

### REASON BEHIND THE INTRODUCTION OF TDS

- To collect tax at the source from where an individual's income is generated.
- Government's tool to collect tax in order to minimize tax evasion by taxing the Income (Partially or wholly) at the time it is generated rather than at a later date.
- It would be better to deduct the tax at the time of generation itself, as the tax payer would be more convenient in paying the taxes at the time of receipt of Income rather than making the whole payment at the end of the year.
- •Also, payment of tax at the time of receipt of income reduces their Interest burden calculated on tax payable too which otherwise arises at the end of the financial year.



# SESSION ON TDS SECTIONS 194E, 194E, 194F, 194G





# Section-194E

TDS on Payments to Non-resident sportsmen or sports associations

## **SECTION 194 E**

# TDS ON PAYMENT TO NON- RESIDENT SPORTSMEN/ SPORTS ASSOCIATION

#### PERSONS LIABLE TO DEDUCT TDS U/S 194E

Any person making payment of income referred to in **section 115BBA** of Income Tax Act, 1961 to the following persons shall be liable to deduct TDS:-

A Non resident sportsman(including an athlete)

An Entertainer who is not a citizen of India.

A non- resident sports association / institution.

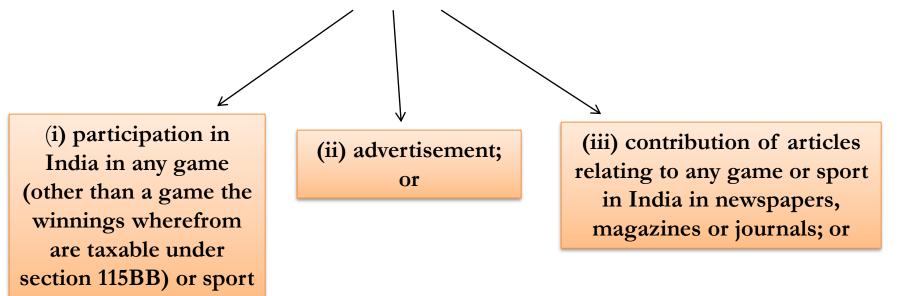
#### PAYMENTS REFFERED TO IN SECTION 115BBA

Where the total income of an assessee,-

being a sportsman (including an athlete),

who is not a citizen of India and is a non-resident

includes any income received or receivable by way of --



includes any amount guaranteed to be paid or payable to such association or institution in relation to any game (other than a game the winnings wherefrom are taxable under section 115BB) or sport played in India,

being an entertainer

who is not a citizen of India and is a non-resident

includes any income received or receivable from his performance in India

# TIME OF DEDUCTION OF TDS UNDER SECTION 194E

When this section gets attracted in a given transaction, deductor is required to deduct TDS within earlier of the following dates —

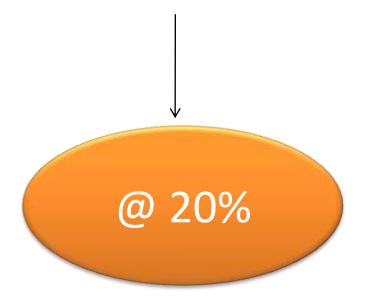
At the time of payment in cheque, draft, cash or any other mode

OR

At the time of credit of the income to the account of the recipient

## RATE AT WHICH TDS UNDER SECTION 194E IS TO BE DEDUCTED

Deductor liable to deduct TDS under section 194E is required to deduct TDS



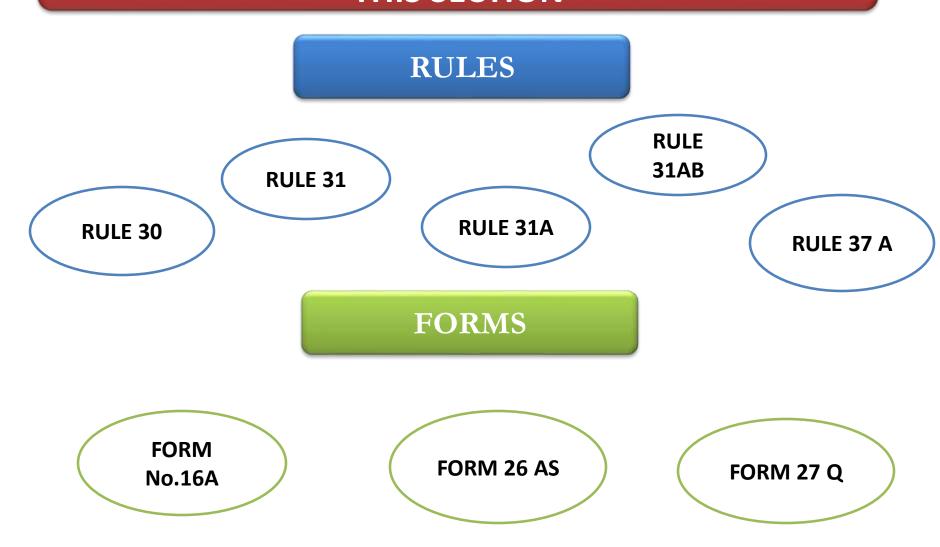
## TDS RETURN FILING U/S 194E

The Deductor, under section 194E of the Income Tax Act, 1961, is required to furnish TDS return in Form 27Q

#### FORM 27Q IS TO BE FILED QUARTERLY

Provisions of section 203 of the Income Tax Act, 1961 makes it mandatory for the Deductor to issue the TDS certificate to the payee. The Deductor deducting TDS under section 194E is required to furnish TDS certificate in Form 16A

# RELEVANT RULES AND FORMS FOR THE PURPOSE OF THIS SECTION



#### RULES

RULE 30

 Time and mode of payment to Government account of tax deducted at source or tax paid under sub-section (1A) of section 192

**RULE 31** 

Certificate of tax deducted at source to be furnished under section
 203

**RULE 31A** 

• Statement of deduction of tax under sub-section (3) of section 200

**RULE 31AB** 

Annual statement of tax deducted or collected or paid

**RULE 37 A** 

 Returns regarding tax deducted at source in the case of nonresidents

#### **FORMS**

**FORM 16A** 

certificate of deduction of tax at source

**FORM 26AS** 

annual consolidated tax credit statement

**FORM 27 Q** 

 Statement for TDS from Additional Income like Interest, Dividends, or any other amount Payable to NRI (Foreigners)





### **SECTION 194EE**

PAYMENTS IN RESPECT OF DEPOSITS UNDER NATIONAL SAVINGS SCHEME, ETC.

#### PERSON LIABLE TO DEDUCT TDS U/S 194EE

PAYMENT TO ANY PERSON ANY AMOUNT
REFERRED TO IN Clause (a) Of Sub-section (2) Of Section
80CCA

#### CLAUSE (a) of Sub section (2) of Section 80CCA

Where any amount-

STANDING TO THE CREDIT OF THE ASSESSEE

UNDER THE **NATIONAL SAVINGS SCHEME** IN RESPECT OF WHICH A DEDUCTION HAS BEEN ALLOWED UNDER SUB SECTION (1)

TOGETHER WITH THE INTEREST ACCRUED ON SUCH AMOUNT

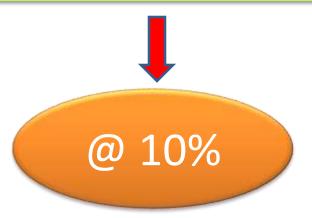
IS WITHDRAWN IN WHOLE OR PART IN ANY PREVIOUS YEAR.

# TIME OF DEDUCTION OF TDS UNDER SECTION 194EE

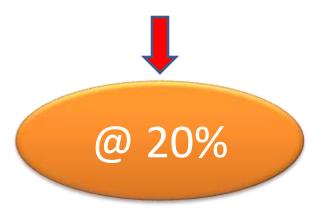


AT THE TIME OF PAYMENT

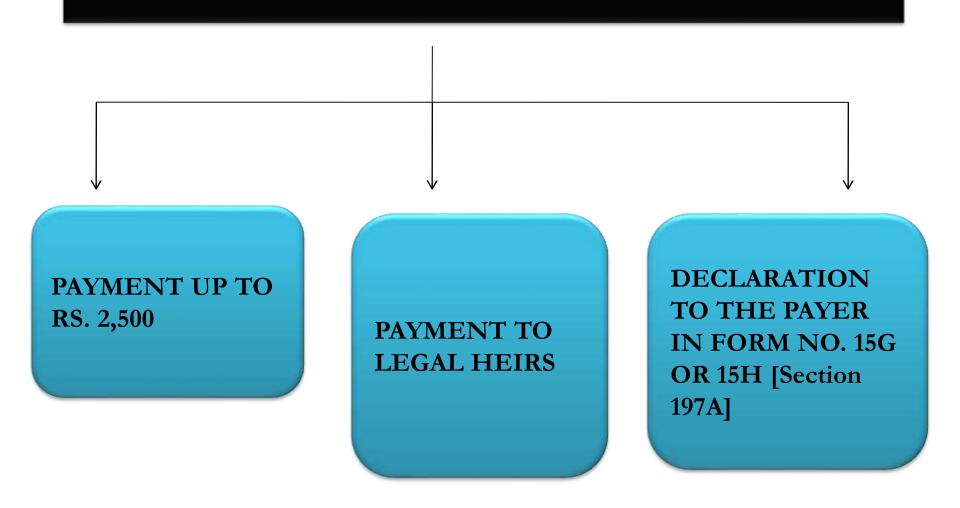
## RATE AT WHICH TDS UNDER SECTION 194EE IS TO BE DEDUCTED



If the recipient does not furnish his PAN to the deductor, tax will be deducted



#### WHEN NO TDS IS DEDUCTIBLE UNDER SECTION 194EE

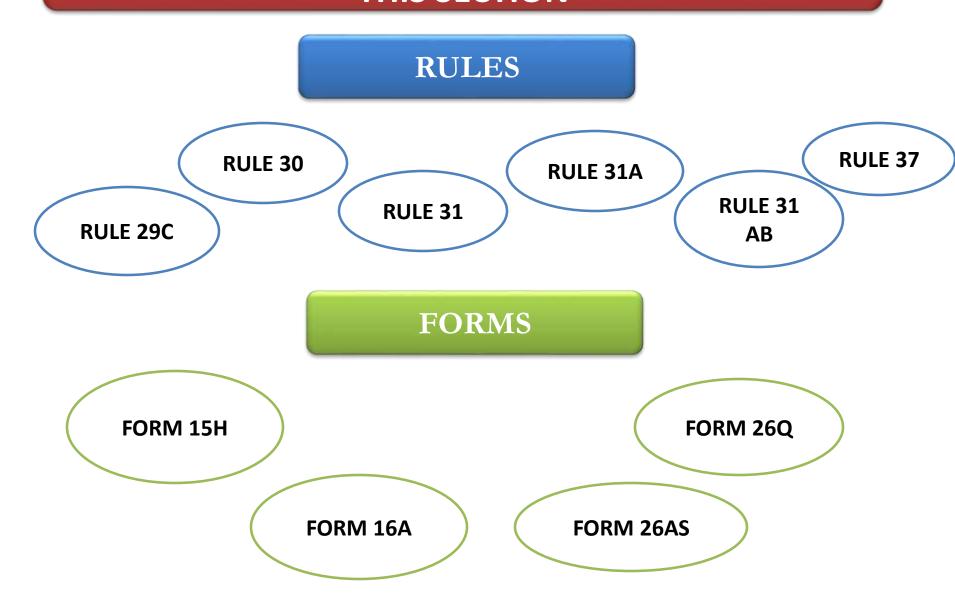


## TDS RETURN FILING U/S 194EE



The Deductor, under section 194EE of the Income Tax Act, 1961, is required to furnish TDS return in Form 26Q

# RELEVANT RULES AND FORMS FOR THE PURPOSE OF THIS SECTION



#### RULES

RULE 30

 Time and mode of payment to Government account of tax deducted at source or tax paid under sub-section (1A) of section 192

RULE 31

Certificate of tax deducted at source to be furnished under section
 203

RULE 31A

• Statement of deduction of tax under sub-section (3) of section 200

RULE 31AB

• Annual statement of tax deducted or collected or paid

RULE 37

Prescribed returns regarding tax deducted at source under section
 206

RULE 29 C

 Declaration by person claiming receipt of certain incomes without deduction of tax.

#### **FORMS**

**FORM 16A** 

• certificate of deduction of tax at source

FORM 26AS

annual consolidated tax credit statement

**FORM 26 Q** 

• Statement for TDS From all Payments Other Than Salaries

FORM 15H

• Statement of Declaration under section 197A(1C) by an individual who is of the age of sixty years or more claiming certain incomes without deduction of tax.





### **SECTION 194F**

# PAYMENTS ON ACCOUNT OF REPURCHASE OF UNITS BY MUTUAL FUND OR UTI

#### PERSON LIABLE TO DEDUCT TDS U/S 194F



MUTUAL FUNDS or UTI IS LIABLE TO DEDUCT TDS ON

PAYMENT TO ANY PERSON ANY AMOUNT REFERRED TO IN Subsection (2) of section 80CCB

## SECTION 80 CCB (2)



Amount which is invested by the assessee in the units being issued under a plan formulated under the <a href="Equity Linked Savings Scheme">Equity Linked Savings Scheme</a>.

The amount so invested has been allowed as a deduction, however, the amount invested (whole or part) is returned back to the assessee by the Fund / Trust either by way of repurchase of the units or on the termination of the plan

# TIME OF DEDUCTION OF TDS UNDER SECTION 194F



# AT THE TIME OF MAKING PAYMENT OF THE REQUISITE AMOUNT

# TIME OF DEPOSIT OF TDS WITH THE GOVERNMENT



within a period of **7 days** from **the end of the month** in which TDS is deducted. However, the TDS deducted in the **month of**March is to be deposited **on or before 30**<sup>th</sup> April.

## RATE AT WHICH TDS UNDER SECTION 194F IS TO BE DEDUCTED



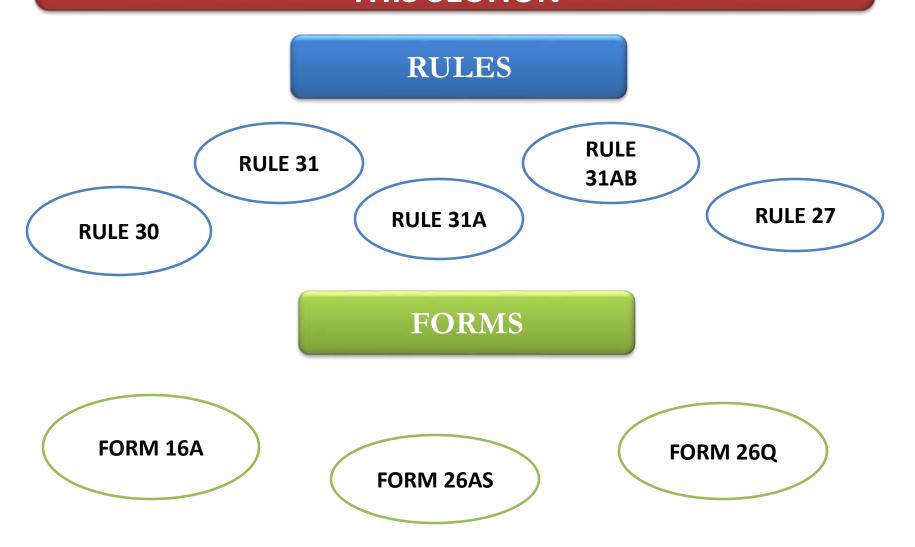
There is no exemption limit provided under section 194F

#### **CATEGORY OF PAYEE**



**Individuals And HUF** 

# RELEVANT RULES AND FORMS FOR THE PURPOSE OF THIS SECTION



#### RULES

RULE 30

 Time and mode of payment to Government account of tax deducted at source or tax paid under sub-section (1A) of section 192

**RULE 31** 

 Certificate of tax deducted at source to be furnished under section 203

**RULE 31A** 

• Statement of deduction of tax under sub-section (3) of section 200

**RULE 31AB** 

Annual statement of tax deducted or collected or paid

**RULE 27** 

Prescribed arrangements for declaration and payment of dividends within India

#### **FORMS**

**FORM 16A** 

• certificate of deduction of tax at source

**FORM 26AS** 

annual consolidated tax credit statement

**FORM 26 Q** 

• Statement for TDS From all Payments Other Than Salaries

# SECTION 194 G



## TDS on Commission on the sale of lottery tickets



### **SECTION 194G**

#### COMMISSION ON SALE OF LOTTERY TICKETS

#### PERSON LIABLE TO DEDUCT TDS U/S 194G



person, who is paying any income by way of

commission

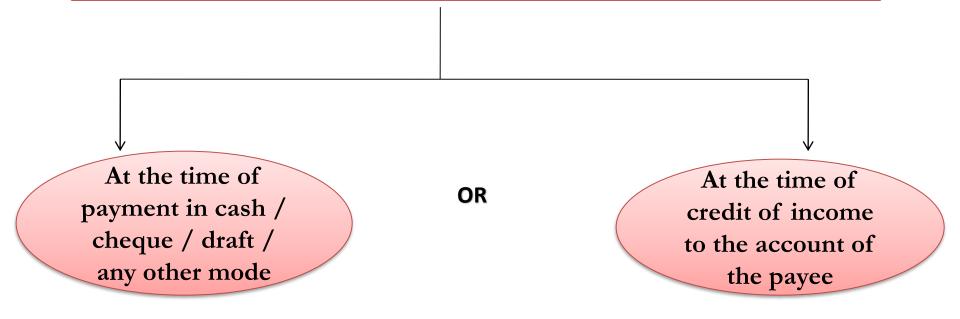
remuneration

prize on lottery tickets to the person who has been stocking / distributing / purchasing / selling the lottery tickets

# TIME OF DEDUCTION OF TDS UNDER SECTION 194G



the Deductor is required to deduct TDS within earlier of the following prescribed dates –



## RATE AT WHICH TDS UNDER SECTION 194G IS TO BE DEDUCTED



It should be noted that no surcharge, education cess or SHE cess shall be levied on the said rate of 5%.

If the recipient does not furnish his PAN to the deductor, tax will be deducted



## EXEMPTION LIMIT U/S 194 G



Liable to deduct TDS under section 194G only if the income amount exceeds INR 15,000

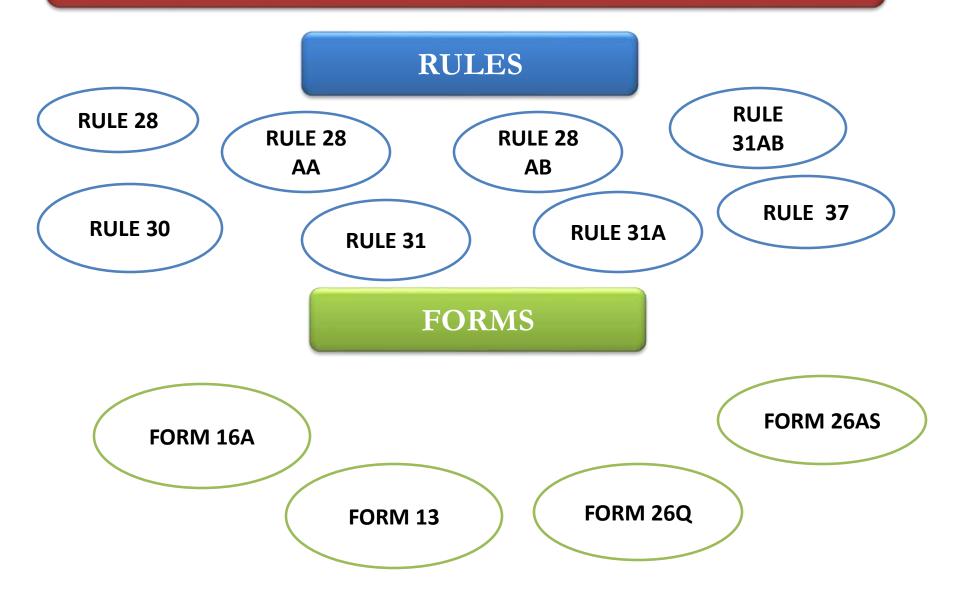
#### Provision of lower / NIL TDS deduction



The payee can, by filing an application in **Form no. 13**, request the assessing officer for lower TDS deduction or NIL / no TDS deduction. If the payee receives the appropriate certificate from the Assessing Officer, the Deductor would **deduct TDS at a lower rate or NIL rate**, as directed

However, section 206AA(4) states that no certificate for lower / NIL deduction shall be granted unless the application contains the <a href="Permanent Account Number (PAN)">Permanent Account Number (PAN)</a> of the applicant

## RELEVANT RULES AND FORMS FOR THE PURPOSE OF THIS SECTION



#### **RULES**



• Time and mode of payment to Government account of tax deducted at source or tax paid under sub-section (1A) of section 192

RULE 31

Certificate of tax deducted at source to be furnished under section 203

RULE 31A

• Statement of deduction of tax under sub-section (3) of section 200

RULE 31AB

Annual statement of tax deducted or collected or paid

**RULE 37** 

• Prescribed returns regarding tax deducted at source under section 206

RULE 28

• Application for grant of certificates for deduction of income-tax at any lower rates or no deduction of income-tax.

RULE 28AA

• Statement by shareholder claiming receipt of dividend without deduction of tax

RULE 28AB

Certificate of no deduction of tax in case of certain entities

#### **FORMS**

FORM 16A

certificate of deduction of tax at source

FORM 26AS

• annual consolidated tax credit statement

**FORM 26 Q** 

• Statement for TDS From all Payments Other Than Salaries

**FORM 13** 

• application for Nil/ Lower deduction of TDS

# CONSEQUENCES A DEDUCTOR WOULD FACE IF HE FAILS TO DEDUCT TDS OR AFTER DEDUCTING THE SAME FAILS TO DEPOSIT IT TO THE GOVERNMENT'S ACCOUNT

### Disallowance of expenditure

- <u>section 40(a)(i)</u>
- section 40(a)(ia)
- Section 58(1A)

#### **Levy of interest**

- Section 201A
- Section 221(1)

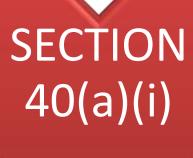
#### **Levy of Penalty**

- section 271C
- Section 271H
- Section 234E
- Section 270A

#### Prosecution

Section 276 B

#### DISALLOWANCE OF EXPENDITURE



- Notwithstanding anything to the contrary in sections 30 to [2][38], the following amounts shall not be deducted in computing the income chargeable under the head Profits and gains of business or profession in the case of any assessee any interest (not being interest on a loan issued for public subscription before the 1st day of April, 1938), royalty, fees for technical services or other sum chargeable under this Act, which is payable, (A) outside India;
- or **(B)** in India to a non-resident, not being a company or to a foreign company, on which tax is deductible at source under Chapter XVII-B and such tax has not been deducted or, after deduction, has not been paid [4][on or before the due date specified in sub-section (1) of section 139]

SECTION 40(a)(ia)

• Thirty per cent of any sum payable to a resident, on which tax is deductible at source under Chapter XVII-B and such tax has not been deducted or, after deduction, has not been paid on or before the due date specified in subsection (1) of section 139

# SECTION 58(1A)

• (1A) The provisions of [8][sub-clauses (ia) and (iia)] of clause (a) of section 40 shall, so far as may be, apply in computing the income chargeable under the head Income from other sources as they apply in computing the income chargeable under the head Profits and gains of business or profession.]

#### LEVY OF INTEREST



- Non-deduction of tax at source, either in whole or in part
  - Interest 1% Per Month
  - **Period for which interest is to be paid:** From the date on which tax-deductible to the date on which tax is actually deducted.
- After deduction of tax, non-payment of tax either in whole or in part
  - Interest 1.5% Per Month
  - **Period for which interest is to be paid:** From the date of deduction to the date of payment



• When an assessee is in default or is deemed to be in default in making a payment of tax, he shall, in addition to the amount of the arrears and the amount of interest payable under sub-section (2) of section 220, be liable, by way of penalty, to pay such amount as the [3][Assessing] Officer may direct, and in the case of a continuing default, such further amount or amounts as the [4][Assessing] Officer may, from time to time, direct, so, however, that the total amount of penalty does not exceed the amount of tax in arrears

#### LEVY OF PENALTY



- If any person fails to deduct the whole or any part of the tax as required by or under the provisions of Chapter XVII-B; or pay the whole or any part of the tax as required by or under, --sub-section (2) of section 115-O; orsecond proviso to section 194B, then, such person shall be liable to pay, by way of penalty, a sum equal to the amount of tax which such person failed to deduct or pay as aforesaid.
- Any penalty imposable under sub-section (1) shall be imposed by the [4][Joint Commissioner

- Penalty for failure to furnish statements, etc
- The penalty referred to in sub-section (1) shall be a sum which shall not be less than ten thousand rupees but which may extend to one lakh rupees
- no penalty shall be levied for the failure referred to in clause (a) of sub-section (1), if the person proves that after paying tax deducted or collected along with the fee and interest, if any, to the credit of the Central Government, he had delivered or cause to be delivered the statement referred to in sub-section (3) of section 200 or the proviso to sub-section (3) of section 206C before the expiry of a period of one year from the time prescribed for delivering or causing to be delivered such statement.

**SECTION 271 H** 



 Without prejudice to the provisions of the Act, where a person fails to deliver or cause to be delivered a statement within the time prescribed in sub-section (3) of section 200 or the proviso to sub-section (3) of section 206C, he shall be liable to pay, by way of fee, a sum of two hundred rupees for every day during which the failure continues

SECTION 270 A

- Penalty for under-reporting and misreporting of income
- UNDER REPORTING- The penalty referred to in sub-section (1) shall be a sum equal to fifty per cent of the amount of tax payable on underreported income
- MIS REPORTING- Notwithstanding anything contained in sub-section (6) or sub-section (7), where under-reported income is in consequence of any misreporting thereof by any person, the penalty referred to in subsection (1) shall be equal to two hundred per cent. of the amount of tax payable on under-reported income

#### **PROSECUTION**

SECTION 276 B

• If a person fails to pay to the credit of the Central Government-the tax deducted at source by him as required by or under the provisions of Chapter XVII-B; or the tax payable by him, as required by or under, -- sub-section (2) of section 115-O; or the second proviso to section 194B, he shall be punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to seven years and with fine.

