

Tax Deduction at Source FY 2017-18 (AY 2018-19)



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TDS introduction -

- Income Tax is collected in following four modes –
 - Advance Tax
 - Self Assessment Tax
 - Tax Deducted at Source (TDS)
 - Tax Collection at Source (TCS)
- TDS and TCS helps govt to collect taxes at the point of generation of income.
- Tax is deducted by the payer and is remitted to the Government by the payer on behalf of the payee.

Important TDS Sections at a Glance -

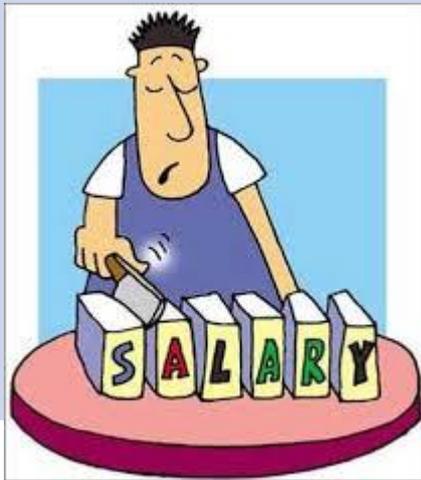
Section	Nature of Payment
192	Payment of Salary
192A	Accumulated balance due to an employee participating in recognised provident fund
193	Interest on securities
194	Dividends other than dividends referred to in Section 115-O
194A	TDS from Interest other than interest on Securities
194C	Payment to contractor and Subcontractor
194DA	Payment in respect of life insurance policy which is not exempt u/s 10(10D)
194EE	National Savings Scheme
194H	Payment of commission or Brokerage

Important TDS Sections at a Glance -

Section	Nature of Payment
194I	Payment of Rent for Immovable and Movable Property
194IA	Payment on transfer of certain immovable property
194IB	Payment of rent by certain individuals or HUF
194IC	Payment under agreement specified as per Sec 45 (5 A)
194J	Payment of Professional Fees
194LA	Payment of compensation on acquisition of certain immovable property
194LC	Payment of interest to non-resident by Indian Co. or business trust on money borrowed in foreign currency from source outside India or by issue of rupee denominated bond
194LD	Payment of interest on or after 01.06.2013, before 01.06.2020 on rupee denominated bond of Indian Company or Government securities
195	Payments to Non-residents

Sec. 192 - Payment of Salary

Person responsible	All assesses
Exemption limit	Minimum Exemption Limit i.e. Rs 2.50 Lacs
Rate of TDS	As per the Slab Rates provided in Finance Act
Time of deduction	At the time of payment
Time for deposit of TDS	Within 7 th of next month, for March before 30 th April
Certificate of TDS	Form 16 & 12BA, if applicable
Quarterly TDS Return	Form 24Q by 31 st – July, October, January & May
Other points	<ul style="list-style-type: none">• Need to refer Annual Circular explaining various provisions issued by CBDT• Salary received from more than one employer• Set off of Loss under House Property• HRA Exemption (receipt required Rent over Rs 3k p.m., Landlord PAN for rent over Rs. 1 Lacs p.a.• Employer to obtain evidence or proof in respect of deductions/ exemptions including set-off of loss Sec 192(2D)• Short deduction in earlier months and higher deduction in later months may lead to Interest u/s 201(1A)



Sec. 192A – Accumulated balance to an employee in recognised Provident Fund

Person responsible	Trustees of EPF or other authorised person
Exemption limit	Rs 50,000
Rate of TDS	10%
Time of deduction	At the time of payment
Time for deposit of TDS	Within 7 th of next month, for March before 30 th April
Certificate of TDS	Form 16A each quarter by 15 th – Aug, Nov, Feb & June
Quarterly TDS Return	Form 26Q by 31 st – July, October, January & May

Sec. 193 – Interest on Securities

Person responsible	Government/ Local Authority/ Statutory Corporation/ Company; Central Govt in case of 8% / 7.75% Savings (Taxable) Bonds
Exemption limit	In case of listed or unlisted debenture Rs 5,000, otherwise no minimum. Rs 10,000 in case of 8% / 7.75% Savings (Taxable) Bonds.
Rate of TDS	10%
Time of deduction	At the time of payment or credit whichever is earlier
Time for deposit of TDS	Within 7 th of next month, for March before 30 th April
Certificate of TDS	Form 16A each quarter by 15 th – Aug, Nov, Feb & June
Quarterly TDS Return	Form 26Q by 31 st – July, October, January & May

Sec. 194 – Dividends other than referred in Section 115-0

Person responsible	Closely held domestic company
Exemption limit	Rs 2,500 in case of individual shareholder
Rate of TDS	10%
Time of deduction	At the time of payment
Time for deposit of TDS	Within 7 th of next month, for March before 30 th April
Certificate of TDS	Form 16A each quarter by 15 th – Aug, Nov, Feb & June
Quarterly TDS Return	Form 26Q by 31 st – July, October, January & May



194A - TDS from Interest other than interest on Securities

Person responsible	All assesseees except Ind & HUF not liable for Tax Audit
Exemption limit	Rs. 5,000 (Rs. 10,000 in case payer is Bank, Co-op Bank, Post office), w.e.f. 01.04.2018, Rs. 50,000 for senior citizen
Rate of TDS	10%
Time of deduction	At the time of payment or credit whichever is earlier
Time for deposit of TDS	Within 7 th of next month, for March before 30 th April
Certificate of TDS	Form 16A each quarter by 15 th – Aug, Nov, Feb & June
Quarterly TDS Return	Form 26Q by 31 st – July, October, January & May
Other points	Changes applicable w.e.f. 01.06.2015 – <ul style="list-style-type: none">• Exemption to Members of Co-op Banks withdrawn• Interest on Recurring Deposits is also subjected to TDS• TDS deduction to be bank wise not branch wise

194C - Payment to contractor and Subcontractor

Person responsible	Specified Persons
Exemption limit	Rs. 30,000/- for single payment or Rs. 1,00,000/- for aggregate payment in financial year
Rate of TDS	2% (if payee is Co, Firm or Society), for Individuals and HUF @ 1%
Time of deduction	At the time of payment or credit whichever is earlier
Time for deposit of TDS	Within 7 th of next month, for March before 30 th April
Certificate of TDS	Form 16A each quarter by 15 th – Aug, Nov, Feb & June
Quarterly TDS Return	Form 26Q by 31 st – July, October, January & May
Other points	Conditions for non deduction of TDS on payment to transporter – ONLY IF – Transporter to own ten or less goods carriage AND Furnishes a declaration in addition to PAN to this effect

194DA - Payment in respect of life insurance policy which is not exempt u/s 10(10D)

Person responsible	Insurance Companies
Exemption limit	Less than Rs. 1,00,000
Rate of TDS	1%
Time of deduction	At the time of payment
Time for deposit of TDS	Within 7 th of next month, for March before 30 th April
Certificate of TDS	Form 16A each quarter by 15 th – Aug, Nov, Feb & June
Quarterly TDS Return	Form 26Q by 31 st – July, October, January & May

194EE – National Savings Scheme

Person responsible	Post Master
Exemption limit	Rs. 2,500
Rate of TDS	10%
Time of deduction	At the time of payment
Time for deposit of TDS	Within 7 th of next month, for March before 30 th April
Certificate of TDS	Form 16A each quarter by 15 th – Aug, Nov, Feb & June
Quarterly TDS Return	Form 26Q by 31 st – July, October, January & May

194H - Payment of commission or Brokerage

Person responsible	All assesses except Individual and HUF not liable for Tax Audit
Exemption limit	Rs. 15,000/-
Rate of TDS	5%
Time of deduction	At the time of payment or credit whichever is earlier
Time for deposit of TDS	Within 7 th of next month, for March before 30 th April
Certificate of TDS	Form 16A each quarter by 15 th – Aug, Nov, Feb & June
Quarterly TDS Return	Form 26Q by 31 st – July, October, January & May
Other points	No TDS from Bank Guarantee Commission, credit card and Debit card commission

194I - Payment of Rent for Immovable and Movable Property

Person responsible	All assesses except Individual and HUF not liable for Tax Audit
Exemption limit	Rs. 180,000/-
Rate of TDS	Plant & Machinery 2%, Land or Building / furniture 10%
Time of deduction	At the time of payment or credit whichever is earlier
Time for deposit of TDS	Within 7 th of next month, for March before 30 th April
Certificate of TDS	Form 16A each quarter by 15 th – Aug, Nov, Feb & June
Quarterly TDS Return	Form 26Q by 31 st – July, October, January & May

194IA - Payment on transfer of certain immovable property

Person responsible	All assesses
Exemption limit	Rs. 50,00,000/-
Rate of TDS	1%
Time of deduction	At the time of payment or credit whichever is earlier
Time for deposit of TDS	Within 7 th of next month. Amount to be deposited electronically using challan 26QB
Certificate of TDS	Form 16B within 15 days from due date of furnishing challan in Form No. 26QB.
Quarterly TDS Return	N.A. Challan in form 26QB is only required
Other points	Immovable property means any land (other than agriculture land) or any building or part of a Building. In case of joint purchasers, each purchaser to deduct on his portion of payment

194IB - Payment of rent by certain individuals or HUF

Person responsible	Individual and HUF except those liable for Tax Audit paying rent to a resident
Exemption limit	Rs 50,000 for month or part of month during previous year
Rate of TDS	5%
Time of deduction	At the time of credit of rent for last month of Previous Year or last month of tenancy if property vacated during Previous Year or at the time of payment, whichever is earlier
Time for deposit of TDS	Not yet notified
Certificate of TDS	Not yet notified
Quarterly TDS Return	Not yet notified

194IC - Payment under agreement specified as per Sec 45 (5 A)

Person responsible	All assesseees
Exemption limit	Nil
Rate of TDS	10%
Time of deduction	At the time of payment or credit whichever is earlier
Time for deposit of TDS	Within 7 th of next month, for March before 30 th April
Certificate of TDS	Form 16A each quarter by 15 th – Aug, Nov, Feb & June
Quarterly TDS Return	Form 26Q by 31 st – July, October, January & May

194J - Payment of Professional Fees

Person responsible	All assesseees
Exemption limit	Rs. 30,000/-. No limit for payment to Director.
Rate of TDS	10%
Time of deduction	At the time of payment or credit whichever is earlier
Time for deposit of TDS	Within 7 th of next month, for March before 30 th April
Certificate of TDS	Form 16A each quarter by 15 th – Aug, Nov, Feb & June
Quarterly TDS Return	Form 26Q by 31 st – July, October, January & May
Other points	<ul style="list-style-type: none">• No TDS if fee is for personal purposes of Individual and HUF• Non compete fee also liable for TDS

194LA - Payment of compensation on acquisition of certain immovable property

Person responsible	Any person responsible for making such payment
Exemption limit	Rs. 2,50,000/-.
Rate of TDS	10%
Time of deduction	At the time of payment
Time for deposit of TDS	Within 7 th of next month, for March before 30 th April
Certificate of TDS	Form 16A each quarter by 15 th – Aug, Nov, Feb & June
Quarterly TDS Return	Form 26Q by 31 st – July, October, January & May

194LC - Payment of interest to non-resident by Indian Company or business trust on money borrowed in foreign currency from source outside India or by issue of rupee denominated bond before 01.07.2020

Person responsible	Any Indian Company or Business Trust
Exemption limit	NIL
Rate of TDS	5%
Time of deduction	At the time of payment or credit whichever is earlier
Time for deposit of TDS	Within 7 th of next month, for March before 30 th April
Certificate of TDS	Form 16A each quarter by 15 th – Aug, Nov, Feb & June
Quarterly TDS Return	Form 26Q by 31 st – July, October, January & May

194LD - Payment of interest on or after 01.06.2013 but before 01.06.2020 on rupee denominated bond of an Indian Company or Government securities

Person responsible	All assesseees
Exemption limit	NIL
Rate of TDS	5%
Time of deduction	At the time of payment or credit whichever is earlier
Time for deposit of TDS	Within 7 th of next month, for March before 30 th April
Certificate of TDS	Form 16A each quarter by 15 th – Aug, Nov, Feb & June
Quarterly TDS Return	Form 26Q by 31 st – July, October, January & May

195 - Payments to Non-residents

Person responsible	All assesses
Exemption limit	Taxable minimum
Rate of TDS	As per rates of applicable Finance Act
Time of deduction	At the time of payment or credit whichever is earlier
Time for deposit of TDS	Within 7 th of next month, for March before 30 th April
Certificate of TDS	Form 16A each quarter by 15 th – Aug, Nov, Feb & June
Quarterly TDS Return	Form 27Q by 31 st – July, October, January & May
Other points	<ul style="list-style-type: none">• In case of grossing up for a non-resident (who does not have PAN), the payer would be required to gross up at the income-tax rate applicable to the non resident and then deduct TDS• Where there has been a failure to withhold tax as per Section 195 of the Act, disallowance under section 40(a)(i) will be restricted to appropriate proportion of the sum paid to the non-resident that is chargeable to tax under the Act

Other important provisions -

- **Section 206AA** - If the recipient does not furnish PAN number to deductor, then the deductor shall deduct tax at highest rate of the following : -
 - Tax rates specified in the Act;
 - Rates in force (i.e. rates as per Finance Act); or
 - 20%.
- CBDT Circular No.1 dated 13 January 2015 - Wherever in terms of contract/agreement, service tax component is indicated separately, no TDS on service tax component

Important forms under TDS -

Form No	Particulars
24Q	Quarterly statement of TDS in respect of Salary
26Q	Quarterly statement of TDS in respect of payments other than Salary
27Q	Quarterly statement of TDS in respect of payments other than Salary made to non-residents
15G	Declaration to be made by an individual or a person (other than CO. or firm) claiming certain receipts without TDS
15H	Declaration to be made by an individual who is of the age of sixty years or more claiming certain receipts without TDS
15CA / 15CB	Payments to Non-residents and Certificate from CA
13	Lower Deduction of TDS
26QB	Challan for TDS for Immovable Property transactions
ITNS 281	TDS Challan

Important forms under TDS -

Form No	Particulars
27A	Form for furnishing information with the statement of TDS
16	Certificate for TDS for income from "Salaries"
16A	Certificate for TDS
12BA	Statement showing particulars of perquisites

Thank
you

