

TDS and TCS Chapter

Abbreviations used	
R	Resident
NR	Non-Resident
Ind.	Individual
TO/GR	Turnover/ Gross Receipts
Agri	Agricultural
FC	Foreign Company
AIF	Alternate Investment Fund
Ads	Advertisement
CBS	Core Banking Solution
Co-op	Co-operative

Section	Rate [No PAN rate]	Payer	Payee [R, NR]	Conditions	Credit or payment [earlier]	Suspense account is deemed credit	Ind./HUF having TO/GR >1Cr & Profession GR >50L	197/197A (Form 15G/15H)
192	Slab	Any person	Ind. [R, NR]	Calculate on slab <u>Case laws</u> 1. Eli Lilly Co. - If employee deployed by foreign company for its Indian JV and employee did not render any service for such foreign Co. then TDS to be deducted by Indian JV 2. ITC L - Tips paid by customer to hotel staff which is collected by hotel first and then distributed to employee is not salary	X	X	X	197
192 (1A)	Avg.	Any person	Ind. [R, NR]	On perquisite u/s 17(2) Employer may pay tax on perquisite paid to employee from his own pocket and need not deduct from salary				
192A	10% [20%]	Trust	Ind. [R]	Accumulated PF to employee Applies on premature withdrawal from RPF No TDS if the payment is <=50K <u>Such income is exempt in following cases</u> 1. continuous service of 5 years. If changed before that and RPF transferred to new employer is also considered 2. Employment terminated for reasons beyond control	X	X	X	197A
193	10%	Any person	Any person [R]	Interest on securities <u>Exception</u> 1. Paid to Ind. HUF- Interest on debenture of Public Co. and through A/c payee cheque and amount <=5K 2. On security of CG/SG, except 7.75% saving (taxable) bonds 2018 where amount >10K 3. IRFC and PFCL 54EC bonds 4. Paid to insurance Co. having beneficial ownership 5. Paid to business trust by SPV	Y	Y	X	197/197A
194	10%	Indian Co.	Share holder [R]	Dividend or section 2(22) <u>Exception</u> 1. Paid to insurance Co. having beneficial ownership 2. Paid to business trust by SPV 3. Ind. share holder by mode other than cash and amount <=5K	X	X	X	197
194A	10%	Except Ind. HUF	Any person [R]	Interest other than securities <u>Exception</u> 1. Interest on Time deposit by Bank, Co-op bank, post	Y	Y	Y	197/197A

				<p>office <=40K {for SC <=50K}- Limit applies branch wise if no CBS adopted. If CBS adopted then no TDS on time deposit on payment by bank for accruing daily interest 2. Other case <=5K 3. Paid to Bank, Co-op bank, LIC, Fin. Corp., UTI, Insurance Co., Insurance Co-op society 4. Paid by firm to its partner 5. On deposit with Primary agri credit society, primary credit society, Co-op Land mortgage/development society 6. Co-op society (not Co-op bank) to member or 1 society to other) <u>Exception to 5. And 6. Above</u> TO/GR of paying society is >50Cr and amount paid is <=40K {for SC <=50K} 7. Payment on savings account (not RD and FD) 8. On deposits under schemes of Post office, Kisan Vikas Patra, Indra Vikas Patra 9. Paid by CG 10. credit of interest on compensation under Motor accident claim 11. paid interest on compensation under Motor accident claim <=50K 12. Paid by infrastructure funds, schedule bank, public sector Co. in respect of zero coupon bond 13. Interest on FD created as per direction of court for pending cases 14. Paid by bank listed in 2nd schedule of RBI for bank guarantee commission, cash management, depository service on maintenance of demat, warehousing service for commodity, clearing charges, credit/debit card commission between merchant and bank 15. Paid to scheduled tribe <=20L (payer should obtain evidence and report in statement of TDS u/s 200(3) <u>Case law</u> 1. Avenue Super Chits P L- Chit dividend on unsuccessful chit is not liable for TDS u/s 194A</p>					
194B	30%	Any person	Any person [R, NR]	<p><u>Winning from lottery, puzzle, card game, gambling, betting</u> Amount paid is >10K If paid in kind or partly in kind then payer has to ensure tax has been paid on it before releasing the winning</p>	X	X	X	X	
194BA	30%	Any person	Any person [R, NR]	<p><u>Winning from online games</u> <i>Overrules entire Act</i> Deduct on net winnings If there is withdrawal from user account then TDS on net winning proportion in such withdrawal If paid in kind or partly in kind then payer has to ensure tax has been paid on it before releasing the winning</p>	X	X	X	X	
194BB	30% (Rate in force)	Licensed for horse racing	Any person [R, NR]	<p><u>Winning from Horse race</u> Amount paid is >10K</p>	X	X	X	X	
194C	1%, 2%	Any person	Any person	<p><u>For work done under contract include supply of labour</u> 1%- If paid to Ind. HUF</p>	Y	Y	Y (Not required if paid	197	

				<p>2%- If paid to other than Ind. HUF If contractor buys material from payer or associate and manufactures as per payer's instructions then it is included in work but if material purchased otherwise then no TDS</p> <p><u>Exception</u></p> <ol style="list-style-type: none"> 1. Single payment is <=30K and aggregate payment in a FY is <=1L 2. Paid to person having business of plying, hiring leasing of goods carriage and has <10 goods carriage 3. If Ind. HUF pays exclusively for personal purpose subject to 194M <p><u>Circulars</u></p> <ol style="list-style-type: none"> 1. Gas transport is part of sale of gas as the seller would transport as a part of sale only and it is not a contract 2. Transport charges paid to person u/s 44AE (less than 10 goods carriage) is not liable for TDS but if paid for goods carriage not owned by him then TDS required. If at any time he holds >10 goods carriage then 194C from that day <p><u>Case laws</u></p> <ol style="list-style-type: none"> 1. Shree Mahalakshmi Transport Co.- Amount paid to dumper (shifting from 1 place to other) by person engaged in transport of building material is liable for 194C 2. Indian Oil Corporation- Required trucks for road transport of petrol to customers. It entered into agreement for the same. It is liable under 194C and not considered as hiring on rent 			exclusively for personal purpose but if amount >50L then 194M is attracted)	
194D	5%	Any person	Any person [R]	<p>Insurance commission No TDS if amount paid is <=15K</p>	Y	X	X	197/197A
194DA	5%	Any person	Any person [R]	<p>Payment for LIC maturity Any income if not exempt in 10(10D), and paid amount is >=1L then TDS is required. TDS to be done on net income after reducing premium paid by payee</p>	X	X	X	197A
194E	20%	Any person	Sports [NR]	<p>Payment to sportsperson or entertainer (non-Indian) On income referred to u/s 115BBA</p>	Y	X	X	X
194G	5%	Any person	Any person [R, NR]	<p>Commission on sale of lottery ticket Person paying to anyone distributing, stocking, selling lottery ticket is liable for TDS if amount paid >15K</p>	Y	Y	X	197
194H	5%	Not Ind. HUF	Any person [R]	<p>Commission or brokerage</p> <p><u>Exception</u></p> <ol style="list-style-type: none"> 1. If amount paid is <=15K 2. Amount payable by BSNL, MTNL 3. Transaction in securities <p><u>Circulars</u></p> <ol style="list-style-type: none"> 1. If advertising agency pays brokerage to media company for displaying ads then 194H is not attracted 2. If airline pays to agent then TDS required on difference between fare fixed by airline and price at which agent is enable to sell <p><u>Case laws</u></p> <ol style="list-style-type: none"> 1. Vodafone Essar Cellular L- Discount given by cellular company to distributors of sim card is commission and TDS u/s 194H is required 2. Intervet India P L- Pharma company gave discount to stockist/dealer for sale of products. It is not liable 	Y	Y	Y	197

				for TDS as it is a principal to principal transaction				
194-I	2%, 10%	Not Ind. HUF	Any person [R]	<p>Rent</p> <p>2%- use of plant, machinery or equipment 10%- use of Land, building, land appurtenant, furniture, factory building (also for use of part portion)</p> <p><u>Exception</u></p> <p>1. Paid to Real Estate Investment Trust 2. Amount paid <=2.40L If co-owners and their portion is determinate then limit to be checked separately</p> <p><u>Case laws</u></p> <p>1. Indus Towers L- Rent for use of mobile towers is treated as use of plant, machinery and equipment and 2% TDS is required 2. Japan Airlines Co. L- Landing and parking charges paid by airline would attract TDS u/s 194C</p> <p><u>Circulars</u></p> <p>1. 194-I is not attracted on passenger service fee paid by airline to airport operator 2. 194-I applies on advance rent. Advance rent may be for >1 FY, TDS credit proportional. If rent agreement gets terminated before end of period for which advance rent was received, then TDS can be claimed in year of termination 3. Non-refundable deposit- TDS required Refundable deposit- No TDS, but TDS when adjusted 4. No TDS on municipal taxes, ground rent etc 5. TDS required only if Ind. Paying is liable for TDS. If agreement to stay for certain period then TDS required based on nature of agreement party but not on only rate contracts. 6. 194-I does not apply on cooling charges on cold storage but 194C applies here</p>	Y	Y	Y	197/ 197A
194-IA	1% [20%]	Any person (not 194LA)	Any person [R]	<p><u>Transfer of immovable property (except agricultural land not being capital asset)</u></p> <p>1% of higher of consideration or SDV Applies on agri land held as Cap. Asset also if purchase price is >=50L No deduction if both consideration and SDV is <50L Electricity, club fee, water, parking etc is also TDS liable If property outside India purchased from resident then also TDS is required TAN is not required to be obtained u/s 203A If sellers are co-owners then TDS also required even if share of 1 co-owner is <50L but total >50L Property held as capital asset or SIT by buyer or seller is irrelevant If immovable property purchased under any law then 194LA applies and not 194-IA</p>	Y	X	X	X
194-IB	5% [20%]	Ind. HUF [R, NR]	Any person [R]	<p>Rent</p> <p>Ind. Other than liable u/s 194-I paying rent >50K for a month should deduct TDS TAN is not required u/s 203A TDS should not exceed rent of last month of PY or last month of tenancy Rent for Land, building or both is covered Location of Land, building is irrelevant TDS deducted to be paid within 30 days from end of month of deduction</p>	Y (credit for last month of PY or last month of tenancy)	X	X	X

		person	person [R]	<u>Overrules 194-IA</u> Payment made in other than kind under agreement u/s 45(5A) [Joint development]				
194J	2%, 10%	Not Ind. HUF	Any person [R]	Fees for professional or technical services (FTS) 2% - FTS, royalty (if for sale, distribution, exhibition of cinematographic films), any sum (paid to payee in only operation of call centre) 10% - Other cases 194J also applies on non-compete fees and acquisition of software <u>Exception</u> 1. Single payment or aggregate in a FY <=30K 2. Sitting fees paid to director is liable @10% even if amount is <30K <u>Circulars</u> 1. Sports service of sportsperson, umpire, referee, coach, trainer, physician, physiotherapist, event manager, commentator, anchor, columnist is also liable for 194J 2. TPA making payment to hospital is required to deduct tax 3. Paid by NR to CA, lawyer, advocate, solicitor is not liable for TDS 4. If content is produced as per telecaster and copyright is also transferred then it is liable u/s 194C. but if telecaster buys from production house then it is not liable u/s 194C or 194J <u>Case laws</u> 1. Kotak Securities L - BSE online trading services by BSE to its members are not liable for 194J as these are general service and not as per individual requirement 2. Manipal Health Systems P L - Fees paid by hospital to doctors is based on patient visits and hence liable for 194J	Y	Y	Y (Not required if paid exclusively for personal purpose but if amount >50L then 194M is attracted)	197
194K	10%	Any person	Any person [R]	Income in respect of units Any income paid in respect of units u/s10(23D), administrator of specified fund, specified Co. is liable <u>Exception</u> 1. Single payment or aggregate is <=5K 2. Income is in the nature of capital gain	Y	Y	X	197/ 197A
194LA	10%	Any person	Any person [R]	Compensation on compulsory acquisition <u>Exception</u> 1. Single payment or aggregate <=2.50L 2. Payment under award u/s 96 of RFCTLARR Act, 2013 3. Agri land is acquired irrespective whether Cap asset	Y	X	X	197
194LB	5%	Any person	Any person [NR]	Interest from Infrastructure debt fund Paid to NR of Foreign Co. by debt fund u/s 10(47)	Y	X	X	X
194LBA	10%, 5%, rate in force	Business trust	Unit holder [R, NR, FC]	Income from units of Business trust Distributed income u/s 115UA is payable by trust 1. To Resident- 10% TDS on income u/s 10(23FC) and 10(23FCA) 2. To NR, Foreign Co.- 5% TDS if interest from SPV and 10% if dividend from SPV on income u/s 10(23FC) 3. To NR, Foreign Co.- Rate in force TDS on income u/s 10(23FCA) TDS is not required if income u/s 10(23FC)(b) if SPV has not exercised 115BAA as it is exempt if 115BAA not	Y	X	X	Y

				opted												
194LBB	10%, Rate in force	Invest ment fund	Unit holder [R, NR, FC]	Units of Investment fund Income of Investment fund if not exempt u/s 10(23FBB) 10% - If payee is Resident Rate in force - If payee is NR or Foreign Co.	Y	X	X	197								
194LBC	25%, 30%	Securit ization trust	Any person [R]	Income from securitization trust 25% - if payee is Ind. HUF 30% - if payee is others	Y	X	X	197								
194LC	5%	Indian Co., Busine ss trust	Any person [NR]	Interest on borrowed fund Interest paid on fund borrowed by Indian Co. or business trust in foreign currency is liable for TDS Nature of instrument and date (to be approved by CG) <table border="1"> <thead> <tr> <th>Instrument</th> <th>Borrowed during</th> </tr> </thead> <tbody> <tr> <td>Loan agreement</td> <td>01.07.2012-30.06.2023</td> </tr> <tr> <td>LT bond and LT Infra bond</td> <td>01.10.2014-30.06.2023</td> </tr> <tr> <td>RDB</td> <td>Upto 30.06.2023</td> </tr> </tbody> </table> Other points 1. TDS @ 4% if LT bond and LT infra bond issued on or after 01.04.2020 & upto 30.06.2023 listed only in RSE in IFSC but if issued on or after 01.07.2023 then 9% 2. No TDS on interest on RDB issued during 17.09.2018 to 31.03.219 as such income is exempt u/s 10(4C)	Instrument	Borrowed during	Loan agreement	01.07.2012-30.06.2023	LT bond and LT Infra bond	01.10.2014-30.06.2023	RDB	Upto 30.06.2023	Y	X	X	X
Instrument	Borrowed during															
Loan agreement	01.07.2012-30.06.2023															
LT bond and LT Infra bond	01.10.2014-30.06.2023															
RDB	Upto 30.06.2023															
194LD	5%	Any person	FII, QFI	Interest on certain bond and Govt. securities Interest payable to FII and QFI for investing in these <table border="1"> <thead> <tr> <th>Instrument</th> <th>Interest paid during</th> </tr> </thead> <tbody> <tr> <td>RDB of Indian Co.</td> <td>01.06.2013-30.06.2023</td> </tr> <tr> <td>Govt. security</td> <td>01.06.2013-30.06.2023</td> </tr> <tr> <td>Municipal debt security</td> <td>01.04.2020-30.06.2023</td> </tr> </tbody> </table> No TDS on interest on RDB issued during 17.09.2018 to 31.03.219 as such income is exempt u/s 10(4C)	Instrument	Interest paid during	RDB of Indian Co.	01.06.2013-30.06.2023	Govt. security	01.06.2013-30.06.2023	Municipal debt security	01.04.2020-30.06.2023	Y	X	X	X
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Govt. security	01.06.2013-30.06.2023															
Municipal debt security	01.04.2020-30.06.2023															
194M	5%	Ind. HUF	Any person [R]	Payment of certain sum by Ind. HUF Ind. HUF not being liable for TDS u/s 194C, 194H, 194J pays any sum for services under 194C, 194H, 194J is liable for TDS if amount >50L TAN not required to be obtained	Y	X	X	197								
194N	2% [20%]	Bank, Co-op bank, Post office	Any person [R, NR]	Cash withdrawal Bank, Co-op bank, post office is liable for TDS if amount withdrawn by payee is >1Cr from 1 or more A/c If payee did not file ITR for 3 years for the years whose due date u/s139(1) has expired in the preceding year of year of withdrawal then TDS applies if the amount is >20L and TDS is 2% and if amount >1Cr then TDS 5% If Co-op society withdraws money then TDS applies on amount >3Cr Exception 1. Paid to government 2. Bank, Co-op bank, Post office 3. Business correspondents of bank as per guidelines of RBI 4. WLATMO and CRA who maintains separate bank account only for replenishment of cash to ATM and they submit a report every month to bank that cash has been reconciled 5. Commission agent, trader under Agri produce market committee for amount >1Cr along with PAN and gives a declaration with that it is for making	X	X	X	X								

				<p>payment to farmers</p> <p>6. authorized dealer, its agent and sub-agent and full fledged money changer who maintains a separate bank account for purchase of forex from tourist and NR visiting India or Residents on return to India and for disbursement of inward remittances and a certificate is issued justifying the reason</p>				
194O	1%	e-com operator	e-com participant	<p>Paid by e-com operator to e-com participant</p> <p>If amount paid by customer directly to participant for sale affected through operator, it would be included for TDS</p> <p><u>Exception</u></p> <ol style="list-style-type: none"> 1. Ind. HUF participant where gross sale <=5L and he furnished his PAN 2. If not deducted or not liable Ind. HUF then no TDS under any section 3. If payment made for other than for sale through e-com operator, TDS is required <p>If Ind. HUF does not give PAN then TDS @ 5%</p> <p><u>Circulars</u></p> <ol style="list-style-type: none"> 1. If TDS is deducted by operator while making payment then no TDS should be deducted by payment gateway 2. Insurance agent is not required to deduct TDS if there is no involvement for years subsequent to 1st year 	Y	X	X	197
194P	Rate in force	Specified bank	Specified SC	<p>TDS in case of specified SC (Age >=75 years)</p> <p>The bank should compute tax after VI-A and 87A and deduct TDS on income</p> <p><u>Specified SC</u></p> <p>Resident aged >=75 years at any time during PY, has only pension income and other income is only interest from same bank in which he is receiving pension and he has given declaration to this effect in Form 12BBA</p>	X	X	X	X
194Q	0.1%	Any person	Any person [R]	<p>Payment of certain sum of purchase of goods</p> <p>Where sale value >50L, TDS is required on sum in excess of 50L</p> <p>This applies on buyers having TO/GR from business >10Cr. Hence, buyer not required to deduct TDS in the year of incorporation</p> <p>No TDS if TDS liable under any other section</p> <p><u>Circulars</u></p> <ol style="list-style-type: none"> 1. If invoice has GST separately then no TDS on GST component. But if payment made earlier then TDS required on earlier of payment or credit. In this case, TDS required on full amount 2. Purchase return and TDS on it may be adjusted in next purchase 3. No TDS required if buyer is NR and purchase of goods is not for PE in India. 4. TDS not required if the income of the seller is exempt 	Y	Y	X	X
194R	10%	Any person	Any person [R]	<p>Benefit or perquisite from business or profession</p> <p>If any benefit or perquisite arising from business or profession is paid then 10% TDS is required on aggregate value of benefit/perquisite but if the benefit/perquisite is partly in kind then he has to ensure that tax is paid before he pays perquisite</p> <p>No TDS is required if the value of benefit/perquisite is</p>	X	X	Y	X

				<p><u>Circulars</u></p> <p>1. TDS is not required on sale discount, cash discount and rebates but will apply on other things as incentives</p> <p>2. FMV of benefit/ perquisite to be taken but in case it is bought or manufactured then purchase price or cost of manufacture is the value</p> <p>3. If social media influencer received product of company to use and advertise then it is not benefit if the product is returned after ad, but if it is retained by influencer then it is benefit and TDS is required</p> <p>4. Reimbursement of expenses for payment on behalf of other is benefit. But if payer of expense gives invoice in his name then it is not reimbursement and not benefit</p> <p>5. Expense for dealer conference is not a benefit until it is for specific group of dealers or expense is related to any kind of leisure of dealers</p> <p>6. Charges paid on waiver of loan by bank is not benefit</p> <p>7. Issue of bonus is not a benefit as the value of holding remains same</p>																																		
194S	1%	Any person	Any person [R]	<p>Virtual digital asset</p> <p>TDS is required on transfer of VDA @ 1% but if the consideration is in kind or partly in kind then before payment he has to ensure tax has been paid TAN not required to be obtained</p> <p>Specified person</p> <p>Ind. HUF not having TO/GR from business <=1Cr or profession GR <=50L or Ind. HUF not having PGBP TDS not required if consideration paid by specified person and consideration <=50K or if paid by other then consideration <=10K</p>	Y	Y	X	X																														
195	Multiple	Any person [R, NR]	Any person [NR, FC]	<table border="1"> <thead> <tr> <th>Nature of payment</th> <th>Rate</th> </tr> </thead> <tbody> <tr> <td>LTCG u/s 112A in excess of 1L</td> <td>10%</td> </tr> <tr> <td>LTCG u/s 115E or LTCG on unlisted securities</td> <td>10%</td> </tr> <tr> <td>STCG u/s 111A</td> <td>15%</td> </tr> <tr> <td>Any other LTCG</td> <td>20%</td> </tr> <tr> <td>Interest by Govt. or Indian concern on forex loans (except 194LB, 194LC, 194LD)</td> <td>20%</td> </tr> <tr> <td>Royalty by Govt. or Indian concern</td> <td>20%</td> </tr> <tr> <td>FTS by Govt. or Indian concern</td> <td>10%</td> </tr> <tr> <td>Winning from Horse races</td> <td>30%</td> </tr> <tr> <td>Winning from online games</td> <td>30%</td> </tr> <tr> <td>Winning from lottery, cards, crossword etc</td> <td>30%</td> </tr> <tr> <td>Dividend from unit in IFSC u/s 80LA</td> <td>10%</td> </tr> <tr> <td>Dividend other than 80LA</td> <td>20%</td> </tr> <tr> <td>Investment income u/s 115E</td> <td>20%</td> </tr> <tr> <td>Other income (For FC TDS is 40%)</td> <td>30%</td> </tr> </tbody> </table> <p>NR payer may or may not have nexus in India This section does not apply on salary income</p>	Nature of payment	Rate	LTCG u/s 112A in excess of 1L	10%	LTCG u/s 115E or LTCG on unlisted securities	10%	STCG u/s 111A	15%	Any other LTCG	20%	Interest by Govt. or Indian concern on forex loans (except 194LB, 194LC, 194LD)	20%	Royalty by Govt. or Indian concern	20%	FTS by Govt. or Indian concern	10%	Winning from Horse races	30%	Winning from online games	30%	Winning from lottery, cards, crossword etc	30%	Dividend from unit in IFSC u/s 80LA	10%	Dividend other than 80LA	20%	Investment income u/s 115E	20%	Other income (For FC TDS is 40%)	30%	Y (if payer is Govt., PFI then on payment basis)	X	X	197
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195A	-	-	-	<p>Income payable "Net of tax"</p> <p>If any amount is payable net of tax then TDS has to be calculated after grossing up tax</p>	X	X	X	X																														
196	-	-	-	<p>Interest etc paid to Govt, RBI, certain corporation</p> <p>Overrules TDS provisions No TDS on any amount paid to Govt, RBI, exempt</p>	X	X	X	X																														

				corporation under any law, Mutual fund u/s 10(23D)																		
196A	20%	Any person	Any person [NR, FC]	TDS on units TDS on income in respect of units of MF u/s 10(23D), units of specified company under UTI Act @ 20% No TDS required on income on units of administrator or specified undertaking under UTI Act If any agreement is entered u/s 90(1) or 90A(1) and payee furnishes certificate u/s 90(4) or 90A(4) then TDS shall be lower of 20% or rate in the agreement No TDS on unit of UTI to NR Ind. Or NR HUF where units have been acquired out of funds in NRE account	Y	X	X	X														
196B	10%	Any person	Any person	Income from units LTCG arising out of transfer of overseas units referred in 115AB payable to offshore fund then TDS is required	Y	X	X	X														
196C	10%	Any person	Any person [NR]	Income from FCB or shares of Indian Co. Interest or dividend in respect of bonds or GDR u/s 115AC or LTCG from transfer of such bonds and GDR is liable for TDS	Y	X	X	X														
196D	20%, 10%	Any person	FII, Specified fund	Income from FII or specified fund from securities Interest or dividend payable u/s 115AD to FII or specified fund other than 194LB, 194LC and 194LD is liable for TDS. Does not apply if CG to FII u/s 115AD 20% - If paid to FII 10% - If paid to specified If any agreement is entered u/s 90(1) or 90A(1) and payee furnishes certificate u/s 90(4) or 90A(4) then TDS shall be lower of 20% or rate in the agreement No deduction on exempt RDB	Y	X	X	X														
197	Certificate of deduction at lower/nil rate On application in Form 13, certificate for lower/nil TDS may be obtained and it is valid till cancellation Sections- 192, 193, 194, 194A, 194C, 194D, 194G, 194H, 194I, 194J, 194K, 194LA, 194LBA, 194LBB, 194LBC, 194M, 194O, 195 Application for FY to be made from 28.02.2023 to 15.03.2024 and same applies to TCS																					
197A	No deduction in certain cases Overrules sections 192A, 193, 194A, 194D, 194DA, 194I, 194K No TDS required if the payee gives declaration under 15G (For SC- 15H) Declaration cannot be given by Company or firm TDS required if sum payable under above sections in single or aggregate exceeds amount not chargeable to tax No TDS under New pension system trust u/s 10(44)			Payer should furnish the declaration to IT dept as under																		
				<table border="1"> <thead> <tr> <th>Quarter end</th> <th>Due date- Govt</th> <th>Due date- Others</th> </tr> </thead> <tbody> <tr> <td>30 June</td> <td>31 July</td> <td>15 July</td> </tr> <tr> <td>30 September</td> <td>31 October</td> <td>15 October</td> </tr> <tr> <td>31 December</td> <td>31 January</td> <td>15 January</td> </tr> <tr> <td>31 March</td> <td>15 May</td> <td>30 April</td> </tr> </tbody> </table>				Quarter end	Due date- Govt	Due date- Others	30 June	31 July	15 July	30 September	31 October	15 October	31 December	31 January	15 January	31 March	15 May	30 April
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198	TDS is deemed Income Exception 1. Section 192A 2. Section 194N																					
199	TDS deducted is allowed to be reduced from the tax liability of the person on whose income TDS has been deducted by the payer Rule 37BA 1. If TDS done on payee but if such income taxable for other person then such TDS can be claimed by such other person 2. For 194N, TDS credit given to person from whose account TDS is deducted 3. TDS credit is allowed in the year when corresponding income is offered for tax and if distributed over years then proportionate 4. If according to assessee TDS has been deducted but not reflecting in 26AS then he may request AO to check the details and after checking AO will allow the TDS and may instruct the payer to file correction statement																					
155(20)	Amend intimation in case of delayed deduction If income offered for tax and in respect of such income TDS is done in subsequent year then assessee may request AO to amend the assessment for that year and such amendment shall be made within 2 years from end of FY in which tax deducted and for sec 154, 4 years will be reckoned from end of FY of tax deduction																					
244A(1) (a)	Interest on refunds pursuant to 155(20) If sec 155(20) results in refund of tax then interest @ 0.5% for every month or part thereof from date of application to date of grant of refund is paid to the assessee																					
203A	Tax deduction and collection Account Number (TAN)																					

Any person liable to deduct TDS on amount paid to any person should apply for TAN as per Rule 114A in Form 49B and such TAN obtained should be quoted in challans, certificates, quarterly statements and returns

206AA	<p><u>TDS deduction at higher rate in absence of PAN</u> <i>Overrules</i> entire Act If payee fails to furnish PAN then TDS deducted at higher of rate specified in the provision or rate in force or 20% But if TDS u/s 194O or 194Q then 5% in place of 20% Declaration u/s 197/197A is valid only if payee furnishes his PAN along with application and if no PAN furnished u/s 197A then deduct TDS as above <u>Exception</u> 1. NR or FC payee on payment of interest on long term bonds u/s 194LC 2. NR or FC received any payment from Category I or II AIF located in IFSC if NR, FC does not earn any income other than from AIF and such AIF deducted tax u/s 194LBB 3. If NR or FC does not have PAN and furnishes name, email, contact, address of country where it is resident and a certificate to this effect and tax identification number of such country</p>
206AB	<p><u>TDS deduction for non-filers of ITR</u> <i>Overrules</i> entire Act If tax deduction is required by any person to specified person under sections other than 192,192A,194B, 194BA, 194BB, 194IA, 194IB, 194LBC, 194M, 194N, it should be deducted at higher of twice the rate specified or twice the rate in force or 5%. If sec 206AA and 206AB is applicable on any person then TDS will be done at rate higher of 206AA or 206AB. <u>Specified person</u> Person who has not filed ITR of the year for which due date of filing ITR has expired in the PY preceding year of tax deduction. This section applies If TDS is to be deducted in FY 2023-24 and assessee did not file return for FY 2021-22 as due date for filing FY 2022-23 ITR is expired in year preceding TDS year <u>Exception to specified person</u> 1. NR who don't have PE in India 2. Person not required to file ITR as per CG notification</p>
206A	<p><u>E-filing of transactions on which TDS not deducted</u> <u>Payer-</u> Banking Co., Co-op Society, specified public Co. <u>Payee-</u> Resident Amount- 40K if payer is Banking Co. or Co-op society and 5K if payer is specified public Co. Nature of payment- Interest other than interest on securities <u>Payer shall</u> 1. prepare a statement and furnish it to income tax authority 2. also furnish correction statement, if any mistake Board may specify any other person to follow this section</p>

Time limit for payment of tax

	<u>Payer</u>	<u>TDS deposit</u>	<u>Payment date</u>
1	Payer is Govt. or paid on behalf of Govt.	TDS deposited without challan	Same day
		TDS deposited with challan	On or before 7 days from end of month of 1. TDS deduction 2. tax is due under 192(1A)
2	Payer is other than Govt.	Amount is paid in March	On or before 30 April
		Other cases	On or before 7 days from end of month of 1. TDS deduction 2. tax is due under 192(1A)

For sections 194IA, 194IB, 194M and 194S, criteria for 7 days does not apply but the tax deducted is to be paid within 30 days from end of month of TDS and respective challans 26QB, 26QC, 26QD and 26QE shall be applicable

Time limit for furnishing return of TDS/TCS

<u>Sl.</u>	<u>Quarter ending</u>	<u>Due date of TDS</u>	<u>Due date of TCS</u>
1	30 June	31 July of FY of deduction	15 July of FY of deduction
2	30 September	31 October of FY of deduction	15 October of FY of deduction
3	31 December	31 January of FY of deduction	15 January of FY of deduction
4	31 March	31 May of next FY of deduction	15 May of next FY of deduction

For sections 194IA, 194IB, 194M and 194S, challans under 26QB, 26QC, 26QD and 26QE respectively shall be furnished within 30 days of end of month of deduction

Issue of TDS certificate

Deductor shall furnish the TDS certificate to payee within the due date

Form 16 for TDS on salary or section 194P to	Form 16A for TDS on other than salary to be	Forms 16B, 16C, 16D, 16E under sec 194IA,
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be furnished annually by 15 June of next FY of deduction	furnished quarterly within 15 days from last date to furnish quarterly TDS returns	194B, 194M, 194S to be furnished within 15 days from due date of challan
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Penalty for no compliance-

100/day per certificate during which failure continues but maximum penalty is amount of TDS

200A and 206CB	<p>Manner of processing of TDS/TCS return or correction statement</p> <ol style="list-style-type: none"> 1. Sum deductible should be computed after considering arithmetical error or incorrect claim apparent in the TDS/TCS return 2. If any interest is there, it should be computed on sum deductible 3. If any fees is there, it should be computed as per sec 234E 4. An intimation should be sent to deductor/collector of amount payable or refund due after considering tax, interest and fees (no intimation to be sent after 1 year from end of FY in which quarterly TDS/TCS return is filed) 5. Intimation can be appealed against u/s 246A to CIT(A) 6. Intimation resulting in amount payable is deemed to be order u/s 156 and it should be paid within 30 days of receipt of intimation, failing which the deductor/collector will become assessee in default and sec 220 and 221 will apply
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201(1)	<p>Consequences of failure of deduction or payment of TDS</p> <p>If deductor does not deduct or after deduction does not pay the TDS then he is deemed assessee in default and interest u/s 220 and penalty u/s 221 shall be levied in respect of the amount to the extent not deducted of deducted but not paid</p> <p><u>Exception</u></p> <ol style="list-style-type: none"> 1. Payee has furnished his ITR u/s 139 2. Payee has considered such amount as income while filing ITR 3. Payee has paid the taxes due on him 4. Deductor has furnished a statement by a CA to above 3 effects <p><u>No time limit for passing order if</u></p> <ol style="list-style-type: none"> 1. TDS deducted but not paid 2. Employer failed to pay tax u/s 192(1A) 3. Deductee is NR
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201(1A)	<p>Late deduction or late payment of TDS</p> <p>Interest in case of delay in deduction or payment of TDS</p> <p>1% - for every month or part thereof of TDS from date it was deductible to date it was deducted</p> <p>1.5% - for every month or part thereof of TDS from date it was deducted to date it is actually paid</p> <p>Interest should be paid before furnishing quarterly returns</p> <p>If deductor is not assessee in default as per exception of sec 201(1) then interest of 1% or 1.5%, as the case may be, shall be computed from date on which deductible to date of filing of ITR by the payee</p> <p>This section does not apply where 201(1) applies</p>
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201(2)	If TDS deducted but not paid then TDS and interest shall be charge on all assets of deductor
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201(3)	<p>Order u/s 201(1) for interest u/s 220 and penalty u/s 221 shall be passed</p> <p><u>Later of</u></p> <ol style="list-style-type: none"> 1. Within 7 years from end of FY of payment or credit 2. Within 2 years from end of FY in which correction statement u/s 200A/206CB is filed
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Other fees/penalties in respect of TDS/TCS

1. **234E-** Fees on failure to furnish quarterly TDS/TCS return- 200/day during which failure continues but it should not exceed TDS/TCS amount
 2. **271H-** Penalty on delay in filing or wrong information in return- 10K to 1L. If deductor has paid the TDS along with interest u/s 201 and fees u/s 234E and files the return within 1 year from due date of filing, then 271H penalty will not be levied
- 271H can be levied the AO and such fees u/s 234E and penalty u/s 271H can be waived by CBDT

Waiver of interest u/s 201(1A) by CBDT

CBDT may waive or reduce interest or pass order to refund interest paid u/s 201(1A) for following class of persons

1. Where search or seizure u/s 132 is under process and assessee was not able to deduct TDS or pay TDS due to seizure of books of accounts
2. Where TDS was not deductible or deducted at lower rate as per any order of HC at the time of payment but subsequently it becomes payable as per the retrospective effect of order of SC in any case
3. Where default u/s 201 is for non-deduction or lower deduction u/s 195 for payment made to NR or FC being R of a country having agreement with India u/s 90, 90A, where
 - a. dispute regarding tax payable in India is referred to competent authority as per Rule 44H under the said agreement
 - b. such reference has been received by competent authority within 2 years from date of notice of demand determining tax payable was received by person in default
 - c. Dispute has been settled as per the Mutual agreement procedure
 - d. person under default has accepted the resolution and withdrawn appeals as per Rule 44H(4)

Note:

1. Procedural aspects like processing of TDS return, penalty, interest also applies to the provisions of TCS
2. TCS rates are not covered in the chart anywhere