



TDS

Optimetz Advisory

192 TDS On Salaries

- Deductor- Any person
- Deductee- Resident or Non-resident
- Time of Deduction -At the time of payment.
- Rate of TDS- Slab rate applicable to the estimated income of the employee.

NOTES

- Income from previous employer may be considered.
- Only loss under the head house property shall be taken into account for the purpose of TDS and not any other loss.
- Income from all other sources may be considered & TDS thereon shall also be considered.

SEC 192A-TDS on premature taxable withdrawal from employees provident fund

- Deductor- Any person authorised under the PF scheme to make payment
- Deductee- Resident or Non-resident
- THRESHOLD: 30,000/-50,000/-
- Time of Deduction- At the time of payment.
- Rate of TDS - 10%. But if no PAN - then MMR.

NOTES

- Declaration u/s 197 A- Form 15G/15H - is permissible.
- Tax has to be deducted only if the premature withdrawal from PF is taxable under the act.

SEC 193 - TDS ON INTEREST ON SECURITIES

- Deductor- Any person
- Deductee - Resident.
- Time of Deduction - At the time of credit or payment, whichever is earlier.
- Rate of tax: 10%

TDS Shall not be deducted in the following case

- If a listed company issues debentures then there will be no TDS on interest upto Rs. 5,000 payable in the financial year to an individual/ HUF(interest should have been paid though account payee cheque)
- Interest payable on Central Govt. or State Govt. Securities.
- Interest paid to LIC, GIC or any other insurer, in respect of securities owned by it or held by it as beneficiary.
- any interest payable on any security issued by a company, where such security is in dematerialised form and is listed on a recognised stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and the rules made thereunder

Sec 194 - TDS on Dividend

- Since dividend under section 115-O is exempt in the hands of share holders, therefore, NO TDS is required to be deducted
- However, deemed dividend under section 2(22)(e) is taxable in the hands of shareholder and company is required to deduct TDS on the same.
- Rate of Tax: 10%

Sec 194A TDS on interest other than "Interest on Securities"

- Deductor- Any person, [other than individual or HUF (not liable to tax audit in preceding Financial Year)].
- Deductee - Resident
- Time of Deduction - At the time of credit or payment, whichever is earlier. [Except interest on compensation awarded by the Motor Accidents Claims Tribunal which shall be at the time of payment –
- Rate of tax - 10%

TDS Shall Not be deducted if:

Interest paid does not exceed:

- a.Rs.10,000 where payer is Banking Company ..
- b.Rs.10,000 where payer is a Co-operative Society Bank
- c. Rs.1 0,000 on deposit with post office.
- d.Rs. 50,000/- interest on compensation awarded by the Motor Accidents Claims Tribunal
- e. Rs.5,000 in any other case.

Interest is credited or paid by the firm to its partner.

Interest on Zero coupon Bond.

Interest paid by Government under Income tax Act or Wealth Tax Act.

SEC 194C TDS ON PAYMENTS MADE TO CONTRACTORS

- Deductor- Any Person [other than individual or HUF (not liable to tax audit in preceding Financial Year)].
- Deductee - Any resident.
- Time of Deduction- At the time of credit or payment, whichever is earlier.
- Rate of TDS -
 - (i) 1% in case payee is individual or HUF.
 - (ii) 2% in case of any other assessee.

NOTES

(i) No TDS where amount payable does not exceed:

- (a) Rs.30,000 in case of a single contract.
- (b) Rs.75,000 in case of aggregate of contracts during a Financial Year. (Rs. 1,00,000/- w.e.f 01.06.2016)

(ii) No TDS is required to be deducted by individual or HUF under a contract for personal purpose, even if he is subject to tax audit.

(iii) No TDS if the transporter of goods furnishes his PAN and owns ten or less goods carriages any time during the year

(iv) TDS shall be deducted:

- (a) On the invoice value excluding the value of material, if such value is mentioned separately in the invoice; or
- (b) On the whole of the invoice value,. If the value of material is not mentioned separately in the InVOICe.

194I-TDS ON RENT

- Deductor- Any Person, [other than individual or HUF (not liable to tax audit in the preceding Financial Year)].
- Deductee - Any resident.
- Time of Deduction- At the time of credit or payment, whichever is earlier.
- Rate of TDS-
 - (i) For use of Plant & Machinery- 2%
 - (ii) For use of Land, building, Furniture fitting- 10%

NOTES

- (i) No TDS where amount does not exceed Rs.1,80,000 during a Financial Year.
 - (ii) "rent" means any payment, by whatever name called, under any lease, sublease, tenancy or any other agreement or arrangement for the use of (either separately or together) any,
 - (a) Land; or (b) Building (including factory building); or
 - (c) Land appurtenant to a building (including factory building); or (d) Machinery; or
 - (e) Plant; or (f) Equipment; or (g) Furniture; or (h) Fittings,
- Whether or not any or all of the above are owned by the payee.

- (iii) TDS should also be deducted on advance rent, warehousing charges.
- (iv) Where the share of each co-owner in the property is definite and ascertainable, the limit of Rs.1,80,000 will be applicable to each co-owner separately.

194IA - TDS on payment on transfer of certain immovable property

- Deductor- Any purchaser (other than person referred to in section 194LA)
- Deductee - Any seller being resident
- Time of Deduction- At the time of credit or payment, whichever is earlier.
- Rate of TDS- 1% of the total consideration for transfer of immovable property.

NOTES

- Every person is liable to deduct tax at source @ 1% on payment made for purchase of immovable property to person resident in India, except for:
 - (a) Rural agricultural land (which is not coming in definition of capital asset), and
 - (b) Where the sale consideration for the property is less than Rs.50 lakhs.
- Therefore, if the immovable property is purchased from a non-resident person for any value, no TDS is required to be deducted under this section. However, IDS shall be deducted under section 195.

194J TDS on : Fees for professional services etc.

- Deductor- Any Person, [other than individual or HUF (not liable to tax audit in the preceding Financial Year)].
- Deductee - Any resident.
- Time of Deduction- At the time of credit or payment, whichever is earlier.
- Rate of TDS - 10%.

NOTES

TDS shall be deducted on:

- (a) Fees for professional services, or
- (b) Fees for technical services, or
- (c) Royalty

No TDS where amount does not exceed Rs.30,000 during a Financial Year for each type of payment referred to in (a) to (c).

194B TDS on winning from lottery or crossword puzzle or card game and other game of any sort

- Deductor- Any Person
- Deductee- Any Person
- Time of Deduction- At the time of payment.
- Rate of TDS- 30%

NOTES

- No TDS where amount does not exceed Rs.10,000/- during a financial year.

194DA TDS on payment in respect of life insurance policy

- Deductor- Any Person
- Deductee- Any Person
- Time of Deduction- At the time of payment.
- Rate of TDS- 2%,,,1% w.e.f 01.06.2016

NOTE

- No TDS on amount exempt under sec 10(10D)
- No TDS where amount does not exceed Rs.1,00,000 during a financial year.

194E TDS on payment to non-resident sportsmen or sportsmen association or entertainer

- **Deductor- Any Person**
- **Deductee- Any non-resident sportsmen not citizen of India and non-resident sports association or non-resident entertainer**
- **Time of Deduction-At the time of credit or payment, whichever is earlier.**
- **Rate of TDS- 20%**

194H TDS on commission or brokerage

- Deducter- Any Person[other than Individual or HUF(not liable to tax audit in the preceding financial year)]
- Deductee- Any resident
- Time of Deduction- At the time of credit or payment, whichever is earlier.
- Rate of TDS-10%,,,5% w.e.f 01.06.2016

NOTE

- (I) No TDS where amount does not exceed Rs.5000 during a financial year. 15000/- w.e.f 01/06/2016

195 Payments to non-resident

- Deductor- Any Person
- Deductee- Non Resident Or a Foreign Company
- Time of Deduction- At the time of credit or payment whichever is earlier.
- Prescribed rates

Sec 196

- No TDS Shall be deducted from any sum payable to:
 - (I) Government
 - (II) RBI
 - (III) Mutual Funds
 - (IV) Corporation Established under any central act whose income is exempt from tax.

197 Certificate for NO/LOWER Deduction of TDS

- Where the total income of the recipient of income is not liable to tax or is taxable at lower rates, then such recipient of income can make an application to Assessing officer to issue a certificate for no/lower deduction of TDS from his income.
- In such as case, the payer shall deduct income tax as per the rates specified in the certificate till such time the certificate is cancelled by the assessing officer.
- Certificate for the lower deduction shall not be issued if the application does not contain the PAN of the applicant.

Sec 197A Self Declaration for Non-Deduction of TDS

- No TDS shall be deducted if the recipient of:
 - (I) Interest from securities and/or
 - (II) Interest other than Interest from securities.
 - (III) Payments made under life insurance policy
 - (IV) Rent on which tax is deductible u/s 194I
- gives a declaration in prescribed form to the assessing officer that the tax on his current year income shall be NIL.

Any declaration u/s 197A by the payee shall be valid only if it contains the PAN of the payee.

NOTE

- (I) This declaration cannot be given by a firm or company
- (II) This declaration cannot be given by a person OTHER THAN A SENIOR CITIZEN if the aggregate of the interest incomes referred above exceeds the taxable limit even though the tax on his total income is NIL.

NOTES

- Cess is not applicable on TDS except TDS on salary & payments to non-residents
- No TDS on the services tax portion of the bill
- Where PAN is not given deduction should be at higher of applicable rate or 20%
- In case the payment to foreign companies/non resident , surcharge and cess at applicable rates should be considered for TDS rate and not for others
- Every deductor has to submit quarterly E-TDS return to prescribed authority for all deduction made
 - (I) salary TDS-24Q
 - (II) Non salary TDS (resident)-26Q
 - (III) Non Salary TDS (Non-resident)-27Q

No filling/late filling of E-TDS returns will attract penalty of Rs,200/- per day max upto the amount of TDS paid/payable.

TDS deduction certificate in Form 16A should be given to the deductor monthly or based on a written request on an yearly basis

Form 16 is for salary and Form 16A is for all payments other than salary

Time limit for submission of quarterly TDS return

| QUARTER ENDING | DUE DATE |
|----------------------------|--------------------------|
| 30 th JUNE | 31 st JULY |
| 30 th SEPTEMBER | 31 st OCTOBER |
| 31 st DECEMBER | 31 st JANUARY |
| 31 st MARCH | 31 st MAY |



Thank YOU