

**SWASA ::
PROFESSIONAL
ENLIGHTENMENT**

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TAX DEDUCTED AT SOURCE



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INTRODUCTION TO TDS

- ❖ Tax Deducted at Source (TDS) is introduced to collect taxes at source from where the income is generated.
- ❖ The government uses TDS as a tool to collect tax in order to minimize tax evasion
- ❖ Person incurring the specified expenses must deduct tax at the time of making payment to such expenses.
- ❖ TDS has to be deducted on the gross amount at the time of payment getting due or actual payment , whichever is earlier

PROCESS OF TDS

Payer deducts tax from payment

Payer deposits tax to Government

Payer File TDS Return

Payer issues TDS Certificate to payee

Payee claims TDS refund in his ITR

DEDUCTION OF TAX

- ❖ Every Deductor / Payer has to obtain TAN (Tax Deduction Account Number) except who deduct Tax on payment for property purchased, as it is used for both payment and return filing
- ❖ Tax has to be deducted at a specified rate for each sections
- ❖ If the payee does not have PAN, then the tax will be deducted at a higher rate (ie) 20%
- ❖ Non Deduction/ Lower Deduction
 - Form 15G/ 15H – Self Declaration
 - Form 13 – Certificate from AO
- ❖ No Deduction of Tax is required for any payment made to Government, RBI, Corporation established by Central Act.

SECTION 192 (TDS ON SALARY)

- ❖ RATE : Average Rate of Tax payable for the Financial Year
- ❖ LIMIT : Normal Slab Rate
- ❖ PAYMENT COVERED: Taxable Salary
- ❖ AVERAGE RATE OF TAX PAYABLE = $\text{TAX ON SALARY PAYABLE} / \text{TOTAL INCOME} * 100$

SECTION 194H (TDS ON COMMISSION/BROKERAGE)

❖ RATE : 5%

❖ LIMIT : Rs. 15,000

❖ EXCEPTION:

- ❖ Professional Services
- ❖ Brokerage for buying and selling of Securities
- ❖ Insurance Claim
- ❖ BSNL
- ❖ MTNL

SECTION 194 (TDS ON DEEMED DIVIDEND)

❖ RATE: 10%

❖ LIMIT: Rs. 2,500

❖ PAYMENT COVERED: Deemed Dividend u/s 2(22)(e)

❖ DEFINITION:

❖ **DEEMED DIVIDEND u/s 2(22)(e) – Loans and Advance by a closely held company deemed as dividend.**

- ❖ Any payment made by a company, not being a company in which public is substantially interested (unlisted company) of any sum by way of **advance or loan** to,
 - **A shareholder**, being a person who is the beneficial owner of the shares holding not less than 10% of the voting power, **OR**
 - **Any concern**, in which a shareholder is a member/ partner and in which he has a substantial interest

❖ EXCEPTIONS:

- ❖ Dividend covered by section 115-O
- ❖ Any dividend payable to LIC, GIC or its subsidiaries or any other insurer in respect of shares owned by them or in which they have full beneficial interest

SECTION 194J (TDS ON PROFESSIONAL CHARGES)

- ❖ RATE: 10%
- ❖ LIMIT: Rs. 30,000
- ❖ PAYMENT COVERED:
 - ❖ Fee for professional services,
 - ❖ Fee for technical services,
 - ❖ Royalty,
 - ❖ Remuneration/fee/commission to a director
 - ❖ Any sum covered under section 28
- ❖ EXCEPTIONS:
 - ❖ If the payment is made for personal purposes

SECTION 194A (TDS ON INTEREST OTHER THAN SECURITIES)

❖ RATE: 10%

❖ LIMIT:

❖ FOR BANKING COMPANY – Rs. 10,000

❖ FOR OTHERS – Rs. 5,000

❖ FOR SENIOR CITIZENS – Rs. 50,000

❖ PAYMENT COVERED:

❖ Interest from Time Deposits with banks;

❖ Interest from Deposits with post offices

❖ Interest from Deposits with cooperative society

EXCEPTION TO SECTION 194A (TDS ON INTEREST OTHER THAN SECURITIES)

- ❖ Interest paid or credited by a firm to any of its partners
- ❖ Interest paid or credited to the following entities:
 - ❖ Banking Companies or co-operative societies engaged in the business of banking, including co-operative land mortgage bank
 - ❖ Financial corporations established under any Central, State or Provincial Act
 - ❖ LIC , UTI
 - ❖ Companies and co operative societies carrying on the business of insurance
 - ❖ Notified Institution, Association, Body or class of institutions, associations or bodies
- ❖ Interest paid by way of interest on compensation amount awarded by the Motor Accidents Claims Tribunal where aggregate of amount of such income paid during the FY does not exceeds Rs. 50,000

SECTION 194IA (TDS ON TRANSFER OF IMMOVABLE PROPERTY OTHER THAN AGRICULTURAL LAND)

❖ RATE: 1%

❖ LIMIT: Rs.50,00,000

❖ PAYMENT COVERED:

❖ Consideration for transfer of any Immovable property being any Land other than Agricultural land or Building or part of a building.

❖ EXCEPTION:

❖ Provisions of Section 203A shall not apply

SECTION 194C (TDS ON CONTRACTS)

❖ RATE:

- ❖ INDIVIDUAL/ HUF – 1%
- ❖ OTHERS – 2%

❖ LIMIT:

- ❖ ANY SINGLE SUM CREDITED/ PAID – GREATER THAN OR EQUAL TO Rs. 30,000
- ❖ TOTAL SUM CREDITED/ PAID DURING THE FY – GREATER THAN OR EQUAL TO Rs. 1,00,000

❖ PAYMENT COVERED: Sum payable for carrying out any “Work” including sub contract

❖ EXCEPTION:

- ❖ Contract for sale of Material
- ❖ Goods Transport Contractor on submission of his PAN, if he owns 10 or less Goods carriages at any time during the P.Y
- ❖ If payment credited to contractor is for personal use

“WORK” UNDER SECTION 194C

It Includes :

- a) Advertising
- b) Broadcasting & Telecasting including Production of Program for such broadcasting and telecasting
- c) Carriage of goods & passengers by any mode other than Railways
- d) Catering
- e) Manufacturing or supplying a product according to the requirement or specification of a customer, by using material purchased from such customer.

SECTION 194I (TDS ON RENT)

❖ RATE:

- ❖ P&M -2%
- ❖ L&B, F&F – 10%

❖ LIMIT: Rs.1,80,000

❖ PAYMENT COVERED:

- ❖ Payment under any lease, sub lease, tenancy or other agreement or arrangement for use of any assets like L&B, P&M.
- ❖ Arrears of Rent
- ❖ Non Refundable Deposit / Advance
- ❖ Hotels/ Rooms hired during the year

SECTION 194LA (TDS ON COMPULSORY ACQUISITION OF IMMOVABLE PROPERTY)

❖ RATE: 10%

❖ LIMIT: Rs. 2,50,000

❖ PAYMENT COVERED:

❖ Payment in the nature of compensation or the enhanced compensation or the consideration or the enhanced consideration on account of compulsory acquisition of any immovable property (other than agricultural land)

❖ EXCEPTION:

❖ As per Section 96 of Right to Fair Compensation & Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (RFCTLARR Act). (w.e.f 1.4.2017) Income tax shall not be levied on any award or agreement made under this act

SECTION 194IB (TDS ON RENT BY INDIVIDUAL/ HUF)

❖ RATE: 5%

❖ LIMIT: Rs.50,000 (P.M)

❖ PAYMENT COVERED:

❖ Payment under any lease, sub lease, tenancy or other agreement or arrangement for use of any assets like
Land or Building or Both

TDS CHALLANS AND RETURNS

- ❖ The due dates for the payment of TDS is on or before 7th of next month. For the month of March alone it is on or before 30th of April.
- ❖ The due dates for the filing of TDS Return are as follows:
 - April – June (Q1) – 31st July
 - July – September (Q2) – 31st October
 - October – December (Q3) – 31st January
 - January – March (Q4) – 31st May
- ❖ The following are the different forms prescribed for TDS Return
 - Form 24Q – Deductions made in the case of Salary
 - Form 26Q – Deductions made in the case of Non Salary
 - Form 27Q – Deductions made in the case of NRIs
 - Form 26QB – Deductions made on the payment for purchase of property

CONSEQUENCE OF NON COMPLIANCE

PARTICULARS	INTEREST/ FEES/ PENALTY
LATE / NON DEDUCTION OF TDS	INTEREST @1% P.M (PART THEREOF)
LATE PAYMENT OF TDS	INTEREST @1.5% P.M (PART THEREOF)
LATE FILING OF RETURN (SEC 234E)	LATE FEES OF RS. 200 P.DAY – MAX OF TDS AMOUNT
NON / WRONG FILING OF RETURN (SEC 271H)	PENALTY OF RS. 10,000 – RS.100,000

- ❖ Under section 273A(4) the Principal Commissioner of Income-tax or Commissioner of Income-tax has power to waive or reduce the penalty levied under section 271H of Income-tax Act.
- ❖ As per section 273B, penalty under section 271H will not be levied if the taxpayer proves that there was a reasonable cause for failure.

THANK YOU

