CA AKASH AGARWAL

TDS - Tax Deducted At Source

* Modes of Payment of tax liability.

- **Tax Deducted At Source (TDS)** → TDS means income tax of payee is deducted by payer & deposited with Govt.
- **Tax Collected At Source (TCS)** → TCS means income tax of payer collected by payee & deposited with Govt.
- **Advance Tax** → Tax paid by the Assessee on estimated income in the previous year itself.
- **Self - Assessment Tax** → Tax paid after the relevant previous year i.e. during the assessment year or afterwards

* TDS on Salary Payments [Sec 192]

- **Payer** → Any Person (R or NR)
- **Payee** → Individual being employee (R or NR)
- **Rate of TDS** → Avg rate calculated on actual tax liability (i.e. estimated tax ÷ no. of months)
- **Time of Deduction** → At the time of payment of salary
- **Threshold limit** → No limit (however no TDS if no tax)

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)	(50,000)
Income u/h Salary	6,70,000
Gross total Income	6,70,000
(-) Deduction u/s 80C [NSC]	(50,000)
	6,20,000
Tax on ₹6,20,000 at slab rate	36,500
Add HEC @ 4%	1460
	37960
Monthly TDS (37960 ÷ 12)	3163.33

Other Points

1) Employee working with more than one employer
↓
Submit particulars of 1 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 (10CC)]

Tax on such non-monetary perquisites =

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

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 × 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]

- **Payer** → Trustee of EPF Scheme
- **Payee** → Employee (R or NR)
- **Rate of TDS** → 10%
- **Time of Deduction** → At the time of payment
- **Threshold limit** → Single or Aggregate Payment > 50,000

Key Note :- Maturity of EPF/RPF is exempt

↓

Rendered continuous service for a period of 5 years or more

- **Yes** → Exempt
- **No**
  - but services have been terminated by reason of
    1) Employee's ill health
    2) Discontinuance of Employer's business
    3) other cause beyond the control of Employee
  - but employee obtains employment with any other employer and PF has been transferred to such employer & total service (former & current employer) is of 5 years or more

Exempt

CA AKASH AGARWAL

Exempt

Otherwise → taxable.

* TDS on Interest on securities [Sec 193]

- Payer → Any Person
- Payee → Resident Person
- Rate of TDS → 10%
- Time of TDS → At the time of payment or credit of interest whichever is earlier
- Threshold limit → No limit except
  - 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
    1) 8% savings (taxable) Bonds, 2003 or
    2) 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 (IV 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.

CA AKASH AGARWAL

otherwise than
by cash
↓
No TDS upto 5000

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

Payer
↓
Any person other than Individual/HUF & Ind/HUF whose T/O >100 L from business & >50 L from profession.

Payee
↓
Resident Person

Rate of TDS
↓
10%

Time of TDS
↓
At the time of payment or credit of interest whichever is earlier

Threshold Limit
↓
No TDS upto 5000 except
↓

1) Time deposit (incl. recurring deposit) with bank
2) Time deposit (incl. recurring deposit) with co-operative bank
3) Deposit with post office under notified scheme.

If Int on these 4 deposits is payable to a resident senior citizen

 CA AKASH AGARWAL

NO TDS upto ₹ 50,000.

4) Deposit with housing finance companies

↓

NO TDS upto ₹ 40,000

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

- Interest paid by a firm to a partner
- Interest paid in respect of deposits under notified scheme
- Interest paid by co-operative society to members
- Interest on Income tax refund or wealth tax refund etc
- Interest payable to
  1) Bank
  2) Co-operative bank
  3) Financial Corporations
  4) LIC etc
  5) Unit trust of India etc.
- Interest paid in relation to zero coupon bond

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 194 A 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]

- **Payer** → Any Person
- **Payee** → Any Person (R or NR)
- **Rate of TDS** → 30%
- **Time of TDS**
  - If there is withdrawal during P.Y. → TDS at the time of withdrawal on net winning withdrew.
  - If no withdrawal during PY. → TDS at the end of FY on net winning amount remaining in user account.
- **Threshold limit** → No limit

 CA AKASH AGARWAL

Guidelines On Sec 194BA

1) If winning withdrawn $\leq$ 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

- Prize is in kind → FMV
- Prize was in cash & then goods purchased from money → cash used
- Intermediary manufacturer prize → Price charged from customer i.e. FMV.

CA AKASH AGARWAL

* TDS on winning from horse races [Sec 194 BB]

Payer	Payee	Rate of TDS	Time of TDS	Threshold limit
Any Person (book maker)	Any Person (R or NR)	30%	At the time of Payment	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]

Payer
↓
Any Person other than individual or HUF & whose T/O from business exceeds ₹100 lakhs & from profession exceeds ₹ 50 lakhs during preceeding F.Y.

Payee
↓
Any Resident Person

Rate of TDS

- Sum is paid or credited to Individual/HUF → Rate = 1%
- Sum is paid or credited to other person → Rate = 2%

Time of TDS
↓
At the time of payment or credit whichever is earlier

Threshold limit
↓
Single payment >30,000 or Aggregate payment >1,00,000 during P.Y.

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 194 C
↓
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 seperate
contract.

case ii) Contracts
are part of
single contract
↓
consider
single contract
for TDS.

If value of labour is shown seperately 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

CA AKASH AGARWAL

case ii) Acquisition of broadcasting rights of already produced content
↓
NO TDS u/s 194 C

case ii) If third party transports the gas for either purchaser or seller
↓
TDS u/s 194 C

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

- **Payer** ↓ Any Person
- **Payee** ↓ Any Resident Person
- **Rate of TDS**
  - Payee is Domestic Company ↓ Rate = 10%
  - Payee is Non-Corporate Resident Person ↓ Rate = 5%
- **Time of Deduction** ↓ At the time of payment or credit of such sum whichever is earlier.
- **Threshold limit** ↓ Aggregate payment in a FY > 15,000

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

Payer → Any Person

Payee → Any person stocking, distributing, or selling lottery tickets.

Rate of TDS
- Before 1/10/24 → 5%
- On or after 1/10/24 → 2%

Time of TDS → At the time of payment or credit of such sum on account of payee whichever is earlier.

Threshold Limit → Aggregate payment in a FY > 15,000

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

Payer → Any Person other than Individual/HUF & whose T/O

Payee → Any Resident Person

Rate of TDS

Time of TDS → At the time of payment or credit of such sum on

Threshold Limit → Aggregate payment in a FY > 15,000

CA AKASH AGARWAL

>100L from business & >50L 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 194 J.
- Commission or brokerage payments by BSNL or MTNL to their public call office (PCO) franchisees.

 CA AKASH AGARWAL

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

- **Payer** → Any Person making payment to Insured person
- **Payee** → Any Resident Person
- **Rate of TDS**
  - Before 1/10/24 → 5%
  - On or after 1/10/24 → 2%
  - On total Income i.e. Amt received (−) premium paid.
- **Time of TDS** → At the time of payment
- **Threshold limit** → Aggregate payment during FY ≥ 1,00,000

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 = ₹ 1,25000

→ Income = ₹450,000 (−) (₹125000 x 3)
= ₹ 75,000

TDS = 75000 @ 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 1/4/13 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.

CA AKASH AGARWAL

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]

- **Payer** → Any Person other than Individual/HUF & whose T/O >100 L from business & >50 L from profession.
- **Payee** → Any Resident Person
- **Rate of TDS**
  - P&M or equipment → Rate = 2%
  - Building, land, Furniture, Fittings → Rate = 10%
- **Time of TDS** → At the time of payment or credit whichever is earlier
- **Threshold limit** → Aggregate payment > 2,40,000 during P.Y.

Other Points to Remember

- Payment for cooling charges to cold storage owner → Not considered as Rent → No TDS u/s 194-I but sec 194C 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.

→ TDS u/s 194 I @10%

= 3,00,000 × 10%

= 30,000

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

Payer
↓
Any Person other than Individual/HUF & whose T/O >100 L from business & >50 L from profession.

Payee
↓
Any Resident Person

Rate of TDS
- Before 1/10/24 → 5%
- On or after 1/10/24 → 2%

Time of TDS
↓
At the time of payment or credit on account of payee for
→ last month of P.Y.
or
→ last month of tenancy
whichever is earlier.

Threshold limit
↓
Rent for a month or part of month >50,000

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 :-

Mr. A. (salaried) $\xrightarrow{\text{Rent 60,000 p.m}}$ Mr. B (PAN not given to Mr. A)

∴ TDS = 60,000 x 12 x 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** → Any Person
- **Payee** → Any Resident Person
- **Rate of TDS** → 1% of higher of
  - i) Consideration
  - ii) Stamp duty value.
- **Time of TDS** → At the time of payment or credit of such sum on account of payee, earlier.
- **Threshold limit** → SDV or consideration ≥ 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.

 CA AKASH AGARWAL

Eg :-

Mr. X

30 lakhs

Mr. Z
(transferee)

Mr. Y
(transferor)

30 lakhs

Consideration = 60 lakhs

↓

TDS @ 1% = 60,000

Eg :-

Mr. Y

↓

TDS @ 1% = 30,000

Mr. X
(transferor)

Mr. Z
(transferee)

TDS @ 1% = 30,000.

Consideration = 60 lakhs

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

Payer	Payee	Rate of TDS	Time of TDS	Threshold limit
Any Person making payment of compensation or enhanced compensation.	Any Resident Person	10%	At the time of Payment	Consideration > 2,50,000

*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]

Payer	Payee	Rate of TDS	Time of TDS	Threshold limit
Any Person other than Individual/HUF & whose T/O >100 L from business & >50 L from profession.	Any Resident Person	10% / 2%	At the time of payment or credit of such sum on account of payee earlier---	Aggregate amt >30,000 in a FY. (seperate for each payment) No limit on Directors Remuneration.

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 seperate for each kind of service.

Eg:-

AAC ltd $\xrightarrow{\text{Retainership fees} = ₹25,000}$ Mr. Bhavesh

→ TDS @ 10% u/s 194 J

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 @ 2% on 38,000 = 760

Other Points

Personal Purpose Services

↓

NO TDS if amount is paid for prof. services taken for personal purposes by Individual | HUF.

Payment to hospitals on behalf of insurance Co.'s

↓

Third 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. $\xrightarrow[\text{₹ 2,00,000}]{\text{Mediclaim}}$ Hospital

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 194 C, 194H, 194 J)	Any Resident Person		At the time of payment or credit of such sum	Aggregate amount >50,00,000 in a FY.

on account of payee, earlier..

Before 1/10/24	On or After 1/10/24
5%	2%

Key Note :-

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

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

Eg :-

Mr. H (Salaried) $\xrightarrow{\text{Contract Payment}}$ Human Ltd

₹60,00,000 on 01/12/2024

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

CA AKASH AGARWAL

* TDS on Cash Withdrawal [Sec 194 N]

- **Payer** → Bank, Co-operative Bank, Post Office
- **Payee** → Any Person
- **Rate of TDS** → Return of Income for all 3 PYs for which time period u/s 139(1) has expired on date of TDS.
  - Not Filed → @2% on sum exceeding 20,00,000 & @5% on sum exceeding 1 cr.
  - Any or All 3 PYs filed → @2% on sum exceeding 1 crore.
- **Time of TDS** → At the time of Payment (Any A/c)
- **Threshold limit** → Exceeding 1 crore but in some cases > 20L

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

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

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

 CA AKASH AGARWAL

Eg :-

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

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

Eg :-

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

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

Eg :-

Bank ⟶ Mr. Sachin (Return not filed for all 3 PYs)

	Cash withdrawal	TDS
On 5/4/24	15,00,000	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 43 L & 5% on 12L
	1,12,00,000	

* TDS by Specified bank in case of Specified Senior citizen on pension income. (including interest on bank account) [Sec 194 P]

- **Payer** → Specified bank
- **Payee** → Specified Senior citizen
  - Resident Individual
    1) Age 75 Years or more during PY.
    2) Having Income in nature of
       a) Pension specified bank
       b) Interest from any account in same specified bank.
    3) Furnished declaration to specified bank.
- **Rate of TDS** → Avg. rate calculated after giving effect to:-
  1) Deduction under chapter VI A
  2) Rebate u/s 87 A.
- **Time of TDS** → At the time of payment
- **Threshold limit** → NO limit (However, if no tax, no TDS)

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

 CA AKASH AGARWAL

Eg :-

Mr. Vijay (Bank account in Axis) $\xleftarrow{\text{Pension @ 50,000 p.m.}}$ Employer

Mr. Vijay (Bank account in Axis) $\xleftarrow{\text{Interest ₹ 2,50,000}}$ SBI

New tax Regime:-

Income u/h Salary [600,000 - 75000]	5,25,000
Income u/h other sources	2,50,000
Total Income	7,75,000
Tax @ slab rate	27,500
(+) HEC @ 4%	1,100
	28,600
TDS by Axis bank	28,600

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

CA AKASH AGARWAL

* TDS on purchase of Goods [Sec 194 Q]

- **Payer** → A buyer whose sale, T/O > 10 cr during preceeding PY.
- **Payee** → Resident Seller
- **Rate Of TDS** → 0.1% on sum exceeding ₹50,00,000 during PY.
- **Time Of TDS** → At the time of payment or credit of such sum on account of payee. earlier...
- **Threshold limit** → Purchase of goods >50,00,000

Eg:-

PQR ltd (T/O PY 23-24 ₹ 12 crore) ← Sold Goods ₹60,00,000 ← MNO ltd

PQR ltd → ₹60,00,000 → MNO ltd

↓

TDS @ 0.1% on 10,00,000
= 10,000

Other Points

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

Eg :-

Mr. A $\xrightarrow[\text{@ 60,00,000}]{\text{Sold HP}}$ Mr. B (Buyer) T/O PY 23-24 > 10 cr.

payment

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

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

Eg :- Mr. A (Seller) T/O PY 23-24 > 10 crore $\xrightarrow[\text{₹ 70,00,000}]{\text{Sold Goods}}$ Mr. B (Buyer) T/O PY 23-24 > 10 crore

payment

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

CA AKASH AGARWAL

* 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 T/O >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 $\xrightarrow{\text{During PY 25-26}}$ Mr. A (Partner)

Interest = 2,00,000
Salary = 6,00,000
TDS @ 10%

Eg:-

ABC firm $\xrightarrow{\text{During PY 25-26}}$ Mr. A (Partner)

Remuneration = 15000
Interest = 4000
NO TDS

 CA AKASH AGARWAL

* 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)

CA AKASH AGARWAL

* Lower TDS Certificate [Sec 197]

If Income tax deductable u/s 192, 193, 194, 194 A, 194 C, 194 D, 194 G, 194 H, 194 I, 194 K, 194 LA, 194 M, 194 Q 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 receipient & 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. 15 H.

* 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 31 A]

Due date of filing statement

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

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

* 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. 16 A → 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.

Int = TDS × 1% pm or part of month × period of delay

Period of delay: from TDS required to be deducted to TDS Actually deducted

TDS deducted but fails to deposit.

Int = TDS × 1.5% pm or part of month × period of delay

Period of delay: from TDS required to be deducted to TDS deposited with Govt.

Eg:

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

made payment towards prof. fees on 10/10/2024

TDS deducted on 31/12/2024

TDS deposited on 17/02/2025

Int = 10,000 × 1% × 3m + 10,000 × 1.5% × 2M = 600

- 10,000: TDS u/s 194J
- 3m: 10/10/24 to 31/12/24
- 2M: 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 194Q, 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(1) has expired and aggregate TDS or TCS is 50,000 or more in said PY.