-tax Act, 2025.
4. Currency symbol “Rs.” has been replaced with “₹”.