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Tax Deduction at Source, Advance Tax & Interest u/s 234A/B/C – Short Notes

Sec.	Deductor	Deductee/Payee	TDS Rate	Nature of Payment	Exemption
192	Employer	Employee	Slab Rate	Salary	As per Slab Rate
193	Any Person except CG & SG	Resident Assessee	10%	Interest on Securities	100%, in case of D-mat Securities
		Individual	10%	Interest on Listed Debenture	₹ 2,500 if paid by a/c payee cheque
194	Domestic Company	Resident Shareholder	10%	Dividend [2(22)(e)]	
194A	Any Person (except Ind. & HUF not liable for Tax Audit u/s 44AB)	Resident Assessee	10%	Interest Other than Interest on Securities Items	₹ 5,000 (₹ 10,000 in case of deductor is Bank, Co-operative Bank or Post Office)
194B	Any Person	Any Person	30%	Lottery, Crossword…etc games	₹ 10,000
194BB	Any Person	Any Person	30%	Winning from Horse Race	₹ 5,000
194C*	Any Person (except Ind. & HUF not liable for Tax Audit u/s 44AB)	Resident Ind. or HUF	1%	Fees payment in respect of Contract (for service)	₹ 30,000 single payment & ₹ 75,000 aggregate for FY.
		Other Resident	2%		
194D	Any Person	Resident Assessee	10%	Insurance Commission	₹ 20,0000
194E	Any Person	**NRI** Sports Person/Asso.	10%	Remuneration or Fee	Nil
194EE	Post Office	Any Assessee	20%	National Saving Certificate **(NSC)**	Nil
194F	UTI or MF Unit	Unit holder u/s 80CCB	20%	Mutual Funds	Nil
194G	Any Person	Any Assessee	10%	Comm. on sale of lottery Ticket	₹ 1,000
194H	Any Person (except Ind. & HUF not liable for Tax Audit u/s 44AB)	Resident Assessee	10%	Commission on Brokerage.	₹ 5,000
194I			10%	Rent on Land, Building & Furniture	₹ 180,000 aggregate for FY (excluding service tax amount)
			2%	Rent on Plant & Machinery	
194J*			10%	Professional or Technical Fee	₹ 30,000 aggregate for FY
194LA	Any Person	Resident Assessee	10%	Compensation	₹ 100, 000 aggregate during PY
194LB	Debt Infrastructure Fund	NRI or Foreign Co.	5%	Interest on Debt Infr. Bond	Nil
195	Any Person	NRI or Foreign Co.	Tax Payable	Any Payment to **NRI**	Nil. NA in case of Salary & Int. on Offshore Banking Unit

- TDS is to be deducted by every assessee (**any person**) being Company and Individual, HUF or Firm (if they are subject to tax audit u/s 44AB).
- * In case of Contract Payment and Payment for Professional or Technical Service, no TDS is deductable by Individual where the contract or service is availed for personal purpose.
- In case of Payee being NRI or Foreign Company, TDS rate shall be increased by Surcharge (in case of FC only by 2%) and Cess (in both cases, by 3%).
- **When TDS is to be deducted…?** At the time of Payment or Debiting the Payment in P&L A/c whichever is earlier. However, in case of salary, at the time of payment. **Delay in TDS deduction** will attract **Interest @1%pm** (or part of the month) from the due date of deduction, till the date of actual deduction.
- **When TDS is to be deposited…?** In case of Govt. being Deductor **on the date of deduction** and **in case of Others,** TDS shall be deposited by **7th of next month** to the month in which TDS was deducted up-to February month, and in case of **March**, by **30th April**. **Delay in TDS deposit** will attract **Interest @1.5%pm** (or part of the month) from the due date of deposit, till the date of actual deposit.
- **In addition to Interest u/s 201 (@1% & 1**.5%), deductor shall be deemed as Assessee in Default, and a penalty equal to TDS amount and Interest thereon shall be levied u/s 220 & 221 respectively.
- **Quarterly TDS Return** shall have to file by every Deductor, by **15th [last day (31st)** in case of deductor being **Govt.] of the month** next to the quarter for first three quarter. For Jan-Mar quarter, the due date is **15th May**. Delay in filling TDS return will attract penalty ₹ 100 per day of default.
- ***Sec 197*** – An assessee can apply for Certificate from Add. CIT that the person required to deduct TDS shall not deduct TDS as he is not earning taxable income.
- ***Sec 197A*** – An assessee being senior citizen (60+), can gave declaration in prescribed form to Banks to inform that they are not earning enough taxable income and so do not Deduct TDS from Interest Income.
- **Every deductor shall collect PAN of payee. Where, payee do not provide PAN, TDS shall be deducted at highest rate (20%, except u/s 194B & 194BB, where, the rate will be 30%).**

Advance Tax Payment "Not required if tax payable is less than ₹10,000"

Estimated Tax Liability (After Relief)	xxxx
-) Estimated total TDS	xxxx
Advance Tax Payable (Estimated)	**xxxx**

as below:-

Installments	Due Dates	Corporate Assessee	Other Assessee
1.	Up-to June 15th	12%	NA
2.	June 16th to Sep 15th	36%	30%
3.	Sep 16th to Dec 15th	75%	60%
4.	Up-to Mar 31st	100%	100%

Interest Penalty in respect of

1. **Late Filling of Return of Income [234A]**
   - @ 1% pm or part of the month
   - On Amount of **(Tax Liability – TDS – Tax Deposited till 31st March)** for the period from **Due date of filling ROI till the Date of Filling of ROI.**
2. **Non Payment or Short Payment of Advance Tax Aggregate [234B]**
   - @ 1% pm and part of the month
   - On Amount of **(Tax Liability – TDS – Tax deposited till 31st March)**
   - For the period from **1st April till the Due Date of Filling of ROI.**
3. **Non Payment or Short Payment of Advance Tax Installments [234C]**
   - @ 1% pm and part of the month
   - On Amount of **Installment Payable – Actually Paid**
   - For the period from **Due Date of Installment Payable till the Date of Next Due Date (31st March in Case of last Installment)**

Form 234B, Short Payment *means "payment less than* ***90% of total Assessed Advance Tax"*** *& for 234 C, it means* ***Actually Paid < Installment Payable.***