MCQ on Section 195 Class Date 24.08.2025

1. Section 195 of the Income Tax Act deals with which of the following?
a) TDS on salaries
b) TDS on interest on securities
c) TDS on payments to non-residents
d) TDS on winnings from lottery

2. Who is responsible for deducting tax under section 195?
a) Only individuals
b) Any person making payment to a non-resident
c) Only companies
d) Only government entities

3. Under Section 195, tax is to be deducted at the time of:
a) Payment only
b) Credit to the account of the payee or payment, whichever is earlier
c) Completion of service
d) Receipt of invoice

4. Section 195 applies to which of the following payments to non-residents?
a) Interest
b) Royalty
c) Fees for technical services
d) All of the above

5. If the payer is not sure about the applicable rate or quantum of tax, they can approach which authority for determination under Section 195(2)?
a) Assessing Officer
b) Supreme Court
c) Ministry of Finance
d) GST Council

6. The obligation to deduct tax under Section 195 arises when the payment is:
a) Chargeable to tax under the provisions of the Act
b) Made to a resident
c) Below the threshold limit
d) Made in cash only

7. Non-deduction or short deduction of TDS under Section 195 can attract:
a) Interest
b) Penalty
c) Prosecution
d) All of the above

8. Which form is used for applying to the Assessing Officer for lower/nil deduction under Section 195?
a) Form 15CA
b) Form 15CB
c) Form 13
d) Form 26AS

9. The form used to furnish details of remittances to non-residents is:
a) Form 15CA
b) Form 16
c) Form 27Q
d) Form 26QB

10. Which of the following is not required in relation to foreign remittances under Section 195?
a) Form 15CA
b) Certificate from Chartered Accountant in Form 15CB (in many cases)
c) Approval from RBI for all remittances
d) Determination of taxability under the Act