



**PRESENTATION ON
TAX DEDUCTED AT SOURCE (TDS/TCS)
(AS AMENDED BY FINANCE ACT, 2019)**

UCC & Associates LLP

CONCEPT OF TDS

- ❑ aims at deduction of tax at the very source of income;
- ❑ an indirect method of collecting tax;
- ❑ to Collect tax in advance;
- ❑ deduction by the person making payment/crediting;
- ❑ deduction of TDS on certain specific nature of payment;
- ❑ no deduction of TDS on the amount of indirect taxes like GST charged on bill.
- ❑ governed by provisions of Chapter XVII of the Income Tax Act, 1961 (Section 192 to 206CC);

DIFFERENT SECTIONS UNDER WHICH TDS IS DEDUCTED

Section	Description
192	TDS ON SALARIES
193	TDS ON INTEREST ON SECURITIES
194	TDS ON DIVIDEND
194A	TDS ON INTEREST OTHER THAN SEC.193
194C	TDS ON PAYMENT FOR CONTRACTORS
194DA	TDS ON PAYMENT OF LIFE INSURANCE POLICY
194H	TDS ON COMMISSION OR BROKERAGE
194I	TDS ON RENT
194I-A	TDS ON TRANSFER OF CERTAIN IMMOVABLE PROPERTY
194I-B	TDS ON RENT BY INDIVIDUAL /HUF
194I-C	TDS ON RENT UNDER JOINT DEVELOPMENT AGREEMENT
194J	TDS ON FEES FOR PROFESSIONAL SERVICE, TECHNICAL SERVICE, ROYALTY ETC.
194M*	TDS ON PAYMENT TO RESIDENT CONTRACTORS AND PROFESSIONALS
194N*	TDS ON CASH WITHDRAWAL IN EXCESS OF RS 1 CRORE
195	TDS ON ANY SUM PAID TO NON RESIDENT OR A FOREIGN COMPANY

***Inserted by Finance Act, 2019**

S.192 - TDS ON SALARIES

- ❑ Any Person Responsible For Paying Any Income Chargeable Under The Head “Salaries” Is required to deduct TDS.
- ❑ **TDS deduction:**
 - TDS deduction on the Salary income of the employee, house property income and other income reported by the employee.
 - Compute Income of the employee after allowing all eligible exemptions/deduction from salary income and other income e.g.
 - ✓ HRA exemption,
 - ✓ Standard Deduction
 - ✓ Exemption of other allowances under salary income
 - ✓ Interest on Housing Loan.
 - ✓ Deductions u/s 80C to 80U.

[Note: TDS deducted on income reported by the employee to be considered.]

AMENDMENT IN FINANCE ACT, 2019

IN CASE OF INDIVIDUALS

- ❖ There is **no change** in the Income Tax Rate for the individuals.

Surcharge (Subject to Marginal Relief)

- ❖ 10% of the Income Tax if taxable Income exceeds Rs 50 Lakhs up to Rs 1 Crore.
- ❖ 15% of the Income Tax if taxable Income exceeds Rs 1 Crore up to Rs 2 Crore.
- ❖ 25% for Total Income above Rs 2 crore but lesser than 5 crores
- ❖ 37% for Total Income above Rs 5 crores

Health and Education Cess (HEC)

- ❖ HEC will be levied at the rate of 4% on Income Tax and Surcharge, wherever applicable

AMENDMENT IN FINANCE ACT, 2019

Rebate under section 87A Applicable to resident individuals whose net income does not exceed Rs 5 Lakh.

The amount of rebate is 100 per cent of income tax or Rs 12,500, whichever is less.

Individual taxpayers having annual taxable income up to Rs 5 lakh will get full tax rebate, therefore, will not be required to pay any income tax.

Standard Deduction under section 16(ia)

Amount of Standard deduction under section 16(ia) increase from Rs. 40,000/- to Rs. 50,000/- for the AY 2020-21.

Amendment to Section 80C and 80CCD

SECTION 80C - Contribution in NPS (Tier-II) account

Section 80C has been amended with effect from the assessment year 2020-21. The amendment is applicable on satisfying following conditions-

- ❖ The taxpayer is an employee of the Central Government.
- ❖ Taxpayer contributes to his NPS (Tier-II) account.
- ❖ Such contribution is for a fixed period of not less than 3 years.
- ❖ Such contribution is in accordance with the scheme as may be notified by the Central Government for this purpose.

SECTION 80CCD(2) – Employer contribution to NPS (Tier-I) account

- ❖ For Central Government employees amount deductible on account of employer's contribution to NPS has been extended from 10 per cent to 14 per cent with effect from the A.Y. 2020-21.

Insertion of Section 80EEA - Deduction in respect of interest on loan taken for certain house property

Taxpayer (Individual) can claim deduction under section 80EEA in respect of actual interest payable on the loan specified under this section or Rs 1,50,000, whichever is less. Deduction under this section is applicable w.e.f. AY 2020-21 and available if the following conditions are satisfied-

- ❖ Taxpayer (Individual) has taken a loan for the purpose of acquisition of residential property.
- ❖ **Loan is sanctioned by a financial institution during April 1, 2019 and March 31, 2020.**
- ❖ **Stamp duty value of the residential property does not exceed Rs 45 lakh.**
- ❖ Taxpayer does not own any residential house property on the date of sanction of loan.

[Note: If interest is claimed as deduction under section 80EEA, such interest is not again deductible under section 24(b) or under any other provision of the Act for the same or any other assessment year.]

Insertion of Section 80EEB - Deduction in respect of interest on loan taken for purchase of electric vehicle

Taxpayer (Individual) can claim deduction under section 80EEB in respect of actual interest payable on loan specified under this section or Rs 1,50,000, whichever is less. Deduction under this section is applicable w.e.f. AY 2020-21 and available if the following conditions are satisfied-

- ❖ Taxpayer (Individual) has taken a loan for the purpose of purchase of an electric vehicle.
- ❖ Loan is taken from a financial institution.
- ❖ Taxpayer should not own any other electric vehicle on the date of sanction of loan.
- ❖ **Loan is sanctioned during April 1, 2019 and March 31, 2023.**

[Note: If interest is claimed as deduction under section 80EEB, such interest is not again deductible under any other provision of the Act for the same or any other assessment year.]

Rate of Income Tax for deduction of TDS from Salary for FY 2019-20 (AY: 2020-21)

Net Income Range	Income Tax Rates	Rebate U/s 87A	Surcharge	Health and Education Cess (HEC)
Up to Rs 2,50,000	NIL	-	NIL	NIL
Rs 2,50,000 - Rs 5,00,000	5% of (total income minus Rs 2,50,000)	Rs 12,500 or 100 per cent of tax, whichever is less	NIL	NIL
Rs 5,00,000 - Rs 10,00,000	Rs 12,500 + 20% of (total income minus Rs 5,00,000)	NA	NIL	4% of the Income Tax
Rs 10,00,000 - Rs 50,00,000	Rs 1,12,500 + 30% of (total income minus Rs 10,00,000)	NA	NIL	4% of the Income Tax
Rs 50,00,000 - Rs 1,00,00,000	Rs 13,12,500 + 30% of (total income minus Rs 50,00,000)	NA	10% of Income Tax	4% of the Income Tax and Surcharge
Rs 1,00,00,000 - Rs 2,00,00,000	Rs 28,12,500 + 30% of (total income minus Rs 1,00,00,000)	NA	15% of Income Tax	4% of the Income Tax and Surcharge

Net Income Range	Income Tax Rates	Rebate U/s 87A	Surcharge	Health and Education Cess (HEC)
Rs 2,00,00,000 - Rs 5,00,00,000	Rs 58,12,500 + 30% of (total income minus Rs 2,00,00,000)	NA	25% of Income Tax	4% of the Income Tax and Surcharge
Above Rs 5,00,00,000	Rs 1,48,12,500 + 30% of (total income minus Rs 5,00,00,000)	NA	37% of Income Tax	4% of the Income Tax and Surcharge

Surcharge Marginal Relief will be applicable in case net income falls in the following range -

Any Other Resident Individual, any Non-Resident Individual, any HUF or AOP/BOI

Rs. 50 lakh - Rs. 51.9589 Lakh

Rs. 100 Lakh - Rs. 102.1469 Lakh

Rs. 200 Lakh - Rs. 209.30 Lakh

Rs. 500 Lakh - Rs. 530.1782 Lakh

[Note: Net income range for surcharge marginal relief remain valid only if the Individual does not have any income which is chargeable to tax at special rate(s) of tax]

S.194A - TDS ON INTEREST OTHER THAN SEC.193

- ❑ Any person not being an individual or HUF who is responsible for paying to a resident interest income other than interest on securities.
- ❑ Interest on Fixed Deposits, Interest on Loans and Advances other than banks.
- ❑ RATE – 10%
- ❑ LIMITS –
 - ✓ ≥ 40000 Where Payer Is Banking Co. , Co-op. Society Bank , Post Office (Rs 50,000 in case of senior citizen)
 - ✓ ≥ 5000 In Other Case (Applicable to CONCOR)

194C - TDS ON PAYMENT TO CONTRACTORS AND SUB-CONTRACTORS

- ❑ Any person responsible for paying any sum to any resident contractor for carrying out any work in pursuance of a contract between a specified person and the resident contractor require to deduct TDS.
- ❑ **RATE**
 - ✓ If Recipient Is Individual Or HUF – 1%
 - ✓ If Recipient Is Any Other – 2%
- ❑ **LIMIT**
 - ✓ Single Contract =>30,000
 - ✓ Annual aggregate amount= >1,00,000.

Meaning of Contract and Work

- Applicable only where contract is either a “work contract” or a “contract for supply of labour for works contract”.
- Not applicable for payments made under “Contract for sale of goods”.

Work as defined in section 194C – The expression “Work”, shall include

- (a) Advertising
- (b) Broadcasting and telecasting including production of programs for such broadcasting or telecasting
- (c) Carriage of goods and passenger by any mode of transport other than by Railway, and
- (d) Catering
- (e) Manufacturing and supplying a product according to the requirement or specification of a customer by using material purchased from such customer. However, it will not include if material purchased from a person, other than such customer.

Certain important clarification done by CBDT

- ✓ Sponsorship of debates, seminar and other functions in school/colleges/associations is advertisement and covered u/s 194C.
- ✓ Routine/normal maintenance contract which includes supply of spares is covered u/s 194C. (Where technical services are rendered, provisions of section 194J will apply)
- ✓ Payment made to an electrician or payment made to a contractor for providing electrician service is covered under section 194C.
- ✓ Payment made to courier covered under section 194C.
- ✓ Payment made to travel agent or an airline for purchase of a ticket is not subjected to TDS under section 194C. However, if the plane, bus or any other mode is chartered, then TDS is liable to be deducted under section 194C.

Certain important clarification done by CBDT [Cont..]

- ✓ Payment made to clearing and forwarding agents for the carriage of goods is liable to TDS under section 194C.
- ✓ TDS is applicable on Reimbursement if included in the bill amount.
- ✓ No TDS, if transport contractor owns 10 (or less than 10) & gives declaration & furnishes his pan to deductor.
- ✓ TDS on invoice value excluding materials amount if separately shown, else on whole amount.

S.194-I - TDS ON RENT

Section 194-I requires any person making payment of 'Rent' to a resident person to deduct tax at source (TDS).

Meaning of Rent: Rent means any payment under any lease / sub-lease / tenancy or any other agreement or arrangement for the use of any of the following –

- ✓ Land or building which includes factory building or Land appurtenant to a building which also includes factory building,
- ✓ Plant, Machinery, Equipment and Furniture and Fittings.

RATE:

FOR USE OF PLANT & MACHINERY – 2%

FOR USE OF LAND OR BUILDING OR FURNITURE OR FITTINGS FOR ALL PERSON -10%

LIMIT: =>2,40,000 (Amended in Finance Act,2019, Earlier Rs. 1,80,000)

Certain important clarification done by CBDT

- ✓ TDS is to be deducted on Non-refundable deposits.
- ✓ TDS is to be deducted on advance rent.
- ✓ TDS is to be deducted Warehousing charges.
- ✓ TDS is not required to be deducted on lump sum premium and one time up-front lease charges paid or payable for acquisition of long term lease hold rights over land/any other property.
- ✓ Payments made for hotel accommodation taken on regular basis will be in the nature of rent subject to TDS under section 194-I.
- ✓ TDS is not required to be deducted on municipal taxes and ground rent paid by tenant.

S. 194J - TDS ON FEES FOR PROFESSIONAL SERVICE, TECHNICAL SERVICE, ROYALTY ETC.

DEDUCTOR - any person responsible for paying to a resident, any sum by way of following is required to deduct TDS under section 194J of the Income Tax Act, 1961 –

- ✓ Fees for professional services (Legal, Medical, Engineering, Architecture, Accountancy Profession, Interior decoration etc.)
- ✓ Fees for technical services;
- ✓ Royalty;
- ✓ Fees paid to director of the company (excluding salary);
- ✓ Fees paid for not carrying out any activity in relation to any business or profession;
- ✓ Fees paid for not sharing any technical know-how, copyright, trade mark, patent or any other business or commercial rights of the same nature.

RATE : 10%

LIMIT := >30,000

S.194H - TDS ON COMMISSION OR BROKERAGE

TDS under Section 194H will be deducted at the time of payment/credit of commission or brokerage to a resident.

Commission or Brokerage includes,

- ✓ services rendered (not being professional services), or
 - ✓ any services in the course of buying or selling of goods, or
 - ✓ in relation to any transaction relating to any asset, valuable article or thing, except securities
- ❑ **RATE** : 5%
 - ❑ **LIMIT**: =>15000

S.194-IA - TDS ON TRANSFER OF CERTAIN IMMOVABLE PROPERTY (OTHER THAN AGRICULTURE LAND)

- ❑ **DEDUCTOR-** ANY PERSON (BEING A TRANSFEREE)
- ❑ **DEDUCTEE** – RESIDENT
- ❑ **RATE** : 1% on the Purchase value of immovable property.
- ❑ **LIMIT** : =>50,00,000
- ❑ The limit of Rs. 50 lakhs is per property and not aggregate value of consideration of all properties during the year
- ❑ In case of joint owners, the threshold limit of Rs 50,00,000/- is to be determined property-wise and not transferee-wise.
- ❑ The purchaser is exempt from the obligation to obtain TAN, which is otherwise mandatory for all deductee. (TDS will be deposit on PAN)
- ❑ TDS will be deposited in Form 26QB (Challan-cum-statement) TDS certificate will be issued in Form 16B.

Amendment in Section 194-IA w.e.f. Sept 1' 2019

Section 194-IA has been amended w.e.f. 01/09/2019 to provides that the term "consideration for immovable property" shall include all charges in the nature of:

- ✓ Club membership fee,
- ✓ Car parking fees,
- ✓ Electricity and water facility fees,
- ✓ Maintenance fees,
- ✓ Advance fees or any other charges of similar nature, which are incidental to transfer of the immovable property.

S.195 - TDS ON ANY SUM PAID TO NON RESIDENT OR A FOREIGN COMPANY

- ❑ **DEDUCTOR** – ANY PERSON
- ❑ **DEDUCTEE** – NON RESIDENT OR FOREIGN COMPANY
- ❑ **RATE** : AT THE RATE IN FORCE.
- ❑ TDS will be deducted in all cases where payment is made for fees for technical services, royalty, consultancy etc. whether deductee has permanent establishment in India or not.
- ❑ TDS will be deducted on business income only if deductee has permanent establishment in India and income is attributable to the PE.

Determining Taxability in case of Foreign Remittance

For determining taxability of payment, below are the essential points:

1. Nature of Remittance, whether Fees for Technical Services, Royalty, Business Income etc.
2. Reviewing DTAA (Double Taxation Avoidance Agreement) with the country in which remittance is being made.
3. Whether Non-Resident is having any PE (Permanent Establishment) in INDIA. (Business Profits are taxable in India if enterprises have any PE in India and income is attributable to the PE)
4. Whether TRC (Tax Residency Certificate) is available in case TDS is applicable as per DTAA.
5. Whether PAN or Contact details is available at the time of payment to Non-Resident in case TDS is applicable to avoid higher rate as per Section 206AA.

Tax Certificates Required for Foreign Remittance

While making payment to a non-resident, not being a company, or to a foreign company, Below mentioned form are required to be furnished electronically:

- (A) **Form 15CA** (Information to be furnished for payments to a non-resident not being a company, or to a foreign company) – In Form 15CA, after obtaining Form 15CB from CA, If applicable, information regarding payment of foreign remittance is required to be fill and submitted to Income Tax Department online.

- (B) **Form 15CB** (Certificate of an accountant) – In Form 15CB, a CA certifies details of the payment, TDS rate and TDS deduction as per section 195 of the Income Tax Act, if any DTAA (Double Tax Avoidance Agreement) is applicable, and other details of nature & purpose of the remittance

OTHER SECTIONS OF TDS- S.194-IB- TDS ON RENT BY INDIVIDUAL /HUF

- ❑ **DEDUCTOR-** PERSON WHO IS NOT LIABLE TO GET THEIR BOOKS AUDITED
- ❑ **DEDUCTEE** – RESIDENT
- ❑ **RATE** : FOR USE OF LAND & BUILDING @ 5%.
- ❑ **LIMIT** : =>50000 PER MONTH.
- ❑ **TIME OF DEDUCTION-** AT THE TIME OF CREDIT OF RENT FOR THE LAST MONTH OF THE PREVIOUS YEAR OR LAST MONTH OF TENANCY IF THE PROPERTY IS VACATED DURING THE YEAR
- ❑ **NOTE** :
 1. PROVISIONS OF SECTION 203A (FURNISHING OF TAN) SHALL NOT APPLY U/S 194-IB. (Similar to Section 194IA)
 2. TDS will be deposited in Form 26QC (Challan-cum-statement) TDS certificate will be issued in Form 16C.

Insertion of New sections for deduction of TDS, effective from Sept 1' 2019

Section 194M – TDS is made applicable on payment of certain amount by Individuals/HUF.

Who is Deductor – An Individual/HUF (who is not required to deduct TDS under section 194C - Contract, 194H – Commission or 194J – Professional) is required to deduct TDS U/s 194M.

Payment Covered – TDS U/s 194M is applicable in respect of amount paid/payable to a resident for carrying out any work (including supply of labour for carrying out any work) in pursuance of a contract or by way of commission (not being insurance commission) or brokerage or by way of fees for professional services.

Threshold Limit – It is Rs 50 lakh, In other words, tax is deductible if payment or aggregate payments exceeds Rs 50 lakh.

Time of Deduction – Tax is deductible at the time of payment or credit, whichever is earlier.

Rate of TDS – Tax is deductible at the rate of 5%.

Note: Individual/HUF shall be able to deposit tax deducted using his PAN and shall not be required to obtain TAN.

Insertion of New sections for deduction of TDS, effective from Sept 1' 2019

Section 194N – TDS is made applicable on Cash withdrawal by account holder of a bank, co-operative bank or a post office.

Deductor - Bank, co-operative bank or a post office.

Threshold Limit – It is Rs 1 crore, In other words, tax is deductible by a bank, co-operative bank or a post office, if aggregate payment in cash from one or more accounts during a previous year to an account holder, exceeds Rs 1 Crore.

Time of Deduction – Tax is deductible at the time of payment in cash.

Rate of TDS – Tax is deductible at the rate of 2% of the payment (or aggregate payment) in cash exceeding Rs 1 crore.

Note: Tax Deducted under section 194N, not to be treated as deemed receipt – tax deducted shall not be deemed to be income received for computing income of recipient.

S.196 - NO TDS ON SPECIFIED PERSONS

NO TDS ON ANY SUM PAID TO :

- ❑ CENTRAL GOVERNMENT OR STATE GOVERNMENT.
- ❑ RESERVE BANK OF INDIA.
- ❑ STATUTORY CORPORATION WHOSE INCOME IS EXEMPT FROM INCOME TAX.
- ❑ MUTUAL FUND SPECIFIED UNDER S.10(23D).

DUE DATES FOR DEPOSIT OF TDS AND TCS

30th of April for TDS deduction for the month of March,
7TH of next month in which TDS deducted, for other months.
7TH of next month in which TCS collected.

DUE DATES FOR FILING OF QUARTERLY STATEMENTS

Form No.	Particulars	Due date for furnishing statement
24Q - Salary Return	Quarterly return of TDS from Salaries	Quarter-1 - July 31 st
26Q - Non Salary Return	Quarterly return of TDS in respect of all payments other than Salaries	Quarter-2 - October 31 st
27Q - NRI	Quarterly return in respect of payments made to Non resident	Quarter-3 - January 31 st
		Quarter-4 - May 31 st
27EQ - TCS	Quarterly Return of TCS	Quarter-1 - July 15th, Quarter-2- October 15th, Quarter-3 - January 15th , Quarter-4 May 15th

Responsibilities of the Deductor/Collector

- ✓ **DEDUCT TAX AT THE TIME OF PAYMENT/CREDIT AS PER THE PROVISION OF CHAPTER XVII OF THE ACT.**
- ✓ **DEPOSIT DEDUCTED TAX WITHIN THE PRESCRIBED TIME LIMITS.**
- ✓ **FILING OF QUARTERLY TDS STATEMENT.**
- ✓ **ISSUANCE OF TDS CERTIFICATES WITH IN 15 DAYS AFTER DUE DATE OF FILING OF STATEMENT (TDS/TCS RETURN).**
- ✓ **COMPLIANCE WITH JUSTIFICATION/DEMAND REPORTS BY FILING OF CORRECTION STATEMENTS, IF ANY.**

Consequences of non-compliance with TDS provisions

- ✓ **Assessee in default u/s 201**
- ✓ **Expenditure claimed disallowed (As per section 40(a)(ia) of the IT Act, thirty percent of expense disallowed)**
- ✓ **Levy of fee u/s 234E (Rs 200 per day)**
- ✓ **Interest u/s 201(1A) @ 1% if TDS is not deducted and 1.5% if TDS not paid after deduction.**
- ✓ **PENALTY AND PROSECUTION**

Section	Nature of default	Penalty/Prosecution
271C	Failure to deduct the whole or any part of tax at source	Sum equal to the amount of tax which was failed to be deducted
271CA	Failure to collect the whole or any part of tax at source (TCS)	Sum equal to the amount of tax which he failed to collect
271H(1)(a)	Failure to submit quarterly return	Penalty of Rs.10,000 to Rs.1,00,000
276B	Failure to pay Tax Deducted at Source	Imprisonment for minimum 3 months , maximum 7 years and with fine
276BB	Failure to pay Tax Collected at Source (TCS)	Imprisonment for minimum 3 months , maximum 7 years and with fine

ROLE OF PAN

DEDUCTION OF TDS AT HIGHER RATE OF 20%

If the recipient does not furnish its PAN to the deductor, tax will be deducted by virtue of section 206AA (w.e.f. April 1, 2010) at the normal rate or at the rate of 20 per cent, whichever is higher.

However, provisions of section 206AA is not applicable on below payments to Non-Resident.

1. Payment of interest under section 194LC.
2. Payment of interest, royalty, fees for technical services (FTS) or payment on transfer of a capital asset, if non-resident furnished all the details as per the conditions of Rule 37BC i.e.:

Name, e-mail ID, contact number

Address in home country

Certificate of being a resident in the home country (TRC)

Tax Identification Number (TIN)/Unique identification



UCC & ASSOCIATES LLP
WWW.UCCGLOBAL.IN

tax@uccglobal.in

Ph : 011-66624518

Contact Us :

► Delhi

1315, Ansal Tower 38, Nehru Place
New Delhi : 110019 (India)
Phone No. : +91-11- 66624518 / 519
Email ID : info@uccglobal.in,
umesh.goyal@uccglobal.in

► Gurugram

B1/02, Palm Grove Villa
Ardee City, Gate no.-01, Sector-52
Gurgaon : 122011 (HARYANA)
Phone No. : +91-124 4081898
Email ID : sunita.umesh@uccglobal.in

► Noida

1201, Ansal Corporate Park Plot No. 7-A,
Sector 142 , Noida Uttar Pradesh : 201305 (India)
Email ID : ca.charnjeet@uccglobal.in

► Rajasthan

Plot no. 40, Rameshwar Dham 'J' Colony,
Sitawali Fathak, Balaji Engg. College Bus Stop, Benar
Road , Jaipur RAJASTHAN : 302012 (India)
Email ID : ramavtar@uccglobal.in

► Dehradun

276/1(old No. 37/1),
Khurburra Mohalla ,
Tilak Road, Near Play Pen School
Dehradun : 248001 , (UTTRAKHAND)