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TDS PROVISIONS UNDER CHAPTER XVII – B IN BRIEF

Relevant for November 2009 CA Exams
(Finance Act 2008)

SECTION	PAYER OF AMOUNT	PAYEE	THRESHOLD EXEMPTION LIMIT	RATE OF TAX DEDUCTION
Sec.192 – Salary Payment	Any Employer	Obviously An Individual.	No exemption Limit.	As per Normal Provisions applicable to any individual at the Rates specified by relevant Finance Act.
Sec.193 – Interest On Securities	Any Person	Any Resident	Rs.2,500/-	20% when payee is a Domestic Co.; 10% for Others
Sec.194 – Dividends	Domestic Company	Any Resident Shareholder	Rs.2,500/-	20% [Not Applicable where Company pays Dividend Distribution Tax u/s 115-O]
Sec.194A – Interest other than Interest on Securities	Any Person [Mandatory for persons covered under Tax Audit u/s 44AB]	Any Resident Non-corporate Assessee and Companies	(1) Rs.5,000/- (2) Rs.10,000/- when payer is a banking company or a co-operative society engaged in Banking business or a post office	10% for Resident Non-corporates. 20% for Companies ***[Interest on Savings Bank A/c or Interest paid by a firm to partners is not subject to TDS.]***
Sec.194B – Winnings from Lottery or Crossword Puzzles	Any Person	Any Person	Rs.5,000/-	30%
Sec.194BB – Winnings from Horse Races	Any Person	Any Person	Rs.2,500/-	30%
Sec.194C – Payment to Contractors and Sub-contractors	Central/State Government, Local Authority, Company, Co-operative Society, Housing Board, Trust, University, Firm and ***Individuals and HUFs***	Any Person	Single Payment for Rs.20,000 or more OR Aggregate Payment exceeding Rs.50,000/- during the relevant previous year	2% for payments to contractors; 1% for Payments to Sub-contractors and for Advertising Contracts [Sec.194C not to apply to payments to airlines or travel agencies for purchase of tickets.]

	covered under Tax Audit u/s 44AB			
Sec.194D – Insurance Commission	Any person	Any resident person	Rs.5,000/-	20% for Demestic Companies; 10% for others
Sec.194E – Payments to Non-resident Sportsmen or Sports Association	Any Person	Non-Resident Sportsmen and Sports Association	Any income covered by Sec.115BBA	10%
Sec.194EE – Payments in respect of deposits under NSS etc.	Any Person	Any Resident Person	Rs.2,500/-	20%
Sec.194F – Payment on account of repurchase of units by MF or UTI	Any Person	Any Person	No Exemption Limit [Units are those covered by Sec.80CCB]	20%
Sec.194G – Commission on Sale of lottery tickets	Any Person	Any Person towards stocking, distributing, purchasing or selling tickets	Rs.1,000/-	10%
Sec.194H – Commission or Brokerage	Any person other than Individual or HUF ***[However, Individuals and HUF covered under Tax Audit u/s 44AB are subject to proviso of Sec.194H.]***	Any Resident Person	Rs.2,500/-	10%
Sec.194I – Rent	Any person other than Individual or HUF ***[Individuals and HUF covered under Tax Audit u/s***	Any person <u>Except</u> ***Government, Local and Statutory Authorities whose income are exempt by virtue of***	Rs.1,20,000/-	15% for payment to Resident Individuals and HUFs; 20% for other Resident persons

	44AB are subject to proviso of Sec.194I.]	***Sec.10(20)***		
Sec.194J – Fees for Professional or Technical Services or Royalty or Non-compete fees	Any person other than Individual or HUF ***[Individuals and HUF covered under Tax Audit u/s 44AB are subject to proviso of Sec.194J.]***	Any Resident Person	Rs.20,000/- [This limit is to be computed separately for Fees for Technical or Professional Services when both types of services are provided by one party i.e. Rs.20,000 limit for Professional Services and Rs.20,000 for Technical Services.]	10% [***If a consolidated bill is furnished by a professional, then TDS proviso apply to Out of Pocket Expenses or Reimbursements; if included in said consolidated bill.]***
Sec.194LA – Payments for Compensation or enhanced Compensation for Compulsory Acquisition of immovable property	Any Person	Any Resident Person	Rs.1,00,000/- value of compensation [No deduction if immovable property is Agricultural Land.]	10%
Sec.195 – Payments made to Non-Residents	Any Person	Non-Resident Non-corporate Assessee and Foreign Companies	No exemption Limits	Rate of Tax specified in: → Finance Act → u/s 90 or 90A whichever is most favorable to the payee.
Sec.196B – income from Units referred to in Sec.115AB	Any Person	Any Person	No Exemption Limits	10%
Sec.196C – Any Income from Foreign Currency Bonds; Shares in Indian Company or GDRs	Any person	Any Non-Resident	No Exemption Limits	10%
Sec.196D – Any income from securities to Foreign Institutional	Any Person	Any Foreign Institutional Investor	No Exemption Limits [No deduction in case of following incomes:	20%

Investors			Capital Gains from transfer of securities specified u/s 115AD and Dividends covered by Sec.115-O]	

These tax rates are to be increased further by SC, EC and HEC as applicable from time to time.

→ For incomes covered under following sections, ***deduction shall be on Payment basis ONLY*** and not upon “payment or credit to account; whichever is earlier basis”:

Sec.192	Income from Salary
Sec.194B	Lottery Winnings
Sec.194BB	Winnings from Horse Races
Sec.194EE	Payments from NSS
Sec.194LA	Payments for Compensation on acquisition of certain immovable property