TDS GUIDE FOR F Y 2012-13 (AY 2013-14)

Q 1 WHEN TDS IS TO BE DEDUCTED (TDS EVENT)

A 1 TDS is to be deducted when we enter into *specified transactions* having value exceeding the *specified amount* . TDS chart covering Important transactions is given below:

SECTION NO.	NATURE OF TRANSACTION IN BRIEF	Cut off Amt (Rs.)	TDS Rate (%)	DETAILS ON TRANSACTION COVERED
				AT TIME OF PAYMENT OR CREDIT, WHICHEVER IS EARLIER
194A	Interest (other than Int on securities)	5000	10	(i) No TDS if interest is payable/paid to Banks, Insurance Co, Central/State Govt Fin Corp, LIC, UTI.
				But, it is deductible on the Interest component in EMI payable to NBFCs (viz Tata Motors Fin Co etc).
				(ii) Ex. Interest paid/payable wrt Unsecured Loan taken from Associate Companies/Directors' Relatives
194C	Contracts (including Sub-contracts)	30000	*1 or 2*	(i) TDS is deducted on Labour component in Repair & Maintenance Bills.
				If it is not mentioned in the bill (i.e. no bifurcation of Labour & Material), TDS will be deducted on Full value.
		[1% in case of Individual/HUF;		But TDS is normally not applicable if the contract is purely of supplying goods/material.
		2% in case of Other payees]		(ii) Payment for Catering and Advertisements are subject to TDS.
				(iii) Payment of Sponsorship money is also tax deductible.
194H	Commission or Brokerage	5000	10	(i) Any Service provided by a person by acting as Agent for the payer.
				(ii) Ex. Service provided by Property Broker/Transport Booking Agent
194I	Rent	180000	*2 or 10*	(i) TDS will be deducted on Security Deposit if it is non-refundable.
				(ii) Refundable Security deposit adjusted against rent/Advance Rent payment will also attract TDS.
		[10% -Land & Building;		(iii) Payments made for Hotel Accomodation, *taken on regular basis* will be subject to TDS.
		2% -Plant & Machinery, Equipment		*(iv) Ex. Rent payable/paid in respect of Staff Residences/Offices/Warehouses/Factories/Plot etc*
		Furniture & Fittings]		
194J	Professional fees/Technical Charges	30000	10	(i) Services provided by a Professional/Technical person
	Royalty & Non-compete fees			*(ii) Ex. Services provided by Advocate/Doctor/Engineer/Architect/CA/CS/Tax Consultant/Technical*
				Consultant/Interior decorator/Artist/InfoTech persons
194J	Remuneration/commission paid to	Nil	10	(i) Other than those payments on which tax is deductible u/s 192. In other words, Sitting fees/Commission/
	Director of Company (wef 01.07.12)			any other remuneration paid/payable to Directors (other than Whole Time Directors/Managing Directors)
				AT TIME OF PAYMENT
192	Salaries	Exemption Limit	As per IT Slab	(i) Remuneration/Commission etc paid to Whole time Directors/Managing Directors.
				(ii) If Salary advance is shown as Staff Advance (Int free Adv to Employee),
				fair interest will be added to Salary as Perquisite for computing TDS liability and No TDS on such Advance.

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Q 2 WHAT ARE IMPORTANT POINTS RELATED TO ABOVE WHICH MUST BE NOTED

A 2 Below mentioned points must be noted:

I TDS to be deducted @ 20% if the payee doesn't provide its Valid PAN No.

IIa TDS will be deducted u/s 194C if aggregate of amounts to be paid/to be credited exceed Rs. 75,000/- during the Financial year even if no Single credit/payment amount exceed Rs. 30,000/-

IIb No TDS will be deducted on the amounts to be paid/credited to contractor who is in business of Goods transport and provide valid PAN No.
Nil TDS on such Transporters will be reported in e-TDS Quarterly Returns.

III In respect of Salary, surcharge and cess on Tax will also be computed & deducted.

IV No tds to be deducted while making payment/credit to Party who is Goods Provider/Trader (For Ex in our case- Tyres, Stores & Spares, Stationery, Fixed Assets etc).

V As clear from above chart, TDS will be deducted EITHER AT THE TIME OF ACTUAL PAYMENT <u>OR</u> AT THE TIME OF CREDIT TO THE A/C OF PAYEE, <u>WHICHEVER IS EARLIER</u>.

Q 3 WHAT IS DUE DATE FOR TDS DEPOSIT

A 3 All TDS deductions made during a month (April to February) are to be paid on or before7th of the next month.
All TDS deductions made during March month are to be paid on or before 30th April.
(In case 7th of the month happens to be a Sunday or a bank holiday, then the payment can be made on the next business day.)

<u>For Ex:</u>

All deductions made in Oct, 12 must be paid on or before 7th Nov, 12.
All deductions made in Mar, 13 must be paid or or before 30th Apr, 13.

Q 4 WHEN INTEREST IS PAYABLE ON TDS

A 4 Interest is payable under the following cases:
1. TDS is not deducted when it is deductible. (Delayed Deduction)
2. TDS is not deposited on or before due date. (Delayed Deposit)

<u>For Ex:</u>

Sept month Rent which is credited to Lessor on 30th Sept,12 but paid in adv on 16th Aug,12. TDS is deducted on 30th Sept,12 but it should have been deducted on 16th Aug,12. (Delayed Deduction)
TDS deducted on 5th June,12 is deposited on 10th July,12 but it should have been deposited on or before 7th July,12. (Delayed Deposit)

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Q 5 HOW THIS INTEREST IS COMPUTED & AT WHAT RATE

A 5 **Delayed Deduction**

Interest Rate 1.0% for every month or part month

Interest Period FROM the date when TDS was deductible TO the date of actual deduction

For Ex:

TDS of Rs. 5,000/- which should have been deducted on 5th June,12 is actually deducted on 8th July,12 and is deposited on 5th August,12.(Delayed Deduction BUT Timely Deposit)

Interest @ 1% will be calcuated on TDS amt for the period from 5th June,12 to 8th July,12 i.e. 2 months (1 Full month & 1 Part month)

Interest = 5000*1%*2 = 100

Delayed Deposit

Interest Rate 1.5% for every month or part month

Interest Period FROM the date of deduction TO the date of actual payment

For Ex:

TDS of Rs. 5,000/- which was deductible on 5th June,12 was deducted on 5th June,12 but deposited on 8th July,12 instead of on or before 7th July,12. (Timely Deduction BUT Delayed Deposit)

Interest @ 1.5% will be calcuated on TDS amt for the period from 5th June,12 to 8th July,12 i.e. 2 months (1 Full month & 1 Part month)

Interest = 5000*1.5%*2 = 150

Delayed Deduction & Delayed Deposit (Example)

TDS of Rs. 5,000/- which should have been deducted on 5th June,12 is actually deducted on 8th July,12 and is deposited on 10th August,12.(Delayed Deduction AND Delayed Deposit)

Interest @ 1% will be calcuated on TDS amt for the period from 5th June,12 to 8th July,12 [i.e. 1 Full month & 1 Part month = 2 months] AND

Interest @ 1.5% will be calcuated on TDS amt for the period from 8th July,12 to 10th Aug,12 [i.e. 1 Full month & 1 Part month = 2 months]

Ist Interest = 5000*1%*2 = 100

2nd Interest = 5000*1.5%*2 = 150

Total Interest= 100+150 = 250

Q 6 WHAT ARE DUE DATES FOR e-TDS RETURNS

A 6

For Quarter Ending on	Due Date
30th June	15th July
30th September	15th October
31st December	15th January
31st March	15th May