Withholding tax rate chartPayments to residents(AY 2014-15)					
Section reference	**Nature of payment**	**Base threshold (in INR)**	**Applicable rates on payments made to**		
			Companies	**Individuals**	**HUF**
192	Salary	As per slab rates	Not applicable	Average rate of income-tax	Not applicable
193	Interest on securities	5,000**#	10%	10%	10%
194	Dividend - Dividends on which dividend distribution tax (u/s 115-O) has been paid - Other dividends	2,500***#	Not applicable 10%	Not applicable 10%	Not applicable 10%
194A	Interest other than 'Interest on securities'	10,000 / 5,000@	10%	10%	10%
194B	Winnings from lottery or crossword puzzle	10,000*	30%	30%	30%
194BB	Winnings from horse race	5000*	30%	30%	30%
194C	Payments to contractors	30,000*/ 75,000#	2%	1%	1%
194D	Insurance commission	20,000#	10%	10%	10%
194EE	Deposits under NSS etc.[under section 80CCA(2)(a)]	2,500#	Not applicable	20%	20%
194F	Repurchase of units by Mutual funds or UTI [under section 80CCB(2)]	Not applicable	20%	20%	20%
194G	Commission etc. on sale of lottery tickets	1,000*	10%	10%	10%
194H	Commission or brokerage	5,000#	10%	10%	10%
194-I	Rent - for use of machinery or plant or equipment - for use of land or building or furniture or fittings	180,000#	2% 10%	2% 10%	2% 10%
194 IA	Transfer of immovable property *(Effective from 1 June 2013)*	5,000,000*	1%	1%	1%
194J	Fees for professional or technical services	30,000#	10%	10%	10%

@ Threshold of INR 5,000 applies for payments made by persons **other than** banks/co-operative societies engaged in carrying on the business of banking/post office.
* Threshhold mentioned is the transactional threshhold limit.
\# Threshold mentioned is the annual threshold limit.
** Threshold for INR 5,000 applies for payments made to Individuals and HUF on account of interest on debentures issued by a company in which public is substantially interested.
*** Threshold of INR 2,500 applies for payments made to individuals.

<u>Note:</u>

1. The rates mentioned above are as per the Finance Bill, 2013 presented by the Finance Minister which is yet to be passed.
2. WHT rates under sections 194K, 194LA and 194LB have not been included as they may not be relevant.
3. In absence of PAN the higher of the following rates will be applicable as per Section 206AA:
   - At the rate specified in the relevant provision of the Income-tax Act.
   - At the rates in force.
   - At the rate of 20%.

Withholding tax rate chartPayments to non-residents(AY 2014-15)				
Nature of payment	Applicable rates as per			
	Income-tax Act, 1961		India-Denmark DTAA	India-USA DTAA
	Rate	Section Reference		
Royalty	25%	195	20%	15%[@]
Fees for technical services	25%	195	20%	15%[@]
Interest : - on borrowing in foreign currency - on borrowing in INR	20% 40%	195	10%/15%*	10%/15%[#]
Interest on borrowing in foreign currency[$]	5%	194LC	10%/15%*	10%/15%[#]

[@] The following payments will be taxed at 10%

- payments of any kind received as consideration for the use of, or the right to use, any industrial, commercial, or scientific equipment, other than payments derived by an enterprise described in paragraph 1 of Article 8 (Shipping and Air Transport) from activities described in paragraph 2(c) or 3 of Article 8 of the DTAA.
- fees for included services that are ancillary and subsidiary to the enjoyment of the property mentioned above.

* Tax should be withheld at 10 per cent of the gross amount, if such interest is paid on any loan of whatever kind granted by a bank and 15 per cent of the gross amount in all other cases.

[#] Tax should be withheld at 10 per cent of the gross amount of the interest if such interest is paid on a loan granted by a bank carrying on a bona fide banking business or by a similar financial institution (including an insurance company) and @15 per cent of the gross amount of the interest in all other cases.

[$] The lower withholding rate on ECB would apply only if the following conditions are met:

- The borrowing should be under a loan agreement.
- The lower rate of withholding tax is for monies borrowed during the period from 1 July 2012 to 30 June 2015.
- The monies borrowed under the loan agreement by the Indian company should comply ECB regulations under the exchange control guidelines.
- No part of the borrowing has taken place under the said agreement before 1 July 2012.
- The rate of interest is in compliance with the rate specified for FEMA guidelines.
- The agreement should not be restructuring of an existing agreement for borrowing in foreign currency solely for taking benefit of reduced withholding tax rates.
- The borrowing company should have obtained a Loan Registration Number (LRN) issued by the Reserve Bank of India (RBI) in respect of the Agreement.
- The end use of the funds and other conditions as laid out by the RBI under ECB regulations should be followed during the entire term of the loan agreement under which the borrowing has been made.

Note:

1. The rates mentioned above are as per the Finance Bill, 2013 presented by the Finance Minister which is yet to be passed.
2. TDS rates under the Income-tax Act, 1961 will be increased by surcharge as under:

   If payee is a company

   - at the rate of 2% where the income or aggregate of such incomes paid or likely to be paid and subject to deduction exceeds INR 1 crore but does not exceed INR 10 crores.
   - at the rate of 10% where the income or aggregate of such incomes paid or likely to be paid and subject to deduction exceeds INR 10 crores.

   If payee is a person other than a company

   - at the rate of 10% where the income or aggregate of such incomes paid or likely to be paid and subject to deduction exceeds INR 1 crore.
3. TDS rates for borrowing in the form of infrastructure bonds have not been provided assuming it will not be applicable for the company.
4. The rates as per DTAA will apply only if -

   a) the non-resident recipient is the beneficial owner of such income; and

   b) a Tax Residency Certificate (TRC) containing the prescribed particulars as required by Rule 21AB is furnished by the non-resident.
5. Further, in order to avail the benefits of the India-USA DTAA, conditions specified in the article on 'Limitation of Benefits' would need to be satisfied.
6. In absence of PAN the higher of the following rates will be applicable as per Section 206AA:
   - At the rate specified in the relevant provision of the Income-tax Act.
   - At the rates in force.
   - At the rate of 20%.

Tax rates for companies(AY 2014-15)				
Particulars	**Domestic companies**		**Foreign companies**	
	Normal	**MAT**	**Normal**	**MAT**
Income upto 1 crore				
Tax rate	30%	18.5%	40%	18.5%
Education cess	3%	3%	3%	3%
Effective tax rate	**30.90%**	**19.06%**	**41.20%**	**19.06%**
Income above 1 crore upto 10 crores				
Tax rate	30%	18.5%	40%	18.5%
Surcharge	5%	5%	2%	2%
Education cess	3%	3%	3%	3%
Effective tax rate	**32.45%**	**20.01%**	**42.02%**	**19.44%**
Income above 10 crores				
Tax rate	30%	18.5%	40%	18.5%
Surcharge	10%	10%	5%	5%
Education cess	3%	3%	3%	3%
Effective tax rate	**33.99%**	**20.96%**	**43.26%**	**20.01%**

Note: The rates mentioned above are as per the Finance Bill, 2013 presented by the Finance Minister which is yet to be passed.

As per slab rates

Tax rates for individuals(AY 2014-15)	
Income	**Tax rate**
Upto 200,000	Nil
200,001 to 500,000	10%
500,001 to 1,000,000	20%
Above 1,000,000	30%

Note:

1. The rates mentioned above are as per the Finance Bill, 2013 presented by the Finance Minister which is yet to be passed.
2. Surcharge proposed at the rate of 10% if income exceeds INR 1 crore.
3. Rebate upto INR 2,000 available to resident individuals if total income does not exceed INR 500,000.
4. Basic exemption limit for senior and very senior citizens is INR 250,000 and INR 500,000 respectively.