TAX DEDUCTED AT SOURCE

SECTIONS	RATE	PARTICULARS
192: Deduction of tax from salary	Tax on Slab Rate (every month equitably)	Every Employer has a liability to deduct TDS on salary on monthly basis on the amount taxable under the head salary (on equal monthly installment but will deduct the difference in the month of march in case of difference arising there on) But if employee pays his liability then employer will not be treated as assessee in default.

Illustration 1

The estimated taxable salary of the employee Miss Reeta for the financial year 2012-13 is ₹ 10,14,000. Determine the amount of tax to be deducted at source every month by the employer. What will be your answer if the estimated salary is for 10 month & date of joining the service is 01.06.2012.

Illustration 2

The income chargeable under the head 'salary' of an employee Ayaan for the previous year ending 31.3.2013, inclusive of all perquisites is ₹ 10,20,000, out of which, ₹ 1,60,000 is on account of perquisites provided other with them in monetary payment. The employer opts to pay the tax on such perquisites. Determine the amount of tax to be deposited by the employer and the tax to be deducted in the employer at source.

Illustration 3

Tarun was working with Ticon Ltd. on a salary of ₹ 60,000 p.m. He resigned on 31.7.2012 and joined Photon Ltd. w.e.f. 1.8.2012 on a salary of ₹ 70,000 p.m. Compute the tax deductible by Ticon Ltd. and Photon Ltd. assuming he submitted the details of salary drawn and tax deducted at source by Ticon Ltd. along with a copy of Form 16 to Photon Ltd. on 1.8.2012 itself.

193: Deduction of tax from Interest on Security.	10%	• The person liable to pay to a resident income by way of interest on securities. • TDS to be deducted at the time of payment or credit whichever is earlier. • No TDS o Any debenture issued by an institution or authority, or any public sector company, co-op society, as CG may notify. o **Interest paid on any debenture (listed or not) issued by company in which public are substantially interested to any RESIDENT INDIVIDUAL or HUF if the aggregate payment during the Financial Year is not likely to exceed ₹ 5,000/-. (F.A. 2012)**

194: Deduction of tax from Dividend	10%	• Only dividend under section 2(22)(e) is liable for TDS.
194A: Interest other than "Interest on Security"	10%	• The person liable to pay to a resident income by way of interest on securities. • TDS to be deducted at the time of payment or credit whichever is earlier. • No TDS o if payment does not exceed ₹ 10000/- & paid by Banking Company, Co-op society engaged in banking business, post –office. ₹ 5000/- in any other case.
194B: Winning from lottery, crossword puzzle, card game etc.	30%	• Winning prize exceeds ₹ 10000/-
194BB: Winning from Race Horses	30%	Winning prize exceeds ₹ 2500/-
194C: Payment to residential contractor or sub-contractor.	1% Individual & HUF 2% other Assessee Nil in case of Transporter if he provides PAN	Work: • Advertising • Broadcasting and telecasting including production of programmes for such broadcasting or telecasting. • Carriage of goods or passenger by any mode other than by railways • Catering • Manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from such customer. TDS is to be deducted when single payment / credit to accounts exceeds ₹ 30000/- and aggregate sum during the year exceeds ₹ 75000/-
194D: Insurance Commission	10%	Aggregate payment exceeding ₹ 20000/-
194E: Payment to non-resident Sportsmen or sport association.	**20% (F.A. 2012)** +2%(EC) +1%(SHEC)	The income must have been earned by way of: • Participation in India in any game (excluding any card game and other game of gambling or betting) or sports • Advertisement or • Contribution of articles to any game or sport in India in newspapers, magazines or journals.
194EE: Payment in respect of deposits under National Saving Scheme, etc.	20%	Applicable on National saving scheme (referred under 80CCA) TDS not to be deducted: • Payment does not exceeds ₹ 2500/- or • Paid to heirs of the deceased assessee or • Submits Form No. 15G.
194G: Commission etc. on Sale of lottery tickets	10%	Payment exceeding ₹ 1000/-

194H: Commission or Brokerage	10%	• Aggregate payment exceeding ₹ 5000/- • No TDS on commission or brokerage paid by BSNL or MTNL to their public call office franchisees.
194I: Rent	Plant, Machine & Equipment = 2% Land, Building or Furniture = 10%.	Aggregate payment exceeding ₹ 180000/- Rent means any payment, by whatever name called, under any lease, tenancy or any other agreement or arrangement for the use of (either separately or together) any,: • Land or • Building (including factory building) or • Land appurtenant to a building (including factory building) or • Machinery or • Plant or • Equipment or • Furniture or • Fittings
194J: Fees for Profession or Technical Services.	10%	Each Single payment exceeding ₹ 30000/- • Professional Services: means services rendered by a person in course of carrying on legal, medical, engineering or architectural profession or profession of accountancy or technical consultancy or interior decoration or advertising or any other profession notified under section 44AA or under this section by CBDT. • Fees of Technical Services: means any consideration (including any lump sum consideration) for rendering of any managerial, technical or consultancy services (including the provision of services of technical or other personnel) but does not include consideration for any construction, assembly, mining or like project undertaken by the recipient or consideration which would be income of the recipient chargeable under the head "Salary". • ***TDS has to be deducted under this section of director if he is not covered under salary (i.e. Whole time & Managing Director will be govern by section 192 i.e. Salary & Seating fees of Director if not Whole Timer will be covered under this section.). (F.A. 2012)***
194LA: Payment of Compensation on acquisition of certain Immovable Property.	10%	• Any person responsible for paying to a resident. • Any sum in the nature of compensation or the enhanced compensation or the consideration or the enhanced consideration. • On account of Compulsory acquisition, under any law for the time being in force, of any immovable property (not being agricultural land). • No deduction: o Aggregate Payment does not exceeds **₹ 200000/- (F.A. 2012)**
194LB: Income by way of Interest from Infrastructure debt fund.	5%	• Any person being a non – resident (not being company or to a foreign company) • Receives interest form infrastructure debt fund.
194LC: Tax Incentive to	**5% + Surcharge**	• ***Any interest paid by Indian Company to any person being a non – resident (not being company or to a***

Non- Residents for funding of certain Infrastructure Sectors. (F.Act 2012).	+ Cess	foreign company) in respect of borrowing made in foreign currency from source outside India. • Receives interest on any loan under agreement OR by way of issue of long term infrastructure bond (between the period01.07.2012 to 01.07.2015). • And to the extent such interest does not exceed the amount of interest calculate at the rate approved by the Central Government in this behalf, having regards to the terms of the loan or the bond and its repayment.
195: Other Sum	At the rates in force	Any person responsible for paying to a non resident, not being a company or to a foreign company, interest or any sum chargeable under the this act (other than salary) shall deduct TDS.
SOME COMMON POINTS • When PAN is not available then tax is to be deducted at 20% or the TDS rate in force whichever is higher (in case of transporter also in 194C). • When person makes the application to Assessing Officer in Form 13 and obtains from him such certificate as may be appropriate, authorizing the person responsible for making such payment at a NIL rate or lower rate.		
195A:Income Payable "Net of Tax"	• An arrangement or agreement is made to charge tax on income referred to any provisions of this chapter is to be borne by the person by whom the income is payable. • Then for TDS purpose income shall be increased to such amount as would, after deduction of tax thereon at the rate in force for the financial year in which such income is payable, be equal to the net amount payable under such agreement or arrangement.	
196: Interest or Dividend or other sums payable to Government, Reserve Bank or Certain Corporations	Not TDS on Following Payment (by way of Interest or dividend): • To Government • To RBI • A corporation established by or under a Central Act which is, under any law for the time being in force, exempt from income tax on its income. • A Mutual Fund specified in 10(23D).	
197: Certificate for deduction at lower rate.	When person makes the application to Assessing Officer in Form 13 and obtains from him such certificate as may be appropriate, authorizing the person responsible for making such payment at a NIL rate or lower rate.	
197A: No deduction to be made in Certain Cases.	• No deduction under section 194 or 194EE in case of Individual or 193or 194 in case of any other assessee (not being a company) • No TDS if Form no 15G is furnished in duplicate. • But this will provision is not applicable in the case were the aggregate income under section 193, 194, 194A or 194EE is exceeding the Maximum amount not Chargeable to Tax. • Senior citizen can furnish declaration even if such income exceeds maximum amount not chargeable to tax in Form 15H if tax on his total estimated income is NIL. • No deduction of tax on Interest paid by the Offshore Banking Unit.	
198: Tax deducted is Income received	• Any tax deducted under this chapter shall deem to be an Income Received by the Assessee for computation of income.	
199: Credit for tax deducted	• Any deduction made as per provisions from section 192 to 196D • Paid to Central Government	

	• Shall be treated as a payment of tax on behalf of the person from whose income it has been deducted. • CBDT may make rules in this behalf.
203A: Tax Deduction & Collection Account Number	• Every person responsible for Deduction or Collection of Tax at Source shall apply for TAN within the prescribe time in Form 49B. • After such number is allotted he will furnish the same in all the returns relating to Tax deduction or Collection. • The same shall be furnished in respect of every challan for which the payment has been made.
204: Person Responsible for deduction & Payment.	Person responsible for deduction of Tax & it's payment is: • Employer, Company, Principal Officer or Payer. • **In case of Central or State Government "Drawing or Disbursing Office". (F.A. 2012)**
206A: Furnishing of Quarterly Returns regarding the details of non-deduction of tax by bank, co-operative society etc.	• The entity i.e. o Any banking company o Co-operative company o Public company referred to in the proviso to section 194(3)(i) • Responsible for paying to a resident any income not exceeding ₹ 10000/- by way of interest (other than security) • Shall furnish the details in CD Rom, floppy disc etc.
206AA: Requirement to furnish Permanent Account Number.	• Any person whose tax has been deducted at source shall furnish his PAN to the person responsible to deduct Tax at source. • If he fails to do so then tax is deducted at the higher of the following rate: o At the rate specified in the provisions. o At the rate or rates in force o At 20%. • He shall furnish the PAN on 15G or 15H.

MISCELLANEOUS PROVISION

When Tax Deducted has to be paid: Government

Situation	Time
Where Tax is Paid without payment of Challan	Same Day
Where Tax is Paid through payment of Challan	On or before 7th day from the end of the month in which deduction is made or income tax is due under section 192(1A).

When Tax Deducted has to be paid: Other than Government

Situation	**Time**
In the Month of March	30th April
In any other Case: Normal	On or before 7th day from the end of the month in which deduction is made or income tax is due under section 192(1A).
Under special case i.e. where AO with the prior approval of JCIT permits quarterly payment of TDS under section 192,194A,194D & 194H	Quarter ending on 30th June: 7th July Quarter ending on 30th Sept: 7th Oct Quarter ending on 31st Dec: 7th Jan Quarter ending on 31st March: 30th April

Due date of Quarterly Statement/ Return:

Quarter ending Date	Due Date
30th June	15th July
30th Sept	15th Oct

31st Dec	15th Jan
31st March	15th May
Dedicator is responsible to issue Form 16 in case of salary per annum & Form 16A in case of Non-Salary	
Quarter ending Date	**Due Date**
30th June	30th July
30th Sept	30th Oct
31st Dec	30th Jan
31st March	30th May

SECTION 206C: TAX COLLECTED AT SOURCE

SR. NO.	NATURE OF TRANSACTION	RATE
1	Alcoholic liquor for human consumption	1%
2	Tendu Leaves	5%
3	Timber obtained under a forest lease	2%
4	Timber obtained by any mode other than forest leaves	2%
5	Any other forest produce not being timber or tendu leaves	2%
6	Scrap	1%
7	Parking Lot	2%
8	Toll Plaza	2%
9	Mining & quarrying	2%
10	**Coal**	**1%**
11	**Lignite**	**1%**
12	**Iron Ore**	**1%**
13	**Cash sale of Jewellery exceeding ₹ 5 lakh & bullion (excluding any coin or any article weighing less than 10 gram or less) ₹ 2 lakh**	**1% (F.A. 2012)**

ADVANCE TAX

207: Liability for Payment of Advance Tax	Tax shall be payable in advance during the financial year in respect of total income of the assessee which would be chargeable to tax for the assessment year immediately following that financial year **but in Case of Senior Citizen not having Income under the head PGBP is not liable to pay advance tax. (F.A. 2012).**		
208: Conditions of liability to pay income tax	Advance tax computed is payable if such computed tax exceeds ₹10000/-.		
209: Computation of advance tax by assessee himself	Step 1: Estimate Current Years Total Income Step 2: Compute Tax on such total Income as enforceable by Finance act PART – III Step 3: Add Surcharge + EC + SHEC Step 4: Less: Relief under Section 89, 90, 90A & 91 Step 5: Deduct credit, if allowed under section 115AA (MAT Credit) or 115JD (AMT Credit) of the tax paid in earlier years Step 5: Less: Deduct TDS & TCS during the financial year from any income (as computed before allowing deduction admissible under the act) which has been taken into account in computing the current income. **(FA 2012)** Step 6: Balance Tax if more than ₹ 10000/- then only Advance tax applicable		
210: Computation of advance tax by Assessing officer	Although it is mandatory for the assessee to calculate & pay advance tax, the Assessing Officer may pass an order under section 210(3) or amended order under section 210(4) & issue a notice of demand under section 156.		
211: Due date of Installment	**IN CASE OF COMPANY**		
	DUE DATE OF INSTALLMENT	**AMOUNT PAYABLE**	
	On or before 15th June	At least 15% of Advance tax Liability	
	On or before 15th September	At least 45% of Advance tax Liability as reduced by any advance tax paid on earlier installment due date	
	On or before 15th December	At least 75% of Advance tax Liability as reduced by any advance tax paid on earlier installment due dates	
	On or before 15th March	At least 100% of Advance tax Liability as reduced by any advance tax paid on earlier installment due dates	
	IN CASE OF NON COMPANY		
	DUE DATE OF INSTALLMENT	**AMOUNT PAYABLE**	
	On or before 15thSeptember	At least 30% of Advance tax Liability	
	On or before 15thDecember	At least 60% of Advance tax Liability as reduced by any advance tax paid on earlier installment due date	
	On or before 15thMarch	At least 100% of Advance tax Liability as reduced by any advance tax paid on earlier installment due dates	

Illustration 4

Compute the Advance Tax payable by Rahul from the following estimated income submitted for the financial year 2012-13:

1.	Income from salary	₹ 5,80,000
2.	Rent from house property (per annum)	₹ 3,60,000
3.	Interest on government securities	₹ 25,000
4.	Interest on saving bank deposits	₹ 13,000
5.	Agricultural Income	₹ 90,000
6.	Contribution towards PPF	₹ 60,000

Tax deducted at source by the employer on salary is ₹ 35,020.

Illustration 5

The estimated Gross Total Income of Ayush is ₹ 8,20,000 which includes ₹ 1,00,000 on account of LTCG earned on 16.9.2012. Compute the Advance Tax Payable Ayush, assuming ₹ 11,000 has been deducted at source during the financial year 2012-13.

<table>
<tr><td>218: Assessee deemed to be in default</td><td colspan="3">In the assessee does not pay on the specified date, any installment of advance tax he is required to pay then he shall be deemed as assessee in default.</td></tr>
<tr><td>219: Credit of Advance Tax</td><td colspan="3">Any some other than penalty or interest, paid by or recovered from assessee as advance tax, shall be treated as a payment of tax in respect of income of the previous year & credit thereof shall be given to the assessee in the regular assessment.</td></tr>
<tr><td>234A: Interest on Non Filing of return on Time</td><td colspan="3">When the assessee fails to file his return on due date specified under section 139(1) then he is liable to pay interest @ 1% per month or part there off on the tax so payable till the date of filing return.</td></tr>
<tr><td>234B: Interest in case of default in payment of advance tax</td><td colspan="3">If the Advance tax is paid by the assessee is less than 90% of the actual tax liability determined on the final assessment then assessee is liable to pay interest @ 1% per month or part there off till the of payment of total tax liability.</td></tr>
<tr><td rowspan="6">234C: Interest for deferment of advance tax</td><td colspan="3">If the assessee pays short on each installment due date then he is liable to pay Interest under this section & calculation is as under.</td></tr>
<tr><th>Installment Dates</th><th>Company</th><th>Non Company</th></tr>
<tr><td>On or before 15th June</td><td>1% X (15% of tax due – actual advance tax paid) X 3 months</td><td>NIL</td></tr>
<tr><td>On or before 15th September</td><td>1% X (45% of tax due – actual advance tax paid) X 3 months</td><td>1% X (30% of tax due – actual advance tax paid) X 3 months</td></tr>
<tr><td>On or before 15th December</td><td>1% X (75% of tax due – actual advance tax paid) X 3 months</td><td>1% X (60% of tax due – actual advance tax paid) X 3 months</td></tr>
<tr><td>On or before 15th March</td><td>1% X (100% of tax due – actual advance tax paid) X 1 months</td><td>1% X (100% of tax due – actual advance tax paid) X 1 months</td></tr>
</table>

Proviso to 234C: Payment of advance tax in case of Capital gain/casual income	Where the Income by way of lotteries, crossword puzzles or capital gain arises it is impossible to calculate advance tax on that hence to give relief if advance tax on that is paid upto 31st March then no interest will be calculated on such kind of uncertain Income.

Illustration 6

Rohit files a return of income declaring an income of ₹ 8,90,000 for assessment year 2013-14. A sum of ₹ 43,000 has already been deducted at source from the income of Rohit during the financial year 2012-13. Rohit has paid advance tax as under:

15-9-2012	₹ 15,000
14-12-2012	₹ 16,000
13-3-2013	₹ 22,000

Compute the interest payable by Rohit under section 234C.