

TDS

SECTION	RATES	LIMITS/ CONDITIONS
Sec 192 Salary	Slab Rates	TDS deducted at the time of payment The amount of TDS/TCS already deducted/collected shall be reduced from salary while deducting TDS.
192A PF Accumulated Balance	10% NO PAN - 20%	Service < 5 yrs & Amt ≥ 50K - TDS Applicable Service ≥ 5 yrs - NO TDS
194I Rent Rent kaun deta hai? - Main	P&M - 2% BUILDING - 10%	NO TDS If Aggregate Rent is upto Rs. 2,40,000 TDS is applicable on Non-refundable Deposits
194C C- Contractor	Ind/HUF - 1% Others - 2%	NO TDS if: • Single Payment is upto Rs. 30,000 • Aggregate amt. during F. Y. is upto 1lac • Contract is for Personal Purpose of Ind/HUF
194J - JANHIT Professional Fees	Operation of Call Centre - 2% Others - 10% FTS Being a Professional service 10% Others 2% ROYALTY Sale, Distribution of films 2% Others 10%	• NO TDS if <div style="display: flex; align-items: center;"> <div style="text-align: center;"> <p>↓</p> <p>Fees for professional services</p> </div> <div style="text-align: center;"> <p>↓</p> <p>FTS</p> </div> <div style="text-align: center;"> <p>↓</p> <p>Royalty</p> </div> <div style="text-align: center;"> <p>↓</p> <p>Non compete Fees</p> </div> <div style="margin-left: 20px;"> <p>≤ 30,000</p> </div> </div> <p>The Limit of 30,000 is for each payment</p> <ul style="list-style-type: none"> <li>• Commission/sitting Fees Paid to Non-Executive/Independent Directors.                     <ul style="list-style-type: none"> <li>↳ No Threshold limit</li> </ul> </li> <li>• No TDS on personal payments by Ind/HUF for FPS</li> </ul>
194H- Hafta. Commission/ Brokerage	5% (5 takka) 2% (From 1/10/2024)	NO TDS if Amt is upto Rs. 15000. NO TDS on Underwriting Commission or brokerage on Public issue

194M- <b>Man Se</b>	5%	KAUN KAATEGA - Individual/HUF
Payment of	2%	not covered in 194C, 194J, 194H
• Contract	(From	KISKA KATEGA - Any Resident Person
• Professional fees	1/10/2024)	LIMIT- Agg. Amt. > Rs. 50 lakh
• Commission/Brokerage		Paid in the PY
Sec 194G- <b>Gamble</b>	5%	NO TDS if Amt is upto Rs. 15,000.
Lottery sale	2%	If Lottery seller wins lottery on unsold tickets,
Commission	(From 1/10/2024)	it will be taxable@30%
194D	5%	NO TDS if Amt is upto Rs. 15000.
Insurance Commission		
194B- Lottery, Puzzles	30%	• NO TDS if Amt/Aggregate Amt is upto RS. 10,000
↳ <b>Badi lottery</b>		• Deducted at the time of payment only
194BB - Horse Race		• If winning is in kind, the payer shall release
↳ <b>Bhag Bhag</b>		winnings only after ensuring that TDS is paid to Govt
194E → Payment to NR Sportsman, Association, <b>ENTERTAINER</b>	20% + cess 4% (effectively 20.8%)	Sportsperson & Entertainer shall be NR+ Non-Citizen Refer Sec 115 BBA in NR chapter.
Sec 195 Payment made to NR or Foreign co.	Rate in Force ↓ (given in finance act every year)	→ TDS only applicable if amt. recd. by NR or foreign Co. is taxable in India. → If Rates given in DTAA are lower, then those Rates will apply.
194 TDS on Dividend	10% Kaun kaatega- Domestic Company Kiska Katega - Any Resident Person	Deducted at the time of payment only Payment made by ↓ Cash No limit Any other Mode No TDS upto Rs. 5000

193 Interest on Securities	10%	No TDS: Int payable on CG or SG Securities Int paid to LIC, GIC Int Payable by SPV to Business Trust
194A- <i>Alag wala Interest</i> Interest other than Int. on securities	10%	LIMIT for Int paid by: -Banks/co-op bank/ Post off. - Rs. 40,000 -Others 5000 <i>50,000 for senior citizens</i>
194DA Maturity Proceeds of LIP DA- DAULAT	5% (After 1/9/2019) 2% (From 1/10/2024)	On Income Component (Maturity less premium paid) NO TDS if:- • If amount <i>less than Rs. 1,00,000</i> • If Sum is Recd. on death of Insured. • If Maturity exempt u/s 10(10D)
194IA Sale of Immovable Property  <i>If there are more than one transferor/transferee, Amt shall be aggregated for TDS</i>	1% of Sale Price Or SDV w.e. is higher	• No TDS on Rural Agri land • Consideration or SDV < 50L → NO TDS ↳ <i>TDS on 50 lacs or more</i> • Consideration includes maintenance fees, parking fees & all other similar charges
194IB TDS on Rent of Immovable Property	5% 2% (From 1/10/2024) NO PAN - 20%	• NO TDS IF RENT per month is upto <i>Rs. 50,000</i> • Deducted at the time of payment/credit of rent of last month w.e. earlier • Deduction <i>not to exceed Rent for Last month</i>
194 IC - Indira Colony. Consideration for agreement as per Sec 45(5A) ↳ Joint development Agreement	10%	IF CONSIDERATION IN KIND → NO TDS

194 LA Compulsory Acq of Immovable Property	10% of Sale Price	Amount upto Rs. 2,50,000 → NO TDS Rural or Urban Agri land-NO TDS
194K TDS on Income in respect of units.	10% KAUN KAATEGA - UTI/MF KISKA KATEGA- Resident person	NO TDS if payment is upto Rs. 5000 in a PY
194LB TDs on Interest on Infrastructure Debt fund	5%	KAUN KAATEGA - Inf. Debt Fund KISKA KATEGA - NR/FC.
194N- Nahi Denge TDS on Cash withdrawals in excess of Rs. 1 crore When Recipient is a Co-operative Society, Limit of Rs. 3 Crores is applicable.	When limit is 1cr/3cr: Rate- 2% When limit is 20 lacs: 20 lakhs to 1cr/3cr - 2% Above 1cr/3cr -5%	→ TDS only applicable on excess amount over and above limit. Eg- withdrawal 1.20 cr/3.2 cr TDS applicable on 0.20 Cr only. Limit will be checked separately for different banks → If assessee has not filed ROI for all 3 preceding PYs for which Due Date u/s 139(1) is expired, Limit will be Rs. 20 lakhs
194O TDS on payment by E-commerce Operator	1% on Gross Amt. KAUN KAATEGA- E-Commerce operator KISKA KATEGA - E-Commerce participant (resident person) Sec 206AA If No PAN- 5%  0.1% (From 1/10/2024)	NO TDS if all the following conditions are satisfied: i) E- comm. participants Ind/HUF ii) Gross amount of Sale/Services during P.Y. is upto Rs. 5 lakh iii) PAN or aadhaar furnished.

194P ↓ Pari Pauna TDS by Bank in case of Senior Citizen	TDS rate - Slab Rate  Payer-Specified Bank Payee- Individual Resident aged 75 yrs or more	Section only applicable if Senior citizen has ONLY: Pension Income Interest in any Account in which he receives pension  That A/c should be with the same Bank only. The payee is not reqd to file ROI.
194Q Purchase of Goods of more than Rs. 50 lakhs during P.Y.	Rate- 0.1% NO PAN- 5%  Kaun Kaatega: Any Buyer whose last year T/O > Rs. 10 crore  Kiska Katega: Seller	→ Only applicable on excess amount over 50 lakhs, not whole amount. → TDS under this section not applicable if: TDS already deducted under any other section eg. 1940 TCS already collected u/s 206C(1H)

### Notes:

- Where both 194Q & 206C (1H) applies, TDS has to be deducted u/s 194Q
- Where TDS u/s 194Q & TCS u/s 206C(1)/(1F)/(1G) applies, TCS has to be collected under above sections.
- TDS u/s 194Q, 1940, 206C(1H) not applicable on securities transactions through RSE.
- TDS u/s 194Q not applicable on GST/VAT/Excise component. But It will be applicable on whole amount of any Advance payment.
- If Buyer is NR- 194Q not applicable  
If Seller is NR - 206C(1H) not applicable } But it will be applicable if NR has PE in India
- For 1st Year of Business, TDS u/s 194Q not applicable since last year T/O is zero.
- If Whole Income of Seller is Exempt- 194Q not applicable  
If Whole Income of Buyer is Exempt - 206C(1H) not applicable
- For Sec 194Q, Dept. of CG/SG can become buyer, but they can not be seller

Sec 194R	Rate- 10%	Payer - HIJACR Assessee
Added by F.A. 22 w.e.f. 1/7/22		Payee- Any Resident Person
Any Benefit or Perquisite, whether converted into money or not, arising from Business or Profession		<p><b>NO TDS If:</b></p> <p>Amt of benefit/perq provided to a person is upto Rs. 20,000 in a P.Y.</p> <p>If Gift is in kind, payer has to ensure that TDS has been deducted &amp; paid to the govt. in respect of such benefit.</p>

## Notes:

### CBDT Guidelines for Sec 194R

Situation	Whether TDS is deductible or not?
1) Do PayER needs to check if Gift/benefit is taxable under PGBP in hands of PayEE?	<b>NO.</b> Payer has to deduct tax without checking taxability in PayEE's hands
2) Should Gift/benefit be always in kind for TDS u/s 194R?	<p><b>NO.</b> It Can be:</p> <p>In Kind</p> <p>In Cash</p> <p>Partly in kind partly in Cash</p>
3) If Gift is Capital Asset, is 194R applicable?	<b>YES.</b> 194R is applicable on Capital Assets. Eg. Car, Land etc.
3a) Is Sec 194R applicable on Loan waiver/settlement by Bank?	<p><b>NO.</b> Not applicable on 1 time settlement with the bank/Fl.</p> <p>Note :</p> <p>It doesn't affect its taxability in hands of PayEE</p>
4) How is Value of Gift/Benefit Determined?	<p>→ If Payer has purchased it : Purchase Price</p> <p>→ If Payer Manufactures. : The Normal Price it Charges from Others</p> <p><b>Note:</b> GST not included for valuation of benefit/perq. for Sec 194R</p>

5) Is 194R applicable on Sales

Discount, Cash Discount or Rebates?

**NO.**

Eg: Even if Seller gives 2 items free on buying 10 items, its not applicable.

But, 194R will be applicable in following cases:

- When Incentive is given in Cash or kind like Car, TV, Computer, Mobile etc.
- Free Trip
- Free Tickets for Events
- Free Medicine sample to Doctors

Note:

TDS is always deducted from **recipient** no matter who uses the gift/benefit.

TDS is **not deductible** if recipient is Govt. Entity like Govt. Hospital not doing B or P.

6) Is 194R applicable When Social Media Influencer is given Products?

If Influencer returns product: **NO**

If Influencer Retains product: **YES**

7) If Benefit is partly in Kind Partly in Cash, How to Ensure deduction & Payment of Tax?

- Ask payEE to pay advance tax & give declaration
- Pay himself

8) Whether Embassy/High Commission reqd. to Deduct TDS u/s 194R?

**NO**

9) Is 194R applicable on Bonus Shares & Right Shares?

Bonus Shares: **NO**

Right Shares: **NO**, if issued by Co. in which public are substantially interested

10) TDS on Reimbursement of Expenses/Out of Pocket Expenses?

Eg: Consultant Mr. Yash providing service to SRK For Providing Service, Yash has to Travel & stay in Hotel → for which Expenses are incurred.

Now, It Depends on Invoice

If Hotel's Invoice is in Yash's Name & paid by SRK

If Hotel's Invoice is in SRK's Name & paid/reimbursed by SRK

TDS u/s 194R will be applicable

TDS u/s 194R will not be applicable

If hotel's Expenses are included in total invoice for consultancy by Yash & TDS u/s 194C/194J is deducted on whole amount by SRK or Yash acts as pure Agent, then TDS u/s 194R not deductible

11) Is TDS u/s 194R applicable on Dealer's Conference to educate Dealers about the products of the Company?

Depends

NO

YES

If Conference is for:

- New product launch
- Obtaining Orders
- Teaching Sales
- Addressing Queries
- Hisab/kitaab

If It is:

- Leisure Trip
- Along with Family members
- Overstay

Note:

→ Leisure trip will attract TDS even if incidental to business

→ One Day before & One day after is not considered as Overstay.

→ If benefit is provided in group activity & it is difficult to allocate the expense to each person, then Assessee has option to not claim the expense from Business Income.

Sec 194BA	Rate- 30%	At the time of:
Added by F.A. 23		- Withdrawal
Net Winnings from Online Gaming		- Amt. Remaining in A/c at end of F.Y.
		If winnings is in kind or partly kind, the payer shall release winnings only after deducting tax

## IMPORTANT TERMS

### NOTES:

- (i) **USER A/C**- Every A/C REGISTERED with Gaming Intermediary + Where Deposits (taxable/non-taxable) & Winnings are credited & Withdrawals are debited.
- (ii) **MULTIPLE A/Cs for same user**- Every A/c of One User is considered for calculating Net Winnings/Deposits/Withdrawals/Balance. i.e. AGGREGATE amount is considered.
- (iii) **Transfer within A/Cs of same user** - NO TDS if Multiple A/Cs are maintained with Same Gaming Intermediary because such transfer shall not be considered Deposit/Withdrawal (**EXCEPTION:** When Deductor having Multiple platforms decides to deduct tax for each platform separately)
- (iv) **Non-Taxable Deposit** - Amt Deposited by User in his User Account & which is not Taxable (Basically, Khud ke Jeb Se Daala hua Paisa)
- (v) **Taxable Deposit** - Amt deposited directly to the user Account or paid directly to the User (Basically, Jo bhi Paisa Free me user ko Mil raha hai).

↳ Treatment of Taxable Deposit recd. in form of Bonus/Referral Bonus/Incentive/Promotional Money:

It can be Used

Only For Playing & Not Withdrawal



It is Ignored in computation of Net winnings.

Can be Withdrawn Subsequently



It is included in the computation of Net Winnings. It is Deemed that such Amt. is deposited in the User Account.

## COMPUTATION OF WINNINGS

Computation of Net winnings for the Previous Year

$$\text{Net winnings} = (A + D) - (B + C)$$

**A** = Aggregate amount withdrawn from the user account during the FY.

**B** = Aggregate of non-taxable deposits made in user account by assessee during the FY.

**C** = Opening balance of the user account at the beginning of the financial year.

**D** = Closing balance of the user account at the end of the financial year.

Computation of net winnings at the time of first withdrawal during the F.Y.

$$\text{Net winnings} = A - (B + C)$$

**A** = Amount withdrawn from the user account.

**B** = Aggregate of non-taxable deposit in user account during the FY, till such withdrawal

**C** = Opening balance of the user account at the beginning of the FY.

Note - Net Winnings = Zero if  $[B+C] > A$

Computation of net winnings at the time of each subsequent withdrawal

$$\text{Net winnings} = A - (B + C + E)$$

**A** = Aggregate Amt withdrawn from the user account during the FY till such withdrawal

**B** = Aggregate Amt of non-taxable deposit made in the user account till such withdrawal

**C** = Opening balance of the user account at the beginning of the FY.

**E** = Net winnings on Previous withdrawals till now on which TDS u/s 194BA is deducted

Computation of net winnings at the end of the financial year:

$$\text{Net winnings} = (A + D) - (B + C + E)$$

**A** = Aggregate Amt withdrawn from the user account during the FY.

**B** = Aggregate of non-taxable deposit made in user A/c by owner of such A/c during FY

**C** = Opening balance of the user account at the beginning of the FY.

**D** = Closing balance of the user account at the end of the FY.

**E** = Net winnings on Previous withdrawals till now on which TDS u/s 194BA is deducted

## CBDT Guidelines for 194BA

1. One Deductor having **Multiple Platforms** – If it is **not** technologically feasible to **integrate** user accounts across multiple platforms, then he may **calculate tax** to be deducted for each platform **separately**.
2. If user **borrow money to deposit** in his A/c = It is considered **Non-Taxable deposit**.
3. It would be considered **Withdrawal** :
  - When the amt is **withdrawn from User A/c** & transferred to any other Account
  - When **amount in account is used & coupons/items** in kind are issued for purchase of goods or services against such amount.
  - Transfer from **One User A/c to Another** under Same Gaming Intermediary **across Platform** if Deductor is deducting tax under each platform **separately**
4. **Valuation** = If winnings is in kind → **FMV** of such winnings  
= If purchased by Intermediary → **Purchase price**  
= If mfg by Intermediary → **Price charged to Customers (Excl. GST)**
5. In case of **shortfall** in tax deducted for April, 2023 → it can be deposited along with tax deduction for May, 2023 → by 7th June, 2023 → No penal consequences.  
(Applicable for April, 2023 only) (not relevant anymore)
6. **No TDS** is required to be deducted on withdrawal if **all** the following **conditions** are satisfied:
  - (i) **Net winnings** comprised in the amount withdrawn is  $\leq ₹ 100$  in a month (+)
  - (ii) **Tax not deducted** on account of this concession is deducted at a time when **net winnings** comprised in withdrawal  $> ₹ 100$  in same month/ subsequent month or if in case there is no **such withdrawal** → at the end of the FY (+)
  - (iii) Deductor undertakes responsibility of paying the **difference of Tax Liability** if Balance in user account at the time of tax deduction is **not sufficient** to discharge tax deduction **liability** calculated in accordance with Rule 133.



To whom HIJACR are applicable?

HIJACR → (1) Assessee other than Individual/HUF



(2) Ind/HUF whose last year T/O > 1 crore in case of Business

G/R > 50 lacs in case of profession.

Master Chart for Remembering all limits

→ NO TDS if amount is upto Limit

↳ No TDS If Amounts ≤ Threshold limit

Which means TDS is only applicable if Amount paid is more than the threshold Limit



All Other sections

→ TDS is applicable starting from this Amt.

Sec 194IA → TDS applicable if

Amt is 50 lakhs or more

→ NO TDS till Rs. 49,99,999

Sec 194DA → TDS applicable if

Amt is 1,00,000 or more

→ No TDS till Rs. 99,999

Sec 192A → TDS applicable if

Amt is Rs. 50,000 or more

→ No TDS till Rs. 49,999.

## Summary of Amendments in Rates of TDS

Section	Before	After (w.e.f 1/10/24)
194DA - Maturity Proceeds of LIP	5%	2%
194G - Lottery Sale Commission	5%	2%
194H - Commission/ Brokerage	5%	2%
194-IB - Rent of Immovable Property	5%	2%
194M - Payment of Contract, Prof Fees/ Commsn & Brokerage	5%	2%
194-O - Payment by ECO	1%	0.1%

## Sec 206AB/ 206CCA - TDS/TCS Rate for Non- Filers (F.A. 2022)

In case of TDS/TCS, if payee/Collectee  $\xrightarrow{\text{has not Filed Returns}}$  of last Year, for which due date has expired (P.Y. 21-22)

& TDS/TCS deducted/Collected is 50,000 or more, then TDS/TCS Rate shall be:

- Twice the TDS/TCS Rate
  - or 5%
- } w.e. is higher

→ This section is not applicable on → 192, 192A, 194B, 194BB, 194LBC, 194N, 194N, 194IA, 194IB, 194M, 194BA &

- NR payee not having PE in India
- A Person who is not reqd to file ROI for that PY & is notified by CG.

→ In case payee/collectee did not furnish PAN: Rate as per Sec 206AA/206CC or 5 % w.e. is higher.

## Refund For Denying Liability to Deduct Tax u/s 195 [SECTION 239A]

- Application for refund of tax - Payer who has borne and paid tax on behalf of NR u/s 195 can apply for a refund, claiming that no tax was deductible.
- Time limit for filing application - File within 30 days of tax payment.
- Passing of order by Assessing Officer - AO must allow or reject the application with a written order after giving OOBH and conducting necessary inquiries.
- Time limit for passing order - AO must pass the order within 6 months from the end of the month of application receipt.

Amendments and Clarifications inserted vide FA 2023 & FA 2024 in various Sections of TDS

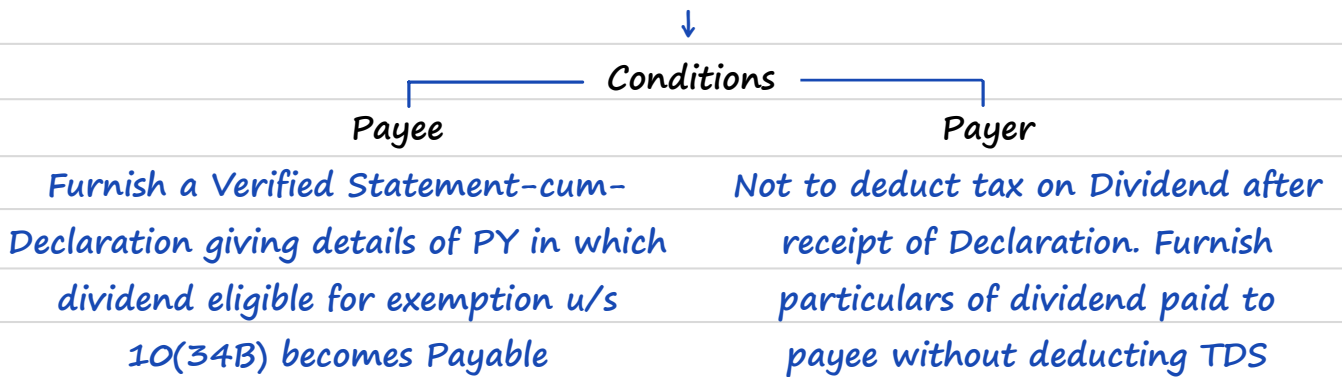
Section 194

Read with Sec 197A(1F)

NO TDS where:

Unit of an IFSC (Payer) Pays Dividend to a Company being a Unit of an IFSC (Payee)

[Both Payer & Payee are primarily engaged in the business of leasing of an Aircraft]

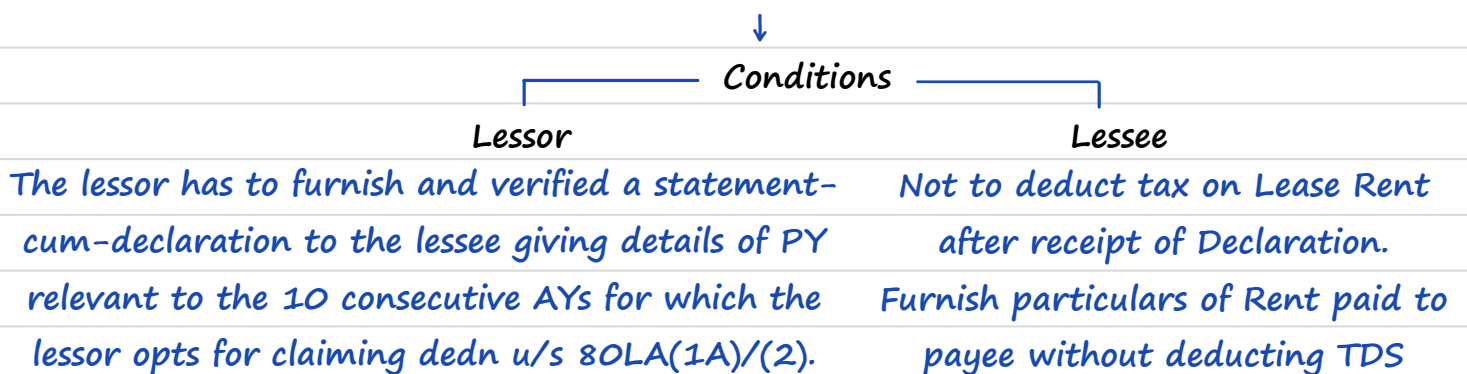


Section 194-1

Read with Section 197A(1F)

NO TDS where:

Lessee Pays to a Lessor being a Unit of an IFSC (Payee)



↓  
This relaxation available till the expiry of the 10 Consecutive years as were declared for deduction by the Lessor.

} For other Years Lessee is liable to deduct TDS.

## Section 193

With effect from 1.10.2024, TDS is to be deducted on interest payable on **Floating Rate Savings Bonds, 2020 (Taxable)**, or any other notified security of CG/SG  
↳ if such interest payable exceeds Rs. 10,000 during the financial year;

## Time Limit for Filing Correction Statement in respect of TDS/TCS Statements

Section 200 and Section 206C(3B) have been amended to provide that no correction statement shall be delivered **after** the expiry of **6 years** from the end of FY in which the statement referred u/s 200 and 206C(3B) are delivered.

## Section 194A

### Mahila Samman Savings Certificate, 2023

A one time scheme available for **2 yrs** (till 31/03/2025).

Maximum Deposit = ₹ 2 Lakh. Interest Rate = 7.5% p.a. compounded quarterly.

Consequently, the Interest under this scheme will not exceed ₹ 40K.

Hence, **NO TDS** will be deducted by Post Office on interest paid under this scheme.

## Section 198 - Tax Deducted is Income Received

All sums deducted in accordance with the TDS provisions and income tax paid outside India by way of deduction, in respect of which an assessee is allowed a credit against the tax payable under the Act, are for the purpose of computing the income of the assessee, deemed to be income received.

Space for Notes:

## Section 1940

- TDS @ 1 % of **Gross Amount** of Sales
- By an **E-Commerce Operator**
- Where sales are facilitated by it through its digital or electronic facility

CBDT has issued some Guidelines for some transactions by ECO:

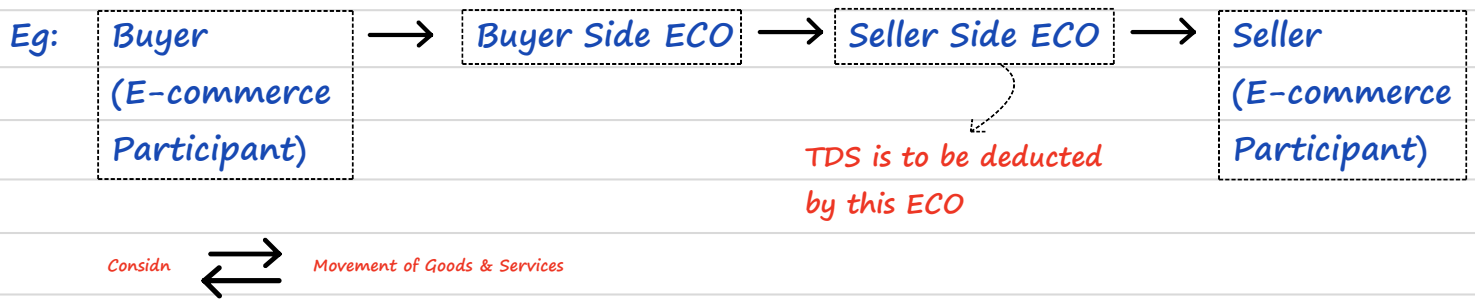
(1) Who should deduct tax at source where there are multiple ECOs are involved?

Case (i).



&

Seller Side ECO is **not**  
Actual Seller



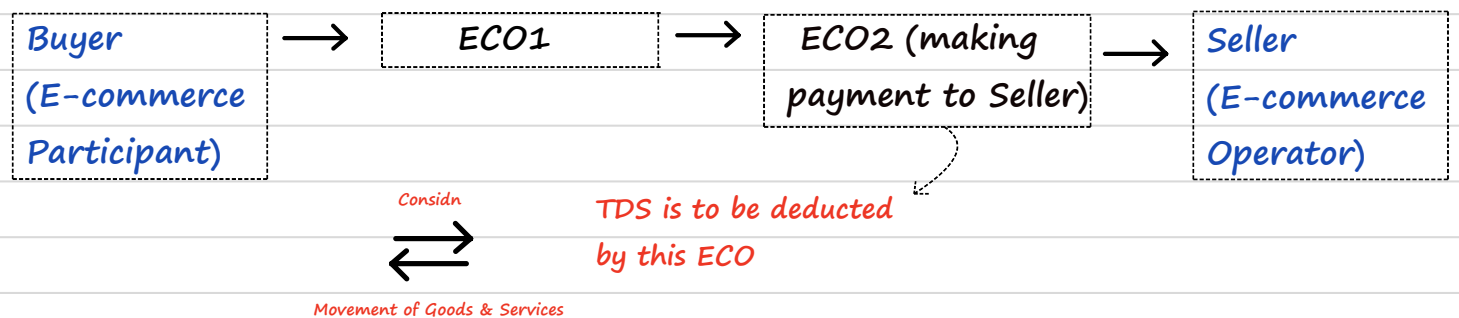
Conclusion: In this situation, the TDS u/s 1940 is to be deducted by the seller side ECO who finally makes the payment or the deemed payment to the seller.

Case (ii)



Seller Side ECO is the  
Actual Seller

Eg:



**Conclusion :** In this situation, the seller **itself is an ECO** and is directly interacting with an ECO2, TDS u/s 1940 is to be deducted by the ECO which finally makes the payment or the deemed payment to the seller.

**Author's Note:** Moti Moti Baat itni si hai, Ki Jo Final Payment kar raha hai seller ko Vo TDS Kaatega.

**Note:** In Both the above Cases, TDS will be deducted on Gross Amt. It shall be deducted at the time of Payment or Credit w.e. is Earlier

(2) Whether Selling Expenses(Logistics/Delivery) and ECO Fees/Commission form a part of Gross Amount for levy of TDS?

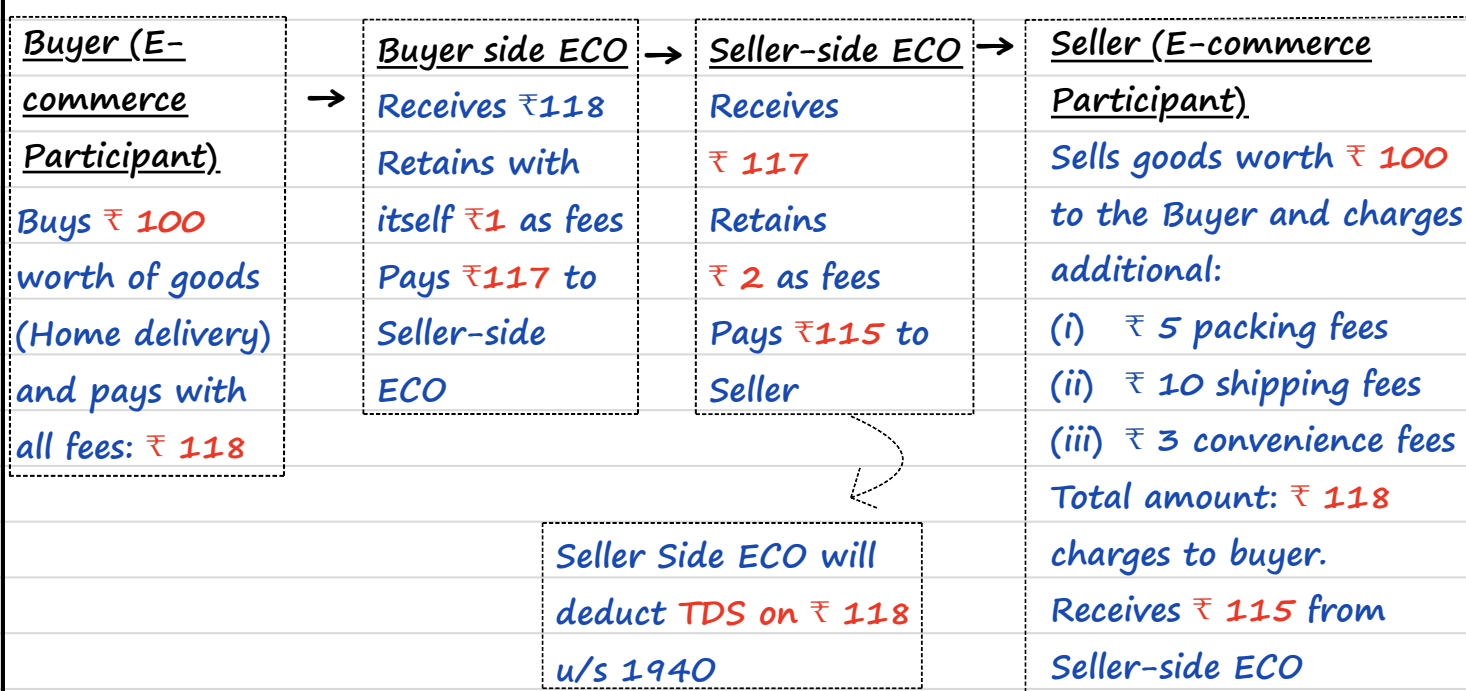
→ In E-Commerce, Seller generally Ships Orders to Buyers for which Seller can charge shipping/delivery charges from the buyer.

→ Seller-Side / Buyer-Side ECO charges commission/convenience fees from the Seller to enable the Transaction. Seller generally Charges this from Buyer in the Final Bill.

**So Total Price for Buyer = Price of Product + Convenience Fees+ Delivery Charges**

TDS u/s 1940 is deducted by Seller Side ECO on the **Gross Amount** i.e. Total Price Charged from the Buyer.

**Example 1:**



Notes:

(i) If TDS is already deducted u/s 1940 by ECO, such transaction is not liable for TDS under any other Section.

**Exception:** However, section 194S(4) overrides section 1940 and states that if tax is deducted u/s 194-S, no tax is deductible u/s 1940.

In the Above Example:

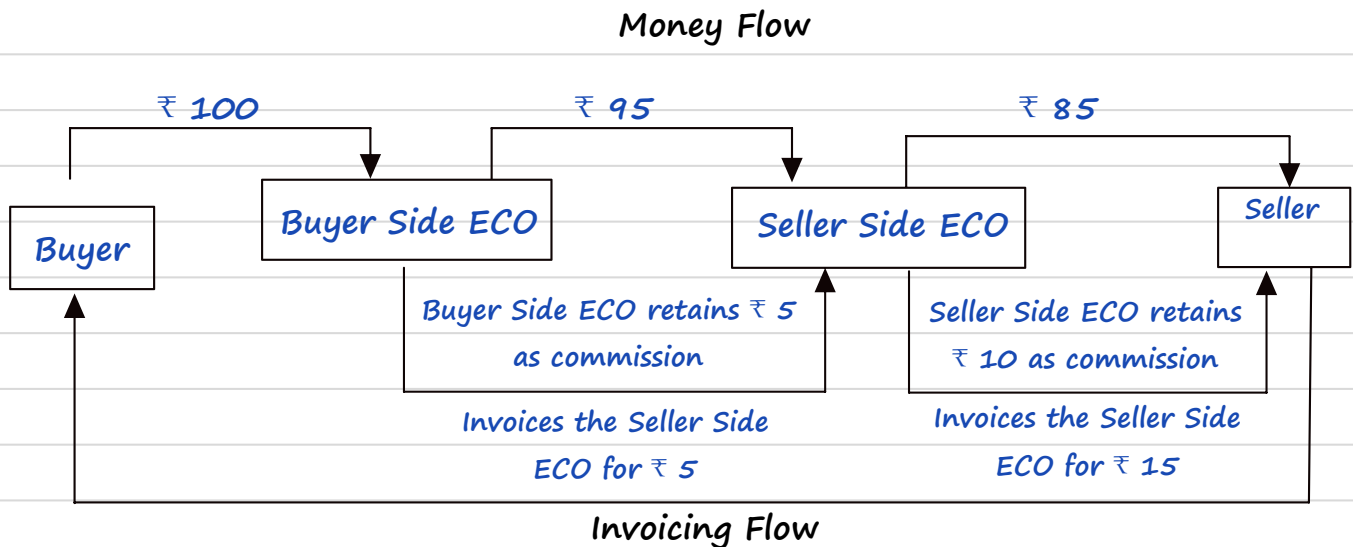
Seller pays ₹ 3 To Seller Side ECO Commission to Buyer Side ECO

Here, Seller & Seller Side ECO is not liable to deduct TDS u/s 194H on commission of ₹ 3 & ₹ 1 respectively, as TDS u/s 1940 is already deducted on Gross Amount.

(ii) Payments may also be made to the platform or network provider (e.g. ONDC) for facilitating the transaction.

If that Amt. is included in the payment for the Transaction	Include in Gross Amt. for TDS u/s 1940
If these amts are paid on a lump-sum basis & are not linked to a specific transaction	Do Not include in Gross Amt. for 1940

Example 2:



In the above Example, The TDS u/s 1940 has to be calculated on ₹ 100 (gross invoice value) @1% by the seller ECO. The buyer ECO's fees (₹ 5) charged to seller- side ECO and seller ECO's fees (₹ 15) charged to the Seller will not be subject to further TDS u/s 194H.

(3) How will the GST/VAT/Excise be treated when calculating Gross Amount of Sales?

Where Tax is indicated Separately in Invoice & TDS is deducted at the time of Credit	Deduct TDS on Amt. excluding GST
Where Advance Payment is Done before the Credit	Deduct TDS on Whole Amt.

(4) Adjustment of Purchase Return?

Tax is deducted at the time of Payment or Credit, whichever is earlier.

Hence, before purchase return happens, the TDS is already deducted.

Case 1 - Money is refunded against Purchase Return:

Adjust the tax against next transaction - Same Deductee - in Same FY

Tax Deducted and Deposited = Give Credit to the Seller for this

Case 2 - Goods are replaced against Purchase Return

In such case there is no need for Adjustment as an equal transaction is completed with goods being replaced.

(5) Treatment of Discounts by Seller, Seller-Side ECO or the Buyer-Side ECO

Case 1: Discount is given by Actual Seller

In this case, the Seller will reduce the overall Price.

Hence, TDS will be deducted on such reduced Price.

Case 2: Discount by Seller-Side or Buyer-Side ECO

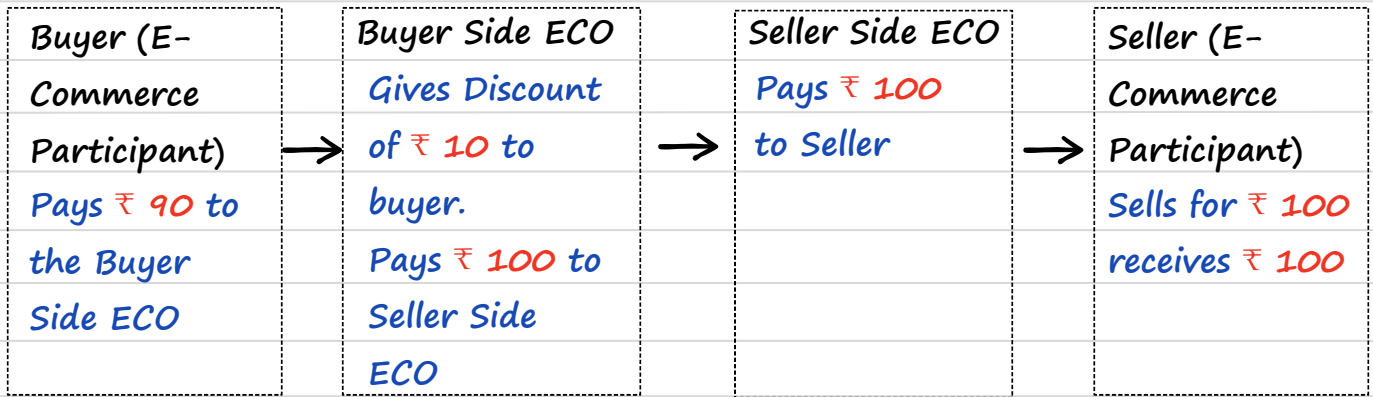
The Seller will receive in full amount as discounts are not given by him.

In such case, Buyer pays the discounted price to intermediary ECO and the balance is discharged such ECO to the Seller.

As Seller received the whole Consideration, TDS will be deducted on such Gross Amount of Sales made by him.

Example:

Movement of Goods and Services



Consideration

## TCS

### Sec 206C(1)

(a) Alcoholic liquor for human consumption	1%
(b) Tendu leaves	5%
(c) Timber obtained under a forest lease	2.5%
(d) Timber obtained by any mode other than (c)	2.5%
(e) Any other forest produce not being timber or tendu leaves.	2.5%
(f) Scrap	1%
(g) Minerals, being coal or lignite or iron ore	1%

Note : No TCS shall be collected if Resident Buyer gives declaration that above goods are to be utilised for the purpose of → manufacturing, processing or producing articles or things or for generation of power and **not for trading purposes**,  
**But Still Buyer have to deduct TDS u/s 194Q if conditions apply.**

Sec 206C(1C) : Lease or a licence of parking lot, toll plaza or mine or a quarry

TCS Rate - 2%.

TCS shall be collected by every person who grants a lease or a licence or enters into a contract or otherwise transfers any right or interest in any -

- parking lot or
- toll plaza or
- a mine or a quarry

to another person (**other than a public sector company**) for the use of such parking lot or toll plaza or mine or quarry for the purposes of business.

Note - Mining and quarrying **excludes mining and quarrying of mineral oil i.e. mining and quarrying of petroleum and natural gas.**

Sec 206C(1F): Sale of motor vehicle **or other notified goods** of value exceeding **10 lakhs** TCS shall be collected by seller, on sale of a motor vehicle **or other notified goods (luxury goods w.e.f 01.01.2025)** of the value > **Rs. 10 lakhs**, from the buyer @**1%** of the sale consideration.

Note: TCS under this section is not applicable when Manufacturer sells cars to the dealers. Only applicable on Retail Sale

→ Limit of Rs. 10 Lacs has to be checked at **each purchase**, not on aggregate sale made during the P.Y.

↪ If individual sale is less than 10 lacs, Applicability of 206C(1H) has to be checked.

### Sec 206C(1G) - TCS on Remittance outside India OR Sale of Tour Package

As per section 206C(1G), every person,

- being an **authorized dealer**, who receives amount, under the LRS of the RBI, for remittance from a buyer, being a person remitting such amount;
- being a **seller of an overseas tour programme package**, who receives any amount from the buyer who purchases the package.

is required to **collect TCS on such amount received from the buyer.**

#### TCS Rates

Remittance for the Purpose of:

(i) Education or Medical Purpose

Upto 7 Lacs - **No TCS**

Amt or Agg. Amt > 7 Lakhs - **5%**

(ii) For Education Purpose, if remitted  
amt is Obtained by Loan from FI

Upto 7 Lacs - **No TCS**

Amt or Agg. Amt > 7 Lakhs - **0.5%**

#### Remittances affected by Amendment

(iii) Remittances for purposes

other than mentioned in (i) & (ii)

Upto 7 Lacs - **No TCS**

[i.e. Other than Medical or Educational]

Amt or Agg. Amt > 7 Lakhs: **20%**

(iv) For Overseas Tour Program Package

Upto 7 Lacs - **5%**

Above 7 Lacs - **20%**

**Note: But TCS u/s 206C(1G) is not applicable to a Non-Resident who has visited India during the P.Y.**

So Basically:

	Education or Medical	Education Loan	Other Purpose	Overseas Tour
Upto 7 Lacs	0%	0%	0%	5%
Amt > 7 Lacs	5%	0.5%	20%	20%

### GUIDELINES:

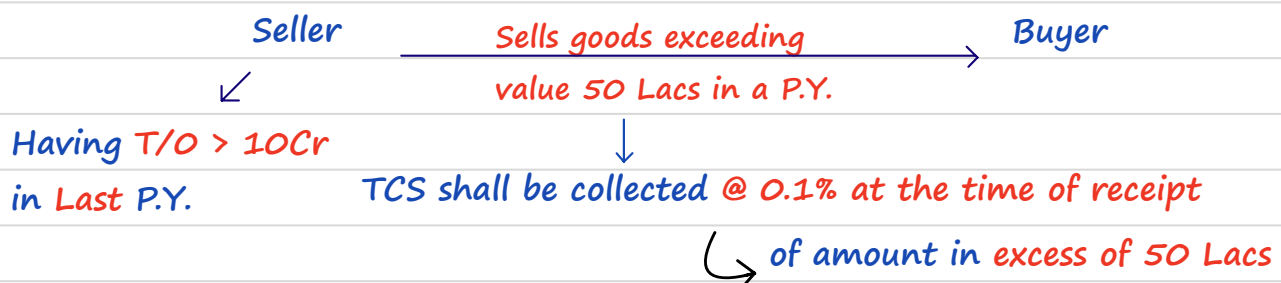
- No TCS on expenditure through **International Credit Card** while being overseas.
- Threshold of ₹ 7 lakhs is **combined threshold** for TCS on LRS  
 [Eg: Education+Medical + Other Purpose, their combined Limit is 7 Lacs]
- Limit of 7 Lacs will applies for the full F.Y. Amount will be counted for whole F.Y even if amendment is made effective later
- Threshold of ₹ 7 lakhs for LRS is counted remitter wise and not authorised dealer wise  
 (Details be submitted through undertaking by remitter & TCS accordingly)

Education Purpose Means	Medical Purpose Means
<ul style="list-style-type: none"> <li>• Travelling Fees</li> <li>• Tuition Fees</li> <li>• Day to Day Expenses</li> </ul>	<ul style="list-style-type: none"> <li>• Travelling Expenses - Patient + Attendant</li> <li>• Treatment Expenses</li> <li>• Day to Day Expenses</li> </ul>

To qualify as '**overseas tour program package**', the package should include at least Two of the followings:

- international travel ticket,
- hotel accommodation (with or without food)/ boarding /lodging,
- any other expenditure of similar nature or in relation thereto.

Sec 206C(1H) Sale of goods of value **exceeding 50 lakh**



- TCS is not required to be collected under this section if already collected u/s 206C(1)/(1F)/(1G) or if Goods are exported.
- Where both 194Q & 206C (1H) applies, TDS has to be deducted u/s 194Q
- TCS u/s 206C(1H) shall be calculated on whole amount including GST.
- If Collectee did not provide PAN, TCS shall be collected @ 1%
- In case of Sale of Fuel to NR Airlines, TCS u/s 206C(1H) not applicable

## ADDITIONAL POINTS

### Due Date of Payment of TDS/TCS

#### TDS

#### TCS

For Other Months 7th of Next month

7th of Next month

For March 30th April of Next F.Y.

7th April of Next F.Y.

For Sec 194M, 194IA, 194IB:

→ TAN not required as TDS under these sections are deducted occasionally

Due Date of Return : 194 IA - Form 26QB

& Payment 194 IB - Form 26QC

194 M - Form 26QD

194 S - Form 26QE

30 Days from the end of month in which deducted

### Due Date of Return of TDS/TCS

#### TCS Return

#### TDS

30th June

15th July

31st July

30th September

15th October

31st October

31st December

15th January

31st January

31st March

15th May

31st May

Late Fees: Rs. 200 per day of delay in filing of TDS/TCS Returns

If TDS/TCS Return is filed after 1 year of Due Date → Penalty u/s 271H shall be leviable - 10,000 to max 1,00,000.

Interest for Late Deduction/Collection of TDS/TCS



	TDS	TCS
Late Deduction/Collection	1% per month or part	1% per month or part
Period	Date on which TDS was deductible to date on which it is deducted	Date on which TCS was collectible to date on which it is actually <b>Collected</b>
Late Payment	1.5 % per month or part	1.5 % per month or part w.e.f 01/04/2025
Period	Date on which TDS was <b>deducted</b> to date on which it is actually paid	Date on which TDS was <b>collected</b> to date on which it is actually paid

Time of Collecting TCS

(a) at the time of debiting the party or  
(b) receipt of consideration  
w.e. is earlier

} But for **Sec 206C(1F) & 1(H)**,  
TCS is collected **only** at the time of  
**receipt** of consideration.

Section 206CC

If Collectee has not provided PAN or Aadhar, TCS Rate shall be:

Twice the TCS Rate

OR

5%

w.e. is higher



In case of **Sec 206C(1H)**, It is 1%

Note: w.e.f 1.7.23, the higher rate of TCS for  
206CC/CCA shall not exceed 20%

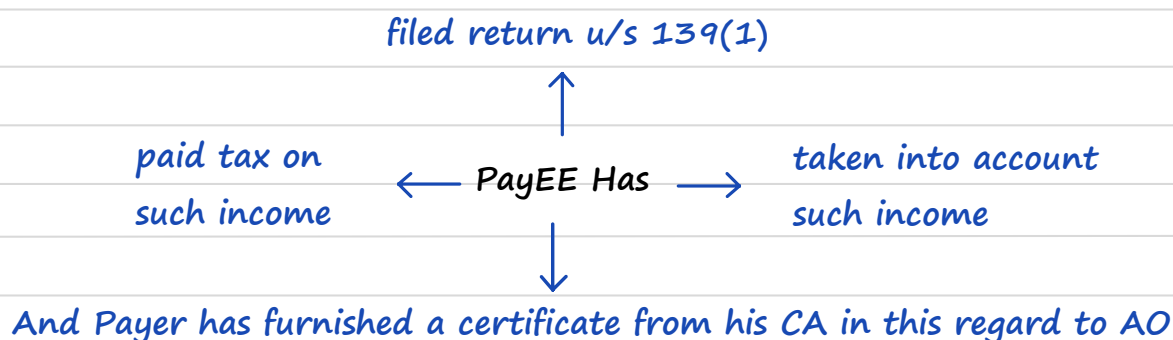
Sec 201: Assessee in Default

If TDS is not deducted  
OR deducted but not paid to Govt.

} then, Assessee is treated as assessee in  
default.

Penalty u/s 221 is attracted → which can be upto **100% of TDS Amount**

Payer is not treated as Assessee in Default if :



## For Section 201(3) and 206C(7A) - Assessee in Default

No order shall be made deeming any person to be assessee in default for failure to deduct/ collect the whole or any part of the tax from any person, at any time after

- Expiry of 6 years from the end of FY in which payment is made or credit is given or tax was collectible
- Or 2 years from the end of FY in which the correction statement is delivered

Whichever is Later

## Section 206C

No collection of tax shall be made or that collection of tax shall be made at such lower rate in respect of specified transaction, from such person or class of persons, including institution, association or body or class of institutions, associations or bodies, as may be notified by the Central Government in the Official Gazette, in this behalf.

Accordingly, the Central Government has, vide Notification no. 115/2024 dated 16.10.2024 specified that no collection of tax shall be made under section 206C(1F) on any payment received from the Reserve Bank of India.

→ TDS is required to be deducted { at the time of payment  
 OR  
 at the time of crediting Account of payee  
*w.e. is earlier*

But in the following cases TDS deducted only at the time of payment:

- ↓  
Salary
- ↓  
EPF payment
- ↓  
winnings
- ↓  
Maturity  
of LIP
- ↓  
compensation  
on compulsory  
acq. of property
- ↓  
Dividend

→ Cess, Surcharge { Resident- Not added  
 NR/Foreign Co - Added

**Sec 206AA**

If Payee does not furnish PAN, TDS Rate Shall be:

- (i) 20% ↑ *w.e. is HIGHER*
- (ii) Rate as per section

Exceptions: In case of these 2 Sections, Rates are different:

194O } 5%  
 194Q }

**Sec 192**

- Employer shall not consider losses except House property loss.
- Salary paid to partner by firm - TDS not deductible
- When employee claims any investment, deduction.
  - ↳ Employer shall obtain proof from the employees, If Assessee has not obtained proof, it will be considered as assessee in default.
- Tip paid to waiter : NO TDS

Sec 194I

→ Pl & M - 2%

→ Building, land, Furniture- 10%

→ Deposits   
     ↳ Refundable deposits- No TDS   
     ↳ Non- Refundable deposits- TDS applicable

→ Rent paid - Pl&M- 150,000 } TDS will be applicable   
     Building- 1,00,000     } since agg. rent > 2,40,000

→ TDS applicable on   
     ↳ Arrears of Rent   
     ↳ Advance Rent

→ TDS not deductible on GST Component of Rent

→ Lump sum lease premium   
     or one time upfront lease charges } TDS u/s 194I not applicable

→ Airline Company     Passenger Service fees     Airport operator   
                                     ----->     TDS u/s 194I not applicable.

→ Landing & Parking Charges - TDS u/s 194I will not be deducted   
                                     TDS u/s 194C will be deducted

Sec 194C

Payment made by Broadcasters/ TV channel   
 to production house for producing content program

If program is produced as per specification of   
 TV channel Broadcaster & copyright of   
 content is also transferred to Broadcaster.

Works Contract   
 194C Applicable

If Telecaster/Broadcaster acquires right   
 of already produced content by   
 production house

194C not   
 applicable

Eg: → payments 28000 27000 25000 29000

→ Total- 109000

TDS Will be deducted at 1% on 109000 from last payment 29,000

He owns not more than 10 vehicles at any time during P.Y.

→ No TDS while payment to Transporter IF

He has furnished PAN & Declaration in this regard

→ Warehousing charges: TDS applicable u/s 194I

→ Cold Storage → TDS applicable u/s 194C

↳ for refrigeration & Storage

Payment by Client to Adv Agency - TDS applicable

Payment by Adv Agency to Newspaper/ TV Channel - No TDS

work →

Mfg. or supplying a product according to the requirement a specification of a customer by using R/M purchased from such customer or associate of such customer



If R/M is purchased from person other than above, it shall not be considered as work.

→ Payment to coach - TDS deductible u/s 194J

## Sec 1940

TDS not applicable on E-Auction Services

Payment Gateway will not be liable to deduct TDS u/s 1940

In First Year, Insurance Aggregator is liable to deduct TDS u/s 1940,

Subsequent to First Year → Not Liable, as Buyer directly buys from Insurance Company

Note: You can add more points from questions in these notes when you solve questions

- Maturity proceeds of LIP is exempt u/s 10(10D), if
- policy is taken between 1/4/03-31/3/12
- Premium paid is upto 20% of sum assured  
in a year TDS u/s 194DA not applicable in this case

→ Re-insurance is different from Insurance.

No direct relationship between person insured & re-insurer Profit commission paid by re-insurance company to Insurance company after expiry of term insurance in respect of cases where there is no claim during the operation of re-insurance treaty, TDS u/s 194D is not attracted.

- 194M is applicable when aggregate amt paid > 50 lakhs  
50 lakhs limit is checked payee wise.

## Sec 194J

Service of Event managers in relation to sports Activities - notified by CBDT, as professional service for 194J. TDS deducted u/s 194J.

Service of event manager for other events → TDS u/s 194C applicable

→ TV company paying to Cameraman for shooting a documentary film

192 if he is employee of company

194J if he is not.

→ Bookmaker pays to punter winnings from Horse Race

→ TDS u/s 194BB will be deducted on full amount, Losses, will not be set off before deducting TDS.

→ Firm pays Interest to partner

Resident → TDS u/s 194A not applicable

NR → TDS u/s 195 Applicable

→ Third Party Administrators Pay to the Hospital - TDS will be deductible u/s 194J

→ When Bank credits interest for macro-monitoring purpose by use of Core-Banking Software - TDS u/s 194A not applicable

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