

Introduction :-

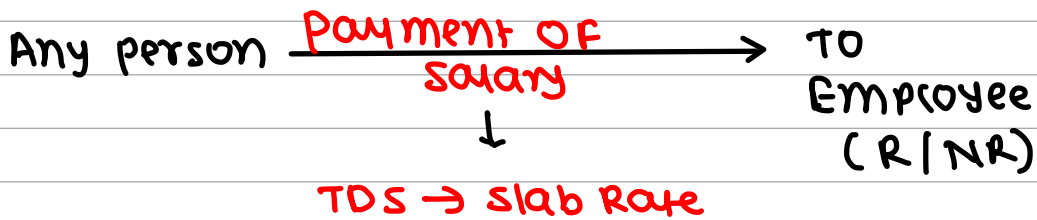
- 1) Tax is deducted only if amount is **taxable** in the hands of Receiver
- 2) All TDS rates are **FIXED** rates i.e. 1%, 2%, 5%, 10% etc.
But if payment made to **NR / foreign company or payment of salary**, surcharge & HEC also shall be **considered**.
- 3) Tax is required to be deducted if payment made for commercial purpose as well as payment is **for personal purpose** (subject to certain exceptions)
- 4) TDS shall be deducted :-
 - ↓ i) At the time of **payment** or
 - ↓ ii) At the time of **crediting the A/c of payee**

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However, in following cases TDS deducted **only at the time of payments :-**

- i) Payment of salary
 - ii) Amount withdrawn from provident fund
 - iii) Casual income
 - iv) Dividend
 - v) Amount withdrawn from Bank
 - vi) Maturity of life insurance policy
 - vii) Compensation on compulsory acquisition of property.
- 5) If payee **does not furnish his PAN** to the payer, then the rate of TDS shall be **(section 206A)**
- ↑ i) Rate as per respective section OR
 - ↑ ii) Rate **@ 20%***
- * For section 1940, sec 194Q **Rate is 5% instead of 20%.**
- 6) If payment is by payer without TDS, then payee shall be responsible to make payment of tax directly. However, if the tax has been deducted by payer but not deposited to Government then **payee can not** be called upon to pay that much tax.

SECTION 192 :- TDS on salary



- 1) Employer shall consider the details of other income & deduction of employee if furnished by employee. Employee has to submit evidences of such deductions, exemptions & losses.
- 2) Employer shall not consider losses of employee except loss under the head house property (subject to max 200,000)
- 3) If employee intend to opt for section 115BAC and submitted declaration to employer then employer shall deduct TDS considering the provisions of sec. 115BAC
- 4) Where the employee has worked with more than 1 employer during the year or employee changed the job during the year, he may furnish the details of his salary & TDS deducted by one employer to other/current employer.
- 5) Where firm pay's salary to partner, sec 192 is NOT applicable as it is taxable under PGBP
- 6) If Employer pay's tax on non-monetary perquisites, then amount paid by employer shall not be allowed as deduction (income tax) while computing employer PGBP income and same will be exempted in the hands of employee u/s 10(10CC). Also, tax paid by employer shall be treated as TDS in the hands of employee and credit of the same can be available to employee.

SECTION 192A :- Amount withdrawn from Provident Fund

Any person $\xrightarrow{\text{Amount withdrawn from prov. fund}}$ Employee (R/NR)
 \downarrow
 $> 50,000$
 \downarrow
TDS @ 10%

- 1) If Amount withdrawn after 5 years then Fully exempt
- 2) If Amount withdrawn within 5 years due to
 - ill health
 - Discontinuance of business
 - Cessation of Employment

then amount withdrawn fully exempt & not liable for TDS.

SECTION 193 :- Interest on securities

Any person $\xrightarrow{\text{Interest on securities}}$ Resident Person
 \downarrow
TDS @ 10%

NO TDS if interest is paid :-

- i) For debenture issued by public company to individual/HUF if interest does not exceeds than ₹ 5000 during P.Y. and the same is paid by A/c payee cheque.
- ii) TO LIC / GIC
- iii) Listed D-MAT securities

SEC 194 :- TDS on Dividend

Domestic company $\xrightarrow{\text{Dividend payment}}$ TO Resident Person
 \downarrow
 > 5000 \rightarrow TO individual
 \downarrow
TDS @ 10%

SEC 194A :- Interest other than interest on securities

Any person
Other than
Individual/HUF
to whom tax
Audit **NOT** Applicable

PAYMENT OF Interest → **TO Resident person**
Other than securities interest

↓

- i) Int by
- Bank
 - Post office
 - Co-op bank
- } **Time Deposit > 40,000**
(Resident senior citizen > 50,000)
- OR**

- ii) Other Interest > 5,000

↓
TDS u/s 194A @ 10%.

NO TDS in following cases :-

- Interest on **saving Account**
- Interest by **firm to partner**
- Interest on **Income Tax Refund**

NOTE:- Limit of ₹ 40,000 or 50,000 should be checked **bank wise and not branch wise.**

Sec 194B :- Winning's from Lotteries / cross word / puzzles

Sec 194BB :- Winning's from Horse Race's

Any person **PAYMENT for casual income** → Any person

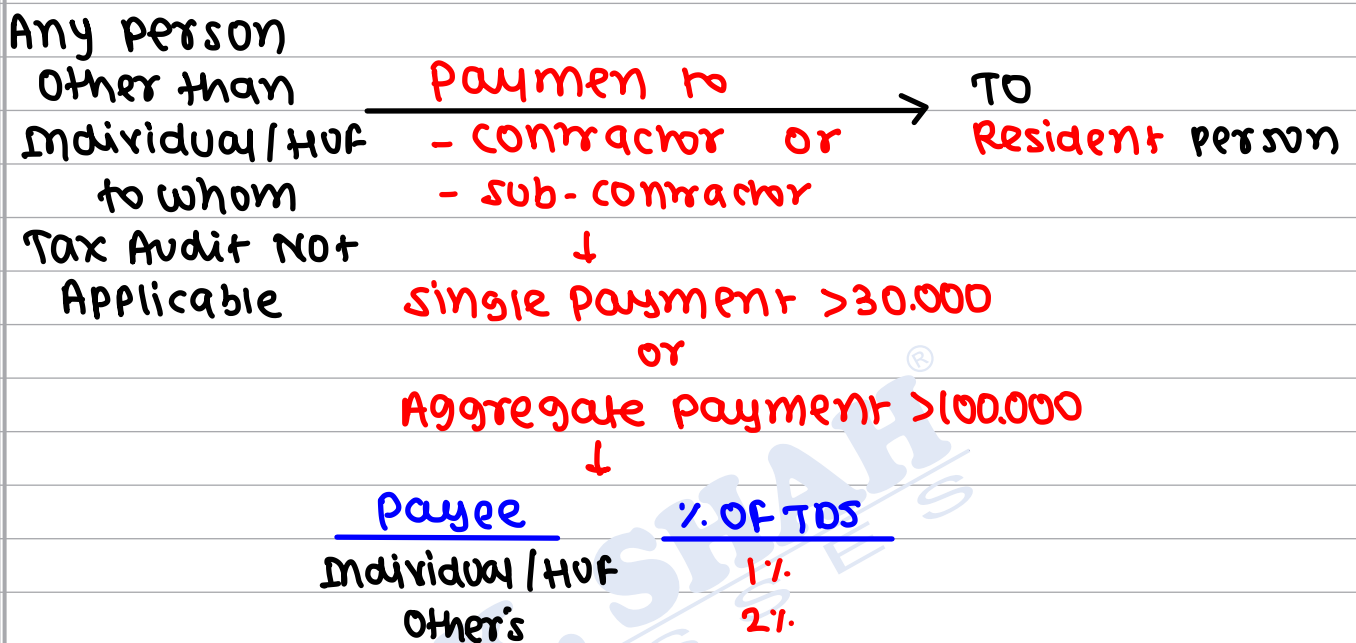
↓
> 10,000
(cash / kind)

↓
TDS @ 30%.

NOTE:- If the winning is wholly in kind or partly in kind & partly in cash and the cash balance is **not sufficient**

enough to meet the TDS liabilities then payer shall release the prize only after ensuring that tax on such winning is paid to Govt.

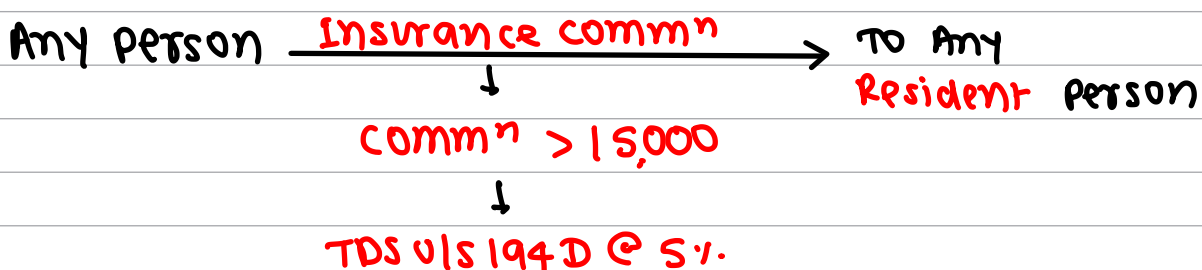
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SEC 194C :- payment to contractor



Note:-

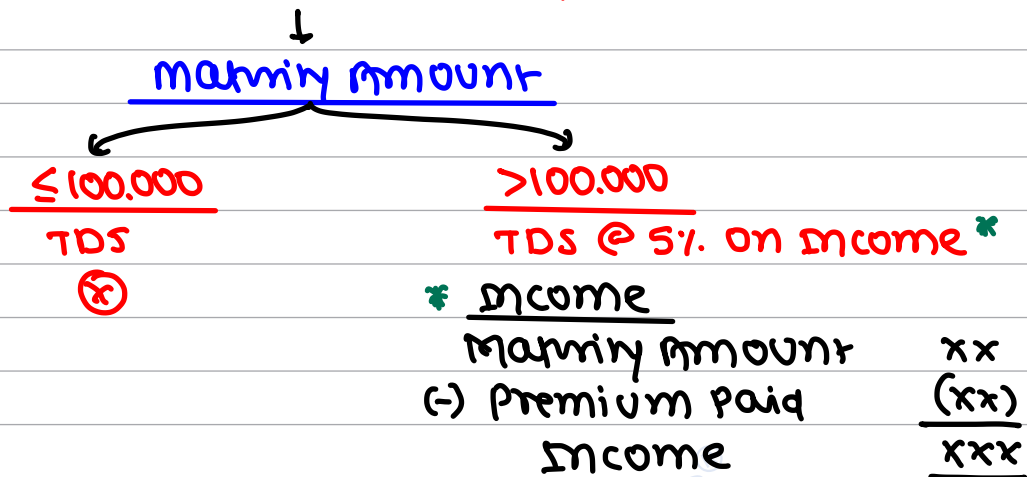
- 1) NO TDS if contract is for **personal purpose of individual/HUF**
- 2) Work includes:-
 - Advertising, Broadcasting, Telecasting
 - Catering
 - Job work
- 3) **NO TDS** if payment to GTA who opt to pay tax under presumptive basis U/s 44AE.

SECTION 194D :- TDS on Insurance commission



SEC 194D A :- Maturity of Life Insurance policy

Any person Maturity of Life Insurance policy → TO Any Resident Person



NOTE:-

NO TDS IF maturity amount is **EXEMPTED** u/s 10(10D)

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SEC 194 E :- Payment to NR Sportsman / Entertainer

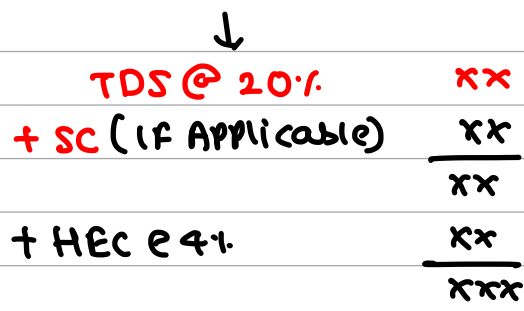
Any person GAAS payment → TO NR
- sportsman or

G :- Participation in Games - Entertainer

A :- performance in Advertisement

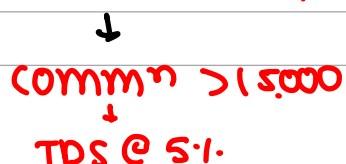
A :- contribution of Article in newspaper, magazines, journals

S :- performance of stage show



Section 194G :- TDS on Lottery tickets commission

Any person Payment of commⁿ On sale of Lottery tickets → Any person



SECTION 194H :- General Comm'n or Brokerage

Any person
Other than Individual/HUF
to whom tax Audit
Not Applicable

**General comm'n
or Brokerage**

TO
Resident person

↓
> 15000
↓
TDS @ 5%

NOTE:-

NO TDS if commission or Brokerage related to **security** like Commission to underwriter, brokerage on public issue etc.

Imp **SECTION 194I :- TDS on Rent**

Any person
Other than Individual or
HUF to whom
Tax Audit Not
applicable

Rent of

TO
Resident
person

**Land/Building/Furniture/
P&M or Equipments**

↓
Rent > 240,000 p.a.
↓
**L/B/Furn - TDS @ 10%
P&M/Equip - TDS @ 2%**

NOTE:-

- 1) **NO TDS** on Refundable deposits
- 2) Limit of ₹ 240,000 is for **per co-owner**
- 3) Even **Advance Rent** shall also be **subject to TDS** in the year of payment

| SEC 194I | SEC 194IB |
|--|--|
| ① Any person except Ind/HUF to whom tax Audit Not applicable | Ind/HUF to whom Tax Audit Not Applicable |
| ② Rent of L/B/F/P&M/Equip | Rent of L/B |
| ③ Rent > 240,000 p.a. | Rent > 50,000 p.m. |
| ④ TDS < L/B/F @ 10% P&M/Equip @ 2% | TDS L/B @ 5% |

SEC 194IA :- TDS ON TRANSFER OF IMMOVABLE PROPERTY

Any Person (Buyer) $\xrightarrow{\text{Transfer of Immovable Property (Other than RACI)}}$ TO Any Resident Person (Seller)

↓
↑ Agreement price or Stamp Duty value } > 50,00,000

↓
TDS u/s 194IA @ 1%.

NOTE:-

- 1) Consideration for Transfer of immovable property includes
 - Club membership fees
 - Car parking fees
 - Electricity or water facility fees
 - maintenance fees, advance fees etc
- 2) TDS shall be deducted whether immovable property held as **Capital Assets or stock-in-trade**

Section 194IB :- RENT OF IMMOVABLE PROPERTY

Business + personal

Individual/HUF

to whom $\xrightarrow{\text{Rent of Immovable Property}}$ TO Resident person
Tax Audit not Applicable

↓
Rent > 50,000 P.M. or part

↓
TDS u/s 194IB @ 5%.

Section 194IC :- TDS ON JOINT DEVELOPMENT AGREEMENT (JDA)

Any person $\xrightarrow{\text{consideration (cash) under JDA}}$ Resident person

↓
TDS u/s 194IC @ 10%.

Section 194J :- TDS on Professional Fees

Any person

other than

Individual/HUF
to whom

Payment of

i) Fees for professional
service

ii) Fees for technical services

iii) Remuneration to Director (NED)

iv) Royalty

v) Non-compete fees

TO

Resident person

Tax Audit not
Applicable



Amount > 30,000



TDS u/s 194J @ 10%

(Payment to call centre, fees for technical services, Royalty paid for exhibition or distribution of cinematographic film TDS @ 2%)

NOTE:-

- 1) Limit of ₹ 30,000 is for per expense
- 2) In case of sitting fees for attending BM limit of ₹ 30,000 not applicable. It means TDS should be compulsory deducted.

Section 194K :- Dividend from Mutual Fund

Any person
(UTI/MF)

Income from units



Dividend > 5,000



TDS @ 10%

TO

Resident person

Section 194LA :- Compensation on Compulsory Acquisition

Any person

Compensation on compulsory

Acquisition of immovable property



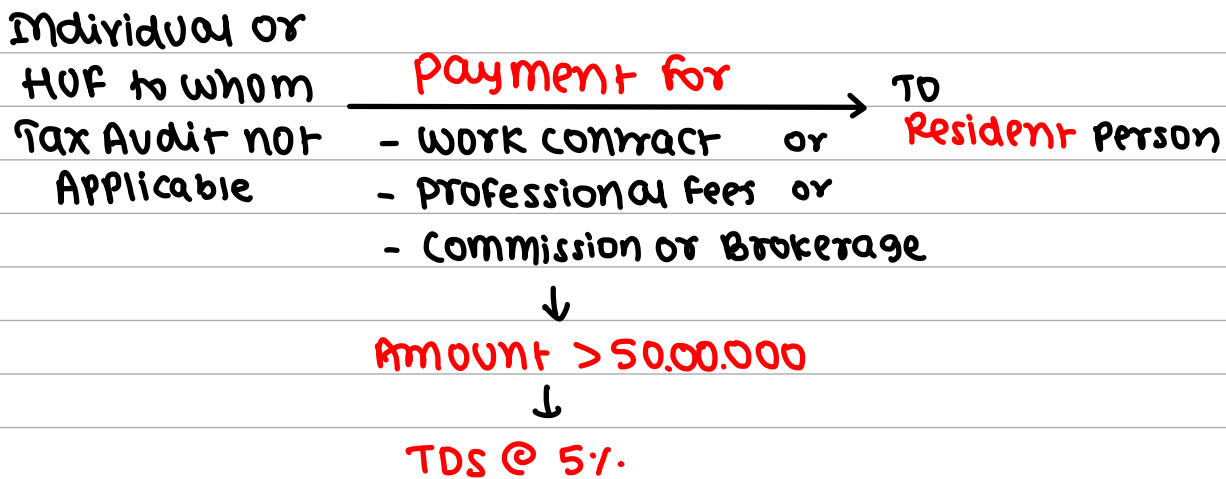
> 250,000



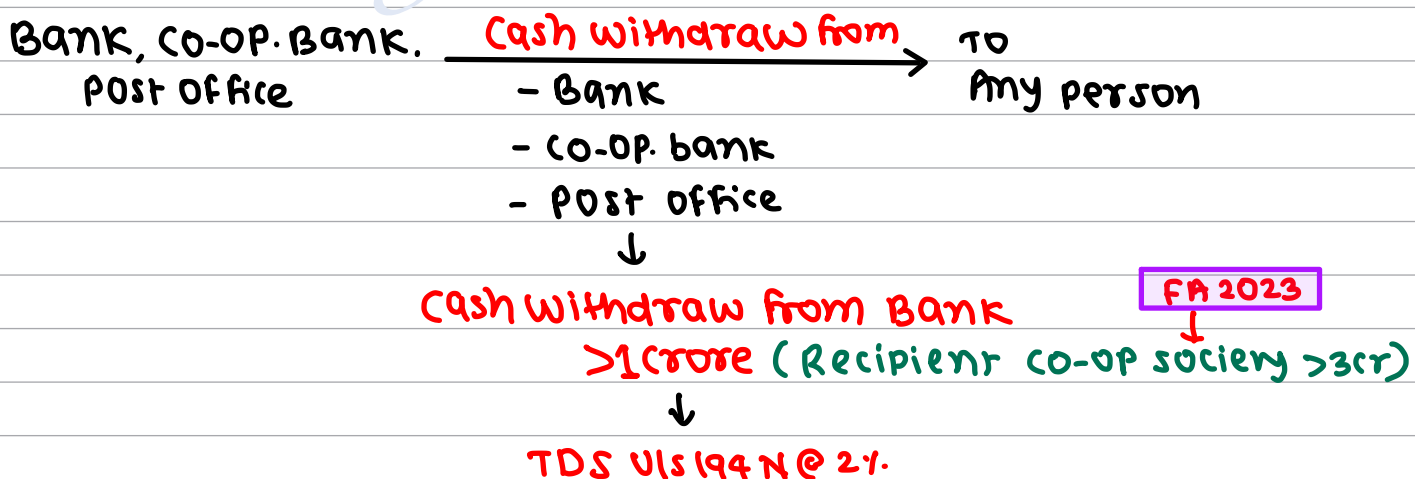
TDS @ 10%

TO

Resident person

SEC 194M :- TDS on work contract / Comm'n / Professional fees**Common Note for sec 194IA, 194IB, 194M**

In these sections Payer **not required** to opt TAN numbers and TDS required to deposit online to Govt. along with **TDS Return in form No. 26QB, 26QC, 26QD** within **30 days** from end of the month in which TDS was deducted.

section 194N :- TDS on cash withdrawals**NOTE:-**

- 1) IF payee has **not filed Return** for All preceeding 3 P.Y's for which due date u/s 139(i) already **Expired** before starting current P.Y. then TDS shall be deducted as follows :-

| <u>Cash withdraw</u> | <u>% OF TDS</u> |
|----------------------|-----------------|
| ≤ 20,00,000 | NIL |

>20L but ≤1cr

2%.

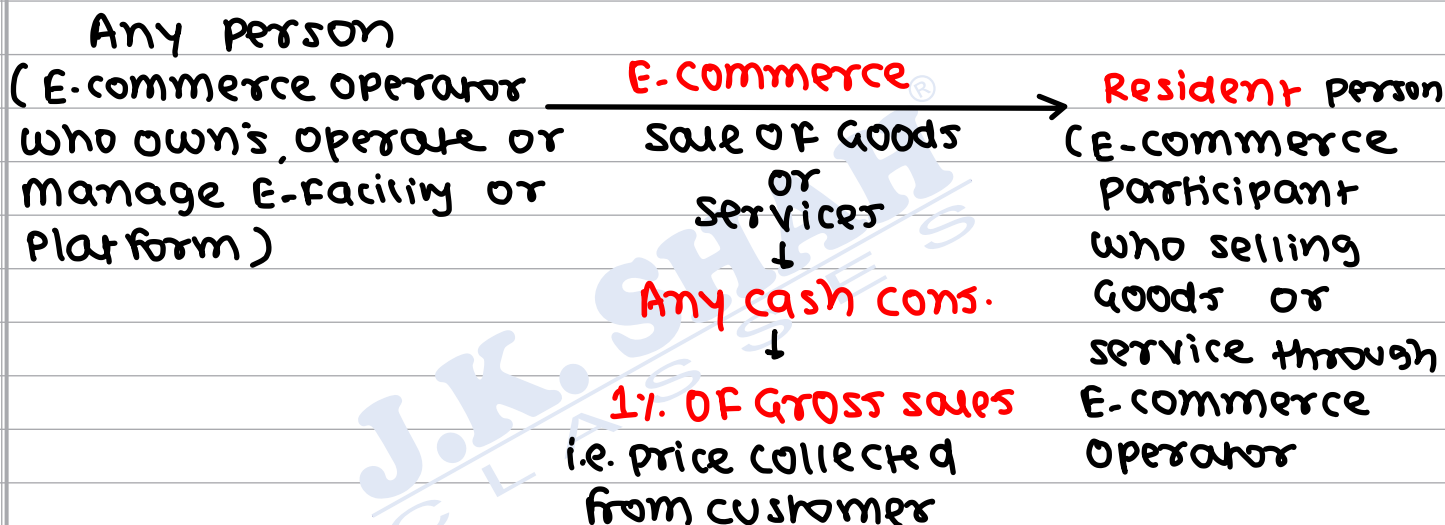
>1cr

5%.

2) **NO TDS** if cash withdrawn by :-

- Government
- BANK, CO-OP Bank, Post Office
- ATM Operators of Bank's or CO-OP bank
- Registered Commission Agent under APMC
- Authorised dealer, Full Fledge money changer.

SECTION 1940 :- TDS on E-commerce operator



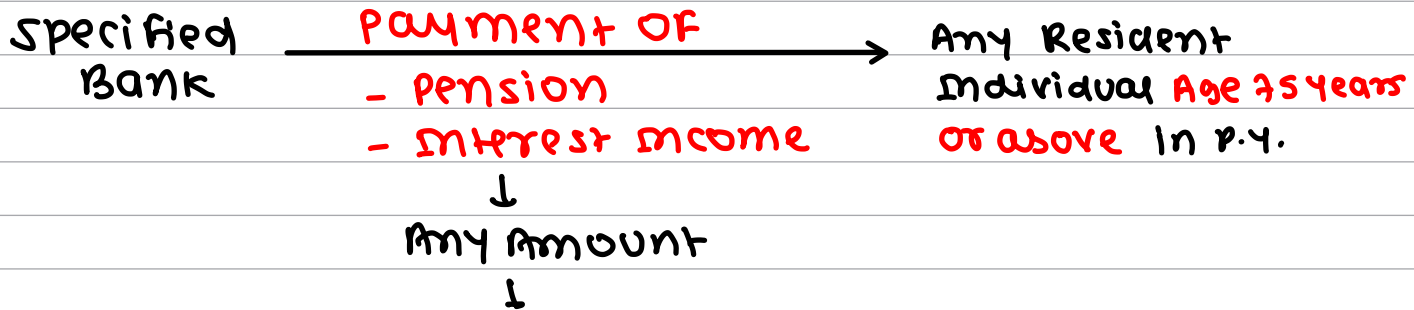
NOTE:-

1) **NO TDS** if **All of the following conditions** are satisfied :-

- The E-commerce participant is an **Individual/HUF**
- The **Gross amount of such sales or services or both ≤ 500,000** during P.Y.
- The E-commerce participant has **furnish his PAN or Aadhar** to the E-commerce operator

2) Any payment made by purchaser of goods or services **directly to an e-commerce participant** but sale shall be facilitated by e-commerce operator, then it shall deemed to be the amount paid/credited by E-commerce operator to E-commerce participant and shall be **included in Gross amount** for the purpose of TDS.

Section 194P :- TDS by Bank in case of senior citizen

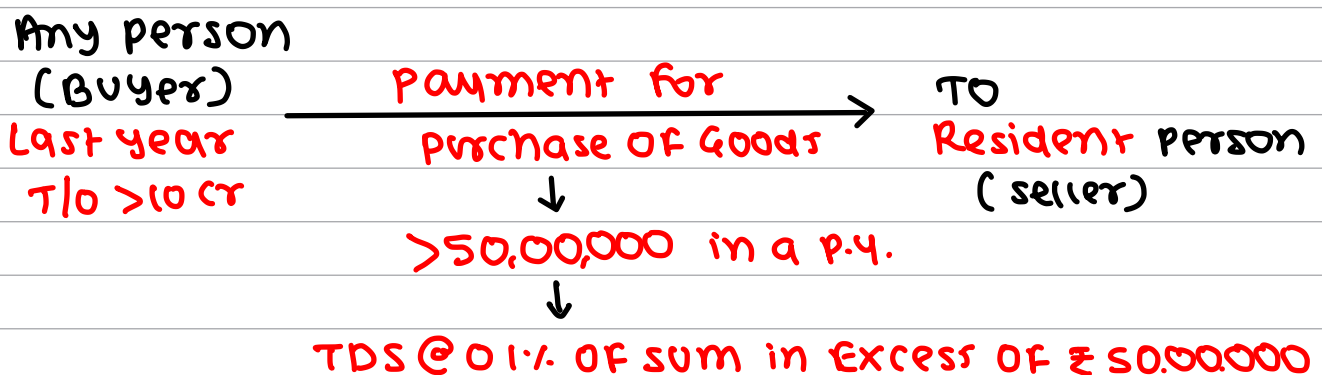


TDS shall be deducted at slab rate

Note:-

- 1) This section is applicable **only if** individual having
 - **pension income**
 - **interest income** received or receivables from any account maintained by such individual in the **same specified bank** in which he is receiving pension income and has furnished a **declaration** to specified bank containing such particulars in **form 12BBA** and verified in such manner, as may be prescribed.
- 2) Once the declaration is furnished by senior citizen, the bank would be required to compute income of such senior citizen. For computing total income deduction u/s 80C to 80U should be given along with Rebate u/s 87A. The bank shall deduct income tax on such total income **on the basis of slab rate** after considering any TDS deducted on pension.

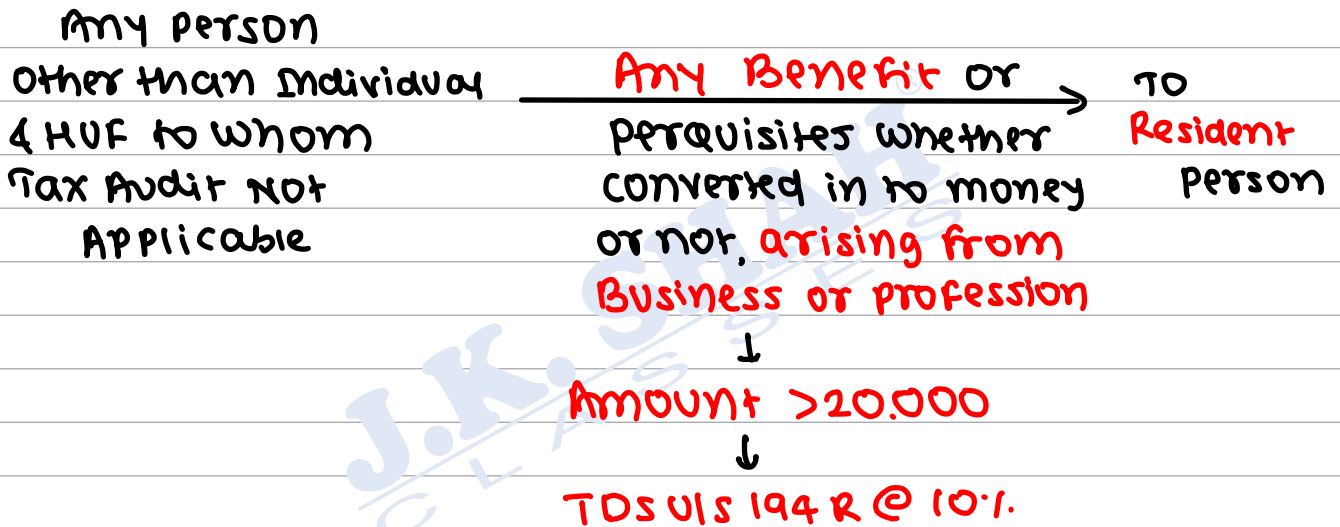
Section 194Q :- TDS on purchase of goods



NOTE :-

- 1) In this section TDS required to deduct only on **excess amount over ₹ 50,00,000**
- 2) **TDS is not required** to be deducted under this section, if -
 - TDS is deductible under any other section.
 - TDS is collectible U/s 206C (other than section 206C(1H))
- 3) In case of transaction to which both **section 206C(1H) and section 194Q applies**, TDS to be deducted U/s 194Q

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SECTION 194R :- TDS ON BUSINESS PERQUISITE'S



NOTE :-

- 1) If the benefits or perquisites is **wholly in kind** or it is **partly in kind & partly in cash** and cash balance is **not sufficient** enough to meet the TDS liabilities, then payer **shall release the benefit or perquisite** only after ensuring that **tax is paid** on such benefit or perquisite by way of -
 - He has **collected** the amount **equivalent to TDS amount** from the payee or
 - He paid TDS from **his own pocket** or
 - He insists the payee to make the payment of TDS on his own by way of **advance tax** and submit the proof to payer

CBDT guidelines :-

- 1) The payer is **not required to check** that the benefit or perq. is **taxable in the hands of recipient or not**. Thus deductor is required to deduct TDS U/s 194R of the Act in all cases where

benefit or perqs. is provided, even if capital name benefit is provided like car or land etc. then also TDS is applicable.

2) Sale Discount, cash discount and rebates **NO TDS applicable.**

3) TDS is **required to be deducted** u/s 194R in following cases :-

- Incentives in the form of cash or kind such as car, tv, computers, Gold coin, mobile phone etc.
- sponsors a trip for the recipient and his/her relatives upon achieving certain targets
- Provides free ticket for an event
- Medicine samples free to medical practitioner.

If Receiver use such asset for his business or profession purpose then **actual cost of asset shall be FMV** on which he **already paid taxes**. Depreciation can be **claimed on such FMV**.

4) calculation of value of benefits / perquisites :-

- i) provider has purchase the benefit / perqs. → **Purchase price**
- ii) Provider manufacture such item → **price that it charges to its customer**
- iii) In Any other cases → **FMV of benefit / perquisite**

Note:- GST will **not included** for the purpose of valuation for TDS purpose

5) The Expenditure pertaining to dealer / business conference **would not be considered** as benefit / perqs., in case conference is for :-

- New product being launched.
- Discussion as to how the product is better than others.
- Obtaining order from dealers / customer's
- Teaching sales techniques to dealer / customer's
- Addressing queries of the dealers / customer's.

6) In following cases expenditure on dealer / business **conference would be treated as perquisites / benefits :-**

- Expenses attributable to **leisure trip or leisure component** even if it is incidental to the dealer / business conference
- Expenditure incurred for **family members accompanying** the person attending dealer / business conference
- Expenditure on participants of dealer / business conference for **days which are on account of prior stay or overstay beyond the dates** of such conference.

SECTION 194BA:- Winnings from online game

Any person $\xrightarrow{\text{winnings from online games}}$ Any person
 \downarrow
TDS U/S 194BA @ 30%

NOTE:-

i) TDS required to be deducted **at the time of withdrawal** during P.Y. from user account as well as at the end of financial year.

ii) TDS deducted on **Net winning** @ **sec. 115BBT**
(A+D) - (B+C)

A - Aggregate amount **withdrawn** from user account

D - **closing balance** to user account at the end of P.Y.

B - Aggregate amount of **not-taxable deposit** made

C - **opening balance** of user account at beginning of P.Y.

Example:- Mr. Chiman having user account with Dream 11

| | |
|-----------------------------|---------|
| Op. balance as on 1/1/23 | 80,000 |
| Amt deposited in P.Y. 23-24 | 210,000 |
| Amt withdrawn in P.Y. 23-24 | 380,000 |
| closing balance on 31/3/24 | 75,000 |

For sec 115BBT taxable net winning is

$$(380,000 + 75,000) - (80,000 + 210,000)$$

$$455,000 - 290,000$$

₹ 165,000 Taxable @ 30%

General provision's

SEC 197 :- Lower deduction Certificate

where Total income or receipt of assessee is **NOT liable to tax** or **taxable at lower rate** in current year (it may be due to B/F losses) then assessee can apply to A.O. for issue of certificate for **NO Deduction or Low deduction of TDS**. If A.O. satisfied with application of assessee then he may issue such certificate.

SEC 197A :- Declaration in form 15G/15H

where the total income of the Resident assessee (**Other than company and firm**) is **below basic exemption limit** during the year, **no TDS shall be deducted** u/s 192A, 193, 194A, 194D, 194DA, 194I if assessee furnishes a **SELF-Declaration** to the deductee

- Normally → **form 15G**
- Resident sr. citizen → **form 15H**

Due date of payment of TDS/TCS

| TDS deducted / TCS collected | TDS Due date | TCS due date |
|------------------------------|--|--|
| April to Feb March | 3 rd of next mo 30 th April of Next F.Y. | 3 rd of next mo. 3 rd April |

Note:- IF TDS deducted u/s 194IA, 194IB, or 194M then it should be deposited to Government **within 30 days from end of the month** in which TDS deducted **along with return in form 26QB, 26QC, 26QD**

Due date of TDS / TCS Return / statements

| Quarter ended | TDS Return | TCS Return |
|---------------|--|--|
| Apr - June | 31 st July | 15 th July |
| July - Sept | 31 st Oct | 15 th Oct |
| Oct - Dec | 31 st Jan | 15 th Jan |
| Jan - March | 30 th April 31 st May | 15 th April 15 th May |

→ IF TDS/TCS Return after due dates then **Fees of 200 per day** during which default is continue u/s 234E

→ If TDS/TCS Return filed **AFTER 1 year** then penalty u/s **221H** ranging **minimum ₹ 10,000 to maximum ₹ 100,000** shall be applicable

Section 201(1A) :- Interest on Late deduction / Late payment of TDS

Late Deduction :-

Interest @ **1% p.m. or part** from date on which TDS was deductible till the date on which TDS actually deducted.

Late payment :-

Interest @ **1.5% p.m. or part** from date on which TDS actually deducted till the date on which such tax actually paid.

Section 206AB / Sec 206CCA :- TDS / TCS Rate in case of Non-filers

In case of TDS/TCS if payee / collectee has **not filed Return of income** for last year for which due date u/s 139(i) **already expired** before current P.Y. and **TDS deducted and TCS collected** in that year **was ₹ 50,000 or more** then TDS/TCS in current year shall be applicable at following rates :-

- ↑ i) **twice the TDS / TCS rate** or
- ii) **5%.**

whichever is higher

Note:-

- i) This section **not applicable** in case of TDS deductible u/s 192, 192A, 194B, 194BB, 194IA, 194IB, and 194N
- ii) from **1/7/2023** maximum rate of TCS shall be **20%**.

TAX COLLECTED AT SOURCE

| Section | Name of Transaction | Rate | Collector (seller) | Collectee (Buyer) |
|----------|---|------------------------------|--|---|
| 206C(1) | Sale of Goods - Tendu Leaves - Timber & other Forest produce - Alcoholic liquor for Human consumption - scrap - Minerals being coal, Iron ore | 5% 2.5% 1% 1% 1% | Any person Other than Individual/HUF to whom Tax Audit NOT Applicable | Any person Other than i) Buyer buy Goods for personal use ii) Public sector company iii) CG, SG, Embassy, High Comm, consulate, Trade represent. |
| 206C(1g) | Leasing or Licensing or Transferring any Right or interest in - parking lot or - Toll plaza - mine or quarry for the purpose of business | 2% | Any person Other than Individual/HUF to whom tax Audit not Applicable | Any person other than public sector company |
| 206C(1f) | Sale of motor vehicle of the value >10,00,000 | 1% | same as sec 206C(1) | Any person |

NOTE:-

- 1) TCS shall be applicable only if **sale of motor vehicle at retail level. (B2C)**
- 2) If collectee (Buyer) is public sector company engaged in business of carrying passengers, CG, SG, Embassy, High comm, consulate, Trade representation or local authority then **TCS not applicable**
- 3) Threshold limit of **₹ 10 lakh's** is for **individual purchase** and not for aggregate purchase during the year.

| Section | Name of Transaction | Rate | Collector (seller) | Collectee (Buyer) |
|----------|---|-----------------------|--|---|
| 206C(1G) | Foreign Remittance of money > ₹100,000 Under Liberalised Remittance scheme (LRS) of RBI | 5% OF Amt > ₹1L (20%) | Authorised Dealer w.e.f. 01/07/23 FA 2023 | NO TCS if buyer is :- i) Deducted TDS under any section ii) CG, SG, Embassy, High comm, consulate and trade representation or local authority |
| | Sale of overseas tour program package (OTPP) | 5% OF sale value | Seller of OTTP w.e.f. 01/07/23 FA 23 20% OF Amt > ₹1L | |

NOTE:-

w.e.f. 01/07/23

- 1) In case of LRS if remitted amount is out of Education loan taken from financial institution then TCS rate shall be 0.5% instead of 5%. (Medical or Education General Remittance then continue to be 5% TCS)

| Section | Name of Transaction | Rate | Collector (seller) | Collectee (Buyer) |
|----------|---|----------------------|---|-------------------|
| 206C(1H) | Sale of Goods (Other than export and covered u/s 206C(1)/(1F)/(1G)) | 0.1% OF cons. > ₹50L | Any person whose last year T/O > ₹10cr. | Any person |

NOTE:-

- Collectee is CG, SG, an embassy, High comm, consulate, or trade representation, local authority then TCS not applicable.
- TCS collected only at the time of receiving consideration in excess of ₹50,00,000 in P.Y.
- If buyer deducted TDS under any section then TCS not applicable under this section.

Section 206CC :- NON FURNISH OF PAN

If the collectee has not provided PAN or Aadhar to the collector then TCS rate shall be :-

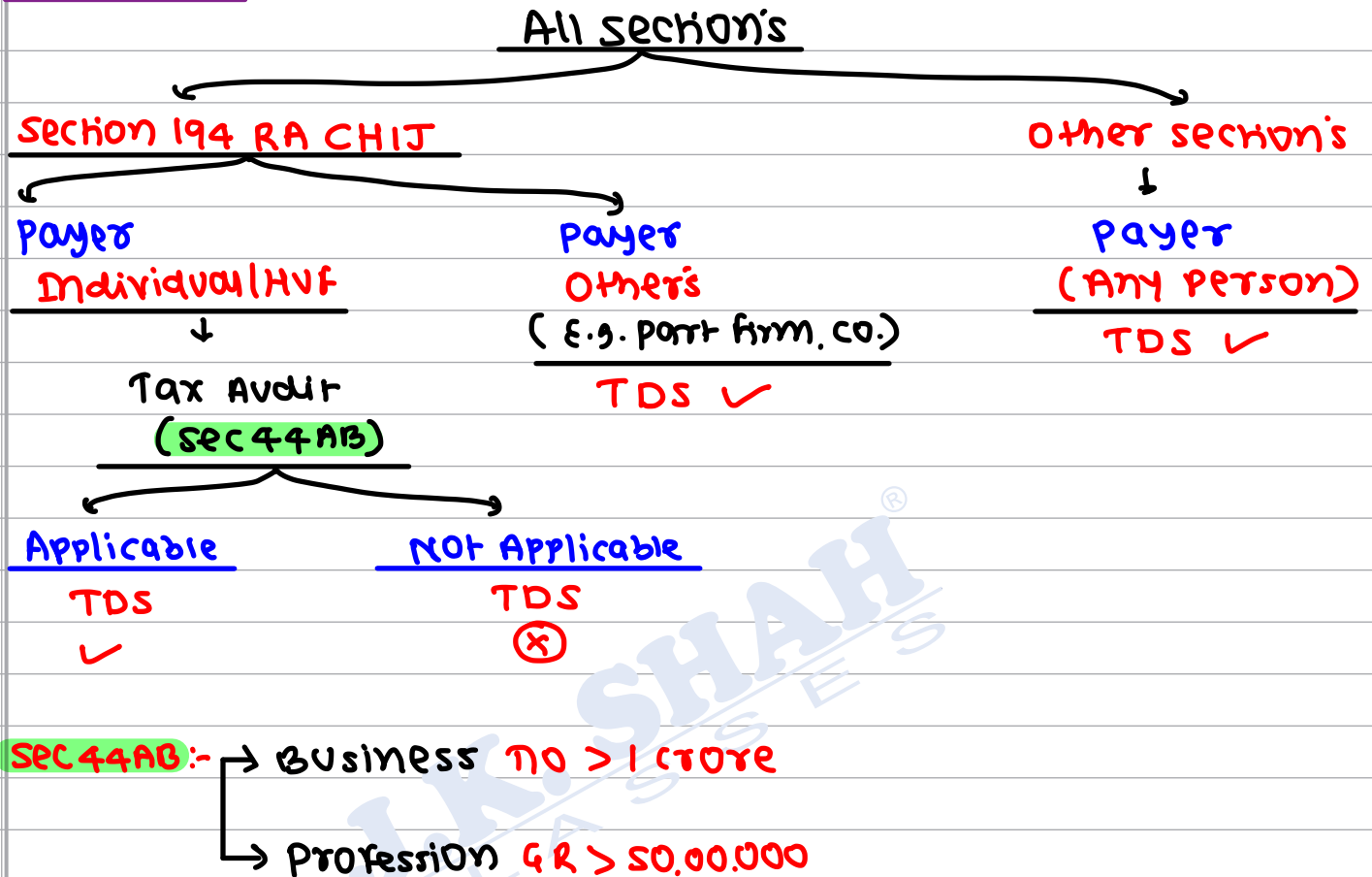
- ↑ 1) Twice of the Rate or
2) 5% (1% in case of sec 206C(1H))

which ever is higher

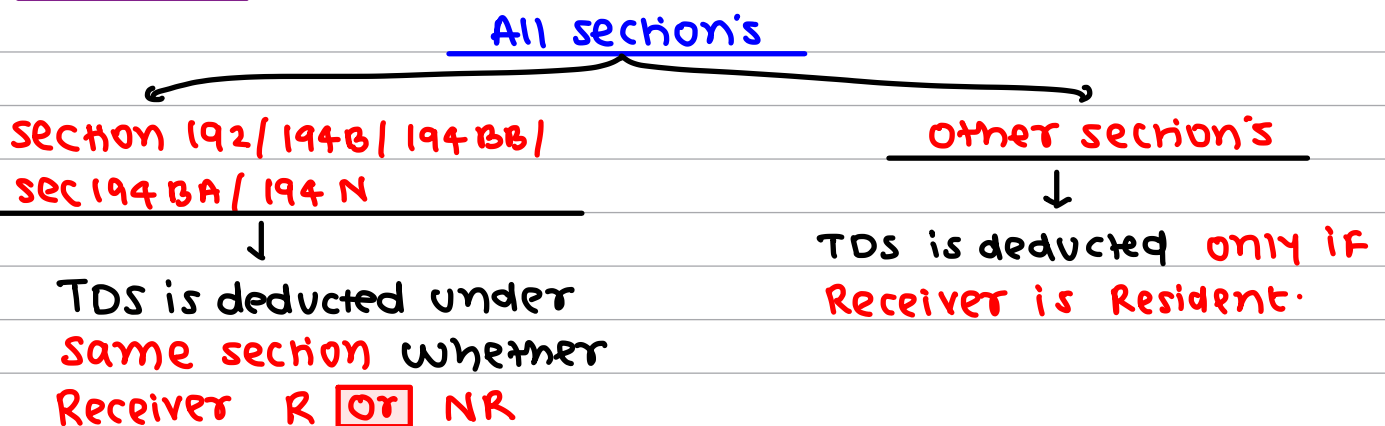
NOTE From 01/07/23 Higher rate of TCS max 20%.

REVISION

1) Payer :-



2) Receiver



3) All the threshold limits are in aggregate of financial year except in case of compulsory acquisition and purchase of immovable property.

4) If payment includes GST then TDS is deducted on amount EXCL. GST.

Summary



| | Section | Nature of payment | When to deduct | Rate |
|-----|----------------------|---|--|--|
| 1) | 192 | Salary | IFS > BEL | Slab Rate's |
| 2) | 192A | Amount withdrawn from PF | Premature withdraw (within 5 years) $\geq 50,000$ | 10% |
| 3) | 193 | Interest on securities | Deb. Int > 5000 Other Int Any Amt | 10% |
| 4) | 194 | Dividend from Indian company | Dividend > 5000 | 10% |
| 5) | 194A | Interest other than Int on securities | Bank/P.O. Int > 40,000 (Res. sr. citizen > 50,000) Other Int > 5000 | 10% |
| 6) | 194B/13B | Winning from Lottery or Horse Race | IF > 10,000 (Cash / Kind) | 30% |
| 7) | 194BA | Winning from online game | Any amount | 30% |
| 8) | 194C | Payment to work Contractor | Single Amt > 30,000 OR Aggregate > 1,00,000 | IF Receiver Ind/HUF 1% Other's 2% |
| 9) | 194D 194G 194H | Insurance comm'n Lottery Agent comm'n General comm'n / Brok. | comm'n > 15,000 | 5% |
| 10) | 194I | Rent of L/B/F/Pam/Equip. | Rent > 240,000 p.a. | L/B/F 10% Pam/Equip 2% |
| 11) | 194IB | Rent of L/B | Rent > 50,000 p.m. | 5% |
| 12) | 194IA | Purchase of Immovable Property (Except RAI) | \uparrow AP \uparrow SDV $\geq 50,00,000$ | 1% OF \uparrow AP SDV |
| 13) | 194IC | Joint Development Agreement (JDA) | Cash consideration | 10% |
| 14) | 194J | Professional fees/ Royalty / Technical fees/ Remuneration to director / Non-compete fees | Amt > 30,000 (Sitting fees to director Any Amt) | 10% (2% in case of call centre / Royalty for film / Technical fees) |

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