1. **Deduction of TDS and Advance Payment [Sec. 190]**
   - Tax recovered from the assessee through TDS, TCS and Advance Tax
   - Tax paid by employer u/s 192(1A) on non-monetary perquisites to employee
   - Above taxes are deducted from total tax due
   - Balance tax payable as self-assessment tax u/s 140A

2. **Direct payment of tax by assessee [Sec. 191]**
   - For income where TDS is not required to be deducted
   - For income where TDS is deductible but not deducted
     - Tax recovery proceedings against the assessee
     - If the person, who is required to deduct tax, does not deduct the whole/part of tax or fails to pay the tax deducted, then such person shall be treated as assessee-in-default. If assessee has paid the tax himself, this does not apply.

3. **TDS on Salary [Sec. 192]**
   - Average rate of income tax on the estimated total income
   - Liability to TDS deduct only at the time of payment
   - Avg. rate of income tax = Tax on total income / Total Income
   - Tax on non-monetary perquisites:
     - Optional for employer in lieu of TDS
     - Tax at avg. rate to agg. salary income
     - Payment every month along with TDS on salary
   - Simultaneously employed under more than 1 employer or takes up another job during the FY after resigning from the former, employee may furnish details of salary income due/received and TDS from other employer to the current employer. Subsequent employer will deduct the remaining tax on remuneration from both the employers.
   - In case of govt. employees, employees of companies, co-operative societies, local authorities, universities, institutions, associations or bodies, TDS should be deducted after relief u/s 89(1)
   - Taxpayer having income other than salary, may send the employer:
     - Particular of such income
     - Particulars of TDS under other provision
     - Loss under the head house property
   - Form 12BA: Particulars of perquisites or profits in lieu of salary, only when salary paid/payable exceeds 1.5 lakh. For other employees, details in Form 16 itself
   - CBDT yearly salary circular details should be followed
   - Employer responsible for obtaining the evidences for deduction/claims for computing total income and TDS
   - Employee shall give the following details to the employer in Form 12BB:

HRA	Name, address and PAN of landlord where agg. rent paid in PY exceeds 1 lakh
Leave Travel Concession or Assistance	Evidence of expenditure
Deduction of interest under HP	Name, address and PAN of the lender
Deduction under Chapter VI-A	Evidence of investment or expenditure

4. **Premature withdrawal from employees provident fund [Sec 192A]**
   - Recognized Provident fund: Framed under EPF & MP Act, 1952 or exempted u/s 17 and recognized under IT Act
   - Withdrawal of accumulated balance by an employee from the RPF is exempt
   - If the employee makes withdrawal before continuous service of five years (other than the cases of termination due to ill health, discontinuance of business, cessation of employment etc.) and does not opt for transfer of accumulated balance to new employer, the withdrawal would be subject to tax.
   - TDS @ **10%** to be deducted by trustees of the RPF at the **time of payment**
   - No TDS if payment is less than Rs. 50,000
   - PAN not submitted: TDS at maximum marginal rate

5. **Interest on securities [Sec 193]**
   - TDS @ 10% (domestic company and resident non-corporate assessee)
   - TDS should be deducted at the time of credit or payment, whichever is earlier

- No TDS u/s 193 on the following:
  - ✓ 4¼% National Defence Bonds 1972 held by resident individual
  - ✓ 4¼% National Defence Loan, 1968
  - ✓ 4¾% National Defence Loan, 1972
  - ✓ National Development Bonds
  - ✓ 7-year National Savings Certificates (IV Issue)
  - ✓ Debentures issued by any institution and notified by CG
  - ✓ 6½% Gold Bonds, 1977 or 7% Gold Bonds, 1980, where nominal value is =< 10000
  - ✓ CG/SG Security but TDS deductible on savings bond if interest > 10000 during the FY
  - ✓ Debentures (listed/non-listed) to a resident individual or HUF. Interest =< 5000 during the FY
  - ✓ On securities to LIC, GIC
  - ✓ Listed dematerialized security as per Securities Contracts (Regulation) Act, 1956

6. **Interest other than interest on securities [Sec 194A]**
   - Applies only to interest paid or credited to residents
   - Not applicable to such individuals or HUF whose sale/receipts from business/profession does not exceed 1 crore and 50 lakh u/s 44AB in the immediately preceding FY
   - TDS should be deducted at the time of credit or payment, whichever is earlier
   - In case of banks: TDS shall be deducted on accrual of interest on time deposits.
   - TDS @ 10% (domestic company and resident non-corporate assessee)
   - Non-applicability:
     - Interest paid/credited during the FY =< 5,000
     - In case of time deposit (FD+RD), above limit will be 10,000 and 50,000 in case of resident senior citizen
     - Above limit applicable on total basis and not branch wise, where CBS system is followed
     - Interest by a firm to any of its partners
     - Interest by a co-operative society to its members or other co-operative society
     - Interest on deposits under any scheme framed and notified by the CG
     - Interest on deposits with credit society
     - Interest paid by CG under IT Act, Wealth tax act, Gift tax act etc.
     - Interest paid to:
       - ✓ Companies/societies engaged in banking business
       - ✓ Financial corporation under CG, SG
       - ✓ LIC, companies/societies in insurance business
       - ✓ UTI, Notified Institutions (National Skill Development)
       - ✓ Interest on compensation by Motor Accidents Claims Tribunal (Credited). When paid =< 50000
       - ✓ Interest in zero coupon bond after 01.06.2005
     - On FD made in the name of Registrar General of the Court till the matter is decided by the Court
   - In case of minor, where both the parents have deceased, TDS should be deducted and reported against PAN of the minor child unless a declaration is filed that credit for tax deducted has to be given to another person
   - TDS in case of deposits under the Capital Gains Accounts Scheme, 1988 where the depositor has deceased:
     - Upto the period of death: against PAN of the depositor
     - After death of the depositor: against PAN of the legal heir, unless declaration filed for another person

7. **Winnings from lotteries, crossword puzzles and horse races [Sec 194B & 194BB]**
   - On lotteries, puzzles, casual and non-recurring nature income (games of any sort)
   - @ 30% if amount > 10,000 (resident and non-resident)
   - Winnings are wholly in kind or partly in cash and partly in kind and the cash part is not sufficient to meet the TDS liability for whole winning, before releasing the winning, payer must ensure payment of tax
   - For horse race, TDS shall be deducted by bookmaker or by the person to whom license has been granted
   - TDS also applicable when horse race winnings is paid in installments of < 10000
   - Before debiting the losses to individual account, TDS shall be deducted on winnings and thereafter set-off
   - Winnings by way of jackpot also fall under 194BB

8. **Payments to contractors and sub-contractors [Sec 194C]**
   - For carrying out any work (including supply of labour) in pursuance of a contract
   - TDS should be deducted at the time of credit or payment, whichever is earlier
   - No TDS for payment by individual/HUF for personal purpose
   - 1% where payee is individual/HUF and 2% for other payees

- No TDS where contractor is in transporter business (goods), PAN furnished and owns =<10 carriages
- No TDS where single contract < 30,000
- TDS deductible where single payment < 30,000 but FY aggregate > 1,00,000
- Work includes:
  - Advertising, broadcasting and telecasting
  - Carriage of goods or passengers by any mode of transport other than by railways
  - Catering
  - Manufacturing or supplying a product according to the requirement of a customer by using his material. If material, procured from other person, it will not be counted as work, as it will be a contract for sale.
  - TDS on invoice value, excl. material purchased from customer, if mentioned separately
- TDS on gas transportation charges, whether shown separately in invoice or not:
  - Seller sells as well as transports: It remains a contract for sale. No TDS.
  - Transportation charges paid to third party: TDS applicable
- Payment for production of content as per the specifications of the broadcaster and copyright also gets transferred to the broadcaster. 194C TDS applicable. Not applicable where only broadcasting rights are sold. Other Section.
- No TDS u/s 194C for payment by advertising agency to the television channel/newspaper company

9. **Insurance Commission [Sec 194D]**
   - For soliciting or procuring insurance business
   - TDS @ 5% (domestic company and resident non-corporate assessee)
   - TDS should be deducted at the time of credit or payment, whichever is earlier
   - Applicable if amount > 15,000

10. **Payment in respect of life insurance policy [Sec 194-DA]**
    - Which does not fulfill the conditions u/s 10(10D) is taxable
    - @ 1% on sum paid to resident if payment => 1,00,000

11. **Payments to non-resident sportsmen/entertainer/sports association [Sec 194E]**
    - On any income u/s 115BBA* to above who is not a citizen of India
    - TDS @ 20.8% (20% Tax + 4% Edu Cess since NR)
    - TDS should be deducted at the time of credit or payment, whichever is earlier

** 115BBA: participation in any game/sport in India (excl. puzzle, horse race), advertisement, contribution of article in magazine etc, guarantee amount paid to NR sports association, entertainer performance in India*

12. **Payments in respect of deposits under National Savings Scheme [Sec 194EE]**
    - @ 10% at the time of payment
    - No deduction if payment is < 2,500
    - Not applicable for payment made to the heirs.

13. **Repurchase of units by Mutual Fund or Unit Trust of India [Sec 194F]**
    - Repurchase of units covered under section 80CCB(2)
    - @ 20% on any amount at the time of payment

14. **Commission etc. on the sale of lottery tickets [Sec 194G]**
    - Any income by way of commission, remuneration or prize (by whatever name called) on lottery tickets
    - @ 5% if payment > 15,000
    - TDS should be deducted at the time of credit or payment, whichever is earlier

15. **Commission (other than insurance commission) or brokerage [Sec 194H]**
    - @ 5% paid to a resident if payment > 15,000
    - Not applicable to such individuals or HUF whose sale/receipts from business/profession does not exceed 1 crore and 50 lakh u/s 44AB in the immediately preceding FY
    - TDS should be deducted at the time of credit or payment, whichever is earlier
    - Not applicable on commission paid by BSNL/MTNL to PCO franchisee
    - No TDS for payments by media companies to advertising companies for booking of advertisements
      - ✓ Clarified by C.N. 05/2016, 29.02.16, since principal-to-principal relation
      - ✓ C.N. 715 dt. 08.08.95 relates to payments for engagement of models, artists, photographers, sportspersons, etc.

16. **Rent [Sec 194-I]**
   - @ 2% for rent on plant, machinery or equipment
   - @ 10% for other rental payments
   - Applicable if payment > 1,80,000
   - Not applicable to such individuals or HUF whose sale/receipts from business/profession does not exceed 1 crore and 50 lakh u/s 44AB in the immediately preceding FY
   - TDS should be deducted at the time of credit or payment, whichever is earlier
   - Asset on which rent is received may or may not be owned by the payee
   - No TDS u/s 194-I for payment of cooling charges to the cold storage owners. Instead TDS u/s 194C
     - ✓ *The main function of the cold storage is to preserve perishable goods by means of a mechanical process, and storage of such goods is only incidental in nature. The customer is also not given any right to use any demarcated space/place or the machinery of the cold store and thus does not become a tenant. C.N. 01/2008, dt. 10.01.08.*
   - No TDS on payment of Passenger Service Fees (PSF) by an airline to Airport Operator. CN 21/2017, dt. 12.06.17.
     - ✓ *Incidental/minor/insignificant use of the land and building while providing other facilities and service would not make it a payment for use of land and buildings so as to attract section 194-I.*
   - TDS not applicable on service tax component of rent. CN 04/2008, dt 28.04.2008
     - ✓ *Service tax paid by the tenant doesn't partake the nature of income of the landlord. The landlord only acts as a collecting agency for Government for collection of service tax. Clarification applicable under GST regime also.*

General Clarification: When 'GST on services' comprised in the amount payable to a resident is indicated separately, TDS shall be deducted without including such 'GST on services' component – CN 23/2017, dt. 19.07.2017

   - **Lump sum lease premium** or one-time upfront lease charges, which are **not adjustable against periodic rent**, paid or payable for acquisition of long-term leasehold rights over land or any other property are not payments in the nature of rent. No TDS u/s 194-I. CN 35/2016, dt. 13.10.2016

17. **Payment on transfer of certain immovable property other than agricultural land [Sec 194-IA]**
   - @ 1% on payment > 50 lakh to resident
   - TDS should be deducted at the time of credit or payment, whichever is earlier
   - Compulsory acquisition of immovable property: TDS u/s 194LA and not u/s 194-IA
   - TAN (Sec. 203A) not required
   - TDS to be deposited electronically
   - Furnish a challan-cum-statement in Form 26QB electronically within 30 days from the end of the month in which the deduction is made
   - TDS certificate in Form No.16B within 15 days from the due date for furnishing the challan-cum-statement

18. **Payment of rent by certain individuals or HUF [Sec 194-IB]**
   - Applies to Individual and HUF who were **not** liable for tax audit in the immediately preceding FY
   - @ 5% if rent > 50,000 for a month or part of a month during the PY
   - TDS should be deducted* at the time of credit or payment, whichever is earlier
     **From the rent credited for the last month of the PY or last month of tenancy, if vacated*
   - TAN (Sec. 203A) not required
   - If PAN not provided by the landlord, TDS @ 20%
   - TDS should not exceed the rent for the last month of the PY or last month of tenancy, if vacated

19. **Payment under specified agreement [Sec 194-IC]**
   - by way of consideration, not being consideration in kind, under a specified agreement u/s 45(5A)
   - @ 10%
   - TDS should be deducted at the time of credit or payment, whichever is earlier
   - Sec. 194-IA do not get attracted in the hands of the transferee, since covered u/s 194-IC
   - Specified agreement under section 45(5A):
     - ✓ It means a registered agreement in which a person owning land/building/both, agrees to allow another person to develop a real estate project on such land/building/both
     - ✓ The consideration, in this case, is a share, being land/building/both in such project.
     - ✓ Part of the consideration may also be in cash.

20. **Fees for professional or technical services [Sec 194J]**
   - Also includes remuneration/fees/commission to a director, other than those covered u/s, 192
   - Royalty and non-compete fees u/s 28(va)
   - @ 10% and if payee is engaged in call centre business, then @ 2%
   - TDS applicable is payment > 30,000
   - For professional service, technical service, royalty and non-compete fee, 30K limit applicable separately
   - TDS should be deducted at the time of credit or payment, whichever is earlier
   - Not applicable to such individuals or HUF whose sale/receipts from business/profession does not exceed 1 crore and 50 lakh u/s 44AB in the immediately preceding FY
   - Individual and HUF not liable to deduct TDS on professional services exclusively for personal purposes

Professional Services	Technical Services
legal, medical, engineering, architectural, accountancy, technical consultancy, interior decoration, advertising	Managerial services, Technical services, Consultancy services, Provision of services of technical or other personnel
Sec. 44AA notified professions:, authorized representatives, film artist, company secretary	Does not include: Consideration for any construction, assembly, mining or like project and consideration under salaries
Notified , professional services for 194J, in sports: Sports Persons, Umpires and Referees, Coaches and Trainers, Team Physicians and Physiotherapists, Event Managers, Commentators, Anchors, Sports Columnists	
All other professions outside scope of 194J, unless notified	

   - TPAs liable to deduct tax u/s 194J on payment to hospitals on behalf of insurance companies under various schemes because services rendered by hospitals to various patients are primarily medical services [CN 08/2009]
   - TDS u/s 194J for use or right to use computer software since the same falls within the definition of royalty.
     But not applicable on the following (NN 21/2012):
     - ✓ software is acquired in a subsequent transfer *without any modification* by the transferor
     - ✓ TDS u/s 194J deducted on payment for any previous transfer of such software
     - ✓ transferee obtains a declaration from the transferor that TDS has been deducted along with his PAN

21. **Payment of compensation on acquisition of certain immovable property [Sec 194LA]**
   - compulsory acquisition, under any law
   - of any immovable property (other than agricultural land)
   - @ 10% at the time of payment if > 2,50,000

22. **Income payable net of tax [Sec 195A]**
   Grossing up for computing TDS to be done in cases where the payer bears the tax liability
   Eg: Amount payable to non-resident is 100, TDS 10%, Gross amount for TDS purpose is 111.11 (100/90)x100
   *x-(x*10%)=100, x-0.1x=100, 0.9x=100, x=100/0.9, x=111.11*

23. **Interest/dividend/other sums payable to Government, RBI or certain corporations [Sec 196]**
   - No deduction from any sum by any person
   - Payable to Govt., RBI, Corp. under central act exempt from tax on its income, Mutual Fund u/s 10(23D)
   - Payment made for interest/dividend on securities/shares owned by above entities/full beneficial interest/any income accruing to them

24. **Certificate for deduction of tax at a lower rate [Sec 197]**
   - For Sec. 192, 193, 194, 194A, 194C, 194D, 194G, 194H, 194-I, 194J and 194LA
   - Assessee (payee) can apply to AO for non-deduction or lower deduction of tax
   - If AO is satisfied that total income of the assessee justifies the application, he may give such certificate
   - If certificate issued by AO, then payer must deduct tax at mentioned rates until such certificate is cancelled
   - CBDT makes the rules for this procedure

25. **No deduction in certain cases [Sec 197A]**
   - For a resident individual and estimated total income in the PY should be < basic exemption limit
   - For receiving dividend and any sum from National Savings Scheme Account without TDS u/s 194 and 194EE
   - Declaration in writing in duplicate to the payer that tax will be nil

- Payer will deliver 1 copy of declaration to Commissioner on or before the 7th of the month following the month in which the declaration is furnished to him
- Same procedure for 192A or 193 or 194A or 194D or 194DA or 194-I, other than company/firm
- Filing declaration not permissible if income/aggregate of incomes exceed basic exemption limit
- Senior citizen (60+) can also furnish declarations for all the above sections without the aggregate limit condition
- No TDS on interest payments by an Offshore Banking Unit to a non-resident/not ordinarily resident in India
- No TDS on any payment to any person for, or on behalf of, the New Pension System Trust [10(44)]
- No TDS on specified payments to notified institutions etc
    - Payments by a person to Schd-II banks under RBI, payments co. and excl. foreign bank
        - ✓ bank guarantee commission
        - ✓ cash management service charges
        - ✓ depository charges on maintenance of DEMAT accounts
        - ✓ charges for warehousing services for commodities
        - ✓ underwriting service charges
        - ✓ clearing charges (MICR charges)
        - ✓ credit card or debit card commission (merchant transaction)

26. **Tax deducted is income received [Sec 198]**
- TDS deducted is deemed income received for computing the income of the assessee
- Except, tax paid on non-monetary perquisites u/s 192(1A) by the employer

27. **Credit for tax deducted at source [Sec 199]**
- TDS deducted and paid to central government, shall be treated as payment of tax on behalf person from whose income the deduction was made
- Rule 37BA: Credit for TDS for the purposes of section 199
    - Any part of income on which tax has been deducted is assessable in the hands of a *person other than the deductee*, credit for such tax shall be given to such other person
    - Deductee should file a declaration with the deductor and report the other person

28. **Duty of person deducting tax [Sec 200]**
- Rule 30: Prescribed time and mode of payment to govt. account of TDS or tax paid u/s 192(1A)
    - ➢ TDS deducted by office of the government
        - Without Challan: Same Days
        - With Challan: on/before 7 days from the end of the month in which the deduction is made
    - ➢ TDS deducted by others
        - Tax deducted in April to Feb: on/before 7 days from the end of the month in which the deduction is made
        - Tax deducted in March: on or before 30th April
    - ➢ Special Cases for sec. 192/ 194A/194D/194H: Quarterly Payment of Tax
        - For 1st 3 quarters: 7th of the month following the quarter
        - For 4th quarter: 30th April
        - AO may permit after approval of Joint Commissioner
    - ➢ TDS deducted u/s 194-IA and 194IB
        - To be deposited within 30 days from the end of the month of deduction
        - Challan-cum-statement in Form 26QB/26QC within 30 days from the end of the month of deduction
    - ➢ Quarterly statements to the DGIT (Systems)
        - Form 24Q: TDS u/s 192
        - Form 26Q: Other Sections
        - Form 27Q: Non-resident deductee
        - Submission of quarterly statements: Rule 31A (for both govt. and other deductors)
            - ✓ June Qtr: 31st Jul
            - ✓ Sept Qtr: 31st Oct
            - ✓ Dec Qtr: 31st Jan
            - ✓ Mar Qtr: 31st May

29. Correction of arithmetic mistakes & adjustment of incorrect claim during computerized processing of TDS statements
   - All TDS statements are filed electronically
   - Following adjustments can be made during computerized processing
     - ✓ arithmetical error or incorrect claim* from any information in the statement
       - *an item which is inconsistent with other similar item, rate of TDS not as per act
       - late fee u/s 234E @ 200/- per day from due date to date of furnishing subject to total amount of tax and has to be paid before delivering the statement
       - sum payable or refund determined after adjustment of interest and late fee
       - intimation sent to deductor within 1 year from the end of the FY in which statement is filed

30. **Consequences of failure to deduct or pay [Sec 201]**
   - Deemed assessee in default: does not deduct whole/part of tax or after deducting, fails to pay
   - Not applicable if payee files return u/s 139, takes into account such income and pays the tax due
   - Time limit for assessee in default:
       - Failure to deduct tax:
         No assessee in default order after 7 years from the end of the FY in which payment is made/credited
       - Tax deducted but not paid:
         No time limit specified
   - Simple interest liability for every month/part of a month:
     - ✓ @ 1% from the date on which tax was deductible to the date on which such tax was actually deducted
     - ✓ @ 1.5% from the date on which tax was deducted to the date on which such tax is actually paid
     - ✓ Interest should be paid before furnishing the statement
     - ✓ Interest where assessee is not in default, since payee filed the return, as said above:
       - 1% from the date on which tax was deductible to the date of furnishing of return by the payee
       - Date of deduction + Payment of taxes = Deemed date on which return filed by the payee
       - Tax deducted but not paid: Tax + Interest = Charge upon all the assets

31. **Certificate for tax deducted [Sec 203, Rule 31]**
   - Form 16 for Section 192 and Form 16A for others
   - Form 16: Annually by 15th June of the immediately following FY
   - Form 16A: Quarterly with 15 days from the TDS statement due date
   - DGIT (Systems) has to deliver statement of TDS in Form 26AS by 31st July the following year

32. **Bar against direct demand on assessee [Sec 205]**
   - TDS deductible, assessee cannot be called to pay tax to the extent which has been deducted from his income

33. **Furnishing of statements in respect of payment of interest to residents without TDS [Sec 206A]**
   - Responsibility on banking company etc.
   - Interest payment =<10,0000 for banking company and =<5,000 any other cases

34. **Mandatory requirement of furnishing PAN in all TDS statements, bills, vouchers and correspondence between deductor and deductee [Sec 206AA]**
   - If deductee does not furnish PAN to deductor, TDS rate will be higher of prescribed or 20%

ADVANCE PAYMENT OF TAX

1. Obligation arises where advance tax payable is => 10,000
2. No advance tax. No interest u/s 234B and 234C
3. If assessee is aged =>60 and no income under PGBP, advance tax not applicable
4. Advance tax is calculated after TDS (only deducted TDS and not deductible)
5. For advance tax, net agricultural income is considered
6. **Installments of advance tax and due dates (corporate & non-corporate, other than presumptive scheme):**
   On or before 15th June : Not less than 15% of AT
   On or before 15th Sept : Not less than 45% of AT (-) already paid
   On or before 15th Dec : Not less than 75% of AT (-) already paid
   On or before 15th Mar : Whole AT (-) already paid
   AT for presumptive scheme: Whole amount in 1 installment on or before 15th Mar
   - AT paid on or before 31st Mar, will be treated as paid on or before 15th Mar
   - If AT payment last date is bank holiday, pay on next working day and interest will not be charged
7. **Interest for non-payment or short-payment of advance tax [Sec 234B]**
   - If AT not paid or paid < 90% of assessed tax
   - 1% per month from 1st April of FY upto date of determination of income u/s 143(1) or date of payment of self assessment tax u/s 140A. During assessment interest to be reduced if paid u/s 140A.
   - Interest on difference amount (assessed – paid)
8. **Interest payable for deferment of advance tax [Sec 234C]**
   - Corporate and Non-Corporate
     - Failed to pay AT or paid less than the specified percentage
     - Interest @ 1% per month
       - ✓ 1st installment on 15th June, interest for 3 months on payable-paid
       - ✓ Same for 2nd and 3rd installment but only 1 month for last installment
       - ✓ If 1st and 2nd installment paid is => 12% and 36%, then no interest payable on shortfall
   - Presumptive Scheme: 44AD/44ADA: Interest @ 1% on the shortfall
   - 234C N.A. on capital gain, winnings from lotteries/puzzles, PGBP income for the 1st time, dividend > 10 lakh