"T"ax "D"eduction At "S"ource CHART(AY 2014-15)
Rates, Limits & Provisions & Amendments

NOTES: (before reading TDS chart)

1. **Any Person u/s 2(31):** For the purpose of sections **194C, 194H, 194A, 194J & 194I**, **Individual/HUF** should **only deduct** TDS if were **covered u/s 44AB** during the preceding previous year (ie., *whose Gross Receipts or Turnover exceeds* **>** *Rs. 100 Lacs* (for Business) or *Rs.25 Lacs(for Profession),* during preceding previous Year).

2. **TDS** shall be made on **Payment or Credit whichever is earlier**, in respect of the sections **193, 194A, 194C, 194D, 194E, 194G, 194H, 194I, 194J, 194LB, 194LC, 195, 196B, 196C & 196D**

3. The amount which is subject to TDS liability, though being credited to any account, even under **Suspense a/c** will **deemed to be credited to the account of the payee**.

4. Expense will be disallowed, if TDS not deducted u/s 193, 194C, 194H, 194A, 194J & 194I or if made & not yet deposited u/s 40(a)(ia).

5. TDS u/s 192, 194A, 194G & 194H can be deposited on the quarterly basis also on the prior approval by department.

6.

To Whom PAYMENT is Made ??	Applicability of SURCHARGE + EDU CESS added to prescribed Rate
Companies	**X** Surcharge , **X** Edu Cess
Any Other Assessee	**X** Surcharge , **X** Edu Cess, *EXCEPT* for ***Salary*** ✓ Edu Cess 3% (**any amount**) (192) Surcharge @10% if **>** Rs ***1 crore***
Foreign Comapanies (Non Resident)	Surcharge @ **2 %** (if Payment agg**. > 1 crore ≤ 10 crores**) Surcharge @ **5 %** (if payment agg. **> 10 crores**) Edu Cess @ **3% (irrespective of amount)**
Any Other Assessee (Non resident)	Surcharge @ **10 %** (if Payment agg**. > 1 crore**) Edu Cess @ **3% (irrespective of amount)**

7. TDS will be deducted on amount inclusive of Service Tax, except in case of TDS on Rent.

8. **Failure to furnish PAN:** TDS Rate applicable, in case of non availiabilty/invalid quoting/someone else's of PAN is ***20% or Actual Rate whichever is higher*** from F.Y. 2010-11 u/s **206AA**. *(if payment within limits in TDS sections this section not apply*). This section overrides the entire Income Tax act including DTAA.
FA @ 2013 206AA **not apply** in respect of ***payment of interest on Long Term Infra Bonds to NR / FC u/s 194LC***.

9. **Interest** will be charged to payee on **failure to deduct or pay** , *whole or any part* of tax, **within time prescribed** as follows :-
   - **1 % per month** or part of month, on the amount of such tax, **from** the date on *which such tax was deductible* **to** the date on which *such tax is actually deducted*. **(Late Deduction)**
   - **1.5 % per month** or part of month, on the amount of such tax, **from** the date on which *such tax is deducted*(date of actual deduction not due date) **to** the date on which *such tax is actually paid* [Sec 201(1A)]. **(Late Deposit)**

10. **TIME LIMITS** :
    a) **Deposition/Payment of TDS** without late interest :
    - TDS made from **April to February** - **7th of following month** in which deduction made or due under 192(1A) ;
    - TDS made in **March** – **by** 30th of April .
    - Where payer is government or on behalf of govt and without challan on same day

    b) **Deposition of TDS for getting expenditure** to be allowed in the same previous year :
    - TDS made from April to February - 31st March (i.e., Balance Sheet Date) ;
    - TDS made in March - 30th September (i.e., Last Date of Filing of Income Tax Return u/s 139(1)).

c) Deposition of **Quartely TDS Returns** (without Penalty) :
- For **I, II & III Quarters** - **15th of the following month** from the end of Quarter
(However, the above relevant due dates for I,Ii & III Qtrs. for **the govt. deductor is 31st** instead of 15th) ;
- For **IVth Quarter** - **15th of May**.

11. **TDS certificates** to be issued mandatorily, w.e.f. 01st April, 2012 in Form 16A(Salary) or 16B(for TDS u/s 194IA) generated & downloaded online through TIN Central System (ie., from website 'www.tdscpc.gov.in') with a unique TDS Certificate No. (except Form 16), with the digital signatures & shall be issued quarterly within 15 days of due date of filling of quarterly statements u/s 203.
[However, in case of Salary, Certificate to be issued upto 31st May from the end of the relevant previous year].

12. TDS mandatorily required to be deposited electronically in the following cases : [Sect. 200]
a) Company;
b) Tax Audit Assessee

13. **Relief from TDS** can be availed by the assessee **u/s 197** (Dept/ AO approval *for lower* or *no deduction* on application made my assessee) & **197A** (Self declaration only for no deduction of TDS in FORM 15H & 15G, if the income is below B.E.L.) (***PAN to be furnished*** us both the sections, **failing of which 206AA apply**):
- Relief u/s 197 - w.r.t. ***all sections except*** 194B, 194BB, 194E, 194LB,194IA,194LB,194LC, 196B, 196C & 196D.
- Relief u/s 197A - **w.r.t.** 193, 194 & 194A (If income u/s mentioned here **>** B.E.L then self declaration would not suffice . So claim deduction 197 with AO. However if the individual is ≥ 60 yr self declaration would work)

14. Deductor will be allowed to adjust excess TDS deposited in any quarter of a F.Y., within anyother quarter of the same F.Y. However, if can't be adjusted during the same F.Y., payer shall be allowed refund for the same. Provided :
- Credit of that excess amount has not been claimed by the deductee;
- Deductor has not allowed TDS certificate to the deductee for the excess amount;
- Deductee is a resident.
- Refund has claimed within 2 years(with the approval of Additional CIT(TDS)) from the end of the F.Y. in which the TDS was deductible.

[Excess TDS = TDS deposited - TDS deductible]

15. No TDS on Interest or Dividends or Other sums payable to followings as specified u/s 196 : 1. Government ;
2. Reserve Bank of India ;
3. Mutual Funds ;
4. Corporation established under any Central act whose Income is exempt from Tax.

16. Finance Act 2013 Amendments in TDS (Summary) :

Sec 194-IA (new sec)	**TDS** on transfer/payment of **immovable property** (*other than Agricultural Property*) whose **consideration ≥ 50 lakhs**	**TDS @ 1 % , for tnsfr to NR → 195** Tan no req u/s 203A not required
Sec 194-LD (new sec)	**Int** earned betwn **1/6/13 to 31/5/2015** in **a rupee denominated bond** of **India Co & Govt Sec** in respect of **Inv**estment made **by FII or QFI** (qualified)	**TDS @ 5%** related amendments in sec 115A, 115AD , 195 & 196D
Sec194LC (old)& 206AA(new)	In absence of PAN 206AA (20%) would apply . ***For non corporate non residents n foreign company*** who are **paid interest on long term infra bonds (1.7.12 to 30.6.15)** 206AA won't apply	**TDS @ 5% even without PAN**

Sect.	Type of Payment	Rate	Threshold Limit	Deductor	Deductee	Remarks
192	Salaries	AVERAGE RATE		Any Employer	Any Employee	----------
193	Intrest on Securities	**10%**	Any payment made	Any Person	Any Resident	1. **No TDS**, if : a)any **securities issued by** a **company** held in **Demat Form** and **listed on stock exchange**; b) **Interest** *payable to individual/HUF* during **a financial yr**. **upto ₹5000** in *the following cases* : - **Listed co.s** issues **debentures** primarily in **physical form** & such debentures are **listed** on the stock exch.or - **Listed co.s** issues **debentures** whether in **physical form *or demat form*** & if such debentures are ***not listed***; c) **Int.** is **payable by Cental/ State Govt. Securities**. d) Payee = LIC/GIC/Other Insurance Company.
194	Dividend	**10%**	₹ 2500 p.a. (only for the payment made by A/c payee chq. to IND)	Domestic Company	Any Resident	Section focuses to make **TDS on Deemed Dividend** taxable **u/s 2(22)(e)** of the Income Tax Act,1961, as dividend u/s 115-O is exempt in the hands of Shareholders (ie., payee) u/s 10(34).
194A	Interest other than Interest on Securities i) Bank Interest® ii) Interest on Compens. of Motor Acc Claim iii) Other Int. [® Bank Interest includes Interest on Deposit with Coop. Soc. Banks & Post Office] (See notes)	 **10%** **10%** **10%**	 ₹10,000 p.a ₹50,000 p.a ₹5,000 p.a.	Any Person u/s 2(31) **[Subject to Notes 1]**	Any Resident	1. Interest includes any amount for arranging the funds or other charges in respect of the money borrowed, eg : Processing Fees. 2. **No TDS on** interest If- a) paid by **bank** other than time deposits; b) paid by **firm to its partners**; c) paid by **Gov**ernment under **I**ncome **T**ax/**W**ealth **T**ax Act; d) paid to **Financial Consortiums** : Banks, Government Co.s/Agencies, Financial Institutions (if incorporated any Central / State/ Provincial Act),UTI, Insurance Co d) paid by **Co-operative society** to its **members** or any **other co-operative society**. e) **Recurring Deposits** and **Savings Account** and deposit under certain **schemes of Post Office** 3. Difference between Issue price & Redemption Value of **Zero Coupon Bonds** doesn**'t** constitute **interest for 194A**. 4. During the **pendency of Litigation** where the *amount* is *deposited on directions of the court*, Bank shall : (eg Insurance co ordered by Motor Acc Claim Tribunal to deposit) - deduct TDS; - issue TDS certificate in the name of depositor/seperate Certificate for joint depositors. (pg 25 3.3)
194B	Winning from Prizes, Lottery or Crossword	30%	₹10,000 p.a	Any Person u/s 2(31)	Any Person u/s 2(31)	If winnings is in kind then the deductor before realising such winnings shall ensure that such amount of tax has been deposited. (KBC n DID to deduct). **Applicable to NR/R.**

194BB	Winning from Horse Race	30%	**₹5,000 p.a.**	Any Person u/s 2(31)	Any Person u/s 2(31)	Applicable to Non Residents and Residents.
194C	Payment to Contractor/ Sub-Contractor (includes paym. for all types of 'Work') If payment made to : **i) Individual/HUF** **ii) Others**	 **1%** **2%**	**₹ 30,000** (per contract) **₹75,000** (aggregate of all contracts during a F.Y.)	Any Person u/s 2(31) **[Subject to Note 1]**	Any Resident	1. Section includes all types of 'Work' for the purpose of TDS deduction, except as covered u/s 192, 194D, 194G, 194H, 194I, 194J 2. **No TDS** on payments: a) made by Individual/HUF excl. for **personal purposes**(*even though was subject to tax audit in the preceding F.Y.)* b) made to Travel Agents (provided such payment shall not be made for chartering an Aircraft) c) made to a **transporter of goods** on **furnishing his PAN** to the payee (in *business of PHL goods carriage*) 3. For **composite contracts** (ie.,where invoice value includes the *material as well as the service component*) : - goods recd amt. seperately mentioned in invoice : TDS on (Invoice Value-Material Cost) - goods amt. not seperately mentioned in invoice : TDS on Invoice Value 4. 'Works' shall : **- *include*** *manufacture or supplying* a product as per the *requirement or specification* of customer by ***using material*** *purchased* ***from such customer*** ; - *not include* manufacture or supplying a product as per requirement or specification of customer by *using material purchased from person other than such customer.* (Reason: As such contract is sale)
194D	Insurance Commission	10%	₹20,000 p.a.	Any Person u/s 2(31)	Any Resident	Commiss. or otherwise of for soliciting / procuring business.
194E	Payment to **Non-Resident** *Sportsmen* or *Sports Association* or *Entertainer*	20%	Any payment made u/s 115 BBA	Any Person u/s 2(31)	Non - Resident	
194G	Commission on Sale of Lottery Tickets	10%	₹1,000 p.a.	Any Person u/s 2(31)	Any Resident	
194H	Commission or Brokerage	10%	₹5,000 p.a.	Any Person u/s 2(31) **[Subject to Note 1]**	Any Resident	1. **No TDS** on : a) Comm./Brok. on transactions of securities;(not cvrd) b) discounts (ie., any concession allowed on sale of goods or provision of service). **2. Discounts allowed on supply of Sim Cards & Recharge Coupons by a telecom company to its distributors under prepaid scheme will be treated as commission to attract TDS liability u/s 194H [Vodafone Essar Cellular Ltd. v. ACIT (TDS) 332 ITR 255 (2011) (Kerla)].**

194I	Rent on : i) Plant & Machinery ii) Other Tangible Assets (like Land, Building, Furn. & Fittings) (Even if not owned by the payee eg sub Lease) (It is imp that pymnt is ***for use of*** above Assets)	 2% 10%	**₹1,80,000 p.a**.	Any Person u/s 2(31) **[Subject to Note 1]**	Any Resident	1. For the purpose of deduction of TDS, **Rent includes**: - *Non refundable Deposits*; **(Int on dep u/s 194A)** - Advance Rents; - Deposits adjustible against future liability eg lease period ; - *Warehouse Charges*; but, **excludes:** - *Refundable Deposites*, for which no adjustm. can be made; - Rent payment of intangibles (covered u/s 194J) 2. TDS on *Hotel Rooms* should *not be made u/s 194I*, **unless** there is **Tie-up with the hotel** or r**ooms are periodically earmarked by** the **payee** on "regular" basis. 3. **Rent v/s Contract:** - Whenever there is confusion between Rent & Contract following test shall be applied: a) if *other exp.* are *borne* **by *Tenant***-*Rent* (liable **u/s194I**) b) if *other exp*. are *borne* **by Owner**-Rent (liable **u/s194C**) [Justify the above in the lights of an illust. 'Rent-a-Cab'] - *Cold Storage Charges* will be covered **u/s 194C** & **not u/s 194I** as the *agreement* between cold storage owner & its customer is *basically contactual in nature*. 4. **Rent v/s Service :** Whenever there is confusion between Rent & Service eg: Building + Furniture + Know-how given on rent in a single contract. **N o TDS on service tax** portion. Examine the dominant intension for making contract.
194IA	**Compensation on Transfer of certain Immovable Prop. other than Agricultural Land (w.e.f. 01.06.13)** (even if held as SIT by buyer/seller) IA = "I"mmovable nt "A"gricultural	**1%**	**₹50,00,000 p.a**	**Any Person u/s 2(31)**	**Any Person u/s 2(31)**	1. In order to avoid genuine hardship upon the deductor, deductor is *not mandatorily* required *to possess a TAN* 2. For payment of such tax Form No. 26QB is prescribed, instead of Challan No. / ITNS 281, being a challan cum statement for filing return. 3. After deducting the TDS, Form No.-16B is required to be issued to the seller. 4. TDS to be made on payment basis & not on credit basis. *5. In case of more than 1 buyer or 1 seller, where purchase price or sale price as the case may be is less than ₹50 lacs, but the aggregate of all transactions exceeds ₹50 lacs, section 194IA will be attracted.*
194J	Fees for : -Professional or -Technical Serv. / Royalty / Non-Compete Fee u/s 28(va) / Director's Sitting Fees /rem TDS on non compete fee u/s 28(va) & Sitting fee to directors *nt covered* ***Under*** **40a(ia)**	**10%**	**₹ 30,000 p.a.**	Any Person u/s 2(31) [Subject to Note 1]	**Any Resident**	1. No TDS if : a) such sum is paid exclusively for personal purposes by an individual/member of HUF (even though was subject to tax audit in the preceding F.Y.). b) such sum is paid by a non resident, not having any agent/ business connection/permanent establishment in India to any CA/Lawyer/Advocate/Solicitor. (However is required to furnish the Qtrly. Statement). **2. No threshold limit for Director's Sitting Fees & will cover** any pament made to director other than those on which tax is deductible u/s 192.

	So if No TDS Deducted on above Two , same not Disallowed u/s 40a(ia). However Penalty & int for Non deduction apply					3. CBDT has notified services rendered by followings as the professional services : 1)Sports Person; 2)Umpires & Referees; 3)Anchors; 4)Coaches; 5)Trainers; 6)Team Physicians; 7)Event Managers;8)Sports Communists; 9)Commentators 4. Section 9 has been amended to include the 'computer software' as a royalty & therefore TDS will be attracted on sale of computer software except where : - the software is acquired in a susequent transfer & the transferor has transferred the software without any modification ; or - tax has been previously deducted on such software u/s 194J or 195.
194LA	Payment for Compensation on ***Compulsory Acquisition*** of any Immovable Property	**10%**	**₹2,00,000 p.a**	Any Person u/s 2(31)	Any Resident	No TDS, if property is an agricultural land. Agricultural Land u/s 2(14) "L"and "A"cquired
194LB	Payment made by Infrastructure Debt Fund 2wards Interest	5%	Any payment made u/s 115A(2)	Infrastructu Debt Fund covered u/s 10(47)	Forg. Co. or Non-Res.	Inf. Debt fund u/s 10(47)
194LC	Payment made by Infrastructure Companies towards Interest "C"khists	5%	Any Payment made for Interest u/s 115A(3)	Infrastructu Companies	Forg. Co. or Non-Res.	1. Loan / Bonds must be issued on or after 01.07.2012, but, before 01.07.2015. 2. Moneys should be borrowed in foreign currency. 3. Interest Rate & Loan/Bond tenure should be approved by Central Govt. 4. **Section 206AA nt applicable (Fin,2013)**
195	Other sums to Non Residents (like Interest, etc. except Salary)	Rates in Fin. Budgt every year	Any payment made (20 %)	Any Person u/s 2(31)	Forg. Co. or Non-Res.	1. TDS only to be made, if income is taxable in India & only on such portion being taxable in India. 2. Whichever provisions being more beneficial to assessee ie., either DTAA or Domestic Provisions, TDS shall be made with such provisions.
196B	LTCG on Units / Mutual Fund u/s 10(23D) to Non Residents	10%	L.T.C.G. as referred u/s **115AB**	Any Person u/s 2(31)	Offshore Fund	1. No TDS on : (a) Income on units referred u/s **115AB**, exempt u/s 10(35); (b) L.T.C.G. on units exempt u/s 10(38).
196C	Interest Income/ LTCG on FCCBs/ GDRs/ Bonds of PSUs	10%	Any Payment made w.r.t. Intt. or L.T.C.G. on Bonds & GDR u/s 115AC	Any Person u/s 2(31)	Non Resident	1. **No TDS** on **dividend income received on G.D.R.s**, being exempt u/s 10(34).
196D	Interest Inc. on Securities	20%	Any Payment made u/s 115AD	Any Person u/s 2(31)	Notified FIInvestors	1. No TDS on LTCG/STCG on transfer of securities u/s 115AD. 2. Not int u/s 194L B/LC/LD 3. Dividend inc e Xempt 10(34)

Section 194LD : *(Finance Act,2013)* Payment to FII/QII on interest income on 1.6.13 till 30.5.15 in respect of investment made in: (Int rate max. notified by Central Govt)
Rate of Deduction : **5%**

(a) A **rupee denominated Bond** of **Indian Company**
(b) A **Govt Security**

OTHER MISCELLANEOUS ASPECTS :

Sec 203AA : The prescribed ITA shall within prescribed period after end of Financial Year furnish in **prescribed form** … **26AS** … the amount of tax deducted during FY to assessee on whose income tds deducted.

Sec 200A : Processing of TDS returns quarterly .Adjustment will be made if found any. *An intimation* will be prepared *specifying amount payable or refund due after such processing*. No intimation be sent after the expiry of 1 year from end of financial year in which the quarterly return is filed. Such *intimation of amt payable is deemed to be notice u/s 156*. If ***not paid within 30 days*** assessee be **considered an assessee in default**. Pay int u/s 220 and penalty u/s 221. Appeal be made to CIT(A) u/s 246A and 154 if mistake apparent from records.

Sec 201(1): ***Assesse deemed assessee in default*** u/s **220& 221** if :

(a) Fails to deduct TDS or (b) After deduction , fails to pay the TDS	Penalty u/s 221	Upto TDS not deducted /not paid
	Interest u/s 220	@1% pm from date tax was deductible/ payable to date of passing order u/s 201(1)

As per Finance act 2012, ***Proviso to section 201(1) & 40(a)(ia)***
Proviso to 201(1): such deductor not DAID if **payee** files a return u/s 139 , considers such income on which TDS not deducted as his income in return and pays tax due on income declared by him.
40(a)(ia) : Such assessee to whom such proviso applies for this section deemed to have deducted such TDS and can claim deduction of such expenditure.