

**Form No. 127 – Frequently Asked Questions (FAQ)**

**Declaration under section 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

**1. What is Form No. 127 and its purpose?**

**Ans:** Form No. 127 is a declaration furnished by a resident buyer to the seller stating that the goods purchased are intended to be used for manufacturing, processing, or producing articles or things, and not for trading purposes. On receipt of a Form No. 127, the seller is not required to collect Tax Collected at Source (TCS) on sale of specified goods.

**2. What are the different parts of the Form No. 127?**

**Ans:** Form No. 127 has two parts, viz. Part A and Part B.

Part A is a declaration filed by the Buyer seeking exemption from TCS and it includes his own particulars, nature of goods under consideration, its utilisation and value of such goods.

Part B is a declaration filed by the seller confirming the transaction involving sell of goods without TCS including the value of such goods and the date of declaration filed by the buyer.

**3. Who is required to furnish Form No. 127?**

**Ans:** Form No. 127 may be furnished by a resident buyer to the seller of scrap, tendu leaves, timber, coal, lignite, iron ore, or any other notified goods for not collecting the tax on purchase of such goods since the goods so purchased will be utilized-for the purpose of manufacturing, processing, or producing articles or things or for generating power and not for trading purposes.

**4. What is the duty of seller once the declaration has been submitted by the buyer?**

**Ans:** Once the declaration in Form No. 127 is received by the seller, he is required to furnish the particulars of such declarations on the e-filing portal of the Income-tax Department by the 7<sup>th</sup> day of the following month.

**5. Is filing of Form No. 127 mandatory?**

**Ans:** No, this form is optional. It is required only if the buyer seeks exemption from TCS on purchase of specified goods.

**6. Is PAN mandatory for filing of Form No. 127?**

**Ans:** Yes, quoting of PAN is a mandatory requirement for submission of declaration in Part A of Form No. 127 by the declarant. In the absence of PAN, the declaration is invalid and the seller is required to collect TCS at the applicable rate as per Income-tax Act, 2025.

**7. What is the time limit for furnishing Form No. 127 to the seller?**

**Ans:** The buyer must furnish the declaration in Form No. 127 to the seller on or before the date of transaction.

**8. Can Form No. 127 be furnished electronically?**

**Ans:** Part A of the Form No. 127 may be furnished to the seller in physical or electronic form by the buyer. On the other hand, the seller is required to furnish the Form No. 127 to the Income-tax Department through the e-filing portal.

**9. Can a mistake in Form No. 127 be amended or rectified? Can a declaration once filed be withdrawn?**

**Ans:** The Income-tax Act, 2025 does not provide for any kind of amendment in Form No. 127. Once filed, Form No. 127 cannot be amended. Therefore, it should be filled carefully. Also, declaration once filed cannot be withdrawn.

**10. Are the sellers required to report the transactions on which tax is not collected as a result of receipt of a declaration?**

**Ans:** Yes. The seller is required to report the details of such transactions in the quarterly TCS statement in Form No. 143.