

TDS RATES APPLICABLE FOR F.Y. 2010-11

Section Code	Nature of Payment	Threshold Limit to deduct tax		In case recipient is an Individual / HUF	If the recipient is other than Individual / HUF
		From 01.04.2010 to 30.06.2010	From 01.07.2010 to 31.03.2011		
194-A	Interest other than interest on securities Interest from Banking Company	Rs.10,000/- p.a.	Rs.10,000/- p.a.	10 %	10 %
194-A	Interest other than interest on securities Interest other than from Banking Company	Rs.5,000/- p.a.	Rs.5,000/- p.a.	10 %	10 %
194-B	Winnings from lottery or crossword puzzle.	Rs.5,000/- p.a.	Rs.10,000/- p.a.	30 %	30 %
194-BB	Winnings from horse race	Rs.2,500/- p.a.	Rs.5,000/- p.a.	30 %	30 %
194-C	Payment to Contractor	Rs.20,000/- Per Single Contract or in aggregate Rs.50,000/- exceeds during the F.Y.	Rs.30,000/- Per Single Contract or in aggregate Rs.75,000/- exceeds during the F.Y.	1 %	2 %
194-C	Payment to Advertising Contractor / Sub Contractor	Rs.20,000/- Per Single Contract or in aggregate Rs.50,000/- exceeds during the F.Y.	Rs.30,000/- Per Single Contract or in aggregate Rs.75,000/- exceeds during the F.Y.	1 %	2 %
194-C	Payment to transport contractor / sub contractor	If PAN Quoted	If PAN Quoted	NIL	NIL
194-C	Payment to transport contractor / sub contractor	If PAN not quoted	If PAN not quoted	20%	20%

Section Code	Nature of Payment	Threshold Limit to deduct tax		In case recipient is an Individual / HUF	If the recipient is other than Individual / HUF
		From 01.04.2010 to 30.06.2010	From 01.07.2010 to 31.03.2011		
194-D	Insurance commission	Rs.5,000/- p.a.	Rs.20,000/- p.a.	10 %	10 %
194-H	Payment of commission or brokerage to resident	Rs.2,500/- p.a.	Rs.5,000/- p.a.	10 %	10 %
194-I	Payment of Rent	Rs.1,20,000/- p.a.	Rs.1,80,000/- p.a.	10%	10%
194-I	Payment of Rent for use of Plant , Machinery or Equipment	Rs.1,20,000/- p.a.	Rs.1,80,000/- p.a.	2 %	2 %
194-J	Payment of professional or technical services	Rs.20,000/- p.a.	Rs.30,000/- p.a.	10 %	10 %

Important Amendments related to TDS made by Finance Act, 2009

1. Surcharge, Education Cess and Health Cess is not applicable for TDS.
2. The deductee is required to furnish his PAN to the deductor and both shall indicate the same in all the correspondence, bills, vouchers and other documents which are sent to each other (Section 206AA inserted w.e.f. 01-04-2010).
3. If the PAN is not provided by the deductee to the deductor or PAN provided to the deductor does not belong to the deductee, it shall be deemed that the deductee has not furnished his PAN to the deductor then Rate of TDS will be 20%. (Section 206AA inserted w.e.f. 01-04-2010)
4. PAN is mandatory to quote in Form 15G/H/I w.e.f. 01-04-2010 otherwise Rate of TDS will be 20%.
5. Explanation (iv) to section 194C (i.e. inclusive definition of 'Work') has been substituted with insertion of clause (e)

Work shall include

(e) Manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from such customer, but does not include manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from a person, other than such customer.

6. If the assessee has failed to deduct the whole or any part of the tax from the person resident in India, he shall be deemed Assessee-in-default (Section 201) and he will also be liable to pay penalty and interest as per Section 220 & 221.

Important Amendments related to TDS proposed by Finance Bill, 2010

Interest on TDS (Section 201(1A))

Period	From 01.04.2010 to 30.06.2010	From 01.07.2010 to 31.03.2011
From the date tax was deductible (but not deducted) upto the date on which such tax has actually been deducted	1% per month (12% per annum)	1% per month (12% per annum)
From the date the tax is actually deducted upto the date when the same is actually paid	1% per month (12% per annum)	1.5% per month (18% per annum)

Issuance of TDS / TCS Certificate

Deductor / Collector shall continue to issue physical TDS / TCS certificates even after 31 March, 2010.

No Disallowances u/s 40(a) (ia)

No disallowance will be made if the tax deducted at source **at any time** during the previous year is deposited on or before the due date of filing the tax return. This amendment is proposed with retrospective effect from FY 2009-10. No such relaxation has been made on payments made to non-residents / foreign companies.