Amendment in TDS rates and Provisions U/s. 194C & 194I of the Income Tax made in Finance Budget 2009-2010

194C- Under this section earlier there was same Rate of TDS in respect of Payment to all the class of the Assesses. Now finance minister has changed the rates and provided that that any person shall deduct tax at source at the rate of ***one per cent,if the payee is an individual or a Hindu undivided family or at the rate of two per cent.*** in the case of any other person, on payment to a resident contractor for carrying out any work.

194-I- Under this section Earlier TDS was required to be deducted @ 10% if the same was in respect use of any machinery or plant or equipment this rate is now been reduced to 2% w.e.f. 01.10.2009. Earlier there were two rates in respect of use of any land or building (including factory building) or land appurtenant to a building (including factory building) or furniture or fittings at the rate of fifteen per cent for the where the payee is an individual or a Hindu undivided family and twenty per cent, where such payee is a person other than an individual or a Hindu undivided family. Now there is a uniform rate of 10% in respect of Payment for use **use of any land or building** (including factory building) or land appurtenant to a building (including factory building) or furniture or fittings for type of Assesses.

Clause	**Description**	**Prior to Finance Bill'2009**	**Mentioned in Finance Bill'2009**
Clause 60	194C of the Income-tax Act relating to deduction of tax at source on payment to contractors and sub-contractors	If certain persons make payment for carrying out any work to a contractor then tax is deductible at source at the rate of one per cent, in the case of payment for advertising contract and two per cent, in the case of any other contract. Further, tax is deductible at source at the rate of one per cent. When a contractor makes a payment to a sub-contractor. The section further provided that no tax shall be deductible at source on payment or credit up to twenty thousand rupees. However, if the aggregate payment or credit exceeds fifty thousand rupees in a year then tax is deductible at source. The provisions give exemption from tax deduction at source on payment made to a	Sub-section (1) of the proposed amendment provides that any person shall deduct tax at source at the rate of ***one per cent,if the payee is an individual or a Hindu undivided family or at the rate of two per cent.*** in the case of any other person, on payment to a resident contractor for carrying out any work.

		sub-contractor during the course of business of plying, hiring or leasing goods carriages on fulfillment of certain conditions	
Clause 61	194-I of the Income Tax Act, which relates to deduction of tax at source on any income payable by way of rent	Clauses (a), (b) and (c) of the said section provide for deduction of tax at source on income by way of rent. It, *inter alia* provides such deduction at the rate of ten per cent for the use of any machinery or plant or equipment. It further provides that such deduction at the rate of fifteen per cent for the use of any land or building (including factory building) or land appurtenant to a building (including factory building) or furniture or fittings where the payee is an individual or a Hindu undivided family and twenty per cent, where such payee is a person other than an individual or a Hindu undivided family	It is proposed to substitute the said clauses (a), (b) and (c) by new clauses (a) and (b) so as to provide that deduction of tax at source on an income by way of rent shall be at the rate of **(a) two per cent. for the use of any machinery or plant or equipment; and (b) ten per cent. for the use of any land or building** (including factory building) or land appurtenant to a building (including factory building) or furniture or fittings