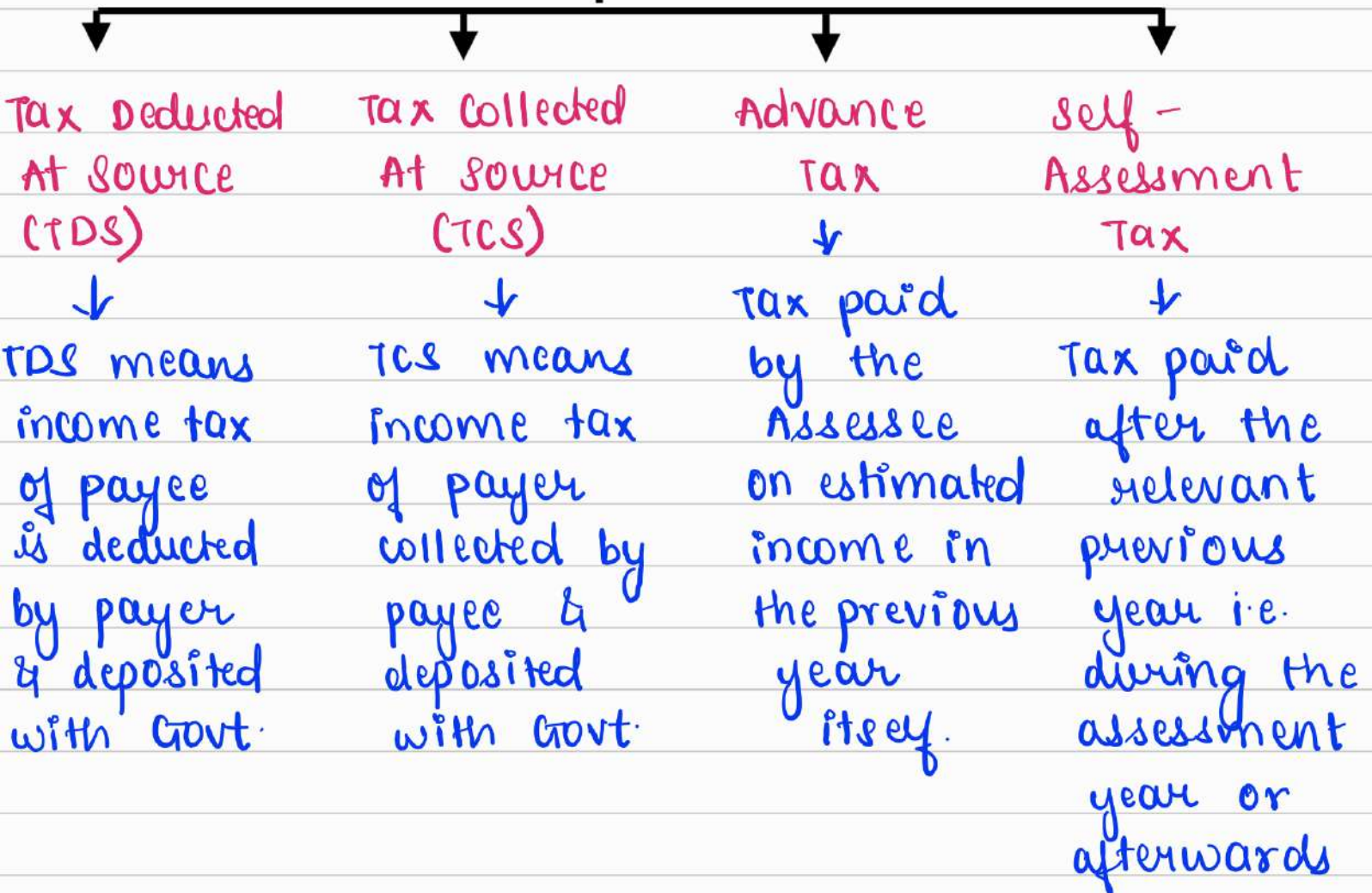
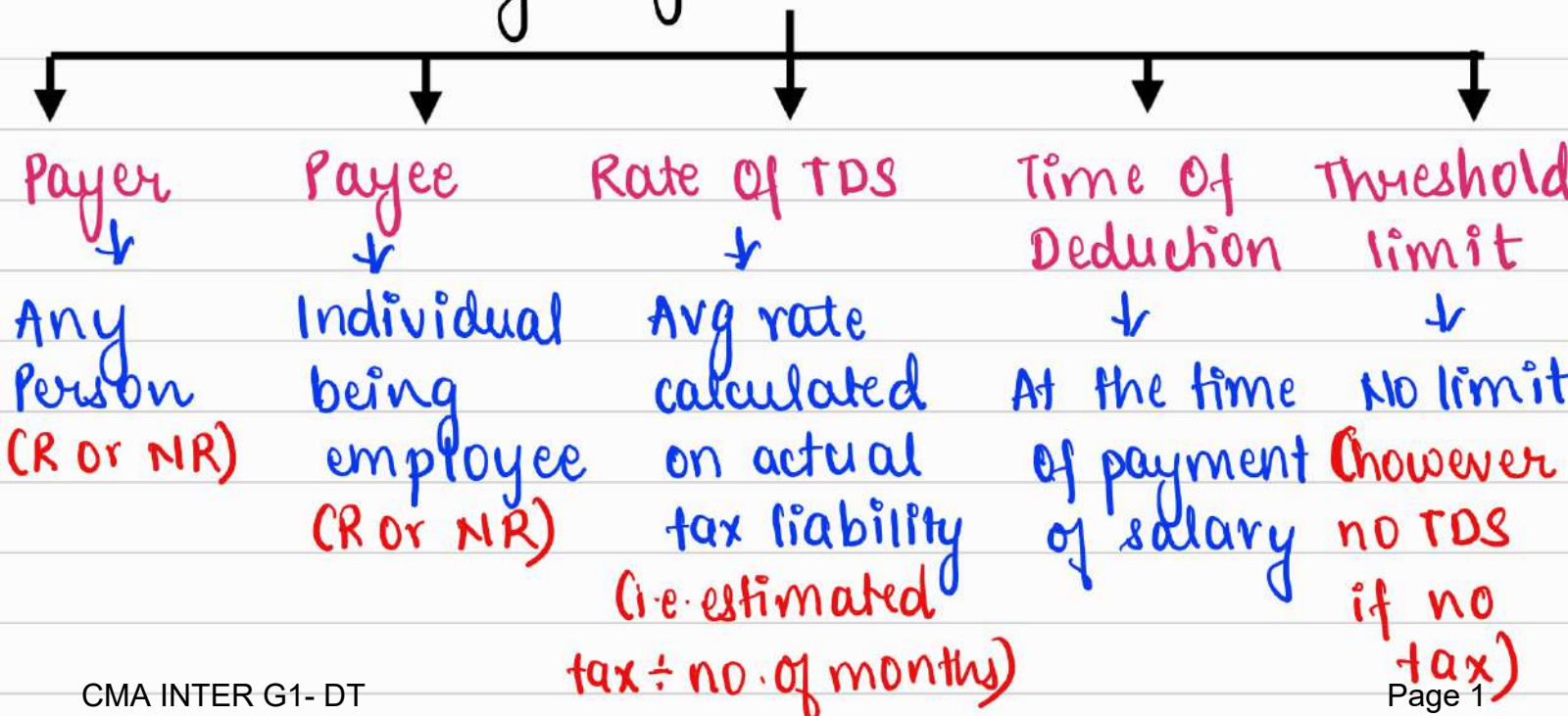


TDS - Tax Deducted At Source

* Modes of Payment of tax liability.



* TDS on Salary Payments [Sec 192]



eg: Mr. Ajay, salary @ 60,000 p.m. Invested ₹50,000 in Nsc. old tax regime.

Gross salary (60,000 × 12)	7,20,000
⇒ Standard Deduction u/s 16(ia)	<u>(50,000)</u>
Income u/h salary	6,70,000
Gross total Income	6,70,000
⇒ Deduction u/s 80C [Nsc]	<u>(50,000)</u>
	6,20,000
Tax on ₹6,20,000 at slab rate	36,500
Add HEC @ 4%	<u>1460</u>
	37,960
Monthly TDS (37,960 ÷ 12)	3163.33.

Other Points

1) Employee working with more than one employer

↓
submit particulars of 4 employer to another employer.

2) Employer shall consider other income

↓
Employer shall consider all income & deductions submitted by employee while calculating TDS

3) Employer shall consider HP loss

↓
Employee shall submit HP loss to Employer but no other loss shall be considered.

4) Sec 115BAC is default tax regime

↓
New tax regime is default unless employee opts to shift out.

5) Furnish Evidence

↓
Furnish evidence of payment in form 12BB for purpose of estimating total income.

6) Non-Monetary Perquisites

↓
In general all types of perquisites (monetary or non-monetary) shall form part of salary & tax shall be paid.

However it might be possible that tax on non-monetary perquisites is born by employer himself, such tax is exempt in hands of employee. [Sec 10 (10 CC)]

Tax on such non-monetary perquisites =

$$\text{Non-Monetary perquisites} \times \text{Avg rate of tax}$$

Eg: Mr. Bhavesh, employer, pays salary (other than non-monetary perquisites) = ₹7,30,000. Non-monetary perquisites = ₹1,20,000. old tax regime.

Tax on Non-Monetary Perquisites

Salary	7,30,000
Non monetary perquisites	1,20,000
	8,50,000
Standard deduction u/s 16 (ia)	50,000
	8,00,000
Tax liability	75,400
Avg tax rate	
$= \frac{75400}{800000} \times 100$	9.425%

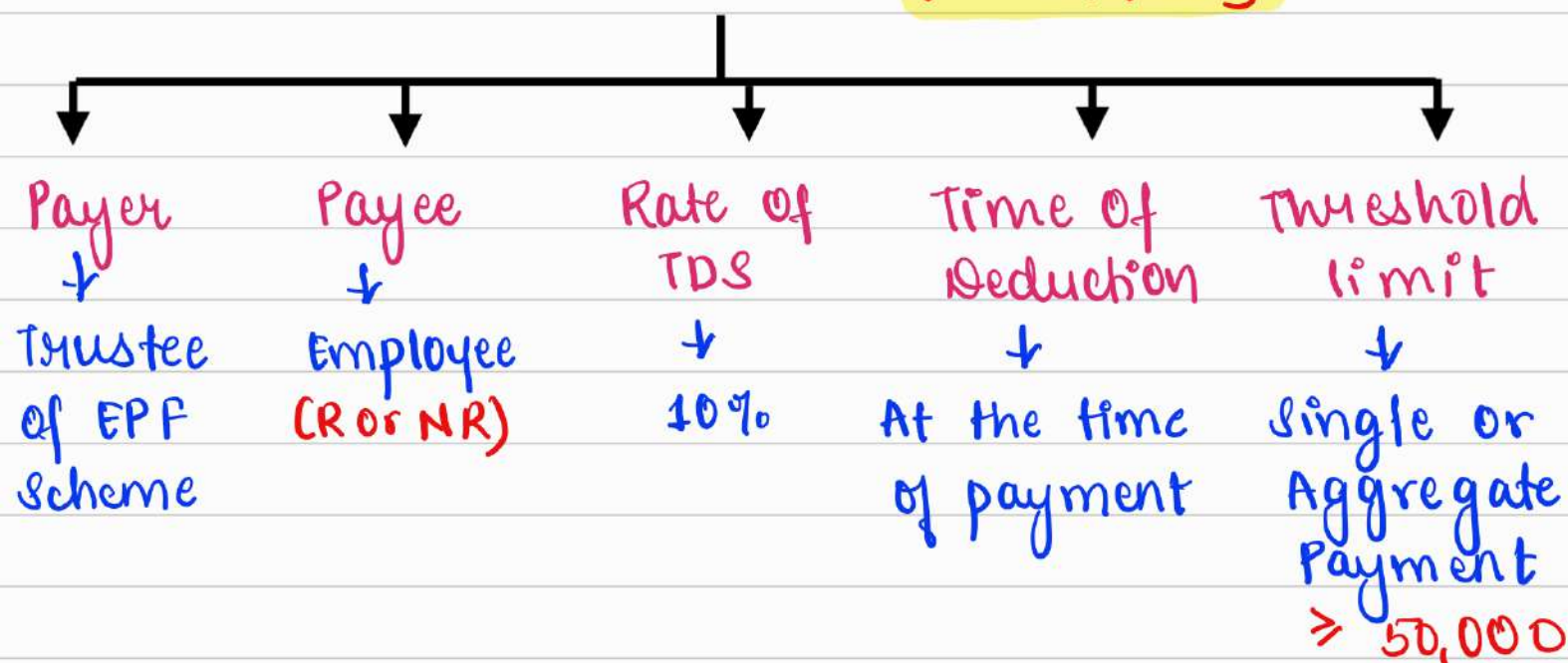
Tax on Non-Monetary Perquisite = 11,310
 $1,20,000 \times 9.425\%$

↓

If paid by employer, then such tax is exempt in hands of employee.

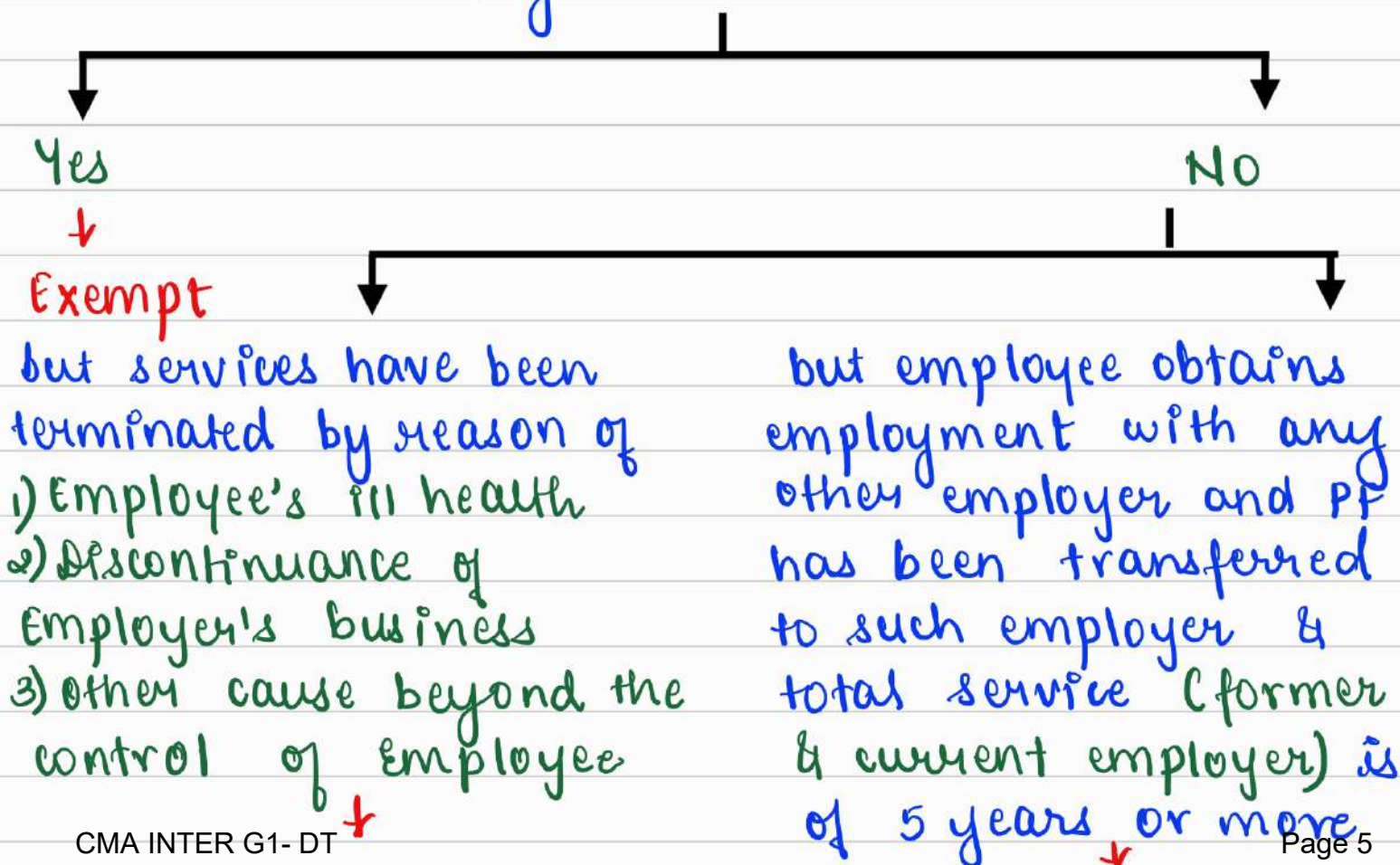
* TDS on pre-mature withdrawal from EPF/RPF

[Sec 192 A]



Key Note :- Maturity of EPF/RPF is exempt

Rendered continuous service for a period of 5 years or more

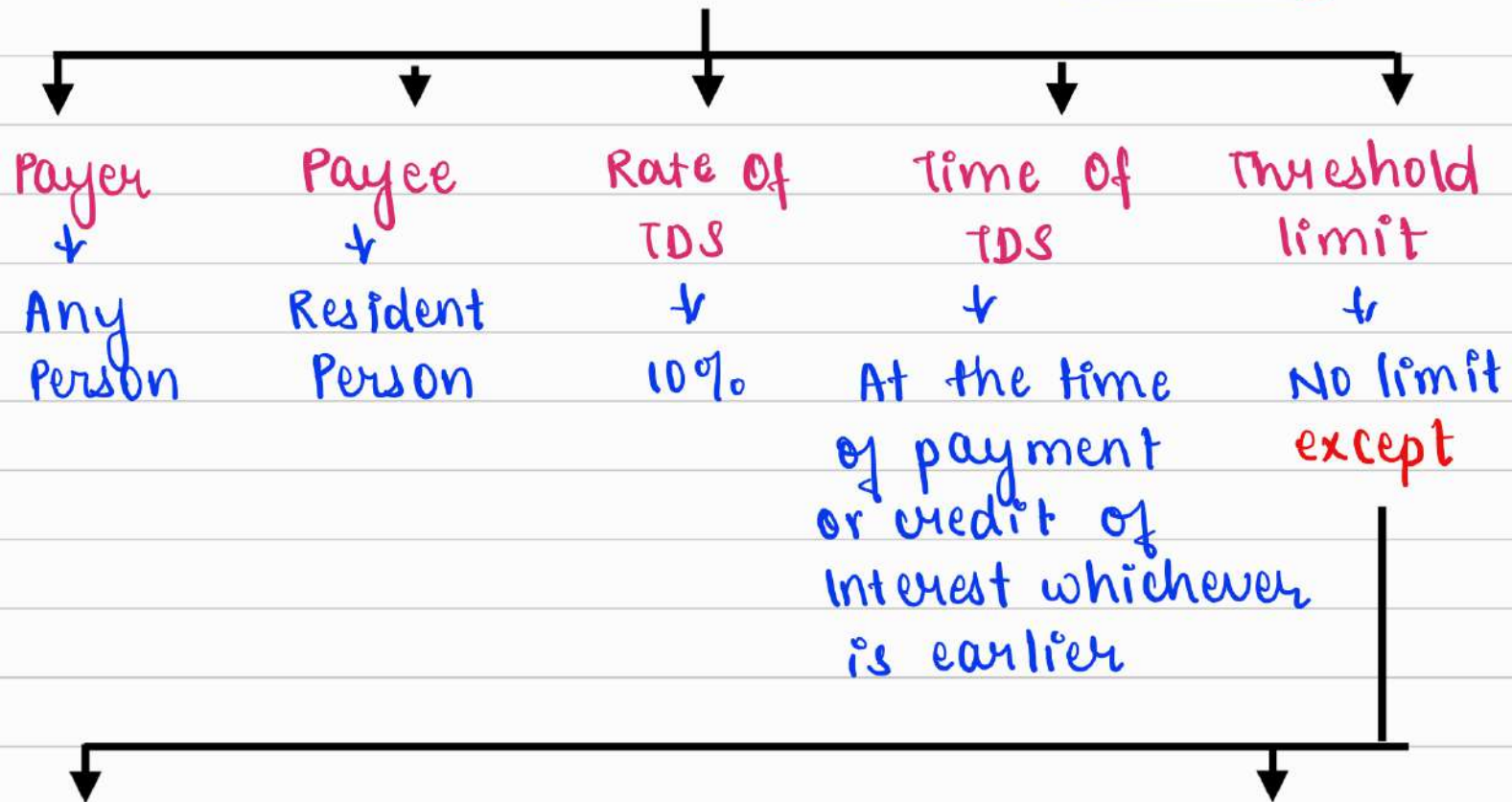


Exempt

Exempt

otherwise $\rightarrow$ taxable.

* TDS on Interest on securities [Sec 193]



Interest payable to a resident individual or HUF on debenture issued by a public Co. & paid by the Co. by an account payee cheque



No TDS upto ₹ 5000

Interest payable on
 17.8% savings (taxable) Bonds, 2003 or
 7.75% savings (taxable) Bonds, 2018
 3% Floating rate savings Bond, 2020
 w.e.f. 01/10/2024



No TDS Upto ₹ 10,000.

No TDS in the following cases:-

Interest payable on any CG or SG security

Interest Payable to LIC/GIC or any other Insurer

Interest On National Development Bonds

Interest on 7 Years National Savings Certificates (N Issue)

Interest on debentures issued by

- 1) Power Finance Corporation limited 54 EC Capital Gains Bond
- 2) Indian Railway Finance Corporation limited 54 EC Capital Gain Bond.

* TDS On Dividend [Sec 194]

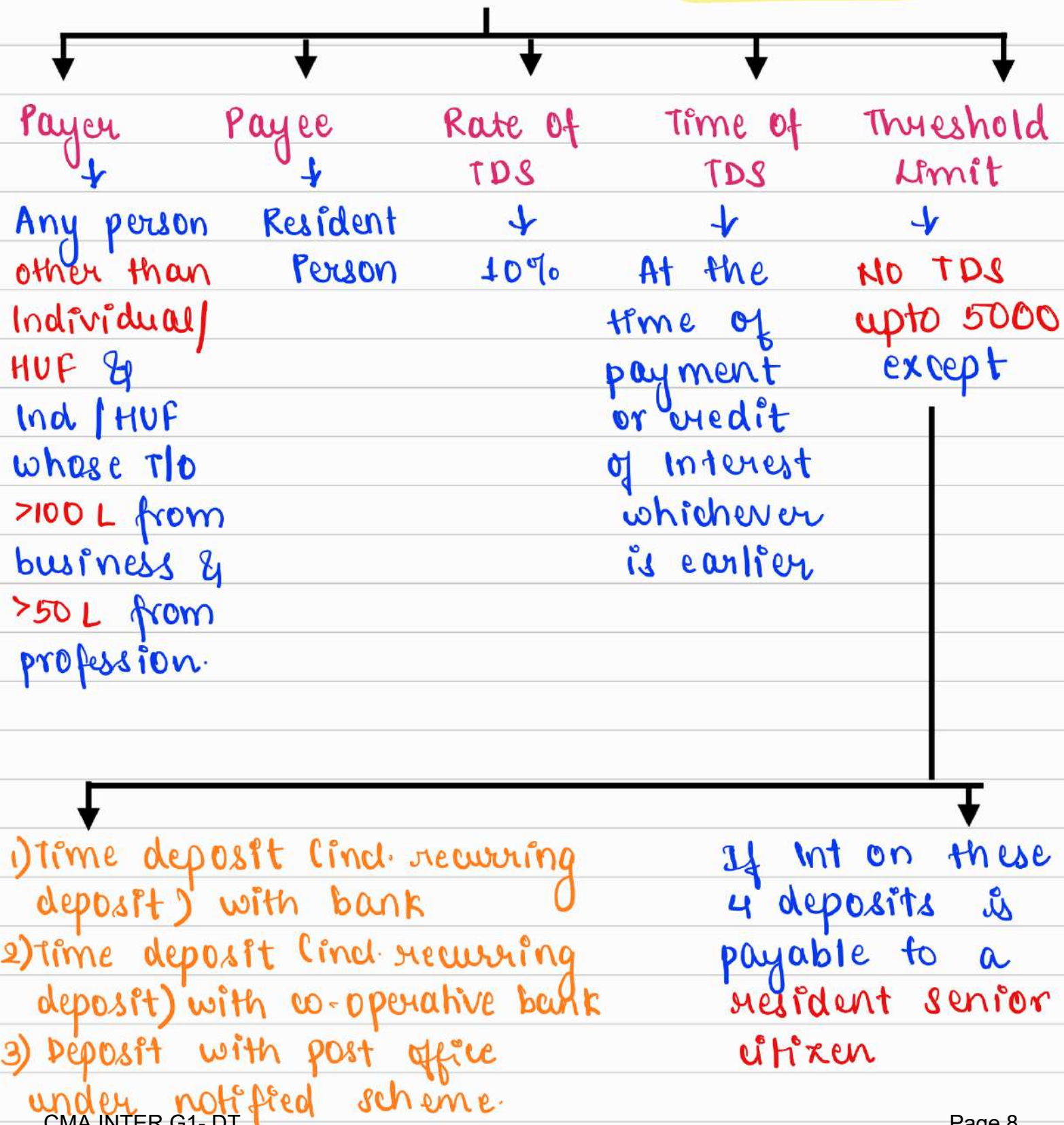
(Dividend includes buyback w.e.f. 01/10/2024)

1) Payer ↓ Any Person	2) Payee ↓ Resident Person	3) Rate of TDS ↓ 10%	4) Time of TDS ↓ At the time of payment or credit of Interest whichever is earlier	5) Threshold limit ↓ No limit except ↓ Dividend to an Individual
6) NO TDS ↓ Interest Payable to LIC/GIC or any other Insurer				

otherwise than
by cash
↓

NO TDS upto 5000

* TDS on Interest other than Interest on
Securities [Sec 194 A]





4) deposit with housing finance companies



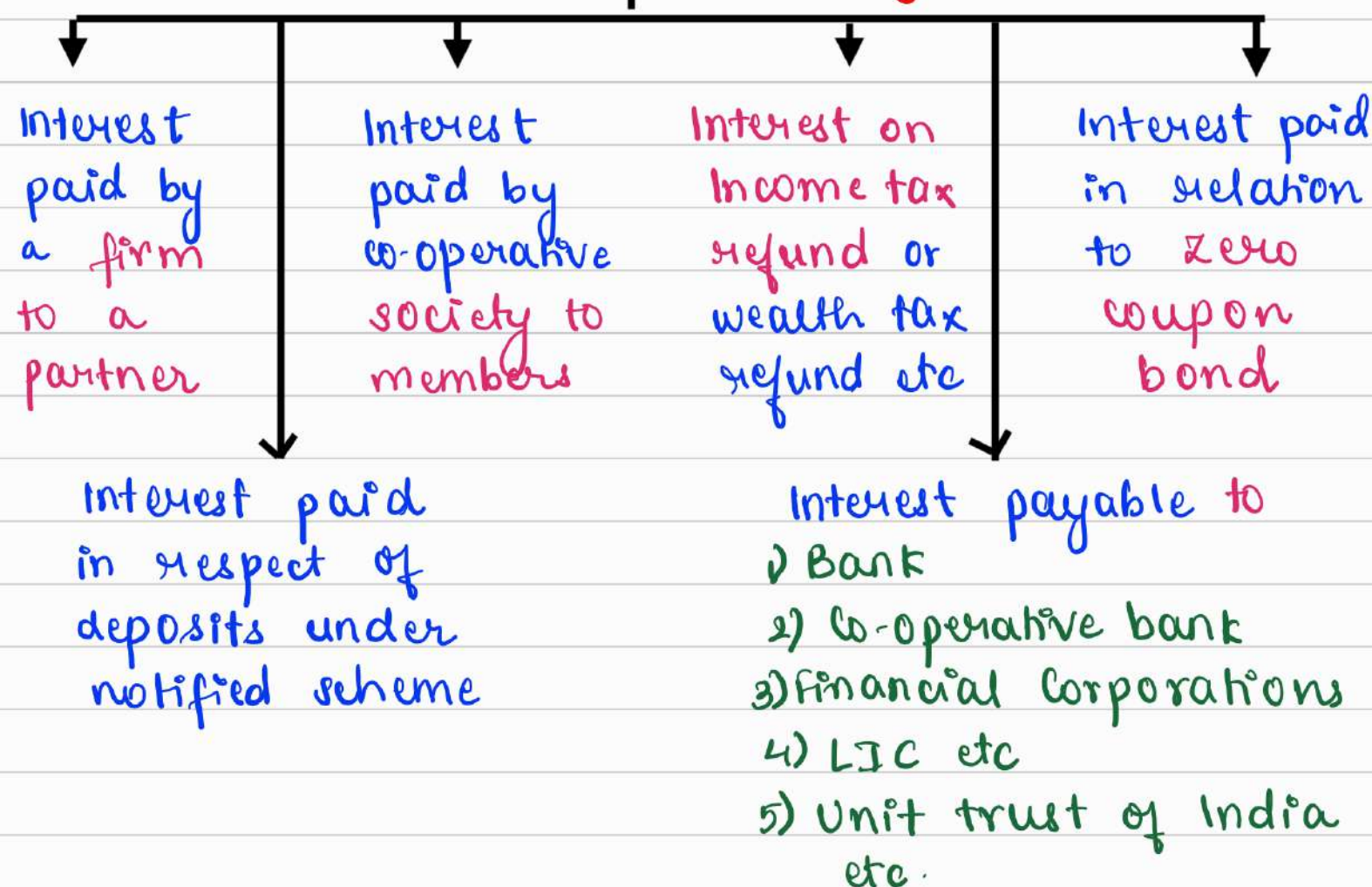
NO TDS upto ₹ 40,000

NO TDS upto ₹ 50,000.

Key Note :

Limit of ₹ 40,000/₹ 50,000 shall be per branch but if the bank has core banking solution, limit shall be per bank and not per branch.

NO TDS on the following



Clarification on TDS on Int. under 'Mahila Samman Savings Certificates, 2013' on deposits with post office.



Scheme for 2 years i.e. from 01/4/23 to 31/3/24

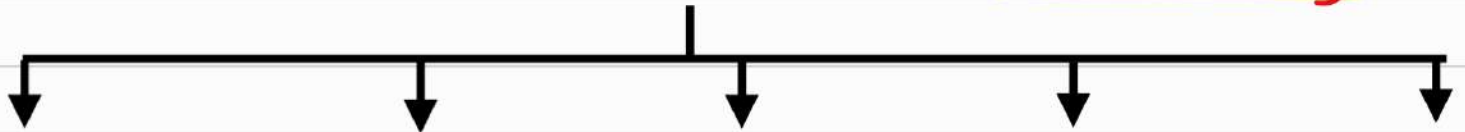


Fixed interest @ 7.5% p.a. on deposit
[Max deposit = 2,00,000]



NO TDS u/s 194A since interest will never exceed 40,000.

* TDS on winning from lottery, cross word puzzles, card games or other games of any sorts or gambling or betting [Sec 194 B]



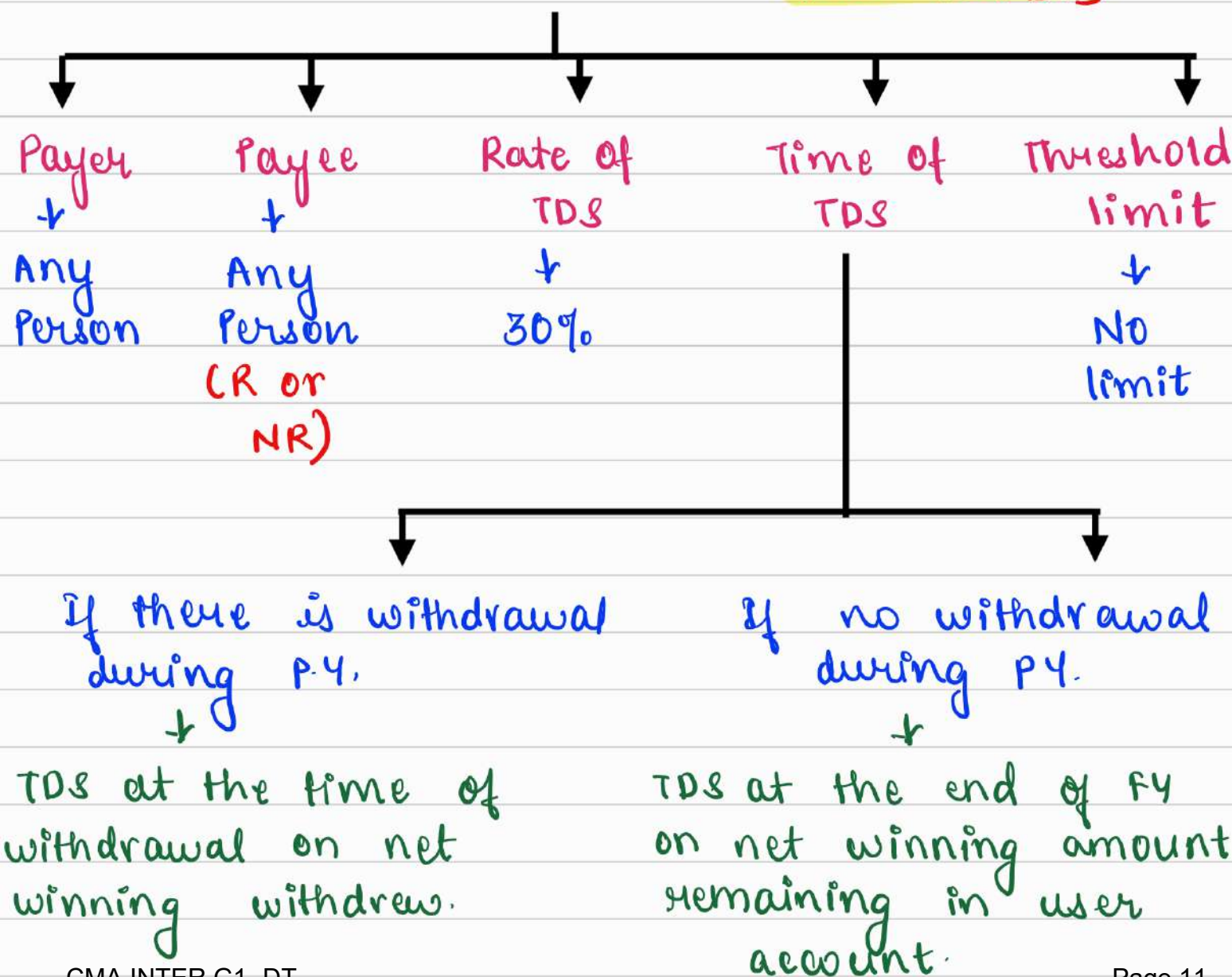
Payer ↓	Payee ↓	Rate of TDS ↓	Time of TDS ↓	Threshold limit. ↓
Any Person	Any Person (R or NR)	30%	At the time of Payment	Amount or Aggregate amount >10,000 in a f.y.

Key Note 1:

If such winning is in kind, winning shall be released only after collecting the amount of tax.

Key Note 2:

Any loss or expense shall not be allowed to be set-off and therefore, TDS shall be made on winning amount before set-off.

*** TDS on winning from Online Games****[Sec 194 BA]**

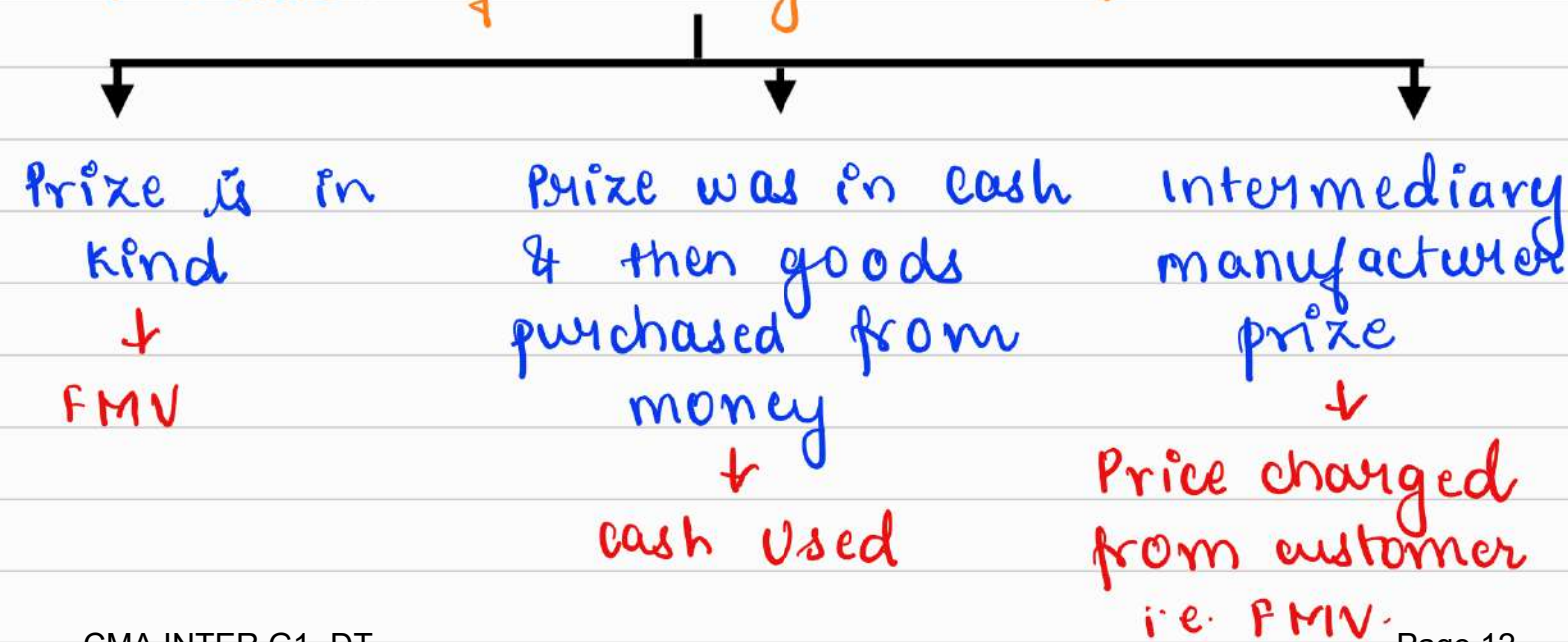
Guidelines On Sec 194BA

- 1) If winning withdrawn ≤ 100 per month
- 1) TDS can be made in subsequent payments when withdrawal is > 100 .
 - 2) If not withdrawn upto 31st March of PY, then TDS shall be made on 31st March of PY.
 - 3) If balance in account is low, tax deductor will pay tax from his pocket.

2) If net winning in kind

- 1) If any such winning is in kind, winning shall be released only after collecting the amount of tax, or
- 2) Deduction shall make sure that payment of tax has been made before release of asset. Proof of payment shall be asked from deductee.

3) Valuation of winning in kind



* TDS on winning from horse races

[Sec 194 BB]

Payer ↓ Any Person (book maker)	Payee ↓ Any Person (R or NR)	Rate of TDS ↓ 30%	Time of TDS ↓ At the time of payment	Threshold limit ↓ Amount or Aggregate amount >10,000 in a F.Y.
--	---	----------------------------	---	---

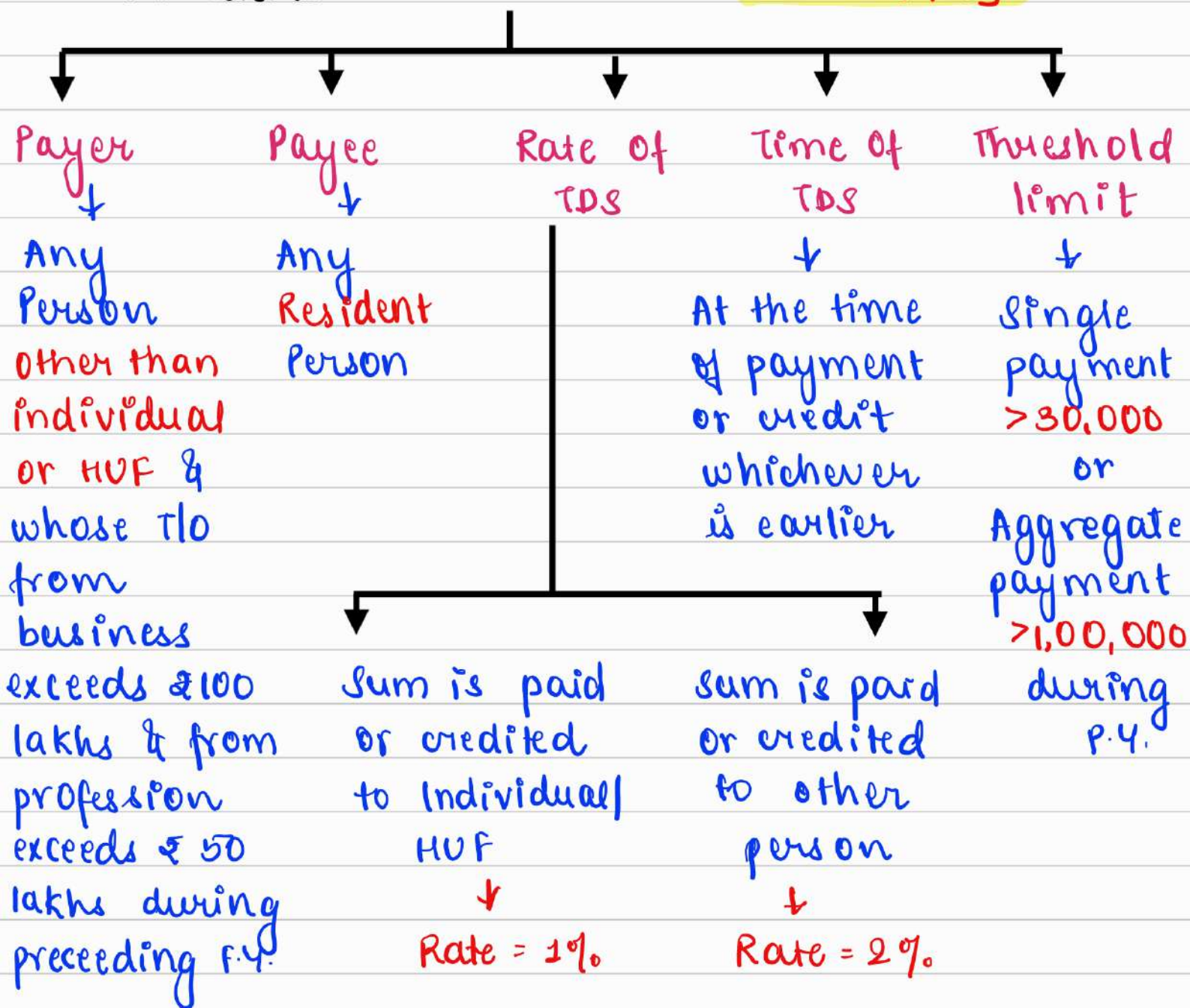
Key Note 1:-

TDS has to be made even if book maker credits such winning in installments of less than 10,000

Key Note 2:-

Any loss or expense shall not be allowed to be set-off and therefore, TDS shall be made on winning amount before set-off.

* TDS on payments to Contractors or Sub-Contractors [Sec 194 C]



Eg:- AAC Ltd makes payment to Mr. A, a contractor, during PY 24-25.

₹ 15,000 on 01/05/2024 → NO TDS

₹ 25,000 on 01/08/2024 → NO TDS

₹ 30,000 on 01/12/2024 → NO TDS

₹ 15,000 on 01/01/2025 → NO TDS

₹ 20,000 on 01/02/2025 → TDS @ 1% on 105,000 i.e. 1050

Other Points to Remember

1) Personal Purpose Contracts



No TDS
u/s 194C

2) Contracts includes
↓

Advertisement Contr.,
Broadcasting &
telecasting Contract,
transport Contract,
catering Contract,
Construction Contract,
Courier Service Contr.,
Maintenance Contract etc.

3) NO TDS on payment to GTA
(≤ 10 vehicles)



Payment to contractors in connection with transportation of goods



Contractor does not own more than 10 goods carriage



furnished PAN to payer

4) TDS on Job works



Means manufacturing or supply of product according to requirement

5) Contracts covered u/s 194J



No TDS
u/s 194C



Eg:- Lawyer, physician,

6) More than one contract with same person



Case i) Contract not related to each other

of customer
+
material
given by
customer

surgeons,
engineers,
accountants,
architects,
consultants
etc.

↓
consider contract
as a separate
contract.

case ii) contracts
are part of
single contract

↓
consider
single contract
for TDS.

if value of
labour is shown
separately in
invoice.

↓

TDS on
labour
amount
only

if value of
labour &
value of
material is
shown

together
↓

TDS on
whole Amount

7) Payment by broadcaster
or television channels to
production house

↓

case i) Prodⁿ of content
as per specification of
broadcaster/ television

↓

TDS u/s 194 C

8) TDS on gas
transportation charges

↓

case i) seller transports
gas to delivery
point of purchaser

↓

No TDS u/s 194 C

case ii) Acquisition of broadcasting rights of already produced content

↓

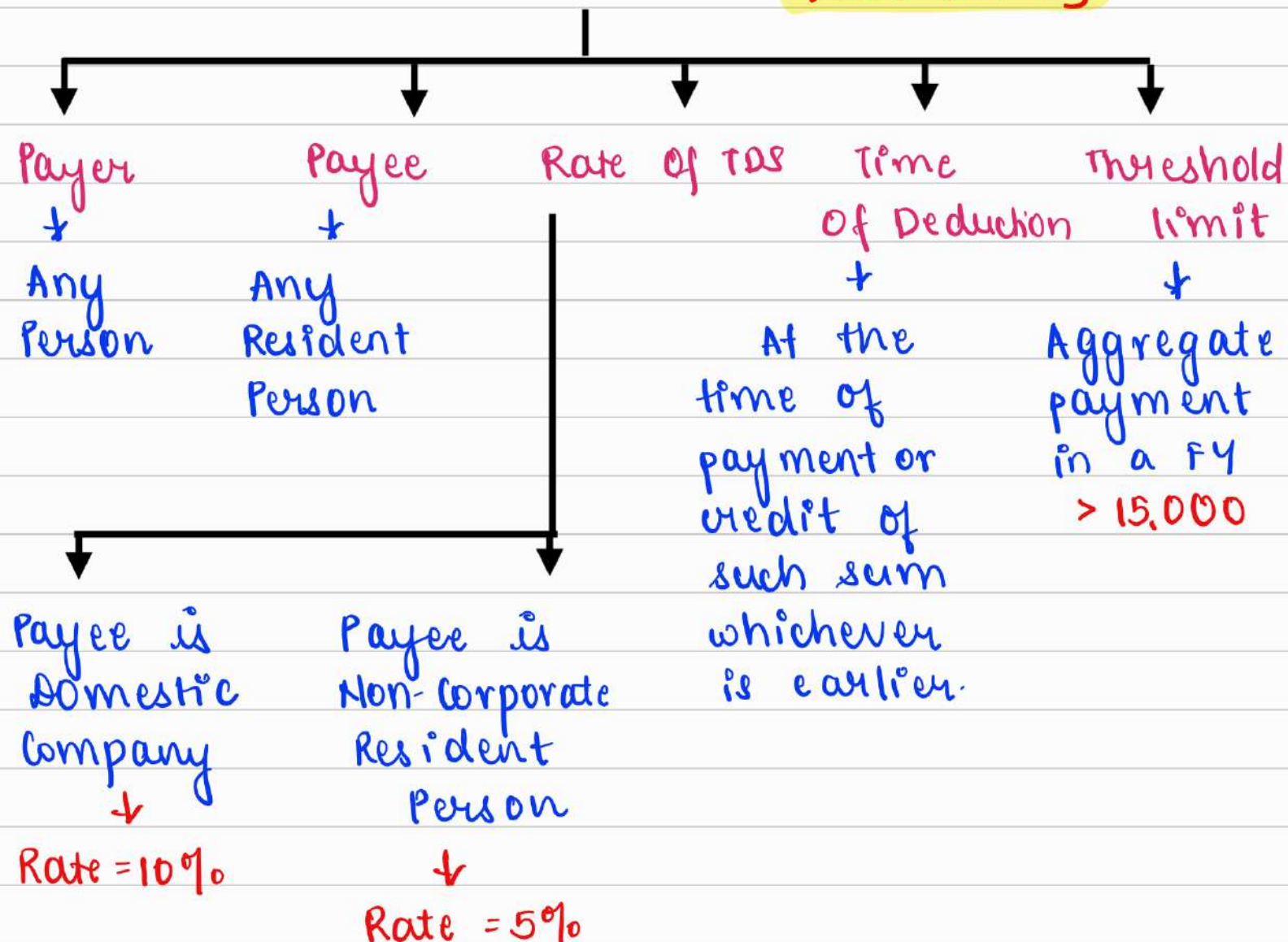
NO TDS u/s 194C

case ii) If third party transports the gas for either purchaser or seller

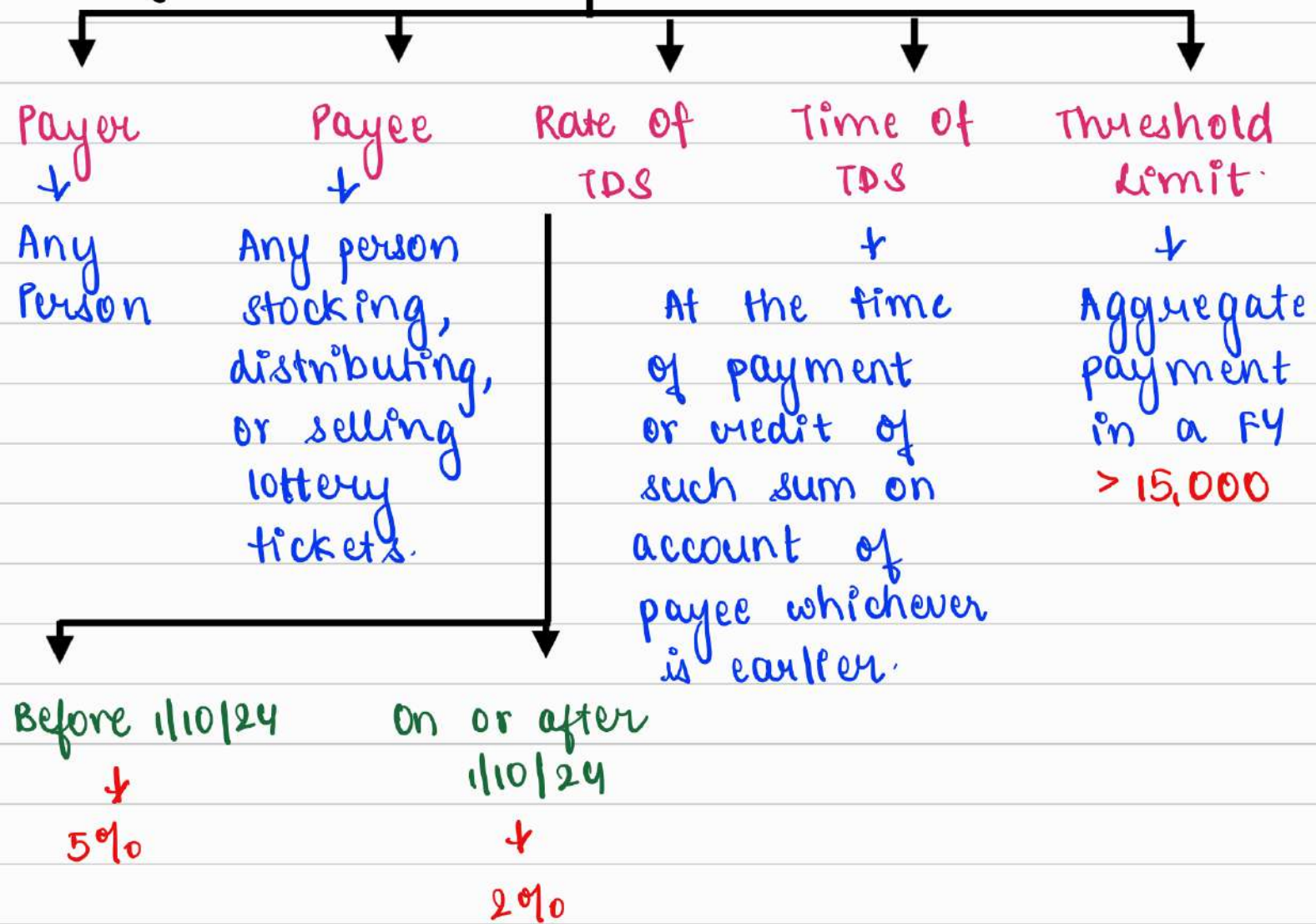
↓

TDS u/s 194C

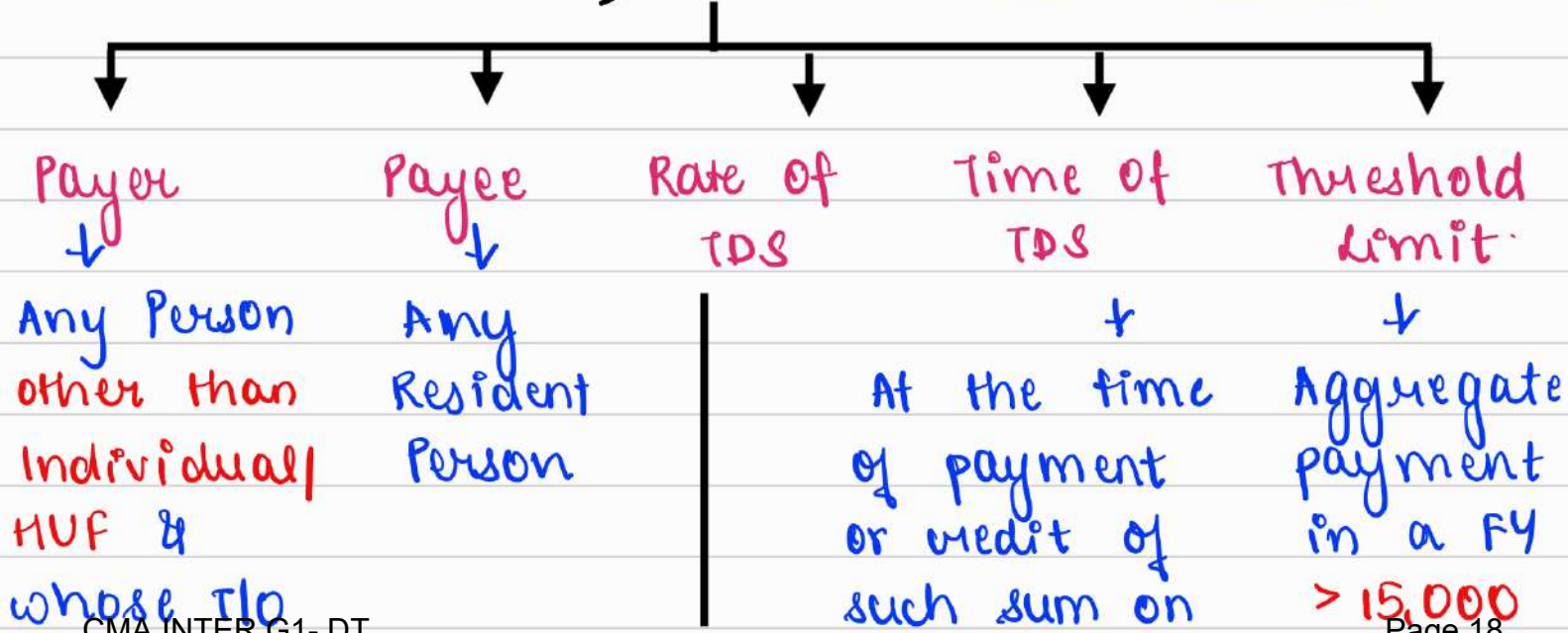
* TDS on payment of Insurance Commission [Sec 194D]



* TDS on payment of Commission etc on sale of lottery tickets [Sec 194 G]



* TDS on payment of commission or brokerage (other than above) [Sec 194 H]



>100 L from
business &
>50 L from
profession.

account of
payee whichever
is earlier.

Before 1/10/24

↓
5%

On or after
1/10/24

↓
2%

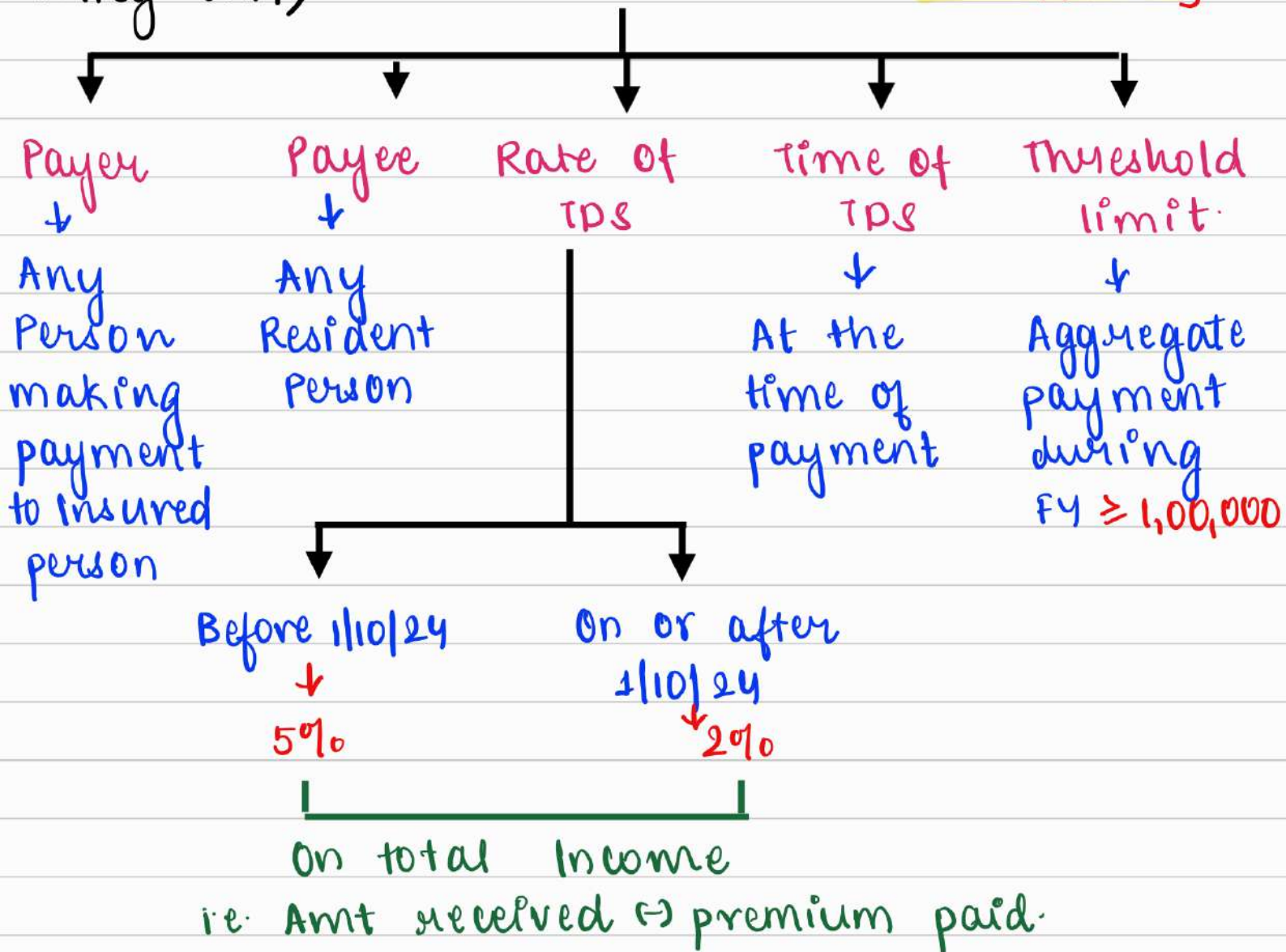
Key Note :-

NO TDS on the following

Commission on
professional services
by lawyer, physician,
surgeons, engineers,
accountants, architects,
consultants etc covered
u/s 194J.

Commission or
brokerage payments
by BSNL or VITNL
to their public
call office (PCO)
franchisees.

* TDS on payment on maturity of Life Insurance Policy (LIP) [Sec 194 DA]



Eg:- Mr. Rajeev, resident, is due to receive ₹ 4.50 lakhs on 31/3/2025 towards maturity proceeds of LIC taken on 1/04/2022.
Sum assured = ₹ 4 lakhs, Annual premium = ₹ 1,25,000

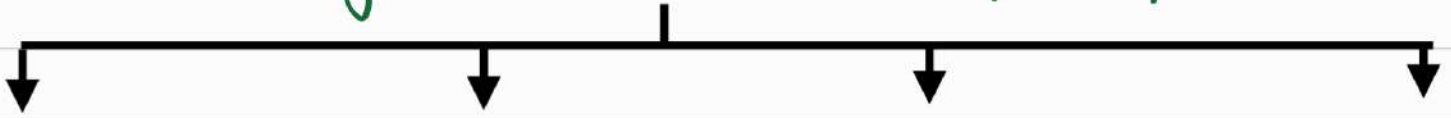
$$\rightarrow \text{Income} = ₹ 4,50,000 (-) (₹ 1,25,000 \times 3) = ₹ 75,000$$

$$\text{TDS} = ₹ 75,000 @ 2\% = ₹ 1,500$$

Exemption on maturity u/s 10(10D)



Any sum received under a Life Insurance Policy including bonus is exempt if.



Policy taken prior to 01/04/2003



Any amount of premium

Policy taken on or after 01/04/03 but upto 31/03/12



Premium paid does not exceed 20% of sum assured to any time during policy period.

Policy taken on or after 01/04/2012



Premium paid does not exceed 10% of sum assured at any time during policy period

Policy taken on or after 04/13 by person suffering from disability or specified disease



Premium paid does not exceed 15% of sum assured at any time during policy period.

If above conditions are not satisfied
→ Sum received is taxable.

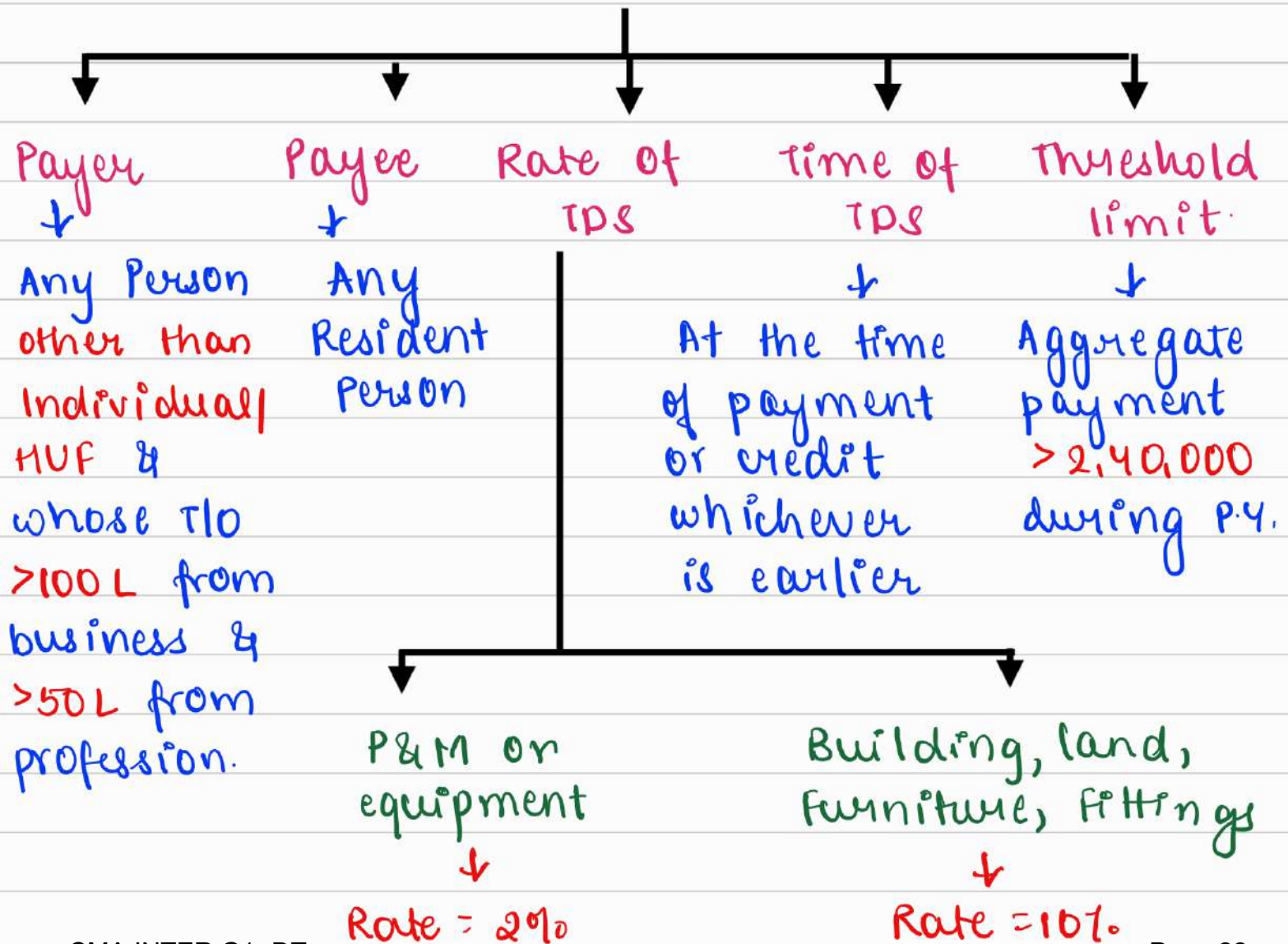
Eg:- Mr. Kapoor, a resident, is due to receive ₹ 3,25,000 on 31/03/2025, policy taken on 31/3/2012 for which sum assured is ₹ 3,00,000.

Annual premium = 35,000

→ Annual premium is less than 20% of sum assured.

i.e. 20% of 3,00,000 = 60,000 & premium is 35,000. Therefore, maturity is exempt

* TDS on payment of Rent [Sec 194-I]



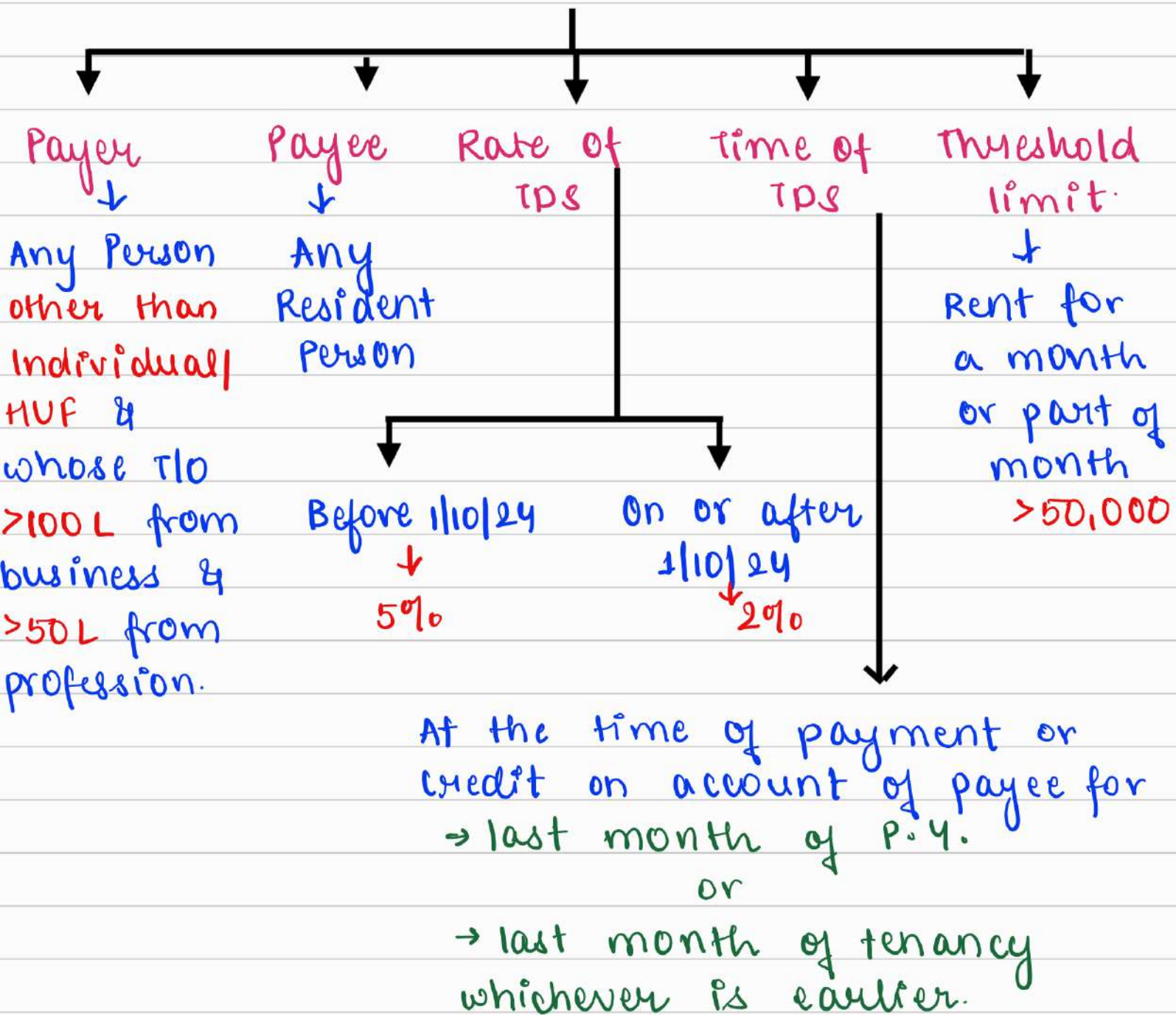
Other Points to Remember

Payment for cooling charges to cold storage owner ↓ Not considered as Rent ↓ No TDS u/s 194-I but sec 194 C is applicable	Payment of Passenger Service fee (PSF) by an Airline to Airport Operator ↓ No TDS u/s 194-I	TDS shall be on amount excluding GST ↓ Circular NO. 23/2017 dated 19/07/2017 ↓ TDS on amount excluding GST	Lumpsum lease premium paid for acquisition of long term lease ↓ No TDS on one time upfront payment which is not adjustable against periodic rent.

Eg:- AAC Ltd paid ₹3,00,000 to PQR Ltd towards rent of building. Above figure includes ₹50,000 parking charges.

$$\begin{aligned}
 \rightarrow \text{TDS u/s 194 I @10\%} \\
 &= 3,00,000 \times 10\% \\
 &= 30,000
 \end{aligned}$$

* TDS on payments of rent by certain individual / HUF [Sec 194-IB]



Other Points to Remember

If PAN not submitted
by Payee
↓

TDS as per section
206 AA

1) TDS rate prescribed
under Act.

2) Rate in force i.e. rate
mentioned in FA.

3) 20%

TDS should not
exceed rent for last
month.

↓

Due to sec 206 AA, it
may happen that TDS
to be made during
last month > rent
for last month

↓

TDS = Rent for last
month.

Eg:-

Rent 60,000 p.m

Mr. A.
(Salaried)



Mr. B
(PAN not given
to Mr. A)

$$\therefore \text{TDS} = 60,000 \times 12 \times 20\% \\ = 1,44,000$$

but

Maximum 60,000

Key Note:- Person deducting TDS is not
required to obtain PAN u/s 203 A.

* TDS on payments for purchase of Immovable property other than Agri. land

[Sec 194-IA]

Payer ↓	Payee ↓	Rate of TDS ↓	Time of TDS ↓	Threshold limit. ↓
Any Person	Any Resident Person	1% of higher of i) Consideration ii) Stamp duty value.	At the time of payment or credit of such sum on account of payee, earlier.	SDV or Consideration $\geq 50,00,000$

Key Note:

1) Person deducting TDS is not required to obtain PAN u/s 203A.

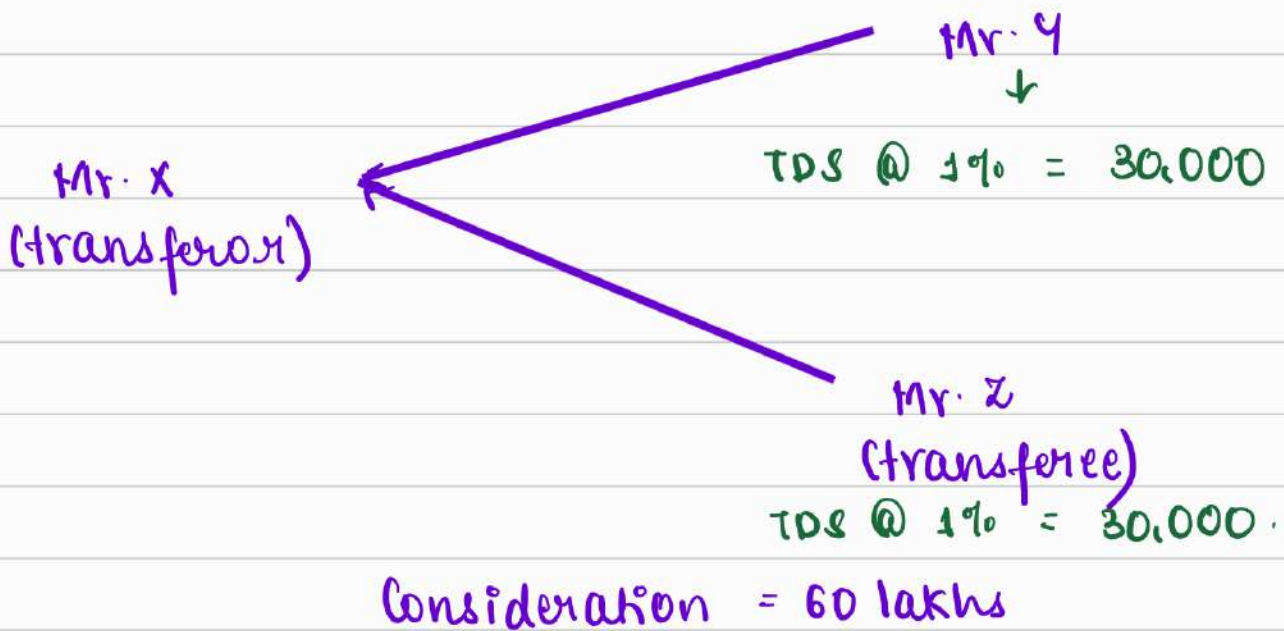
2) It is clarified that the consideration should be seen property wise & not transferor/ transferee wise.

Eg:-

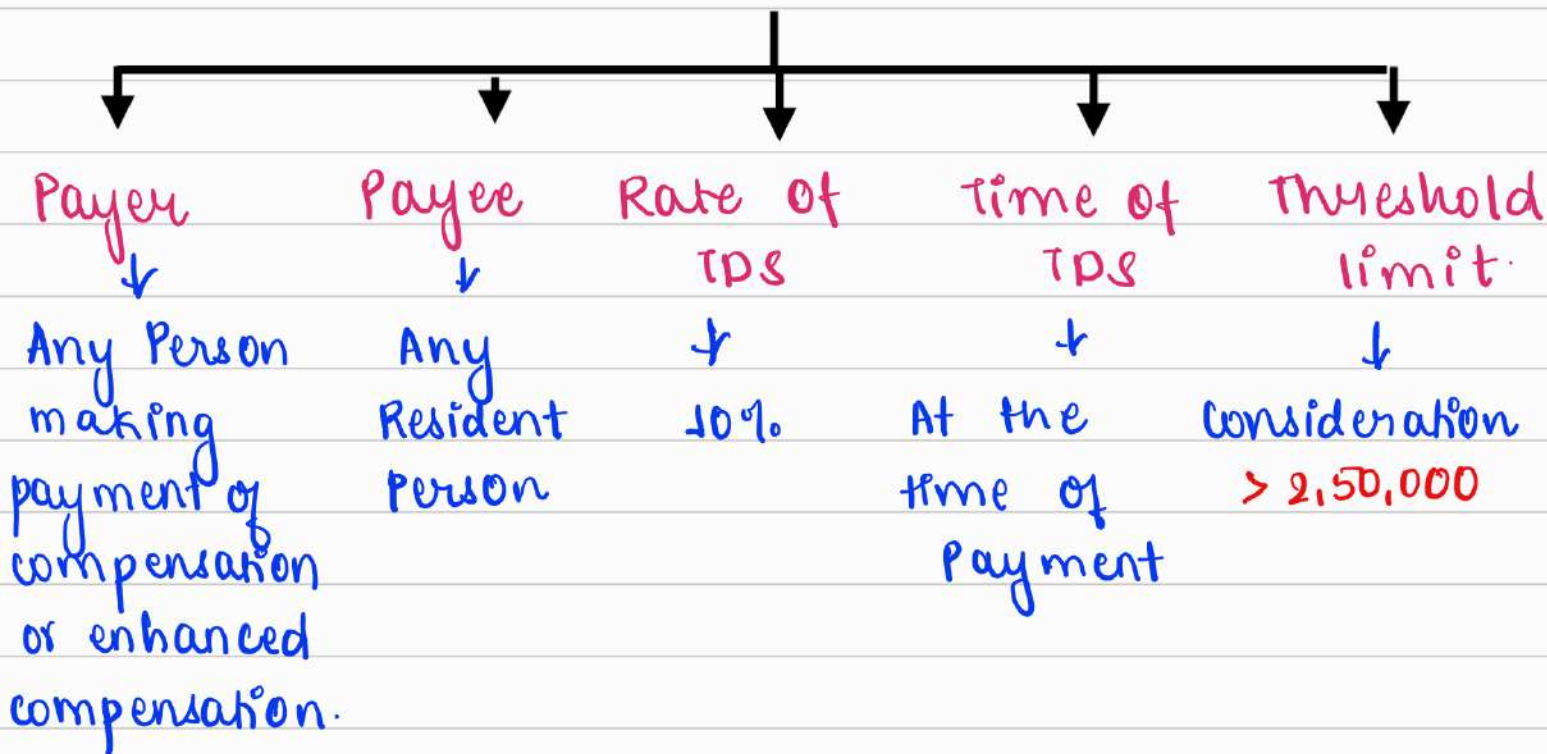


Consideration = 60 lakhs
 ↓
 TDS @ 1% = 60,000

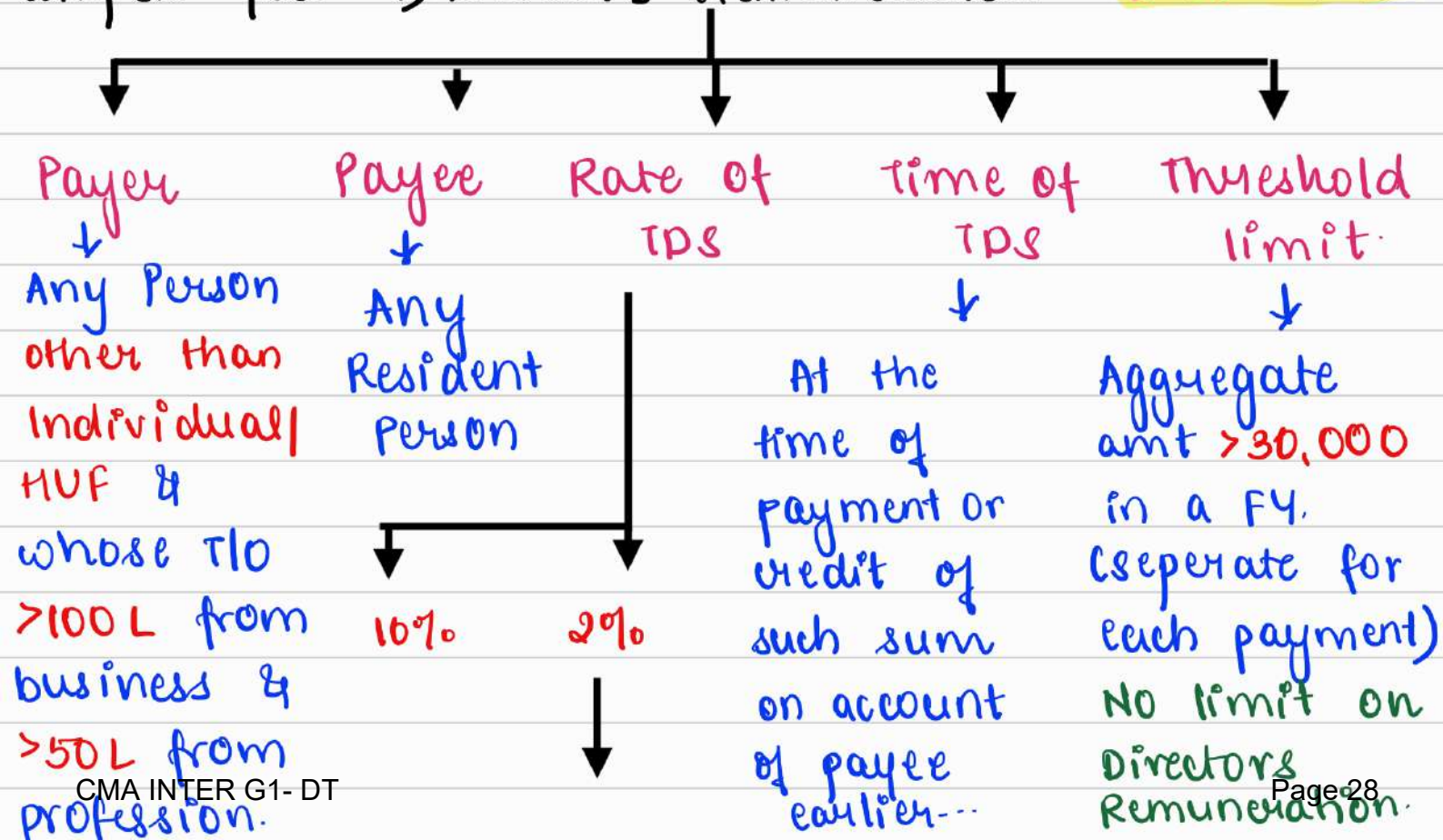
Eg:-



*TDS on payments of compensation on compulsory acquisition of certain immovable property other than any Agri. land [Sec 194-LA]



*TDS on payment of i) Fees for professional services ii) fees for technical services iii) Royalty iv) Non-compete fees v) Director's remuneration [Sec 194 J]



- i) Fees for technical services.
- ii) Royalty for sale, distribution or exhibition of cinema films
- iii) Payee engaged in business of call centre.

Eg:-

ABC Ltd $\longrightarrow$ Mr. X

Fees for prof. services = 25000
on 02/02/2024

Fees for technical services = 28000
on 02/08/2024

NO TDS, since limit of ₹30,000 is
separate for each kind of service.

Eg:-

AAC Ltd $\longrightarrow$ Mr. Bhavesh

Retainership fees
= ₹25,000

$\rightarrow$ TDS @ 10% u/s 194J

Eg:-

AAC Ltd

Mr. Dinesh

Fees for technical services

On 02/09/2024 = 20,000

On 01/11/2024 = 8,000

On 01/12/2024 = 10,000

→ TDS @ 20% on 38,000 = 7600

Other Points

Personal Purpose
ServicesNo TDS if amount
is paid for prof.
services taken for
personal purposes
by individual/HUF.Payment to hospitals on
behalf of insurance Co.'sThird Party Administrator's
(TPA) who are making
payment on behalf of
insurance companies to
hospitals for settlement
of medical claim etc.

TDS u/s 194 J

Eg:-

Medical
Insurance Co.

Mediclaim

₹ 2,00,000

Hospital
↓ service
Patients

TDS u/s 194 J @ 10%.

* TDS in respect of Income from Units

[Sec 194 K]

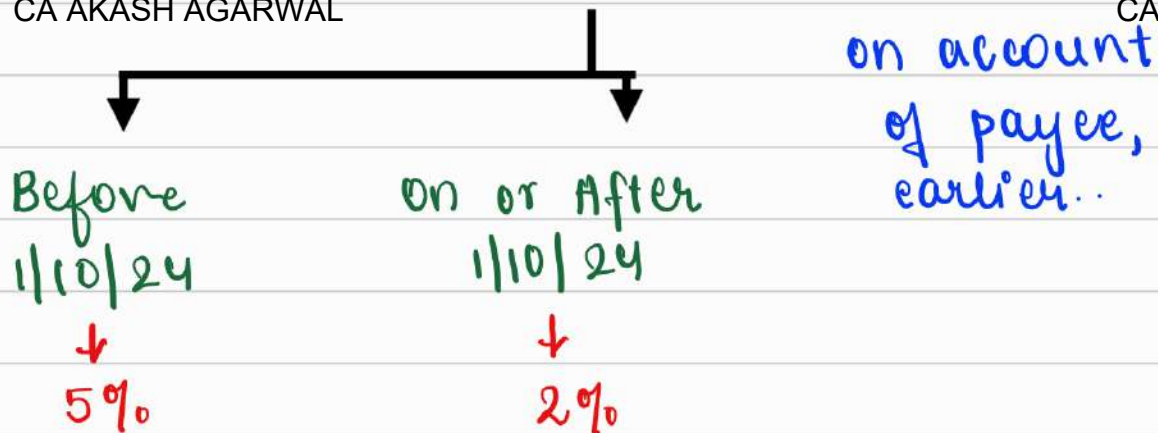
Payer ↓	Payee ↓	Rate of TDS ↓	Time of TDS ↓	Threshold limit. ↓
Any Person	Any Resident Person	10%	At the time of payment or credit of such sum on account of payee, earlier..	Aggregate Amount >>5000 in a FY.

Key Note: TDS shall not be deducted, if the income is in nature of Capital Gain.

* TDS on payment of Contract works or fees for professional services or commission/brokerage by Individual or HUF

[Sec 194 M]

Payer ↓	Payee ↓	Rate of TDS	Time of TDS ↓	Threshold limit. ↓
Individual / HUF (Other than 194C, 194H, 194J)	Any Resident Person		At the time of payment or credit of such sum	Aggregate amount >>50,00,000 in a FY.



Key Note :-

1) Section not applicable where section 194C or 194H or 194J are applicable.

2) Person deducting TDS is not required to obtain PAN u/s 203A.

Eg:-

Mr. H
(Salaried)

Contract Payment

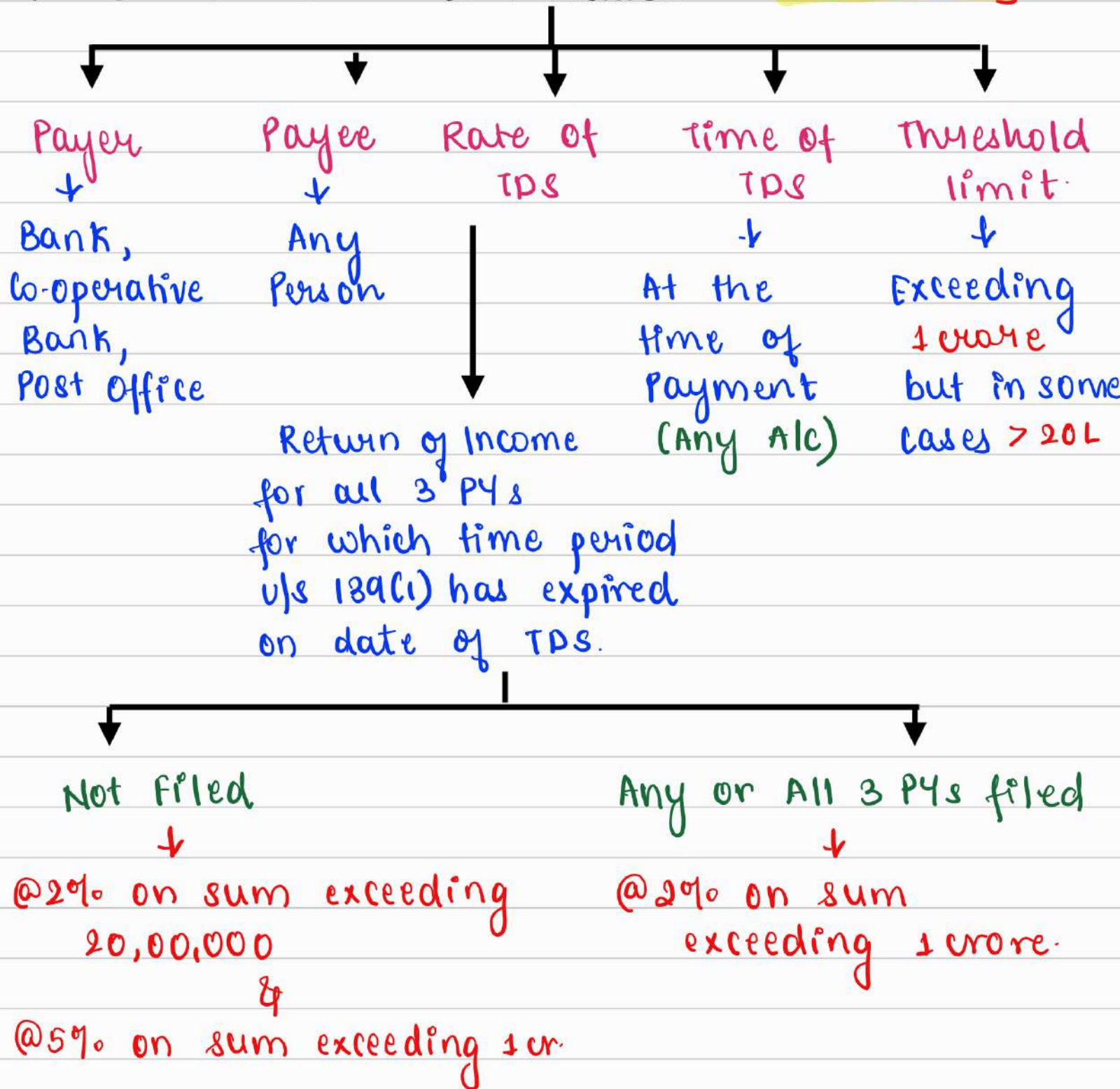
₹60,00,000
on 01/12/2024

Humani
Ltd

TDS u/s 194M @ 2% = 1,20,000

* TDS on Cash withdrawal

[Sec 194N]



Key Note:- i) Replace limit of 1 crore with 3 crore if recipient is a co-operative society.

2) No TDS u/s 194N where payment in cash is made to:-

- i) Govt ii) Bank, Co-operative bank, Post Office
- iii) ATM Operator iv) other notified persons.

Eg:-

Bank $\xrightarrow{\text{Cash withdrawal 120 lakhs on 25/5/2024}}$ Mr. Rajat
(filed return for PY 22-23)

TDS @ 2% on 20,00,000 = 40,000

Eg:-

Bank $\xrightarrow{\text{Cash withdrawal 120 lakhs on 25/5/2024}}$ Mr. Ajay
(No Return filed for PY 20-21, 21-22, 22-23)

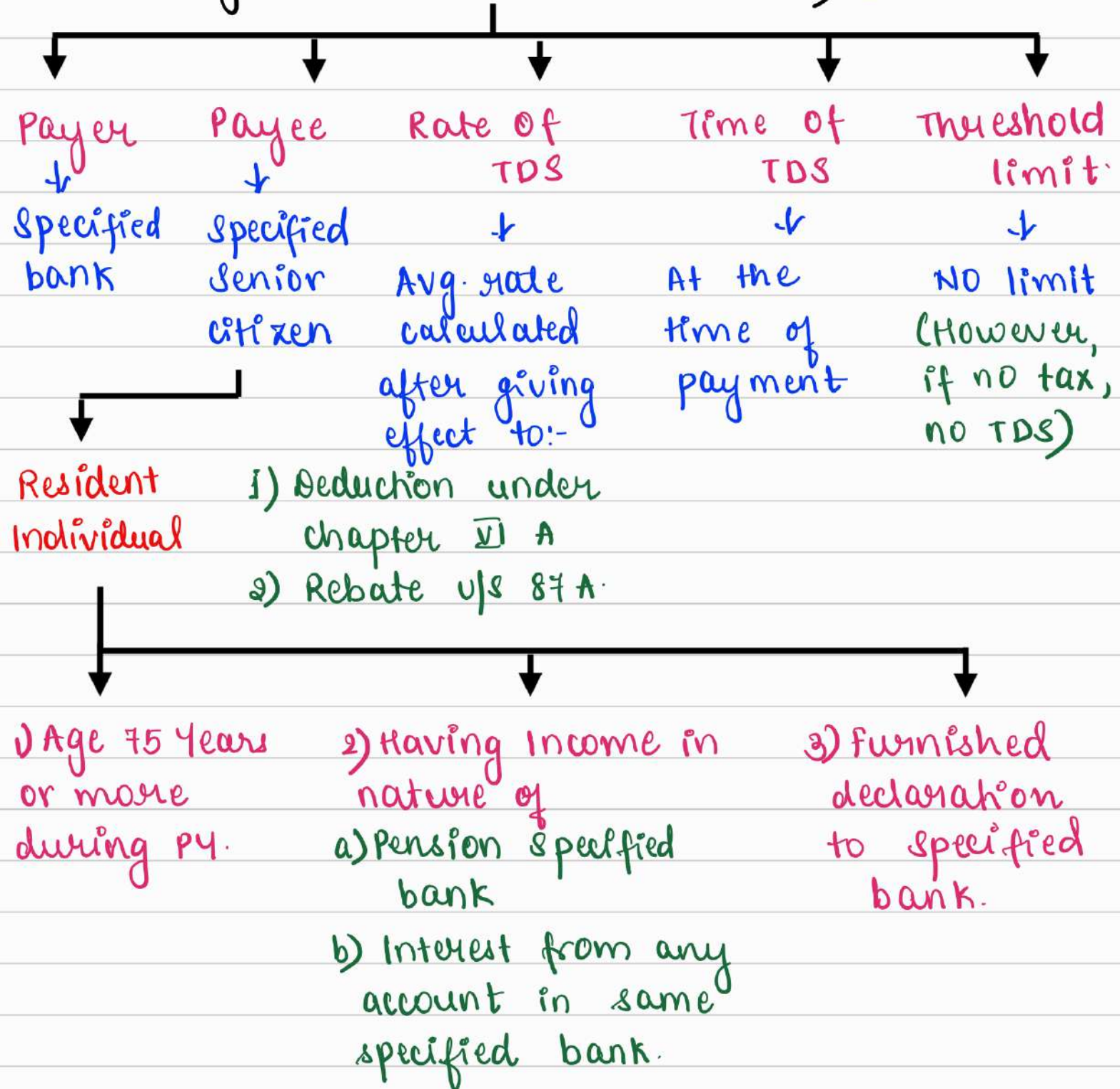
TDS @ 2% on 80L &
TDS @ 5% on 20L
= 2,60,000

Eg:-

Bank	$\xrightarrow{\text{Cash withdrawal}}$	Mr. Sachin (Return not filed for all 3 PYs)
On 5/4/24	15,00,000	TDS 0
On 10/5/24	22,00,000	@ 2% on 17L
On 25/6/24	20,00,000	@ 2% on 20L
On 17/7/24	55,00,000	@ 2% on 43L
	<u>1,12,00,000</u>	& 5% on 12L

* TDS by Specified bank in case of Specified Senior citizen on pension income.

(including interest on bank account) [Sec 194 P]



Key Note :- Person need not file Income tax return.

Eg:-

Mr. Vijay
(Bank account
in Axis)

Pension
@ 50,000 p.m.

Employer

Interest
₹ 2,50,000

SBI

New tax Regime:-

Income u/h Salary [600,000 - 75000]	5,25,000
Income u/h other sources	<u>2,50,000</u>
Total Income	<u>7,75,000</u>

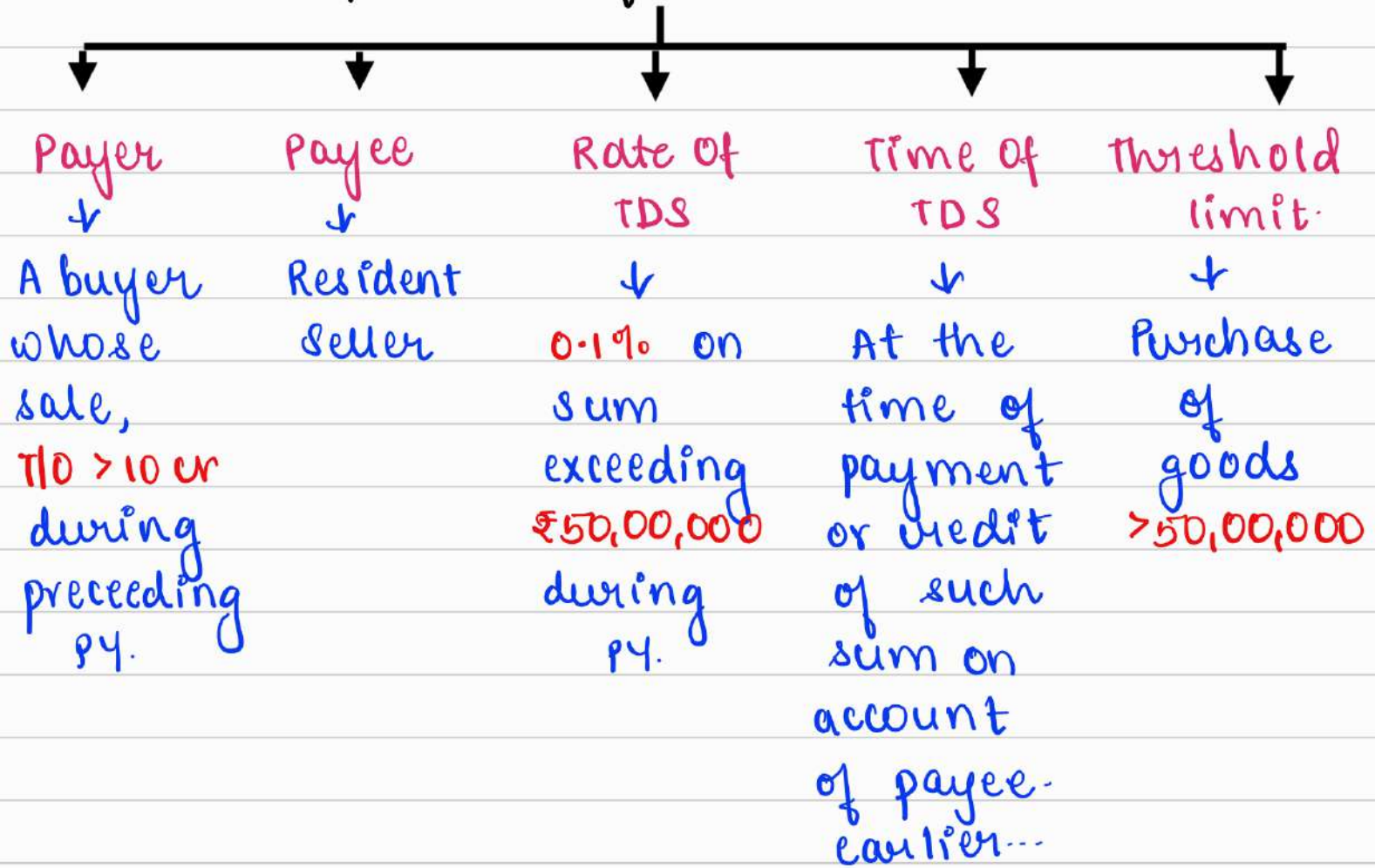
Tax @ slab rate	27,500
(+) HEC @ 4%	<u>1,100</u>
	28,600

TDS by Axis bank	28,600
------------------	--------

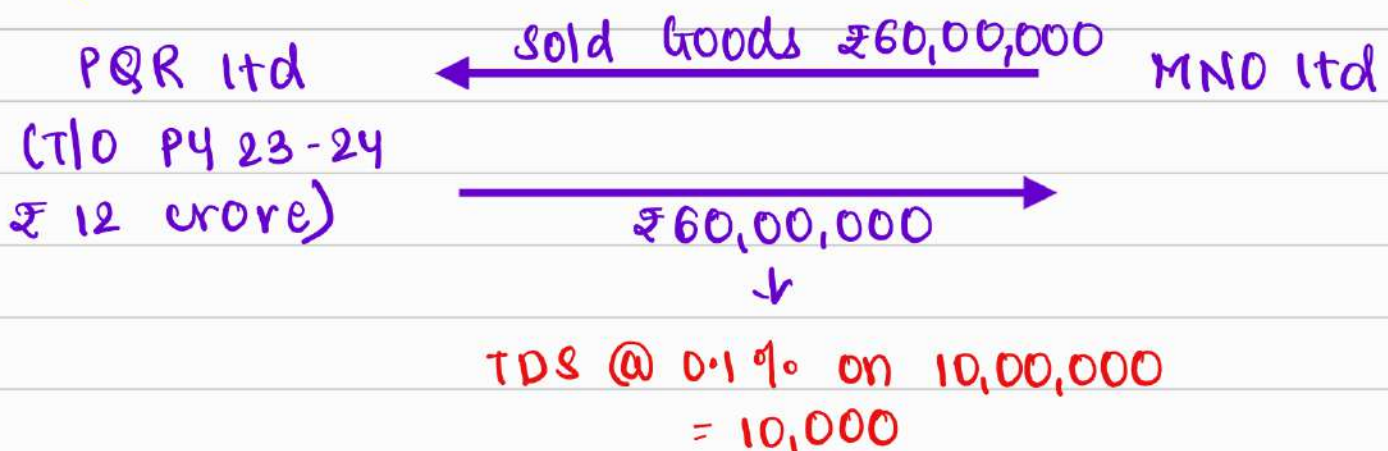
Mr. Vijay need not to file ITR for AY 25-26

* TDS on purchase of Goods

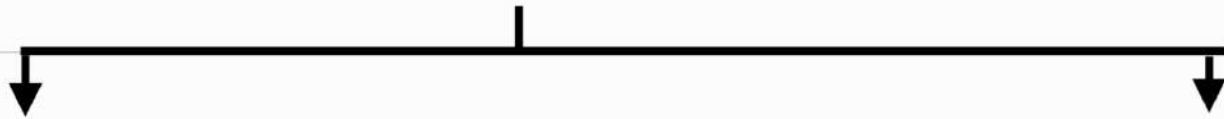
[Sec 194 Q]



Eg:-



Other Points

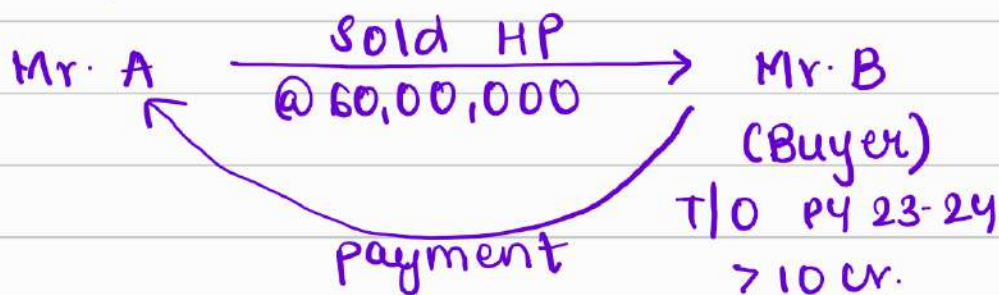


If any transaction is subject to TDS under any other section, then sec 194 Q is not applicable.

If any transaction is subject to TDS u/s 194 Q & TCS u/s 206 C(1H), then TDS shall apply.



Eg:-



TDS u/s 194 IA @ 1% on 60 L



TDS u/s 194 Q @ 0.1% on 20 L

* TDS in case of payment of benefit or perquisites in respect of business or profession [Sec 194 R]

Payer ↓	Payee ↓	Rate of TDS ↓	Time of TDS ↓	Threshold limit. ↓
Any Person other than Individual/HUF & whose TIO > 100 L from business & > 50 L from profession.	Any Resident Person.	10%	On or before providing such benefits or perquisites	Aggregate amount > 20,000 during FY.

Key Note :- If any such benefit or perquisites in kind or partly in cash & partly in kind, benefits / perquisites shall be released only after collecting the amount of tax.

* TDS on payment of salary, commission, interest, bonus etc to Partners (w.e.f. 1/4/25)

Payer ↓ Any Firm	Payee ↓ Partner of firm	Rate of TDS ↓ 10%	Time of TDS ↓ Credit of such sum in account of partner or payment whichever is earlier	Threshold limit. ↓ Aggregate amount > 20,000 during FY.
------------------------	-------------------------------	-------------------------	--	---

Eg:-
ABC firm → During FY 25-26
Interest = 2,00,000
Salary = 6,00,000
TDS @ 10%
Mr. A (Partner)

Eg:-
ABC firm → During FY 25-26
Remuneration = 15000
Interest = 4000
NO TDS
Mr. A (Partner)

* TDS on payment to Non-Resident

[Sec 195]

Payer ↓	Payee ↓	Rate of TDS ↓	Time of TDS ↓	Threshold limit. ↓
Any Person	Non- Resident or Foreign Co.	Rate In force	At the time of payment or credit of such sum on account of payee, earlier.	No limit

* No TDS on payment to Government, RBI or certain Corporation [Sec 196]

No TDS by any person if sum is payable to -

a) Government

b) RBI

c) Corporation established by Central Act whose income is exempt.

d) Mutual fund specified u/s 10 (23D)

* Lower TDS Certificate

[Sec 197]

If Income tax deductible u/s 192, 193, 194, 194A, 194C, 194D, 194G, 194H, 194I, 194K, 194LA, 194M, 194Q and AO is satisfied that either TDS shall be deducted at lower rate or no TDS shall be deducted based on total income of the recipient & on application made by assessee in this behalf in Form 13.

* Self declaration for not deducting tax at source

[Sec 197 A]

If any Individual/HUF has total income > the exemption limit & also tax liability is NIL.

Such Individual/HUF can furnish a declaration in Form 15G to person making payment of interest and in that case no tax shall be deducted at source.

A senior citizen can give a declaration in Form No. 15H.

* Time period for depositing TDS

[Sec 200/ Rule 30]

Payment of GST to Govt.
for months from April to Feb → within 7 days of next month.

For month of March → On or before 30th April.

* Filing of quarterly statement of TDS [Sec 200/Rule 31A]

Due date of filing statement

For first 3 quarters → on or before last day of next month.

For last quarter → on or before 31st May.
i.e. Jan to March

* Certificate for Tax deducted [Sec 203/Rule 31]

Every person deducting tax at source has to issue a certificate to payee.

In case of salary → Form No. 16 → upto 15th June of next year.

In other cases → Form No. 16A → Quarterly. within 15 days from last date of submitting statement u/s 200.

* Consequences of failure to deduct or pay TDS amount [Sec 201]

fails to deduct tax at source.



$$\text{Int} = \text{TDS} \times 1\% \text{ p.m.} \times \text{period of delay or part of month}$$

TDS required to be deducted

TDS actually deducted

TDS deducted but fails to deposit.



$$\text{Int} = \text{TDS} \times 1.5\% \text{ p.m.} \times \text{period of delay or part of month}$$

TDS required to be deducted

TDS deposited with Govt.

Eg:

Mr. Varun $\xrightarrow{\text{₹ 1,00,000}}$ Mr. Tarun

made payment towards

prof. fees on 10/10/2024

TDS deducted on 31/12/2024

TDS deposited on 17/02/2025

$$\text{Int} = 10,000 \times 1\% \times 3\text{m} + 10,000 \times 1.5\% \times 2\text{m} = 600$$



TDS u/s 194J



10/10/24 to 31/12/24



31/12/24 to 17/2/25

Moreover, the Assessee shall be treated as assessee in default & penalty = TDS failed to deduct or pay.

No Penalty if :-

- 1) There was sufficient reasons for not deducting tax at source.
- 2) Payment made to payee and payee shown income in return, paid taxes & confirmed by CA.

* TDS for Non-furnishing of PAN

[Sec 206 AA]

If no PAN submitted by payee, then TDS rate shall be higher of :-

- 1) Rate prescribed in the Act.
- 2) Rate in force i.e. rate mentioned in finance act.
- 3) 20%

However, if TDS is to be deducted u/s 194 Q, then maximum rate shall be 5% instead of 20%.

* TDS for non-filers of income tax return

[Sec 206 AB]

Where tax is required to be deducted at source (other than 192, 192A, 194B, 194BA, 194BB, 194IA, 194IB, 194M or 194N) on payment made to specified person, then TDS shall be made at higher of following:-

- 1) At twice the rate prescribed in provision or
- 2) At twice the rate in force.
- 3) 5%.

Key Note:-

If both Sec 206AA & 206AB are applicable, then deduct tax at higher of two rates provided in both section.

Meaning of Specified Person:-

means a person who has not furnished last PY return for which due date u/s 139(i) has expired and aggregate TDS or TES is 50,000 or more in said PY.