No TDS on Service Tax Portion u/s 194J

(TDS ON PROFESSIONAL & TECHNICAL CHARGES)

CBDT Circular No. 01/2014 dated 13.01.14
Dear all,
Lets welcome the first circular of year 2014 introduced by CBDT.
CBDT has finally decided that wherever in the terms of agreement/contract between the service tax component comprised in the amount payable to a resident is indicated separately, deducted at source under chapter XVII-B of the Act on the amount paid/payable without service tax component.
'This will impact the higher cash flow towards professional fees charged from clients for rendering professional services.
This situation was earlier applicable only in case of "TDS u/s 194I.
the below stated working can clarify the same.

Existing Situation		Proposed Situation	
Particulars	Amount (INR)	Particulars	Amount (INR)
Service Rendered by CA (A)	1000000	Service Rendered by CA (A)	1000000
Service Tax @ 12.36 % (B)	123600	Service Tax @ 12.36 % (B)	123600
Total Bill Amount (A+B)	1123600	Total Bill Amount (A+B)	1123600
TDS to be deducted @ 10% (on A+B i.e. 11,23,600)	112360	TDS to be deducted @ 10% (on A i.e. 10,00,000)	100000
Net Cash Inflow (X)	1011240	Net Cash Inflow (Y)	1023600
Net Increase in Cash Flow (X-Y) Rs. 12360.			