# TAX DEDUCTED AT SOURCE

## Sec 192: TDS ON SALARIES

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| Person responsible to deduct tax | All assesses who are employers |
| Category of the payee | Employees having taxable salary, Including non-residents |
| Rate of deduction of tax | Rates of tax as applicable to the individual as per Part III of the Finance Act |
| Exemption limit | No TDS if income under the head Salaries does not exceed Rs.1 10 000 |
| Time for deduction of tax | At the time of payment i.e. as and when salary is paid and not when it is due |
| Time for deposit of TDS | (a) in case of deduction by or on behalf of Government, on the same day<br>(b) in case of others, within one week from the last day of the month in which the deduction was made. The Assessing Officer may In special cases, within the approval of JCIT, permit the payment of TDS quarterly, i.e., 15th June, 15th Sep, 15th Dec and 15th March |
| Certificate of TDS and time limit | (a) Form 16, along with Form 12BA showing details of perquisItes- within 1 month from the end of the financial year of such deduction<br>(b) Form 16M in case of Gross salary does not exceed Rs.1.5 lacs and the assessee does not have Income from Profits and Gains from Business or Profession or Capital Gain |

## SEC 193: TDS ON "INTEREST ON SECURITIES"

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| **Person responsible for** | Central or state government, Local authority, Company or corporation established by the Central or State Government |
| Category of the payee | Any person being resident. |
| **Rate of** deduction **of tax** | **Resident Nor-corporate Assessee:**<br>(a) LIsted Debentures: 10% **Plus** Surcharge **Plus** Education Cess **Plus** SHEC,<br>(b) Non-listed Debentures: 20% **Plus** Surcharge **Plus** Education Cess **Plus SHEC**<br>**Domestic Company:** 20% **Plus** Surcharge **Plus** Education Cess **Plus** SHEC. |
| **No TDS** | (a) Exempted for **certain listed securities u/s 193.**<br>(b) In case of Debentures **issued by a Company** in which **public am substantially** interested and **listed in** a recognised **stock** "change in India and the Interest is paid by account payee cheque and the interest **paid during the financial year does not exceed Rs. 2,500** |
| **Time for deduction of** | At the time of credit to the account of the payee or payment whichever **is tax earlier.** |
| **Time for deposit of TDS** | In case of deduction by or on behalf of the Government, on the **same day.**<br>In all other cases:<br>(a) If the amount is **credited on the last day of the accounting year- within 2 months** from end of the month in which it is credited<br>(b) Other cases- within 1 **week from the last day of the month** of tax deduction. |

**Surcharge:** If payee is Individual 1 HUF - 10% if the payment exceeds Rs.10 Lacs. For Firms ana Companies -10% on the whole payment if the payment exceeds Rs.1 Crore. For AJP - 10% on whole payment.

**Education Cess:** Education Cess @ 2% of the Tax Payable after including Surcharge.

Secondary and Higher **Education Cess:** Secondary and Higher Education Cess @ 1% of the tax payable after including Surcharge.

**INCOME FROM WHICH TDS NEED NOT BE DEDUCTED U/S 193:**

Section 193 provides that no tax shall be deducted at source in the following cases:

1. Interest on 4 1/4 % **National** Defence **Bonds, 1972, except if held** by a non-resident **individual**.
2. Interest payable to an individual on 4 1/4% **National** Defence **Loan**, 1968, or 43/4% **National** Defence

   **Loan**, 1972, or
3. Interest payable on **National** Development **Bonds**, or
4. Interest payable on **7-Year National Savings Certificates** (IV Issue), or
5. Interest payable on Debentures, **issued by any notified Institution or authority**, or any

   Public Sector. Company, or any Co-operative Society (including a Co-operative Land Mortgage Bank or a Co-operative Land Development Bank)
6. Interest payable on 6 1/2 % **Gold Bonds**, 1977, or 7% Gold Bonds, 1980, if
   (a) These are held by an individual not being a non-resident, and
   (b) The holder thereof makes a written declaration that the total nominal value of the bonds held by him (including such bonds, if any, held on his behalf by any other person) did not exceed Rs.10,000 at any time during the period to which the interest relates.
7. Interest payable on **any security of the Central** Government **or State** Government, other than interest exceeding Rs.10,000 on 8% Savings (Taxable) Bonds 2003.
8. Interest payable to a resident individual, **on listed** Debentures issued by a Company in which the **public is substantially** interested, if
   (a) The interest is paid by the Company by an **account payee** cheque, and
   (b) The amount of such interest or, as the case may be, the **aggregate of the amounts of such** interest paid or likely to be paid during the financial year by the Company to such Individual does not exceed Rs. 2,500.
9. Interest **payable to LIC, GIC or any of its** subsidiaries, or any other Insurer in respect of any Securities owned by it or In which it has full beneficial Interest.

**Sec.194: TDS from DIVIDENDS**

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| **Person** responsible **for tax** deduction<br><br>**Category of Payee** | Principal Officer of (a) an Indian Company or (b) or Company which has made the prescribed arrangements for declaration and payment of dividends u/s 2(22)(e) within India Le other than dividend u/s 115-0.<br>Any person who is resident in India. |
| No TDS | No deduction shall be made in respect of dividends referred u/s 115-0. |
| **Time for** deduction **of tax** | Before making any payment in cash or cheque or warrant, or any distribution or payment to a shareholder |
| **Time of deposit of TDS** | Within seven days from the date off deduction. |
| **Certificate of TDS and time of issue** | Form 16A to be issued within 1 month from the end of the month during which tax has been deducted |

**Surcharge:** If payee is Individual 1 HUF - 10% if the payment exceeds Rs.10 Lacs. For Firms and Companies -10% on the whole payment if the payment exceeds Rs.1 Crore. For AJP - 10% on whole payment.

**Education Cess:** Education Cess @ 2% of the Tax Payable after including Surcharge.

**Secondary and Higher Education Cess:** Secondary and Higher Education Cess @ 1% of the tax payable after including Surcharge.

**Sec.194A: TDS on INTEREST OTHER THAN INTEREST ON SECURITIES**

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| **Person responsible to deduct tax** | All assesses other than individual and HUF whose accounts are not-subject to audit u/s 44AB of the Act during the preceding financial year |
| **Category of payee** | Any **resident** in India. |
| **Rate of deduction of** Tax | Non-corporate assessees - **10% -Plus** Surcharge as applicable **Plus Education Cess Plus** SHEC<br>Domestic Companies - 20% **Plus** Surcharge as applicable **Plus** Education Cess **Plus SHEC** |
| **No TDS** | If aggregate amount of interest credited or paid does not exceed-<br>(a) Where the payer is (i)) a Banking Company or (ii) a Co-operative Society<br>engaged in banking business or (iii) in respect of Deposit with Post Office<br>Notified by the Central Government - Rs. 10,000.<br>(b) In any other case - Rs.5000. |
| **Time for deduction of Tax** | At the time of credit or- **payment whichever is earlier.** |
| **Time for deposit of TDS** | In case of deduction by or **on behalf of the Government**, on the **same day**.<br>**In all other cases:**<br>(a) If the amount is **credited on the last day of the accounting year-** within **2 months** from end of the month in which it is credited.<br>(b) Other cases -within **1 week** from the last day of the month of w deduction<br>(c) Assessing Officer may in special cases, with the approval of JCIT, permit the payment of TDS quarterly. i.e. 15th July, 15th Oct, 15th Jan, 15th April |

**Surcharge;** If payee is Individual / HUF - 10% if the payment exceeds Rs.10 Lacs. For Firms and Companies -10% on the whole payment if the payment exceeds Rs. 1 Crore. For AIP - 10% on whole payment. **Education Cess:** Education Cess @ 2% of the Tax Payable after including Surcharge, **Secondary and Higher Education Cess:** Secondary and Higher Education Cess @ 1 % of the tax payable after including Surcharge.

**Sec.194B: TDS ON PAYMENT TOWARDS WINNINGS FROM HORSE RACES**

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| **Person responsible to deduct tax** | Any person being Licensed by the Government or a **Licensed Bookmaker** |
| **Category of payee** | **All Assessees** |
| **Rate of deduction of tax** | 30% **Plus** Surcharge **Plus** Education Cess @2% **Plus** Secondary and Higher Education Cess @ 1%. |
| No TDS | If the payment does not exceed Rs. 2,500 |
| **Time for deduction of tax** | **At the time of payment.** |
| **Time for deposit of TDS** | In case of deduction by or on behalf of **Government,** on the **same day.**<br>**Other cases :** Within One **week from the end of the month** in which deduction was made |

**Surcharge:** If payee is Individual/HUF - 10% if the payment exceeds Rs.10 Lacs. For Firms and Companies 10% on the whole payment if the payment exceeds Rs.1 Crore. For AJP - 10% on whole payment.

**Education Cess:** Education Cess @ 2% of the Tax Payable after including Surcharge.

**Secondary and Higher Education Cess:** Secondary and Higher Education Cess @ 1 % of the tax payable after including Surcharge.

**Sec.194 C: TDS from PAYMENT TO CONTRACTORS**

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| **Person responsible to deduct tax** | **Payment made by Specified Person** other than Individual or HUF, who are not subject to tax audit u/s 44AB of the Act during the **preceding financial year**. |
| **Category of payee** | **Any person** resident in India. |
| **Rate of deduction of tax** | **Advertisement Contracts:** 1% **Plus** Surcharge **Plus** EC @ 2% and SHEC @ 1%<br>**Other Contracts:**<br>(a) For Contractors - 2% **Plus** Surcharge **Plus EC @ 2% Plus** SHEC @ 1%.<br>b) For Sub-contractors - 1% **Plus** Surcharge **Plus EC @ 2% Plus** SHEC @ 1%. |
| **No TDS** | (a) Contracts, the **consideration** for which **does not exceed Rs.20,000.**<br>(b) If the sum credited or paid or likely to be credited or paid does not exceed Rs.20,000 for single contract, but the aggregate of such sum credited during the financial year exceeds Rs.50,000, then this section shall apply. |
| **Time for deduction of tax** | At the time of credit or payment, **whichever is earlier.** |
| **Time for deposit of TDS** | In case of deduction by or on behalf of the **Government**, on the **same day**.<br>**Other cases:**<br>(a) If the amount is **credited on the last day of the accounting year** - within 2 **months from end of the month** in which credited.<br>(b) **Other cases** - within **I week from the last day of the month** of tax deduction. |

**Surcharge:** If payee is Individual / HUF - 10% if the payment exceeds Rs.10 Lacs. For Firms and Companies -10% on the whole payment if the payment exceeds Rs.1 Crore. For AJP - 10% on whole payment. **Education Cess:** Education Cass @ 2% of the Tax Payable after including Surcharge. **Secondary and Higher Education Cess:** Secondary and Higher Education Cass @ 1% of the tax payable after including Surcharge.

**"Contract" for the purpose of TDS u/s 194C.**

1. The term 'work' includes includes advertising, broadcasting and telecasting including production of programmes for such broadcasting and telecasting.
2. Service Contract means a service contract other than those specifically covered u/s 1943. 3. Material contract means a contract for supply of materials where the principal contract is for work and labour and not for sale of materials.
4. Transport contract for carriage of goods and passengers by any mode of transport other than by railways.
5. Caterng contract.

**"SPECIFIED PERSONS" for** deduction **of tax at source u/s 194C**

1. The Central Government or any State Government, or
2. Any Local Authority, or
3. Any Corporation established by or under a Central,
   State or Provincial Act, or
4. Any Company, or
5. Any Co-operative Society, or
6. Any Authority constituted in India by or under any law, engaged either for the purpose of dealing with and satisfying the need for housing accommodation or the purpose of planning, development or improvement of cities, towns and villages, or for both, or
7. Any trust, university, society, or
8. Any firm
9. Individual and HUF who are subject to tax audit u/s 44AB of the Act during preceding financial year.

**EXCEPTIONS TO SEC.194C:**

1. Contract for **Hiring or** Renting equipments. 2. Contract for **sale of goods.**
3. Contract for **supply of any article or thing** fabricated **according to the buyer's** specification and the **property in such article or thing passes only upon delivery** - Such contract Is a sale and Section 194C is not applicable. **[Circular No. 681/08.03.1994 and 13/13.12.2006].**
4. **Works** executed **under National Rural Employment Programme** and Rural Landless
   Employment Guarantee Programme. **(Circular No. 502 dated 27.1.1988)**
5. Payments made to Airlines or Travel Agents **for purchase of tickets for air travel of** individuals. (Circular No. 713 dated 2.8.1995)
6. Contract, the **consideration** of which **does not exceed** the prescribed amount of **Rs.20,000** or Rs.50,000 in aggregate during the relevant previous year.
7. Small Transporters - w.e.f. 1.6.2005:
   (a) **Applicability:** Payment to sub-contractor for **plying, hiring or leasing goods carriages.**
   (b) **Eligible Payee: Individuals** who do not own more than 2 **vehicles.**
   (c) Declaration for non-deduction **of tax at source:** The Individual plying, hiring or leasing goods carriages **should file** a declaration in **Form 15-1 before** receiving **the payment.**

(d) **Submission of Particulars by Payer:** The person responsible for paying should submit the particulars required under **Rule 29D(3) In Form 153** on or before **30th June of the relevant Assessment Year,** to the Commissioner of Income Tax.

8. The provisions of section 194C would not apply in relation to payments made to banks for discounting bills, collecting/receiving payments through cheques/draftS, opening and negotiating Letters of Credit and transactions in negotiable instruments. **[Circular No.681, dated 8.3.1994].**
9. No indlvidual/HUF shall be liable to deduct Income Tax in respect of sum credited or paid exclusively for personal purposes of such individual or any member of HUF.

**SPECIAL CONSIDERATIONS FOR DEDUCTION OF TAX AT SOURCE U/S 194C**
**(In respect of advance payments and reimbursement of expenses)**

**Amount on which tax is to be deducted:**

1. **Advance Payments covered u/s 194C:** Where advance payments are made in the course of a contract covered by Section 194C, TDS should be deducted from such advance payments also.
2. **Materials Supplied by Contractee to be included:** In case of composite works contracts to the Government or other specified person, the material necessary for work may be supplied at a stipulated price by the Contractee. However, for Section 194C purposes, the deduction should be based on the gross payment without excluding the cost of materials. **(Circular No. 295 dated 6.3.1981)**
3. Reimbursement **of Actual** Expenses **to be included:** Sections 194C and 1943 refer to any sum paid. Hence tax should be deducted on the gross amount of the bill including claim of reimbursement of actual expenses. **(Circular No. 715 dated 8.8.1995)**

**Sec.194D: TDS from PAYMENT OF INSURANCE COMMISSION**

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| Person responsible to Deduct tax | Insurance Companies |
| Category of payee | Resident Assessee |
| **Rate of deduction of tax** | Non-Corporate assessee -10% Plus Surcharge (as applicable) Plus Education Cess 2% **Plus** Secondary and Higher Education Cass 1%<br><br>Domestic Company - 20% **Plus** Surcharge 10%(as applicable) **Plus** Education Cess 2% **Plus** Secondary and Higher Education Cass 1% |
| **Exemption limit** | Amount of payment in aggregate not exceeding **Rs. 5,000** during financial year. |
| **Time limit for deduction of tax** | At the time of credit or payment which is earlier. |
| **Time for deposit of TDS** | In case of deduction by or on behalf of the **Government, on the same day**<br>In all other cases:<br>• If the amount is **credited on the last day of the amounting year** - within 2 **months from end of the month** in which it is credited.<br>• Other cases - within 1 **week from the last day of the month** of tax deduction.<br>• Assessing Officer may in special cases, with the approval of JCIT, permit the payment of TDS quarterly. i.e. 15th July, 15th Oct, 15th Jan, 15th April |

**Surcharge:** If payee is Individual / HUF - 10% if the payment exceeds Rs.10 Lacs. For Firms and Companies -10% on the whole payment if the payment exceeds Rs.1 Crone. For AOP - 10% on whole payment.

**Education Cess:** Education Cass @ 2%, of the Tax Payable after including Surcharge.

**Secondary and Higher Education Cess:** Secondary and Higher Education Cess @ 1% of the tax payable after including Surcharge.

**Sec. 194EE: TDS from payment in respect of NSS etc.**

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| **Person responsible to** Deduct tax | Post Office |
| **Category of payeee** | Individuals **and HUF** |
| **Rate of** deduction **of tax**<br><br>No TDS | 20% **Plus** Surcharge **Plus** Education Cess 2% **Plus** Secondary and Higher Education Cess @ 1%.<br>Aggregate amount of **payment does not exceed Rs.2,500 or Payment is made to the heirs of the assessee** |
| **Time for** deduction **of tax** | At the time of pavment.<br>(a) In case of deduction by or on behalf of **Government,** on the **same day.** |
| **Time for deposit of TDS** | (b) In case of others, within **one week from the last day of the month in** which deduction is made |

**Surcharge:** If the payment exceeds Rs. 10 Lacs.
Education **Cess:** Education Cess @ 2% of the Tax Payable after including Surcharge
Secondary **and Higher** Education **Cess:** Seconday and Higher Education Cess @ 1% of the tax payable after including Surcharge.

**Sec.194F: TDS** on payments on account of repurchase of units of Units by Mutual Fund or UTI

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| **Person** responsible to **deduct tax** | Mutual Funds or **UTI** |
| Category of Payee | Individual **and HUF** |
| **Rate of** deduction **of tax** | 20% **Plus** Surcharge **Plus** Education Cess **Plus** Secondary Cess |
| **Time for** deduction of tax | At the time of payment/return of such investment.<br>(a) In case of deduction by or on behalf of **Government,** on the **same day.** |
| **Time for deposit of TDS** | (b) In case of others, within **one week from the last day of the month** in which deduction was made |

**Surcharge:** If payee is Individual /HUF- If the payment exceeds -Rs.10 Lacs. For Firms and Companies - 10% on the whole payment if the payment exceeds Rs.1 Crore. ForAOP - 10% on whole payment.

**Education Cess:** Education Cess @ 2% of the Tax Payable after including Surcharge,
**Secondary and Higher** Education **Cess:** Secondary and Higher Education Cess @ 1% of the tax payable after including Surcharge

**Sec.194G: TDS from commission** etc. on **sale of lottery tickets**

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| **Person responsible to deduct tax** | Any Person |
| **Category of payee** | Any person stocking, purchasing or selling lottery tickets. |
| **Rate of deduction of tax** | 10% **Plus** Surcharge **Plus** Education Cess **Plus** Secondary and HigherE Education Cess. |
| No TDS | Payments not exceeding **Rs. 1,000.** |
| **Time for deduction of tax** | At the time of credit or payment whichever is earlier. |
| **Time for deposit of TDS** | In case of deduction **by or on behalf of Government,** on the **same day.** In all other cases: (a) If the amount is **credited on the last day of the amounting year -** within **2 months from end of the month** in which it is credited. (b) **Other cases -** within **1 week from the last day of the month** of tax deduction. |

**Surcharge:** If payee is Individual / HUF - 10% if the payment exceeds Rs.10 Lacs. For Firms and Companies -10% on the whole payment if the payment exceeds Rs.1 Crore. For AJP - 10% on whole payment.

**Education Cess:** Education Cess @ 2% of the Tax Payable after including Surcharge.

**Secondary and Higher Education Cess:** Secondary and Higher Education Cess @ 1% of the tax payable after including Surcharge.

**Sec.194 H: TDS on PAYMENT OF COMMISSION OR BROKERAGE**

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| **Person responsible to deduct tax** | Any Person, not being an individual or HUF whose accounts are not subject to tax audit u/s44AB In the preceedina financial vear |
| **Category of payee** | Any person resident in India |
| **Rate of deduction of tax** | 10% **Plus** Surcharge **Plus** Education Cess **Plus** Secondary and Higher Education Cess. |
| No TDS | • Payments not exceeding Rs. 2,500. • Any commission or brokerage payable by BSNL/MTNL to their Public Call Officer Franchisees |
| **Time for deduction of tax** | At the time of credit to the account of payee or payment whichever is earlier. |
| **Time for deposit of TDS** | In case of deduction **by or on behalf of Government**, on the **same day**. In all other cases: (a) If the amount is **credited on the last day of the amounting year** - within **2 months from end of the month** in which it is credited. (b) **Other cases** - within **1 week from the last day of the month** of tax deduction. (c) Quarterly remittances: The Assessing Officer may in special cases with the approval of JCIT, permit the payment of TDS quarterly. i.e. 15th July, 15th Oct, 15th Jan and 15th April |

**Sec.194 I: TDS on Rent**

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| **Person responsible to deduct tax** | All assesses, except individual and HUF who are are not subject to tax audit u/s44AB, in the preceding financial year |
| **Category of payee** | Any person being resident |
| **Rate of deduction of tax for use of land or building or furniture or fittings** | If the Payee is an individual or HUF: 15% **Plus** Surchage **Plus** Education Cess **Plus** Seconday and Higher Edcuation Cess.<br><br>In other cases: 20% **Plus** Surcharge **Plus** Education Cess **Plus** Secondary and Higher Education Cess. |
| **Rate of deduction of tax for use of machinery or plant or equipment** | 10% **plus** surcharge **plus** education cess **plus** secondary and higher education cess |
| **No TDS** | • **Aggregate amount of rent paid or credited does not exceed Rs. 1,20,000 during the financial year**<br>● The payee is the Government or Local Authorit |
| **Time for deduction of tax**<br><br><br><br>**Time for deposit of TDS** | At the time of credit or payment whichever is earlier.<br>In case of deduction **by or on behalf of Government,** on the **same day.**<br>In all other cases:<br>(a) If the amount is **credited on the last day of the amounting year-** within 2 **months from end of the month** in which it is credited.<br>(b) **Other cases** - within 1 **week from the last day of the month** of tax deduction |

**Surcharge:** If payee is Individual / HUF - 10% if the payment exceeds Rs.10 Lacs. For Firms and Companies -10% on the whole payment if the payment exceeds Rs.1 Crore. For AOP - 10% on whole payment.

**Education Cess:** Education Cess @ 2% of the Tax Payable after including Surcharge.

**Secondary and Higher Education Cess:** Secondary and Higher Education Cess @ 1% of the tax payable after including Surcharge.

**Sec.194 J: TDS on FEES FOR PROFESSIONAL TECHNICAL SERVICES**

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| **Person responsible to Deduct tax** | All assessees except individual and HUE, who are not subject to tax audit u/s **44AB of** the Act during **the receding financial year.** |
| **Category of payee** | Any **person resident** in India. |
| **Payment Covered** | (a) Fees for Professional Services or<br>(b) Fees for Technical Service- or<br>(c) Royalty or<br>(d) Payments referred u/s 28(1)(va) i.e. sum received for not carrying out any activity or not sharing any know-how, patent etc. |
| **Rate of deduction of tax** | 10% **Plus** Surcharge (as applicable) **Plus** Education Cess 2% **Plus** Secondary and Higher Education Cess @ 1%. |
| **No TDS** | (a) Aggregate of **payments does not exceed Rs.20,000** in a financial year, **for each of the nature of payment** referred above **separately.**<br>(b) Sum paid by Individual j HUF towards **professional service exclusively for their personal purposes** |
| **Time for deduction of tax** | At the time of credit or payment **whichever is earlier.** |

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| **Time for deposit of TDS** | In case of deduction **by or on behalf of the Government,** on the **same day.**<br>In all other cases -<br>(a) If the amount is **credited an** the last **day of the accounting year** within 2 **months from end of the month** in which it is credited.<br>(b) Other cases- within 1 **week from the last day of the month** of tax deduction. |

**Surcharge:** If payee is Individual / HUF - 10% if the payment exceeds Rs.10 Lacs. For Firms and Companies -10% on the whole payment if the payment exceeds Rs.1 Core. For AOP - 10% on whole payment.

**Education Cess:** Education Cess @ 2% of the Tax Payable after including Surcharge.

**Secondary and Higher Education Cess:** Secondary and Higher Education Cess @ 1% of the tax payable after including Surcharge,

**Professional Services means** services rendered by a person in the course of carrying on any of the following professions:

1. Legal
2. Medical
3. Engineering
4. Architectural
5. Accountancy
6. Technical Consultancy
7. Interior decoration, or
8. Profession as notified by the Board for the purposes of Section 44AA. i.e. Film Artists,

Authorized Representatives, Information Technology Professionals etc.

These services are governed by Section 194J and not by Section 194c.

**Illustrative cases of TDS u/s 194J**

1. When an Advertising Agency makes payment to Models, Artists, Photographers, etc.
2. Payment made to Recruitment Agency
3. Payment made by a Company to a Share Registrar.
4. Payment of commission to external parties for procuring order for the Company's product where involving

   Professional/technical services only.
5. Payments made to a hospital for rendering medical services.
6. Payment made for maintenance contract in which technical services are required.
7. Commission received by an advertising agency from media.
8. Professional and Technical services also cover a service of a professional cameraman.

**Sec.194LA: TDS on COMPENSATION ON ACQUISITION OF CERTAIN IMMOVABLE PROPERTIES**

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| **Person responsible to deduct tax** | Any Person |
| **Category of Davee** | Resident |
| **Nature of Payment** | Paying compensation or enhanced compensation or the consideration or the enhanced consideration on account of compulsory acquisition under any law for any immovable property other than agricultural land. Agricultural Land includes Urban agricultural land also. |
| **Rate of Deduction of tax** | **10% Plus** Surcharge (if applicable) **Plus** Education Cess @2% Plus SHEC @ 1% |
| **No TDS** | The amount of such payment or the aggregate of such payment during the financial year does not exceed Rs.1,00,000. |
| **Time for deduction of tax** | At the time of payment of sum.<br><br>In case of deduction by or on behalf of the Government, on the **same day**. |
| **Time for deposit of TDS** | **Other cases:** Within **One week from the end of the month** in which deduction was made |
| **Certificate of TDS** | **Form 16A** to be Issued within **one month from the end** of the month during which tax has been deducted |

**Sec.194 E:** TDS **from payments to** non-resident **sportsman/sports associations**

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| **Person responsible to deduct tax** | Any person |
| **Category of payee** | (a) Income to non-resident foreign citizen sportsman (including an athlete) by way of<br>(i) Participation in India in any game other than card game of gambling etc,<br>(ii) Advertisement<br>(iii) Contribution of articles relating to any game or sport in India in newspapers, magazines or journals<br>(b) Non-resident **sports association or institution** - Amount guaranteed to be paid, or payable in relation to any game other than card game or sport played in India. |
| **Rate of tax deduction** | 10% Plus Surcharge Plus EC @ 2% Plus SHEC @ 1%. |
| **Time for tax deduction** | At the lime of credit or payment which is earlier. |
| **Time for deposit of TDS** | In case of deduction **by or on behalf of the Government**, on the same day,<br>In all other cases:<br>(a) Amount credited to the Payee's account on the last day of accounting year - within two months from the end of the month in which credited.<br>(b) Other cases - within one week from the last day of the month of tax deduction. |

**Surcharge:** If payee is Individual/ HUF - 10% if the payment exceeds Rs.10 Lacs. For Firms 10% on the whole payment if the payment exceeds Rs.1 Crore. For AOP - 10% on whole payment. For Non-Domestic Companies - 2.5% on whole payment if the payment exceeds Rs.1 Crore.

**Education Cess:** Education Cess @ 2% of the Tax Payable after including Surcharge.
**Secondary and Higher Education Cess:** Secondary and Higher Education Cess @ 1% of the tax payable after including Surcharge.

**Sec.195: TDS on PAYMENTS TO NON-RESIDENTS.**

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|---|---|
| **Payments in respect of which tax is to be deducted** | **Payment of the following to a non-resident -**<br>(a) any interest, Including interest on securities, or<br>(b) any other sum charQeable to income-tax in India not being Salaries. |
| **Time of deduction of tax** | At the time of credit or Dayment whichever is earlier. |
| **Time for deposit of TDS** | In case of deduction **by or on behalf of the Government**, on the same day.<br>In all other cases -<br>(a) If the amount is credited on the last day of the amounting year - within **2 months from end of the month** in which it is credited.<br>(b) **Other cases** - within **1 week from the last day of the month** of tax deduction. |

**Surcharge:** If payees Individual / HUF - 10% if the payment exceeds Rs.10 Lacs. For Firms- 10% on the whole payment if the payment exceeds Rs.1 Crore. For AOP - 10% on whole payment. For Non-Domestic Companies - 2.5% on whole payment if the exceeds Rs.1Crore.

**Education Cess:** Education Cess @ 2% of the Tax Payable after including Surcharge.

**Secondary and Higher Education Cess:** Secondary and Higher Education Cess @ 1% of the tax payable after including Surcharge.

**Note:**

1. No deduction shall be made in respect of any dividends referred to ujs 115-0.

2. **TDS Rate u/s 195 [Sec. 2(37A)] [w.e.f. 01.06.2006]:** Rate of Income Tax as specified In

(a) Finance Act of the relevant year, or

(b) Double Taxation Avoidance agreement entered try Central Government u/s 90, or (c) Agreement notified by the Central Government ujs 90A, whichever Is most beneficial to the assessee shall apply.

**Sec.195A: INCOME PAYABLE NET OF TAX.**

Conditions:

1. This Section applies to arrangements or agreements other than those covered u/s 192(lA) (Tax paid by employer on employee's salary).
2. Under such arrangement or agreement, the tax chargeable on the income is borne by the deductor himself (and not the payee).

Amount on which TDS shall be computed =
Net Amount Payable under the agreement[100% - Rate ofTDS (including SC and EC+SHEC)]

**Sec. 196B: TDS from INCOME ON UNITS PURCHASED IN FOREIGN CURRENCY U/S 115AB**

| | |
|---|---|
| **Payment in respect of which tax is to be deducted** | Income in respect of:<br>• Units referred to in Sec.1l5AB<br>• Long-term capital gain arising from the transfer of such units |
| **Payee** | Off shore Funds |
| **Rate of tax** | **10% Plus** Surcharge (if applicable) **Plus** Education Cess @2% **Plus** SHEC @ 1% |
| **Time for deposit of TDS** | In case of deduction by or on behalf of the Government, on the same day.<br>**Other cases:**<br>• **TDS** made on the last day of accounting year- within 2 months from the end of the month in which credited.<br>• Within **One week from the end of the month** in which deduction was made |
| **Certificate of TDS** | **Form 16A** to be issued within **one month from the end** of the month during which tax has been deducted |

**Surcharge:** If payee is Individual / HUF - 10% if the payment exceeds Rs.10 Lacs. For Non-Domestic Companies -2.5% on whole payment if the exceeds Rs.1 Crore.

**Education Cess:** Education Cess @ 2% of the Tax Payable after including Surcharge.

**Secondary and Higher Education Cess:** Secondary and Higher Education Cess @ 1% of the tax payable after including Surcharge.

**Sec.196C: TDS from INCOME OR LONG TERM CAPITAL GAIN FROM FOREIGN CURRENCY**

| | |
|---|---|
| **Payments in respect of which tax is to be deducted** | 1. Any **person responsible for paying any income** (Other than dividend referred in Section 115-0) in respect of Global **Depository Receipts / Bonds referred** to in Section 115AC to a non-resident<br>2. Long term capital qain arisinq from transfer of GDRs/ Bonds |
| **Time of deduction of tax** | At the time of credit or payment whichever is earlier. |
| **Rate of deduction of tax** | **10% Plus** Surcharge **Plus** Education Cess **Plus** Secondary and Higher Education Cess |
| **Time for Deposit of TDS** | In case of deduction by or **on behalf of the Government**, on the same day.<br>In all other cases:<br>1. TDS made on the **last day of amounting year - within 2 months from end of the month in which credited**<br>2. **Other cases** - within **1 week from the last day of the month** of tax deduction. |

**Surcharge:** If payee is Individual / HUF - 10% if the payment exceeds Rs.10 Lacs. For Non-Domestic Companies -

2.5% on whole payment if the exceeds Rs.1 Crore.

**Education Cess:** Education Cess @ 2% of the Tax Payable after including Surcharge.

**Secondary and Higher Education Cess:** Secondary and Higher Education Cess @ 1% of the tax payable after including Surcharge.

**Sec. 196D: TDS from INCOME OF FOREIGN INSTITUTIONAL INVESTORS FROM SECURITIES**

| | |
|---|---|
| **Payments in respect of which tax is to be deducted** | Any Person responsible for paying any income other than any dividend referred in Section 115-0 in respect of securities referred to in Section 11 SA D (1)(a) |
| **Rate of Tax** | 20% Plus Surcharge Plus Education Cess Plus Secondary and Higher Education Cess |
| **Time of deduction of tax** | Tax shall be deducted at the time of credit or payment whichever is earlier. |
| **Time for Deposit of TDS** | In case of deduction by or on behalf of the Government, on the **same day**.<br>In all other cases:<br>(a) TDS made on the **last day of amounting year** - within **2 months from end of the month** in which credited<br>(b) In Other **cases** - within **1 week from the last day of the month** of tax deduction |
| **Non-deduction of tax** | Income by way of **Capital Gain** arising from the **transfer of such securities** |

**Surcharge:** If payee is Individual / HUF - 10% if the payment exceeds Rs.10 Lacs. For Non-Domestic Companies - 2.5% on whole payment if the exceeds Rs.1 Crore.

**Education Cess:** Education Cass @ 2% of the Tax Payable after including Surcharge.

**Secondary and Higher Education Cess:** Secondary and Higher Education Cess @ 1% of the tax payable after including Surcharge.

**Sec.201: CONSEQUENCES OF FAILURE TO DEDUCT TAX AT SOURCE OR FURNISH RETURNS IN TIME**

**A. INTEREST:**

1. **Interest**; Any person responsible for deducting tax at source shall be deemed to be assessee in default and is liable to pay interest if he -

   (a) does not deduct the whole or part of the tax

   (b) after deducting the tax, falls to remit the tax to the Government.

2. **Rate of Interest:** Simple interest @ 1% for every month or part of a month.
3. **Period of** interest: Date on which tax was **deductible** to the date on which such tax is actually paid.
4. **Time limit for payment:** It shall be paid before furnishing the quarterly statement for each quarter.
5. **Failure to remit:** Failure to pay tax deducted along with interest shall be a charge upon all the assets of the Person or the Company who is liable to deduct and remit tax (w.e.f. 01.06.2007)

**B. PENALTY:**

| Section | Nature of default | Penalty |
|---|---|---|
| 271C | Failure to deduct the whole or any part of tax at source | Sum equal to the amount of tax which he failed to deduct |
| 272A(2) | Failure to file the return of TDS/Tax collected at source | Rs.100 for every day during which the failure continues but the penalty shall not exceed the amount of tax deductible |
| 272A(2) | Failure to issue TDS certificates | Rs. 100 for every day during which the failure continues but the penaltv shall not exceed the amount of tax deductible |
| 220 | Failure to deduct or pay tax at source | Interest @ 12% p.a. on the amount of tax from the date on which such tax was deductible to the date on which the tax is actually paid |
| 272 A(2) | Failure to deliver declaration in Form 15F/H *u/s* 197A | Rs.100 for every day during which-the failure continues but the penalty shall not exceed the amount of tax deductible. |

**C. PROSECUTION:**

U/s 276B- failure to pay tax deducted at source- punishable with rigorous imprisonment for Minimum: 3 months; maximum- 7 years.

**D. EXPENDITURE CLAIMED IS DISALLOWED:**

1. **PAYMENT TO NON-RESIDENTS:**

   (a) **Disallowed Expenditure:** U/s 40(a)(i), the following expenditure will be disallowed if TDS is not made or no tax has been paid on them:

   - Interest,
   - Fees for Technical Services or
   - Royalty,
   - Other similar sum payable

   (b) **To whom payable:** Such sums should be payable outside India or in India to non-resident not being a Company or Foreign Company.

   (c) **When allowed:** Will be allowed as a deduction in computing the income of the previous year in which such tax has been paid within the time limit u/s 200 and as per provisions of after Chapter XVII-B.

2. **PAYMENTS TO OTHERS:**

   (a) **Disallowed Expenditure:** Section 40(a)(ia) provides that the following expenditure shall not be allowed as a deduction:

   - Interest (TDS u/s 194A)
   - Commission or Brokerage (TDS u/s 194H)
   - Rent (TDS u/s 1941)
   - Royalty
   - Fees for Professional Services or Technical Services (TDS u/s 194J)
   - Amounts paid to a contractor or sub-contractor for carrying out any work (including supply of labour for carrying out any work).

   (b) **When Disallowed:** The above expenditure will not be allowed as deduction if:

- TDS has not been deducted, or
- TDS has been deducted but not paid within the time limit u/s 200(1) and in accordance with Chapter XVII-B.

(c) **When Allowed:** The above expenditure will be allowed as a deduction in computing the income of the previous year in which such TDS has been paid.

**Sec 206C: TAX COLLECTION AT SOURCE (TCS)**

1. **Meaning:**
   (a) Tax Collected at Source (TCS) is the responsibility of the receiver of payment i.e. seller of particular commodities, to collect the tax from the buyer (payer) at source on the presumption that the buyer of the goods will have taxable income,
   (b) It is similar to TDS, but in TDS the person making the payment shall deduct tax and pay the balance.
2. **Rate of TCS at which the seller is liable to collect tax:** At specified rates

**Sec.203A: TAX DEDUCTION AND COLLECTION ACCOUNT NUMBER (TAN)**

| | |
|---|---|
| Who must apply for TAN | Every person deducting or collecting tax at source, if he has not been allotted any Tax Deduction Account Number or Tax Collection Account Number |
| Time limit for submitting application and Form No. | Within 1 month from the end of the month in which the tax was deducted or collected- ADDlication in Form No.49B |
| Person to whom application is to be submitted | (a) In cases where the function of allotment of TAN has been assigned to any particular Assessing Officer, to that Assessing Officer.<br>(b) In any other case, to the Assessing Officer having jurisdiction to assess the applicant. |
| Failure to apply for or quote TAN | Penalty u/s 272BB of **Rs.10,000** |
| Quoting of TAN | (a) Challans of payment of tax u/s 200 TDS or u/s 206C(3) i.e. TCS<br>(b) Certificates issued u/s 203 or u/s 206C(S) i.e. TCS Certificate<br>(c) Returns filed in accordance with section 206C(5A)/(513), TCS Returns<br>(d) E-TDS returns, all other documents pertaining to such transaction as may be prescribed<br>(e) All quarterly statements prepared and delivered u/s 200(3)/ 206C (3) [ w.e.f. 01.06.2006]. |

**Annual Statement of Tax Deducted at Source (Sec 203AA) (Rule 31AB) (w.e.f. F.Y. 2009-10)**

1. **Person Issuing Statement of TDS:** DGIT (Systems) or the person authorized by him.
2. **Prescribed Form:** The annual statement of TDS shall in **Form 26AS.**
3. **Due Date:** The Form 26AS shall be issued on or before **31st July of the Assessment Year** following the financial year of deduction or collection of Tax at source.
4. **Issued to:** The statement of TDS shall be issued to the following persons
   (a) Person whose income tax has been deducted,
   (b) Buyer from whom tax has been collected at source,
   (c) Every other person in respect of whose income, tax has been paid.