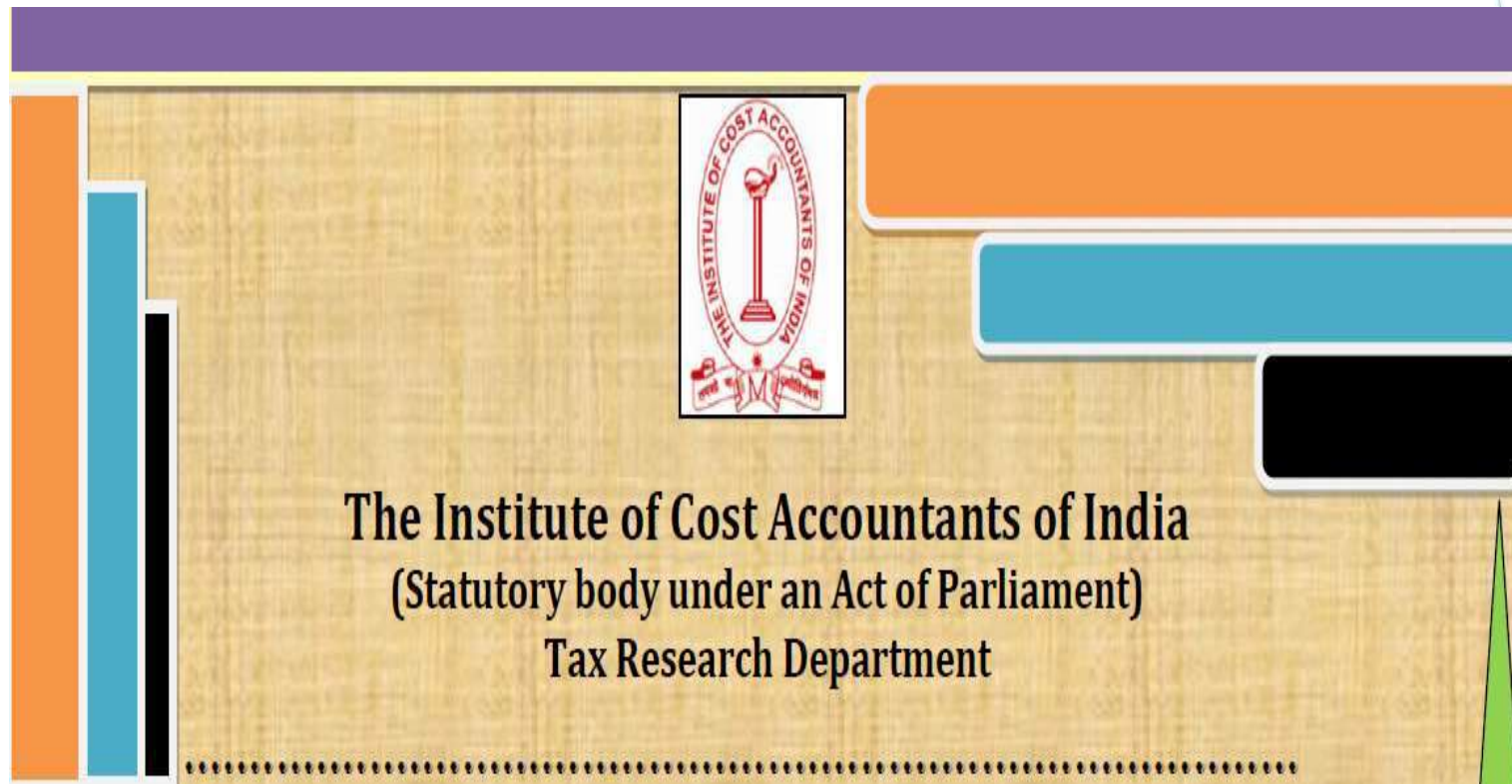




CMA Kedarnath

Hyderabad

ONLINE CERTIFICATE COURSE ON TDS - CCTDS-9th Batch



Introduction to TDS

- ❖ The concept of **TDS** was **introduced** with an aim to collect tax from the very source of income
- ❖ It means where the income is generated, tax shall be deducted at respective rates on the said income
- ❖ The objective of TDS is to catch and bring more number of tax payers in the society into taxation nest
- ❖ Tax is deducted only if amount is Taxable in the hands of the receiver
- ❖ Parties involved in TDS

I. Deductor / Payer

II. Deductee / Payee

- ❖ As per this concept, a person (Deductor) who is liable to make payment of specified nature to any other person (Deductee) shall deduct tax at source and remit the same into the account of the Central Government.
- ❖ The Deductee from whose income tax has been deducted at source would be entitled to get credit of the amount so deducted on the basis of Form 26AS or TDS certificate issued by the deductor.

When to Deduct TDS

- ❖ TDS requirement arises:
 - ❖ Earlier of
 - ✓ At the time of **Payment**
 - (or)
 - ✓ At the time **crediting** the a/c of payee / “recognizing the expenses” (in the books of deductor)
- ❖ But in the following cases TDS deducted only **at the time of payments**:
 - ✓ Salary
 - ✓ EPF Payment
 - ✓ Winnings
 - ✓ Maturity of Life Insurance Policy
 - ✓ Compensation on compulsory acquisition of property

TDS Applicability

- ❖ TDS will be applicable on
 - ✓ Services
 - ✓ Expenses
- ❖ TDS will NOT be applicable on Goods*

*After Introduction of S.194Q TDS applicable on goods subject to certain conditions w.e.f 01st July 202

- ❖ TDS applicable for not only Commercial purpose but also for other payments,
 - Ex: Buying a L&B for Rs 80 Lakhs (sale deed value)
- ❖ Buyer has to deduct TDS u/s 194IA @ 1% on consideration i.e., Rs 80,000

TDS Rates

- ❖ TDS Rates are Fixed:
 - ✓ 1%
 - ✓ 2%
 - ✓ 5%
 - ✓ 10%
- ❖ If a person **NOT** furnishing PAN Copy

Higher of

- Rates prescribed in the respective section, (or)
- Rates prescribed in the Annual Finance Act, (or)
- 20%

Note-I: If payment made to NR/Foreign Co. or payment of Salary, Surcharge & HEC shall be considered

Concept of HIJAC

HIJAC : refers to

194H
194I
194J
194A
194C

- ❖ HIJAC is applicable to
- ✓ All Assessee (deductor),
- ✓ But in case of Individual/HUF/ AOP/BOI whose books of accounts are subject to the following criteria in the **preceding FY**
- ❖ Turnover > 1 Cr in case of Business
- ❖ Gross receipts > 50 Lakhs in case of Profession

S.194C : TDS on Contract

❖ TDS Applicable on:

❑ Contract

❑ Sub-Contract

❑ Any work, which includes:-

✓ advertising

✓ broadcasting and telecasting including production of programmes for such broadcasting or telecasting;

✓ carriage of goods or passengers by any mode of transport other than by railways;

✓ catering;

✓ manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from such customer

❖ Payer / Deductor: Refer HIJAC concept

❖ Payee / Deductee: Any Resident Person

S.194C : TDS on Contract

- ❖ Rate of TDS:
 - ✓ If contractor is Individual / HUF: **1%**
 - ✓ Others: **2%**

- ❖ TDS is deducted: Earlier of
 - ✓ At the time of **payment**

(or)

 - ✓ At the time of **credit** of such sum to the account of the contractor

- ❖ Mode of Payment
 - ✓ Cash
 - ✓ Cheque
 - ✓ DD or
 - ✓ Any other mode

S.194C : TDS on Contract - Special Points:

- ❖ NO TDS if :-
 - ✓ Single Contract up to Rs 30,000/- (or)
 - ✓ Aggregate of contract in PY up to Rs 1,00,000/-

- ❖ NO TDS if contract is for personal purpose of individual/HUF

Ex: A Food contract for marriage occasion or construction of house or repairs or paintings to a building etc.

Exception to Section 194C

- ❑ **S.194M:** TDS on Contract, Commission or Brokerage or Fees for Professional Services
 - ✓ Individual / HUF other than covered u/s 194C, 194H & 194J
 - ✓ TDS @ 5%
 - ✓ If sum or aggregate of sum paid or credited > 50 Lakhs

S.194C : TDS on Contract - Special Points:

- ❖ No TDS if payment is made to transporter if
- ✓ He owns 10 or less goods carriages at any time during the P.Y and
- ✓ He furnishes a declaration
- ✓ Along with copy of PAN to the other party

S.194C : TDS on Contract - Special Points:

- ❖ In case of **job work**, the TDS shall be deducted-
 - On the invoice value excluding the value of material, if material value mentioned separately in invoice
 - On the whole of the invoice value , if value of materials is not mentioned separately in the invoice.

- ❖ **Some issues related to Advertisement [CBDT circular]**
 - ✓ Payment by client to Advertisement agency: It is works contract and TDS u/s 194C applicable.
 - ✓ Payment by Advertisement agency to TV channel/ Newspaper Company – No TDS u/s 194C.

- ❖ Payment made **by** TV channel / broad casters **to** production house for production of content program
 - ✓ If program is as per specifications of telecaster & Broadcaster and copyright of content is also transfer to the telecaster / Broadcaster → It's a works contract and TDS u/s 194C applicable.
 - ✓ If right of content already produced by production house is acquired by telecaster / broadcaster → No TDS u/s 194C

Q&A: S.194C

1. Mr. A is a wholesale dealer, he takes a contract from Mr. X for Rs 50,000/- where as in the preceding FY Mr. A's turnover from the business is Rs 60 Lakhs, what is the amount of TDS deducted?
2. Mr. Kiran purchases goods from the Metro Cash and Carry Mart for his business purpose for Rs 10,00,000/- what is the amount of TDS deducted. In the RPY Kiran Books of accounts are subject to tax audit.
3. M/s ABC Ltd avails the following contracts from Mr. Vamsi and what is the amount of TDS deducted?
 - ❑ Contract-I : Rs 15,000
 - ❑ Contract-II : Rs 25,000
 - ❑ Contract-III : Rs 20,000
 - ❑ Contract-IV : Rs 25,000
 - ❑ Contract-V : Rs 20,000
4. XYZ Ltd turnover is 5,00,000 in the RPY and they are paying an amount of Rs 60,000 to ABC ltd who provides a maintenance services contract. What is the amount of TDS deducted?
5. Mr. Salman Khan takes a food catering service from Taj Hotel for Rs 1 Cr on the occasion of his marriage, what is the amount of TDS deducted by Mr. Salman Khan

Q&A: S.194C

6. Mr. X an Individual whose total sales in business during the year ended 31.3.2020 was Rs 1.20 Cr, paid Rs 9,00,000 by cheque on 01.01.2021 to a contractor (individual) for construction of factory building. Whether TDS needs to be deducted or not, if yes what is the amount of TDS deducted?
7. Based on the agreement with a nationalized bank, a catering organization receives a sum of Rs 50,000/- per month towards supply of food, water, cool drinks & snacks etc. during the office hours of the employees of the bank. Whether TDS is required to be deducted by the bank or not? And
8. In case the cater is an individual what is the rate and amount of TDS deducted?
9. Mr. Jagan the owner of Bharathi cements supplies jute bags to the Job worker Mr. CBN and asks to print company logo, address and telephone number on the jute bag. Mr. Jagan paid Rs 10,00,000 for the same, does it attracts TDS and what is the amount of TDS deducted?
10. In the above case if Mr. Jagan without supplying any jute bags and taking both from the job worker, does it attracts TDS ?

S.194C : TDS on Contract – Case Law:

<i>Japan Airlines Co. Ltd. v. CIT / CIT v. Singapore Airlines Ltd. (2015) 377 ITR 372 (SC)</i>	
Issue	Decision
Are landing and parking charges paid by an airline company to Airports Authority of India in the nature of rent to attract tax deduction at source u/s 194-I?	The charges which are fixed by the AAI for landing and take-off services as well as for parking of aircrafts are not for the "use of the land". These charges are for services and facilities offered in connection with the aircraft operation at the airport which include providing of air traffic services, ground safety services, aeronautical communication facilities, installation and maintenance of navigational aids and meteorological services at the airport. Hence, the charges are not for use of the land <i>per se</i> and, therefore, it cannot be treated as "rent" within the meaning of section 194-I.

S.194D : TDS on Insurance Commission

- Type of Business activity:
 - ✓ Procuring insurance policies
 - ✓ Renewal of Insurance policies
 - ✓ Revival of Insurance policies

- Deductor / Payer: Insurance Company
- Deductee / Payee: Resident Agent
- Rate of TDS: 5%

- TDS is deducted: Earlier of
 - ✓ At the time of payment (or)
 - ✓ At the time of credit of such income to the a/c of the payee
- No TDS if commission amount is up to Rs **15,000/-**

Q&A: S.194D

1. Bajaj Allianz an insurance company paid an amount of Rs 16,000/- to Mr. Arjun who is an Insurance Agent for their business. What is the amount of TDS Deducted?
2. Birla sun life has credited in its books of accounts to the tune of Rs 50,000 as commission payable to Mr. Venkat, does the Birla sun life needs to deduct TDS?
3. LIC is going to pay an amount of Insurance commission to Mr. B.T.Rao Rs 100,000 for the FY 2020-21, Mr. B.T.Rao gives a self-declaration to LIC stating that, he does not have any other source of income and he falls below Basic Exemption Limit under IT Act, hence No TDS shall be deducted on the amount paid by the LIC to him, based on the given facts?
 - (i) Can LIC pay Rs 1,00,000/- to Mr. B.T.Rao with out deducting TDS?
 - (ii) If LIC pays without deducting TDS is there any violation under the IT Act, 1961?
 - (iii) Whether the contention of Mr. B.T.Rao is acceptable?
 - (iv) If LIC deducts the TDS, what is the remedy to Mr. B.T.Rao for claiming the TDS amount?

S.194DA : TDS on Maturity Proceeds of a Life Insurance Policy

- Deductor / Payer: Any person (or) Insurance Company
- Deductee / Payee: Any Resident person
- Rate of TDS: 5% on the amount of income

Note: TDS required to deduct only on **income portion** i.e., Maturity Proceeds minus premium paid.

(Amended by FA 2019 w.e.f. 1/9/2019)

- No TDS if -
 - a) Amount exempted u/s 10 (10D)
 - b) Aggregate Amount paid is less than ₹1,00,000 during the financial year

Amount Exempted \rightarrow S. 10(10D) \rightarrow NO TDS
S. 10(10D)

Ex:- LIC 2009 ✓
 (P.A.)
 13,000 ✓
 SA 2,00,000 (C.A.)

Life Insurance

Policy taken on or before 31-03-2012

Paid $\leq 20\%$ of Sum Assured
 13,000 $\leq 20\%$ of 28 x 20,000 = 40,000
 \rightarrow Subsequent

Policy taken on or after 2019
 1-4-2012

Premium $\leq 10\%$ of SA
 13,000 $\leq 10\%$ of 2,00,000 = 20,000
 SA = 2,00,000
~~60,000~~

TDS
 SA 2,00,000
 1,00,000
 3 x 16 x 13 = 6240
 2,00,000 - 6240 = 1,93,760
 NO TDS

S. 10(10D)
 maturity

WLS 100% Exempted
 TDS is Applied
 Exempted.
NO TDS

Q&A: S.194DA

1. During the FY 2013-14 Mr. X has taken a insurance policy from LIC, the sum assured is Rs 3,00,000 and Premium paid per annum is Rs 25,000 and the policy is maturing on 31-03-2023 and LIC paying 4,10,000 as a maturity proceeds to Mr. X

(i) Should LIC needs to deduct TDS ?

(ii) Suppose if the premium amount paid p.a is Rs 35,000/- will your answer changes ?

(iii) If point ii is yes, what is the rate and amount of TDS deducted by the LIC ?

2. HDFC Life Insurance company paid maturity proceeds of Rs 85,000 to Mr. Y, what is the amount of TDS deducted?

3. Max Life Insurance company paid maturity proceeds of Rs 10,00,000 to Mr. Mahesh, he paid aggregate of Insurance premiums of Rs 9,50,000/- and what is the amount of TDS deductible if?

(i) If he satisfies all the premium conditions ?

(ii) If he doesn't satisfies all the premium conditions ?

Form - 16A
 1,00,00
 10,00
 90,00

Consequences for non-Deduction of TDS
 TDS ~~not~~ deducted & deposited on or before
 the date of filing

U/S 139C)
 31-7-AY
 31-10-AY
 TP 30-11-AY

Dis-allowance → 100% ✓
 N.R.
 Resident
 30-11 ✓

(+) Delay in → Int
 NOT deducted TDS → Part
 (or) Deducted but not deposited
 1. 1.1. Pm/P.M.
 10-8-AM
 31-7-AY
 2nd int firm AOC/BOL
 31-10-AM (Company Tax add)

Payment / Deposit of TDS:

Tax deducted or collected at source shall be deposited to the credit of the Central Government by following modes:

❖ **Electronic mode:** E-Payment is mandatory for

- a) All Corporate Assesses
- b) All assesses (other than company) to whom provisions of section 44AB of the Income Tax Act, 1961 are applicable.

✓ Website: <https://onlineservices.tin.egov-nsdl.com>

❖ **Physical Mode:** By furnishing the Challan 281 in the authorized bank branch

Due Dates for deposit of TDS:

- ❑ The Deducted Tax (TDS) shall be deposited to the credit of the Central Government as follows:
- ❑ TDS deposit to central government shall be monthly

If deducted tax,

- ❖ During (For) the months of “April to February” : TDS deposited on or before the **7th** of the **next month**
- ❖ During “March” month : TDS deposited on or before the **30th April** of next FY.

Due Dates for Filing of TDS Returns:

- ❖ TRACES: TDS Reconciliation Analysis and Correction Enabling System
- ❖ www.tdscpc.gov.in : TDS Certificates downloaded and correction returns
- ❖ www.Incometax.gov.in: TDS Payments and CSI Files download

QUARTER ENDED	TDS RETURN DUE DATE	TCS RETURN DUE DATE
30 TH JUNE	31 ST JULY	15 TH JULY
30 TH SEPT	31 ST OCT	15 TH OCT
31 ST DEC	31 ST JAN	15 TH JAN
31 ST MAR	31 ST MAY	15 TH MAY

FAQ's on TDS:

[https://incometaxindia.gov.in/Pages/faqs.aspx?k=FAQs+on+Tax+Deducted+at+Source+\(TDS\)](https://incometaxindia.gov.in/Pages/faqs.aspx?k=FAQs+on+Tax+Deducted+at+Source+(TDS))



*{Arise, awake and stop not until the goal is reached}
- Swami Vivekananda*



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