## PART - B

## 11 TDS, TCS and Advance Tax

**HIJAC**

Some deductors shall be liable to deduct tax only if Gross receipts / Turnover from the business / profession **exceed Rs. 1 crore (in case of business) or Rs. 50 Lakhs (in case of profession)** during the preceding financial year

| 194H | 194-I | 194J | 194A | 194C |
|---|---|---|---|---|
| Commission or Brokerage | Rent | Professional Fees, etc. | Interest other than on securities | Payments to Contractors |
| For Individuals / HUF | | | | Ind / HUF / AOP / BOI |

Subject to Sec 194M --> Applicability of section 194M has to be checked.

### • TDS / TCS Rates reduced

| **Section 197B** | **Lower Deduction in Certain Cases for a Limited Period** | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| For Period | 14/05/2020 to 31/03/2021 | | | | | | | |
| 25% Dedn. --> | Sec 193 | 194, | 194A, | 194C, | 194DA, | 194D, | 194EE, | 194F |
| Means | Sec 194G | 194H | 194-I | 194-IB | 194-IC | 194J | 194K | 194LA |
| *Rate cutter applies* | 194LBA | 194LBB | 194LBC | 194M | 194-O | | | |
| | TCS - | 206C(1) (Except Liquor) | | | 206C(1C) | 206C(1F) | 206C(1H) | |
| Rate cutter not applies to Section --> | Sec 192 | 192A | 194B | 194BB | 194N | 194E | | |
| | Sec 206C(1) - Alcoholic Liquor for Human Consumption | | | | | 206C(1G) | | |

| **Column 1** | **Column 2** |
|---|---|
| **192A - PF Accumulated Balance [R+NR]** | Rate : 10% --> No PAN then MMR<br>Note - No TDS if amount is < Rs. 50,000 |
| **• Interest related** | |
| **193 - Interest on Securities [R]**<br>Rate : 10%<br>*Rate cutter applies* | a. Interest from PFCL, IRFC (u/s 54EC) will be exempt --> TDS deduction not required<br>b. Int Paid on Security issued by Company : |

| b. Int Paid on Security issued by Company : | Security Listed & Held in Dematerialized Form | Security is not Listed and Not in Dematerialized Form (In case of Ind / HUF) |
|---|---|---|
| | TDS will be Exempt | TDS only if Int is > Rs. 5000 |

**194A - TDS on Interest other than on Securities [R]**

Rate : 10%

*Rate cutter applies*

Note :

- TDS is also to be deducted from interest on Fixed Deposits & Recurring Deposits with banks and Co-operative banks (but excludes interest on savings account)
- Interest Paid by Individual / HUF --> Liable to deduct TDS only
  - If Total Turnover from Business exceed Rs. 1 Cr in Preceding FY.
  - If Total Gross receipt from Profession exceed Rs. 50 Lakh in Preceding FY.

Category I --> a) Interest Paid by Co-operative Bank

| Paid to Member / Paid to Other | Paid to another Co-op Society |
|---|---|
| 1. In case Senior Citizen :<br>- Deduct TDS if Int > Rs. 50000<br>2. In any other case<br>- Deduct TDS if Int > Rs. 40000 | TDS to be deducted if;<br>1. Interest is > Rs. 40000 AND<br>2. Total Sales, Gr. Receipts or Turnover of **Payer Co-op. Bank** exceeds Rs. 50 crores during the preceding FY |

Category II --> b) Interest Paid by Primary Agricultural Credit Society / Primary Credit Society / Co- Operative Land Mortgage Bank / Co- Operative Land Development Bank

the above forms of co-operative societies shall also be liable to deduct TDS if:

| Aggregate Interest Paid to ↓ | | |
|---|---|---|
| Senior Citizen : > Rs. 50,000<br>Paid to Other : > Rs. 40,000 | AND | Total Sales, Gross Receipts or Turnover of **Payer Society** exceeds Rs. 50 crores during the preceding FY |

**Category III -->**

c) Other Co-operative Society [Not Covered in Category I and II)

| Paid to Member | Paid to another Co-op Society |
|---|---|
| TDS to be deducted if;<br>1. Interest is > Rs. 40000<br>(Rs. 50000 in case Sr Citizen) AND<br>2. Total Sales, Gross Receipts or Turnover of **Payer Society** exceeds Rs. 50 crores during the preceding FY | TDS to be deducted if;<br>1. Interest is > Rs. 40000 AND<br>2. Total Sales, Gross Receipts or Turnover of **Payer Society** exceeds Rs. 50 crores during the preceding FY |

Note - Paid to Other --> TDS shall be deducted if Interest is > Rs. 5000

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**194 - TDS on Dividend [R]**

Rate : 10%

*Rate cutter applies*

- This section not apply in case:

a. Dividend paid to any Insurance Company
b. Resident Individual (If Dividend is paid other than Cash AND Dividend is < Rs. 5000)
c. Dividend referred to in section 115-O
c. Dividend payable by Foreign Company / Co- operative Society

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**• Special Income Related [R+NR]**

| | | |
|---|---|---|
| 194B - Lottery, Puzzles | Rate : 30% | Limit : Rs. 10,000 |
| 194BB - Horse Race | Rate : 30% | Limit : Rs. 10,000 |

**• Commission related**

*Rate cutter applies*

| | | |
|---|---|---|
| 194D - Insurance Commission [R] | Rate : 5% | Limit : Rs. 15,000 |
| 194H - Commission / Brokerage [R] | Rate : 5% | Limit : Rs. 15,000 |
| 194G - Lottery Sale Commission [R+NR] | Rate : 5% | Limit : Rs. 15,000 |

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**194DA - Maturity proceed of LIP [R]**

Rate 5%

*Rate cutter applies*

Note: No TDS if -->

TDS @ 5% on Income Component (Maturity Less Premium paid)

| | | |
|---|---|---|
| Amount Received from Insurance Company | xxx | |
| (-) Amount of Premium Paid | (xxx) | |
| Balance Amount | xxx | <-- TDS @ 5% on Balance Amount |



1. If Amount less than Rs. 100,000
2. If sum is received on the occasion of death of the insured person.
3. If Amount exempt us 10(10D) -- >

| | |
|---|---|
| < 01.04.12 | 20% of sum assured |
| > 01.04.12 | 10% of sum assured |
| > 01.04.13 (Disabled) | 15% of sum assured |

[Note: Exemption 10(10D) shall not apply to Maturity Proceeds of Keyman Insurance Policy.]

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**Sec 194C - Payments to contractors [R]**

Rate - 1% Ind / HUF
Rate - 2% Others

*Rate cutter applies*

| Condition: | 1. If such sum does not exceed ₹30,000/- | 2. the aggregate amount during FY doesn't exceeds ₹1,00,000/- |
|---|---|---|

Note :
No TDS required to be deducted by Individual / HUF under contract for Personal purpose even if his total sale / gross receipt exceeded Rs. 1 Cr / Rs. 50 Lakh Respectively in Preceding FY. (Subject to sec 194M)

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**Sec 194J - Professional Fees [R]**

Rate - 10%
Rate - 2% - Operation of Call Centre

*Rate cutter applies*

Condition :

| TDS on | Rate | Exemption |
|---|---|---|
| Fees for Professional Service | 10% | Amt is up to Rs.30,000 p.a. |
| Fees for Technical Services which are Professional Services | 10% | Amt is up to Rs.30,000 p.a. (Limit for Both) |
| Fees for Technical Services (not being Professional Services) | 2% | |
| Royalty - consideration for sale, distribution or exhibition of cinematographic films | 2% | Amt is up to Rs.30,000 p.a. (Limit for Both) |
| Royalty - Other | 10% | |
| Non-compete Income relating to Business or Profession | 10% | Amt is up to Rs.30,000 p.a. |
| Remuneration, fees, commission to director except those on which tax is deductible u/s 192. | 10% | No Exemption |

No TDS required to be deducted by Individual / HUF under contract for Personal purpose even if his total sale / gross receipt exceeded Rs. 1 Cr / Rs. 50 Lakh Respectively in Preceding FY. (Subject to sec 194M)

**194K - Income in Respect of Units [R]**

Rate : 10% *Rate cutter applies* Limit : Rs. 5000

Note : TSD shall be deducted on dividend income in respect of Units paid by; -->
- Mutual Fund
- Administrator of Specified Undertaking
- Specified Company

**Sec 194M - Payment to Contractor / Commission / Brokerage / Professional Fees**

Payer : Individual / HUF (Other than those required to TDS u/s 194C / 194H / 194J)
Payee : Any resident person
Condition : Aggregate amount paid in the year is more than 50 lakh (Up to 50 lakh no TDS)
Rate : 5% *Rate cutter applies*
Note :
1. Deductor is not required to apply for TAN

**Sec 194N - Cash withdrawal exceeding 1 Crore**

Rate : 2%
(No PAN - 20%)

Note : new provision comes into force from 1.7.2020

Payer : Bank / Co-op Bank / Post office
Payee : Any Person (R + NR)
Condition : Cash withdrawals exceeds Rs. 1 crore during the previous year.
Note.
If recipient has not filed returns of income by due date specified u/s 139(1) for all of the PY ending on 31.3.2019, 31.3.2018 and 31.3.2017. (has not filed returns for the 3 PY)

| Cash withdrawn during the PY | TDS Rate |
|---|---|
| upto Rs. 20 lakhs | Nil |
| Above Rs. 20 lakhs but upto Rs. 1 crore | 2% of cash withdrawn |
| Above Rs. 1 crore | Rs. 2 lakhs + 5% of cash withdrawn in excess of Rs. 1 cr. |



Note : Cash withdrawals from two different banks/co-operative banks shall not be aggregated.

**Sec 194O - Payment of Certain Sums**

**by E-commerce Operator**

**to E-commerce Participant (w.e.f. 01.10.20)**

Rate : 1% of Gross amount
Note - If PAN / Adhaar not given --> Rate is 5%
*Rate cutter applies*

Note - Sect 194-O overrules the entire chapter of TDS

• Applicability, when:
1. e-commerce participant (Godrej) is a NR : Sec 194-O is not applicable
2. e-commerce participant (Godrej) conducts business through its own website. : Sec 194-O is not applicable
3. e-commerce operators (Flipkart) is R / NR. : Sec 194-O is applicable
4. Buyer (Sanjay) is Resident / NR : Sec 194-O is applicable

| Godrej Industries | Flipkart | Sanjay |
|---|---|---|
| e-commerce Participant | e-commerce Operator | Buyer |

• This Section applies if all the following conditions are fulfilled:
- There is a sale of goods or provision of services.
- Such sale or provision of services is of an e-commerce participant.
- Such sale or provision of services is facilitated by an e-commerce operator.
- Such facilitation is through digital or electronic facility or platform of the e-com. operator.

• Exception --> No deduction shall be made if ALL the following conditions are satisfied:
a) The e-commerce participant is an individual or HUF.
b) The gross amount of such sale or services or both during the PY does not exceed Rs. 5 lakh.
c) The e-commerce participant has furnished his PAN / Aadhaar to the e-commerce operator.
Note : Exception to "Hosting advertisements"

**Sec 195 - Payments made to Non Resident or Foreign Company**

Condition : Rate : Rate in Force
1. Rates in force: rates of TDS given in Finance Act every year
2. If the rates given in DTAA are lower, then such lower rates will apply.
3. TDS provisions will apply only if sum received by NR / Foreign Company is taxable in India.

| Immovable Property related | |
|---|---|
| **194-IA - Sale of Immovable Property**<br><br>Rate : 1% of sale price<br>*Rate cutter applies* | 1. No TDS on Rural Agri Land<br>2. No TDS if consideration less than 50 Lakh (50 lakh exact TDS yes)<br>3. Term "consideration for immovable property" shall include all charges of the nature of club membership fee, car parking fee, electricity & water facility fees, maintenance fee, advance fee or any other charges of similar nature, which are incidental to transfer of the immovable property. |
| **194-IB : TDS on rent of Immovable Property**<br>Rate : 5% / No PAN : 20%<br>*Rate cutter applies*<br><br>Note - Deduction not to exceed rent for last month | Deductee : Ind+HUF who are not liable to audit<br>No TDS if rent doesn't exceed Rs 50,000 pm<br><br><u>Tax shall be deducted at earliest of -</u><br>a) time of credit of rent for March of the previous year or<br>b) last month of tenancy, if the property is vacated during the year or<br>c) at the time of payment |
| **194-IC : Consideration for agreement as per section 45(5A)**<br>Rate : 10% and Applicable to Resident only<br>*Rate cutter applies* | 1. No TDS if consideration is in kind i.e. allotment of flats in building or giving any other property<br>• Sec 45(5A) refers to transfer under joint development agreement |
| **194LA - Compulsory Acquisition of Immovable Property**<br>Rate : 10% of sale price<br>*Rate cutter applies* | 1. No TDS if amt up to 250,000<br>2. No TDS on Rural or Urban Agri Land |
| **Sec 194I - Rent [R]**<br>Rate - 2% - P & M 10% - Building<br>*Rate cutter applies* | Condition :<br>1. if such sum does not exceed ₹240,000/- |



You are Individual / HUF ? → **No** → 'HIJAC' is Applicable to You [194H, 194I, 194J, 194A, 194C]

↓

**Yes**

Section 44AB Applicable to you ? → **Yes** → 'HIJAC' is Applicable to You [194H, 194I, 194J, 194A, 194C]

↓

**No**

Whether you paid > Rs. 50 Lakh for (w.e.f. 01/09/2019):
Commission (194H) / Profession Fees only (194J) / Contract Charges (194C) ? → **Yes** → Deduct TDS u/s 194M @ 5%

**• Sec 206A - Due date for filing the returns :**

| Qtr. | Q1 | Q2 | Q3 | Q4 |
|---|---|---|---|---|
| TDS | 31 July | 31 Oct | 31 Jan | 31 May |
| TCS | 15 July | 15 Oct | 15 Jan | 15 May |

**•Sec 200 - Payment due date.**

| Particular | Apr to Feb | March |
|---|---|---|
| Due date | 7th of next month | 30th April |

**Landing & Parking charges payable by Airlines** CIT v/s Japan Airlines Co. Ltd **~~194I~~ 194C**

Service includes -->

a. Air Traffic Services
b. Meteorological Services
c. Ground Safety Services
d. Installation & Maintenance of Navigation Aids
e. Aeronautical Communication Facilities

**• Consequent of Non payment of TDS**

| | | |
|---|---|---|
| **a. Interest u/s 201** | Not Deducted | **1%** for every month or part on the tax from date on which it was deductible to the date on which it is deducted |
| | Deducted but not paid to CG | **1.5%** for every month or part on tax from date on which it was deducted to the date on which it is actually paid |
| **b. Penalty u/s 271C** | If any person fails to deduct the whole or any part of the tax, then such person shall be liable to pay **penalty equal to the amount of tax failed to be deducted or paid.** | |
| **c. Prosecution u/s 276B** | Failure to pay to credit of CG the tax deducted at source: **3 m. to 7 years & fine**<br>Second and subsequent offence: **6 months to 7 years and fine** | |
| **d. Disallowance of Expenditure** | Sec 40(a)(i) | 100% of sum payable to Non Resident shall be disallowed. |
| | Sec 40(a)(ia) | 30% of sum payable to Resident shall be disallowed. |

| TCS | TCS - Seller will collect TCS from Buyer |
|---|---|

**Sec 206C(1)**

| Nature of Goods | Rate | *See Buyer - does not include #* |
|---|---|---|
| Alcoholic Liquor for human consumption | 1% | |
| Waste or Scrap from manufacture | 1% | *Rate cutter applies* |
| Minerals being Coal, lignite / iron ore | 1% | *Rate cutter applies* |
| Timber / Other forest products | 2.5% | *Rate cutter applies* |
| Tendu Leaves | 5.0% | *Rate cutter applies* |

**Sect 206C(1C)**
Rate 2%
*Rate cutter applies*

TCS on --> Granting a lease / a licence / enters into contract to person other than PSU
a) Parking Lot b) Toll plaza c) Mining & Quarry

**Sec 206C(1F) -**
**TCS Sale of Motor Vehicle**
Rate - 1%
*Rate cutter applies*

Note: *See Buyer - does not include #*
a. No TCS if sale consideration is up to ₹ 10 Lakhs
b. No TCS --> Manufacturer sells motor vehicle --> to dealers / distributors

**Sec 206C(1G) -**
**TCS on Remittance under Liberalised Foreign Remittance Scheme**

Note : Auth. Dealer / Seller will collect TCS from Buyer

Note : If company buys OTP & deducts TDS u/s 194C --> then no TCS shall be collected from company.

w.e.f 01.10.2020

| Type of Payment | Rate | Limit |
|---|---|---|
| a. Purchase of Overseas tour program (OTP) | 5% (If No PAN - 10%) | Any Amount |
| b. Pursuing Foreign Education abroad & money remitted abroad out of loan obtained from any Financial Institutions. | 0.5% of Amt in excess of Rs. 7 Lakh (10% if No PAN) | No TCS - Remittance during FY is < 7 Lakh |
| c. Pursuing Foreign Education abroad & money remitted abroad. (Remittance not out of loan obtained from Financial Institutions.)<br>d. Any other remittance abroad under LFRS | 5% of Amt in excess of Rs. 7 Lakh (10% if No PAN) | No TCS - Remittance during FY is < 7 Lakh |



| | |
|---|---|
| Buyer | Person remitting such amount out of India under the LFRS of the RBI |
| Seller / Auth. Dealer | Receives an amount, for remittance out of India from a buyer<br>Receives amount from buyer - for overseas tour program package |

**Sec 206C(1H) -**
**TCS on Sale of Goods > Rs. 50 Lakhs by Certain Sellers**
*Rate cutter applies*

Note : Surcharge & HEC shall will be added --> in case of Non resident buyer / Foreign Co.

When ? If seller sells to buyer goods exceeding Rs. 50 Lakhs in the previous year,
Then ? Seller shall collect TCS from buyer 0.1% of sales value exceeding Rs. 50 Lakhs.
Note- a. TCS shall be at the time of receipt
b. No TCS if TDS has been made
c. If PAN/ Aadhar is not submitted --> Then Rate is 1%

**No TCS shall be collected**

| | |
|---|---|
| If Seller | - is exporting goods to a foreign buyer<br>- is providing services to the buyer even if total services exceeds Rs. 50 Laks |
| If Buyer | - is importing goods from abroad |
| If Goods are | - covered u/s 206C(1) - Liquor / Scrap / Timber etc. [Except minerals OTHER THAN COAL, LIGNITE OR IRON ORE]<br>- covered u/s 206C(1F) - Motor Vehicles [If TCS collect in 1(F)]<br>- covered u/s 206C(1G) - Overseas tour program package [If TCS collected in (1G)] |

Definition --> Seller - whose total sales, gross receipts or turnover from the business exceed Rs. 10 crores during the immediately preceding the financial year.

**Sec 206CC** If Fails to Furnish PAN --> TCS shall be collected higher of the;
a. Twice the rate or
b. 5%

| | |
|---|---|
| **Sec 206C - Assessee in Default**<br><br>- If collector fails to collect TCS | • Such collector shall not be deemed to be an assessee in default, If buyer, licensee or lessee<br>a. furnishes his return of income u/s 139<br>b. takes into account the amount for computing income in such ROI, and<br>c. pays the tax due on the income declared by him in such ROI, and<br>d. such person furnishes a certificate to this effect from CA.<br><br>However, Finance Act, 2020 has restricted the relaxation of above Provision to Section<br>1. Sec 206(1F) - Motor Vehicle<br>2. Sec 206(1G) - Foreign Remittance / Sale of Overseas Tour Program Package<br>3. Sec 206(1H) - Sale of goods > Rs. 50 Lakh<br>--> Matlab Buyer ne 4 condition fulfil kiye tab bhi Seller 'Assessee in Default' Hoga |

**• Buyer Does not Include**

| **Sec 206C(1)** | **Sec 206C(1F)** | **Sec 206C(1H) -** |
|---|---|---|
| (Alcoholic Liquor, Forest Product, Mineral, Scrap) | (Sale of Motor Vehicles) | (Sale of Goods > Rs. 50 Lakhs by Certain Sellers) |
| a. Central Govt., State Govt., | a. Central Govt., State Govt., | a. Central Govt., State Govt., |
| [Blank] | b. Local Authority | b. Local Authority |
| b. Embassy, High Commission, Consulate of Foreign State. | b. Embassy, High Commission, Consulate of Foreign State. | b. Embassy, High Commission, Consulate of Foreign State. |
| c. Public Sector Company | c. PUS engaged in the Business of Carrying passenger | [Blank] |
| d. Buyer who buyes above goods for his personal Consumption. | | d. a Person importing goods into India |



## Advance Tax

**Caln on Lowest 100**

Advance tax shall be payable during a FY in every case where the amount of such tax payable by the assessee during that year is ₹10,000/- or more. [Sec 208]

**Provisions of advance tax do not apply to :**

a) an individual resident in India

b) who does not have any income chargeable under the head 'Profits and gains of business or profession’

c) is of the age of sixty years or more at any time during the previous year

**Section 211** **Instalment of Advance Tax**

| Instalments | 15th June | 15th Sept | 15th Dec | 15th Mar |
|---|---|---|---|---|
| % | 15% | 45% | 75% | 100% |

Note - for Sec 44AD/ 44ADA (Presumptive Income) then due date of Advance tax is 15th March of PY.

| **Sec 234A** | **Sec 234B** | **Sec 234C** |
|---|---|---|
| Interest for delay in Return filing. | Interest for default in payment of 90% advance tax | Advance Tax not paid as a 12%, 36%, 75% and 100% Qtrly |
| From ? - Due date u/s 139(1) to Actual Return filing date | From ? - 01.04 till payment date | 3,3,3 and 1m respectively |
| Rate @ 1% pm | Rate @ 1% pm | Rate @ 1% pm |

**Sec 234D** **Interest on excess refund granted**

| | |
|---|---|
| Basic & Rate | The excess refund will have to be paid back by assessee along with int u/s 234D @ 0.5% p.m. or part of a month on such excess refund. |
| Period | From date of granting the refund till date of completion of assessment. |

**Sec 244A** **Interest on refund**

| | |
|---|---|
| Basic & Rate | Simple interest @ 0.5% p.m. or part of the month will be paid by bept. on the amount refunded. |