SHRI GURU KRIPA LEARNING CENTRE

No.27, Akbarabad Second Street, Kodambakkam, Chennai – 600 024.

E–mail: padhuka@shrigurukripa.com

TAX DEDUCTED AT SOURCE

TDS ON SALARIES [SECTION 192]

1. Compute income under the head salary. If the salary exceeds basic exemption then every employer is liable to deduct tax, whether the employee is resident or non – resident, at the rate as per Part – III of Schedule I of Finance Act.
2. Consider income from salaries from other employers on the basis of declaration furnished by the employee in Form 12B.
3. Consider income under other heads (only positive income, except in case of House Property) on the basis of self-declaration furnished by employee.
4. Compute Gross Total Income.
5. Allow deduction under Chapter VI – A U/s. 80C / 80CCC / CCD / D / DD / E / GG / GGA / U / 80G only on notified funds **(23 Funds).**
6. Compute Total Income.
7. Compute tax on total income including Surcharge & Cess.
8. Allow Deduction
   - Relief U/s. 89(1) on the basis of declaration furnished by the employee in Form 10 E.
   - Deduct tax to be met by the employer on the value of Perquisite (See Pt.10 below).
9. Net tax deductible over the previous year.
10. Computation of Tax on Perquisites to be met by Employer.

Step 1 Compute income under the head Salaries including the value of perquisites.

Step 2 Compute the tax payable on salaries

Step 3 Compute average rate of tax on Salary $\frac{\text{Step } 2 \times 100}{\text{Step } 1}$

Step 4 Tax on perquisite met by employer = Avg. rate of tax (Step 3) × Value of perquisite (Non-Monetary Benefits)

TDS ON INTEREST ON SECURITIES [SECTION 193]

1. No TDS –
   - The aggregate payment does not exceed Rs.2,500 /- during Previous Year.
   - Interest payable to LIC or GIC.
   - Interest to recognized Provident Fund (RPF).
   - Interest payable on any listed security issued by a Company, if the security is in demat form.
2. **Rate of TDS:**

Domestic Company	20 %
Others -	Listed securities = 10 % + SC + EC
	Unlisted securities = 20 % + SC + EC

TDS ON INTEREST OTHER THAN INTEREST ON SECURITIES [SEC. 194A]

1. No TDS is payable if –
   - Interest paid / by Bank or Co-operative Society or Post Office – does not exceed Rs.10,000.
   - Interest to GIC, LIC, Bank, PFC, SFC, Co-operative Society, Co-operative Bank or Members of Co-operative Society or Savings Account, Current Account or RD Account of Bank or Post Office Scheme or Zero Coupon Bond or Interest on Motor Accident Tribunal Compensation does not exceed Rs.50,000 or Commercial Papers or Certificate of Deposits.
2. TDS shall be made on the gross sum not on the net amount
3. Interest paid to Bank on retirement of Hundi liable for TDS.
4. Flexi deposit scheme liable for TDS.
5. **Rate of TDS:**

Domestic Company	20 % +Surcharge (if applicable)+EC+ SHEC
Others	10 % +Surcharge (if applicable)+EC+ SHEC

TDS ON LOTTERY / CARD GAMES WINNINGS [SECTION 194B]

1. **Price in kind:** It is the responsibility of the payer to ensure that the tax on the value of price was paid by the payee before release of such price. Otherwise deduct tax on the value of the price and the balance can be paid in money.
2. **Price received by an Agent on unsold tickets:** Treated as income from Business. Income not liable for TDS.
3. Participation in Television Quiz Programme, where betting involved, liable for TDS U/s. 194B.
4. Price received by the investor who deposited the money under the savings scheme of Govt., the value of price not liable for TDS.
5. **Rate of TDS:** 30% + Surcharge + EC + SHEC

   Mandatory deduction - No question of lower deduction.

TDS ON WINNINGS FROM HORSE RACES [SECTION 194BB]

Rate of TDS: 30% + Surcharge + EC + SHEC **Mandatory deduction - No question of lower deduction.**

TDS ON PAYMENTS TO CONTRACTORS [SECTION 194C]

1. Meaning of Contract – **See Page No.31.16 Q.No.22**
2. Specified person for deduction of tax – **See Page No.31.16 Q.No.23**
3. Contract for sale of material - not liable for TDS.
4. Single contract does not exceed Rs.20,000 or aggregate value of contract in Previous Year does not exceed Rs.50,000/- not liable for TDS.
5. Advance payments or reimbursement of expenses liable for TDS.
6. Sub-contract of small transport operator who does not own more than two vehicle on the basis of self declaration not liable for TDS.

7. **Rate of TDS:**

Advertising Contract	1 % +Surcharge (if applicable)+EC+ SHEC
Others – For Contract	2 % +Surcharge (if applicable)+EC+ SHEC
– Subcontract	1 % +Surcharge (if applicable)+EC+ SHEC

TDS ON INSURANCE COMMISSION [SECTION 194D]

1. No TDS if the aggregate payment does not exceed Rs.5,000 /- during Previous Year.
2. **Rate of TDS:**

Domestic Company	20 % +Surcharge (if applicable)+EC+ SHEC
Others	10 % +Surcharge (if applicable)+EC+ SHEC

TDS ON LOTTERY COMMISSION [SECTION 194G]

1. Commission paid in excess of Rs.1,000 liable for TDS at the rate of 10 %+ Surcharge + EC + SHEC.
2. Sale of lottery tickets at a discounted price, the amount of discount is not a commission not liable for TDS.

TDS ON COMMISSION OR BROKERAGE [SECTION 194H]

1. Aggregate payment exceeds Rs.2,500, on whole such sum, liable to deduct TDS at 10%+Surcharge+EC+SHEC.
2. Sale of Stamp paper at a discounted price to stamp vendors not to be treated as commission – not liable to deduct TDS.
3. In a consignment sale, even though consignee retains the commission, it is the responsibility of the consignor to deduct TDS.

TDS ON RENT [SECTION 194I]

1. Meaning of Rent – **See Page No.31.25.**
2. The aggregate payment of Rent exceed Rs.1,20,000/-
   - If it is leasing of Plant / Machinery / Equipment → TDS at 10 %
   - If it is Building or Furniture or Land, receiver is individual / HUF → TDS at 15 % +SC+Cess, if receiver is others TDS @ 20 % + Surcharge + Cess.
3. Rent to Co-owner, the share defined and identifiable the limit of Rs.1,20,000/- shall apply to each co-owner separately.
4. Non-refundable deposit or advance liable for TDS.
5. Rent paid to Hotels, Room Contract TDS shall apply, if it is rate contract TDS shall not apply.
6. Arrears of Rent also liable for TDS.

TDS ON FEES FOR PROFESSIONAL / TECHNICAL SERVICES [SEC. 194J]

1. Limit of Rs.20,000/- shall apply for each nature of payment separately.
2. Reimbursement of expenses liable for deducting TDS.
3. Non-resident or Foreign Company not having Permanent Establishment in India not liable to deduct TDS.

4. Meaning of Professional Service **– See Pg.31.28**

5. Inter connectivity charges to Telecom Company - liable for deducting of TDS.

6. **Rate of TDS:** 10% +Surcharge (if applicable)+EC+ SHEC

TDS FOR PAYMENT TO NON-RESIDENTS [SECTION 195]

1. Payment to Non – resident for the services rendered outside India and Income accrue or arise outside India, no liability to deduct TDS.
2. Payment to Non-resident for services taken place outside India, but right to receive such income arise because of happening of an event in India, then TDS shall be deducted.
3. TDS shall be deducted on the gross sum for lesser deduction or no deduction either the payer or payee can obtain a certificate from the Assessing Officer.
4. Payment in kind liable for TDS.
5. Payment made net of taxes, then it shall be grossed up and TDS shall be made for the difference.
6. Payment made but the payer agreed to meet the tax liability then the amount shall be grossed up but the difference shall be shown as tax met by the payer not as TDS.
7. Tax wrongly deducted and remitted and no part of income chargeable to tax in India in the hands of payee, then CCIT can grant refund to the payer after setting off all other liability under this Act. **Refer 7/2007 (Important Circular) Q.No.50, Page No.31.35.**
8. Payment made net of taxes, the payer is liable to issue TDS Certificate.