**MCQs – TDS Provisions under the Income Tax Act 1961**

Section 194-M

Qn.1

The person responsible for making TDS under section 194M falls on

1. Company
2. Individual
3. Individual or HUF
4. Individual and HUF

Ans: (c)

Qn.2

TDS rate applicable under section 194M is

1. 10%
2. 5%
3. 1%
4. 20%

Ans: (b)

Qn.3

The Person responsible to deduct tax under section 194M is required to obtain TAN from the Income Tax Department

1. True (b) False (c) No (d) None of the above

Ans: (c) No need to obtain TAN. Can use PAN

Qn.4

TDS under section 194 is relating to the payment made

1. Commission or Brokerage
2. Professional Fees
3. Carrying out any work
4. All of the above

Ans: (d)

Qn.5

The threshold limit under section 194M where no TDS is applicable

1. Rs.10 Lakhs
2. Rs.25 Lakhs
3. Rs.50 Lakhs
4. Rs.5 Lakhs

Ans: (c)

Qn.6

Sec.194M is applicable to Individual or HUF who is carrying on business and the total turnover

1. Does not exceed Rs.50.00 lakhs
2. Does not exceed Rs.1.00 crore
3. Does not exceed Rs.1.00 crore – Businee
4. Does not exceed Rs.50 lakhs – Profession

Ans: Both (c) and (d)

Qn.7

TDS under section 194N is applicable to the cash withdrawal from the bank when the cash withdrawal exceeds

1. Rs.20 lakhs if ITR is filed
2. Rs.1.00 crore if ITR is filed
3. Rs.20 lakhs if ITR is not filed
4. Rs.1.00 crores if ITR is not filed

Ans: (b)

Qn.8

The purpose of Sec.194N is

1. To discourage huge cash withdrawal
2. To promote digital payment
3. Phase out black money from the country
4. All the three

Ans: (d)

Qn.9

Sec.194N TDS on cash withdrawal is applicable to

1. Individual and HUF
2. Firm and Company
3. All types of Assessees under income tax
4. Company

Ans: (c)

Qn.10

TDS on cash withdrawal under section 194N is not applicable to

1. Central Government
2. Public Sector Bank
3. Co-operative bank and post office
4. All

Ans: (d)

Qn.11

The person responsible for deduction of tax under section 194N is

1. All banks
2. All banks including co-operative bank
3. All banks including co-operative banks and co-operative socieities
4. All banks, co-operative societies, post office

Ans: (d)

Qn.12

The threshold limit of sec.194N Rs.1 crore is applicable to the account held

1. Separately for different bank
2. All the branches of the same bank
3. For each branch of the same bank
4. Aggregate withdrawal from all the branches of the same bank

Ans: (a) (b) and (d)

Qn.13

TDS Under Section 194-O is applicable to

1. E-Commerce Operator
2. E-Commerce Participant
3. A person making payment for on-line purchase
4. E-Commerce Operator making payment to E-Commerce Participant

Ans: (d)

Qn.14

The person selling goods or services or both through on-line through plant form is called

1. E-Commerce Operator
2. E-Commerce Participant
3. Seller
4. Buyer

Ans: (b)

Qn.15

The rate of TDS required to be deducted by E-Commerce Operator is

1. 5%
2. 10%
3. 2%
4. 1%

Ans: (d)

Qn.16

The TDS need not be deducted by the E-Commerce Operator if the E-Commerce Participant is

1. Individual or HUF
2. Individual or HUF and has furnished PAN
3. The Gross Amount of Sale or service or both does not exceed Rs.5 lakhs in the previous year
4. None of the above

Ans: Both (b) and (c)

Qn.17

If the E-Commerce Participant has not furnished PAN, then the E-Commerce Operator should deduct TDS as

1. 5%
2. 10%
3. 20%
4. 2%

Ans: (a)

Qn.18

TDS under section 194-P is applicable in case of Senior Citizen who is more than

1. 60 years
2. 75 years
3. 80 years
4. 65 years

Ans: (b)

Qn.19

TDS under section 194-P should be made by bank or post office if the interest amount exceed

1. Rs.5,000 in a year
2. Rs.10,000 in year
3. Rs.25,000 in a year
4. Rs.50,000 in a financial year

Ans: (d)

Qn.20

The TDS under section 194-P is applicable if the specified senior citizen has income from

1. Pension
2. Interest
3. Pension and Interest
4. Pension and Interest from bank or post office

Ans: (d)

Qn.21

Sec.194-Q is applicable to the purchaser of goods who is carrying on the business if

1. The Turnover exceeds Rs.5 crores
2. The Turnover exceeds Rs.10 crores in the current year
3. The Turnover exceeds Rs.1 Crore
4. The Turnover exceeds Rs.10 crores in the immediately preceding financial year

Ans: (d)

Qn.22

TDS under Sec.194-Q is applicable to the purchaser of

1. Goods
2. Services
3. Goods or Services
4. Both Goods and Services

Ans: (a)

Qn.23

The threshold limit for making TDS under section 194-Q is applicable if purchase value exceeds

1. Rs.50 lakhs in the financial year
2. Rs.10 lakhs in the financial year
3. Rs.25 lakhs
4. Rs.100 lakhs

Ans: (a)

Qn.24

A purchases goods for Rs.40 lakhs in April 2024 and Rs.35 lakhs in the month of June 2024, the TDS is made on

1. Rs.75 lakhs
2. No TDS on both purchases
3. TDS on Rs.25 lakhs
4. TDS on Rs.25 lakhs in June 2024

Ans: (d)

Qn.25

The rate of TDS under section 194-Q is

1. 1%
2. 2%
3. 5%
4. 0.1%

Ans: (d)

Qn.26

The TDS under section 194-Q should be made at the time of

1. Payment to the seller
2. Credit the sellers account
3. At the time of payment by any mode
4. All the above whichever is earlier

Ans: (d)

Qn.27

TDS under section 194-Q should be deducted at higher rate of 5% when

1. The Seller has no PAN
2. The Seller has not furnished
3. The seller is non resident
4. The seller does not hold PAN in India

Ans: (b) (c) (d)

Qn.28

The provisions of section 194Q is applicable to the purchaser who is

1. Individual or HUF
2. Individual or HUF carrying on business
3. Companies
4. All types of assessees who satisfies the definition of buyer

Ans: (d)

Qn.29

During the Financial year X Co. purchases goods from Y Co. The total purposes in the financial is Rs.60,00,000 and the Turnover of X Co., for the previous year is Rs.9.50 crores. TDS Deducted under section 194Q is

1. Rs.6,000
2. Rs.1,000
3. Nil
4. Rs.50,000

Ans: Nil

Qn.30

X placed an order on Y for supply of goods. The value of goods is Rs.75,00,000. The goods are required to be supplied in the June 2024. X has paid the amount as advance to Y in the month of May 2024. TDS under section 194Q is

1. Rs.7500
2. Rs.2500
3. Rs.375000
4. Rs.1,25,000

Ans: (a)

Section 194 M?

It is a newly inserted section in Budget 2019 which is applicable from 01 September, 2019. This section was introduced for the purpose to cover some specified high value transactions in personal nature under TDS which was previously excluded from TDS provisions.

As per existing [provisions of 194J](https://tax2win.in/guide/section-194j-under-income-tax-act) and 194C, individual & HUF are not required to deduct TDS if:

* Payment made exclusively for personal purposes
* Payment made for other than personal purpose but individual & HUF are not required to get their accounts audited.

TDS will be deducted if aggregate amount of payment for some specified transactions defined under this section exceed Rs. 50 lakh.

Let’s take an example, A made a payment of Rs. 50L for professional services on 10 September, 2019, In this case TDS will not be deducted as amount of payment does not exceed Rs. 50 Lakh.

**Section 194N?**

As per Section 194N, introduced in Union Budget 2019, **2%**[**Tax Deducted at Source**](https://www.paisabazaar.com/tax/tds/) will be deducted on annual cash withdrawals in excess of Rs. 1 crore **with effect from 1st September, 2019**. It should be noted that the applicable Rs. 1 crore limit / FY is set with respect to per bank/cooperative society/post office account.

In other words, if you have multiple accounts with the same bank, then the total amount of cash withdrawn will be considered for TDS deduction. However, if you have multiple accounts with different banks, then the TDS limit for each bank will be Rs. 1 crore. For example, if you withdraw Rs. 1 crore from 2 different banks, then there will be no TDS deducted on the total amount of cash withdrawn in that particular FY (Rs. 2 crore).

Section 194-O

The e-commerce businesses were free of tax liability until 2020. As online shops grow in number, keeping a check on their taxes is the need of the hour. Section 194O of the Income Tax Act brings these digital facilities within the tax ambit.

The Union Budget 2020 introduced Section 194O with effect from 1st October 2020. It enlarges the TDS base and brings e-commerce participants under the tax laws.

Under Section 194O, e-commerce operators deduct [TDS](https://www.godigit.com/income-tax/tds) on participants' gross sale amounts. It ensures a TDS of 1% is deducted from the credit amount of a seller. The sale of goods or provision of services from a participant facilitated by an online marketplace falls under this criteria.

The digital facility operator must deduct tax at source at the time of credit regardless of payment methods. Section 194O under the Financial Act 2020 ensures that taxes are imposed on the e-commerce platform, which was not the case earlier.

* **E-commerce Operators** –An e-commerce operator owns, operates or manages an electronic/digital facility. It facilitates the sale of goods and services on his platform. This operator solely manages the payment to the e-commerce sellers.
* **E-commerce Participants** –An e-commerce participant sells his goods and services on e-commerce platforms. He must be a resident of India.

Provisions of Sec.194-P

A Resident senior citizen whose age is 75 years, or more are not required to file the income tax returns if their income includes only pension and bank interest from any accounts maintained with specified banks and such banks should deduct TDS on the total income of senior citizens.

**Persons required to deduct TDS u/s 194P**

Every specified bank is responsible for deduction of TDS u/s 194P. The bank should do the following.

* Compute the total income of the senior citizen for the relevant assessment year after giving effect to the deduction u/s Chapter VIA and rebate u/s 87A.
* Deduct the amount of income tax as per rates in force.

Section 194-Q

Section 194Q of the Income Tax Act is recently introduced vide the Finance Act, 2021. Under section 194Q “It is provided for TDS by the person responsible for paying any sum to any resident for purchase of goods. The rate of TDS is kept very low at 0.1%. The tax is only required to be deducted by that person (i.e. ―buyer) whose total sales, gross receipts, or turnover from the business carried on by him exceed ten crore rupees during the financial year immediately preceding the financial year in which the purchase of goods is carried out. Tax is required to be deducted by such person if the purchase of goods by him from the seller is of the value or aggregate of such value exceeding fifty lakh rupees in the previous year.”

This new Section 194Q is proposed to be applicable from 1st July 2021.

As per charging proviso to this section, this is going to apply to any person being a buyer responsible for making a payment to a resident (Not applicable for Import Purchase from a supplier outside India) for purchase of goods (NA to services) when value or aggregate of purchase from a supplier or payment whichever is earlier Rs.50 lacs during the previous year. The transaction with any supplier with the addition of which your aggregate purchase/payment for a purchase from that supplier exceeds Rs.50 lacs, will be the transaction effective which TDS will have to be deducted @.10% of the Purchase transaction or payment thereof whichever is earlier.

This section will also apply to an assessee whose aggregate Turnover in the immediate previous year exceeds Rs.10 crore.