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Section 194K, 194LB, 194LBA, 194LBB, 194LBC, 194LC and 194LD of TDS"
from 7:00 p.m. to 9:00 p.m. on 1st August , 2021.

194K. Income in respect of units.

194K. Any person responsible for paying

- to a resident any income
- in respect of—
 - (a) units of a Mutual Fund specified under clause (23D) of section 10; or
 - (b) units from the Administrator of the specified undertaking; or
 - (c) units from the specified company,
- shall,
 - at the time of credit of such income to the account of the payee or
 - at the time of payment thereof by any mode,whichever is earlier,
- deduct income-tax thereon at the rate of ten per cent.:

Provided that the provisions of this section shall **not apply**—

- (i) where the amount of such income or, as the case may be, the aggregate of the amounts of such income credited or paid or likely to be credited or paid during the financial year by the person responsible for making the payment to the account of, or to, the payee does not exceed **five thousand** rupees; or
- (ii) if the income is of the nature of capital gains.

Explanation 1.—

For the purposes of this section,—

- (a) “Administrator” means the Administrator as referred to in clause (a) of section 2 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002;
- (b) “specified company” means a company as referred to in clause (h) of section 2 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002;
- (c) “specified undertaking” shall have the meaning assigned to it in clause (i) of section 2 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002.

Explanation 2.—For the removal of doubts, it is hereby clarified that where any income referred to in this section is credited to any account, whether called “suspense account” or by any other name, in the books of account of the person liable to pay such income, such crediting shall be deemed to be the credit of such income to the account of the payee and the provisions of this section shall apply accordingly.

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194LB. Income by way of interest from infrastructure debt fund²⁷.

194LB. Where any income by way of interest is payable

- to a **non-resident**, **not** being a company, or
- to a foreign company,
- by an infrastructure debt fund referred to in clause (47) of section 10,
- the person responsible for making the payment
- shall,
- at the time of credit of such income to the account of the payee or
- at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier,
- deduct income-tax thereon at the rate of **five per cent**.

Section - 82, Finance Acts-2016 1st day of June, 2016

194LBA. Certain income from units of a business trust.

194LBA. (1) Where any distributed income referred to in section 115UA,

- being of the nature referred to in
 - ~~sub-clause (a) of~~ clause (23FC) or
 - clause (23FCA)] of section 10,
- is payable by a business trust
- **to** its unit holder being a **resident**,
- the person responsible for making the payment
- shall
 - at the time of credit of such payment to the account of the payee or
 - at *the* time of payment thereof in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier,
- deduct income-tax thereon at the rate of **ten per cent**.

(2) Where any distributed income referred to in section 115UA,

- being of the nature referred to in ~~sub-clause (a) of~~ **clause (23FC)** of section 10, is payable by a business trust
- **to** its unit holder,
 - being a **non-resident** (not being a company)] or
 - a **foreign company**,
- **the** person responsible for making the payment
- shall
 - at the time of credit of such payment to the account of the payee or
 - at the time of payment thereof in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier,
- deduct income-tax thereon at the rate of
 - **five** per cent. in case of income of the nature referred to in sub-clause (a) and
 - **ten** per cent. in case of income of the nature referred to in sub-clause (b), of the **said clause**.

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10(23FC)(a)	interest received or receivable from a special purpose vehicle	5%
10(23FC)(b)	dividend received or receivable from a special purpose vehicle	10% (par with 194)

(2A) Nothing contained in sub-sections (1) and (2) shall apply

- in respect of income of the nature referred to in sub-clause (b) of clause (23FC) of section 10,
- if the special purpose vehicle referred to in the said clause has not exercised the option under section 115BAA.

10(23FC)(b)	dividend received or receivable from a special purpose vehicle	Nil % (par with 115BAA)
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³¹[(3) Where any distributed income referred to in section 115UA,

- being of the nature referred to in clause (23FCA) of section 10,
- is payable by a business trust
- to its unit holder,
 - being a non-resident (not being a company), or
 - a foreign company,
- the person responsible for making the payment
- shall
 - at the time of credit of such payment to the account of the payee or
 - at the time of payment thereof in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier,
- deduct income-tax thereon
- at the **rates in force.**]

10(23FCA)	renting or leasing or letting out any real estate asset owned directly by such business trust	115UA = MMR
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Section - 83, Finance Acts-2016 1st day of June, 2016

194LBB. Income in respect of units of investment fund.

194LBB. Where any income,

- **other than** that proportion of income which is of the same nature as income referred to in clause (23FBB) of section 10,
- is payable to a unit holder in respect of units of an investment fund specified in clause (a) of the *Explanation 1* to section 115UB,
- the person responsible for making the payment
- shall,
 - at the time of credit of such income to the account of payee or

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○ at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode,
whichever is earlier,
deduct income-tax thereon,—

(i) at the rate of **ten** per cent, where the payee is a **resident**;

(ii) at the **rates in force**, where the payee is a **non-resident** (not being a company) or a foreign company:

Provided that where the **payee** is a non-resident (not being a company) or a foreign company, **no deduction** shall be made in respect of any income that is **not chargeable** to tax under the provisions of the Act.

Explanation.—For the purposes of this section,—

(a) "unit" shall have the meaning assigned to it in clause (c) of the *Explanation 1* to section 115UB;

(b) where any income as aforesaid is credited to any account, whether called "suspense account" or by any other name, in the books of account of the person liable to pay such income, such crediting shall be deemed to be the credit of such income to the account of the payee, and the provisions of this section shall apply accordingly.]

Section - 84, Finance Acts-2016 1st day of June, 2016

194LBC. Income in respect of investment in securitization trust.

194LBC. (1) Where any income is payable to an investor,

— being a **resident**,

— in respect of an investment in a securitisation trust specified in clause (d) of the Explanation occurring after section 115TCA,

— the person responsible for making the payment

— shall,

○ at the time of credit of such income to the account of the payee or

○ at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode,

whichever is earlier,

— deduct income-tax thereon, at the rate of—

(i)	twenty-five per cent, if the payee is an individual or a Hindu undivided family;
(ii)	thirty per cent, if the payee is any other person.

(2) Where any income is payable to an investor,

— being a **non-resident** (not being a company) or a foreign company,

— in respect of an investment in a securitisation trust specified in clause (d) of the Explanation occurring after section 115TCA,

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- the person responsible for making the payment
- shall,
 - at the time of credit of such income to the account of the payee or
 - at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode,
whichever is earlier,
- deduct income-tax thereon,
- at the rates in force.

Explanation.—For the purposes of this section,—

(a)	"investor" shall have the meaning assigned to it in clause (a) of the Explanation occurring after section 115TCA;
(b)	where any income as aforesaid is credited to any account, whether called "suspense account" or by any other name, in the books of account of the person liable to pay such income, such crediting shall be deemed to be the credit of such income to the account of the payee, and the provisions of this section shall apply accordingly.]

194LC. Income by way of interest from Indian company / Business Trust.

194LC. (1) Where any income by way of interest referred to in sub- section (2)

- is payable
 - to a non-resident,
 - not being a company or
 - to a foreign company
- by
 - a specified company ³⁹[or
 - a business trust],
- the person responsible for making the payment,
- shall
 - at the time of credit of such income to the account of the payee or
 - at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier,
- deduct the income-tax thereon at the rate of five per cent.

Provided that

- in case of income by way of interest referred to clause (ib) of sub-section (2),
- the income-tax shall be deducted at the rate of four per cent.

(2) The interest referred to in sub-section (1)

- shall be the income by way of interest
- payable by
 - the specified company or

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- the business trust,—

(i) in respect of monies **borrowed** by it **in foreign currency** from a source **outside India**,—

(a) under a loan **agreement** at any time on or after the 1st day of July, 2012 but **before** the 1st day of July, **2023**; or

(b) by way of issue of **long-term infrastructure** bonds at any time on or after the 1st day of July, 2012 but **before** the 1st day of October, **2014**; or

(c) by way of issue of **any long-term bond** including long-term infrastructure bond at any time on or after the 1st day of October, 2014 but **before** the 1st day of July, **2023**,

as **approved** by the Central Government in this behalf; ~~and~~ **or**

(ia) in respect of monies borrowed by it

— *from a source outside India*

— *by way of issue of*

- *rupee denominated bond*

— *before the 1st day of July, 2023, or*

(ib) in respect of monies borrowed by it

— *from a source outside India*

— *by way of issue of*

- *any long-term bond or*
- *rupee denominated bond*

— *on or after the 1st day of April, 2020 but before the 1st day of July, 2023,*

— *which is listed only on a recognised stock exchange located in any International Financial Services Centre,*

and

(ii) to the **extent** to which such interest does **not exceed** the amount of interest calculated at the **rate approved** by the Central **Government** in this behalf, having regard to the terms of the loan or the bond and its repayment.

Explanation.—For the purpose of this section—

(a) "foreign currency" shall have the meaning assigned to it in clause (m) of section 2 of the Foreign Exchange Management Act, 1999 (42 of 1999);

(b) "specified company" means an Indian company.

(c) "International Financial Services Centre" shall have the meaning assigned to it in clause (q) of section 2 of the Special Economic Zones Act, 2005;

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- (d) “recognised stock exchange” shall have the meaning assigned to it in clause (ii) of Explanation 1 to clause (5) of section 43.’.

FA 2020 - Memorandum

In order to attract fresh investment, create jobs and stimulate the economy, it is proposed to; -

- i. extend the period of said concessional rate of TDS of five per cent to 1st July, 2023 from 1st July, 2020*
- ii. provide that the rate of TDS shall be four per cent on the interest payable to a non-resident, in respect of monies borrowed in foreign currency from a source outside India, by way of issue of any long term bond or RDB on or after 1st April, 2020 but before 1st July, 2023 and which is listed only on a recognised stock exchange located in any IFSC.*

194LD. Income by way of interest on certain bonds and Government securities⁴¹.

194LD. (1) Any person who is responsible for paying

- to a person being
 - a Foreign Institutional Investor or
 - a Qualified Foreign Investor,
- any income by way of interest referred to in sub-section (2),
- shall,
 - at the time of credit of such income to the account of the payee or
 - at the time of payment of such income
 - in cash or
 - by the issue of a cheque or draft or by any other mode,whichever is earlier,
- deduct income-tax thereon
 - at the rate of **five per cent**.

(2) The income by way of interest referred to in sub-section (1)

— shall be the interest payable,—

- (a) on or after the 1st day of June, 2013 but before the 1st day of July, 2023 in respect of the investment made by the payee in—

(i) a rupee denominated bond of an Indian company; or

(ii) a Government security;

- (b) on or after the 1st day of April, 2020 but **before** the 1st day of July, **2023** in respect of the investment made by the payee in **municipal debt securities**:

Provided that

- the rate of interest in respect of bond referred to in sub-clause (i) of clause (a)
- shall not exceed the rate as the Central Government may, by notification in the Official Gazette, specify.

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Section - 68, Finance Acts-2017 1st day of April, 2018

(2) The income by way of interest referred to in sub-section (1) shall be

— the interest payable

○ on or after the 1st day of June, 2013

○ **but before** the ⁴²[1st day of July, [2017**2020**];]

— in respect of **investment** made by the payee **in**—

(i) **arupee** denominated **bond** of an Indian company ; or

(ii) a **Government security**;

Provided that the **rate** of interest in respect of bond referred to in clause (i) shall **not exceed** the rate as may be **notified** by the Central Government in this behalf.

Explanation.—For the purpose of this section,—

(a) "Foreign Institutional Investor" shall have the meaning assigned to it in clause (a) of the *Explanation* to section 115AD;

(b) "Government security" shall have the meaning assigned to it in clause (b) of section 2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956);

(ba) “municipal debt securities” shall have the meaning assigned to it in clause (m) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Issue and Listing of Municipal Debt Securities) Regulations, 2015 made under the Securities and Exchange Board of India Act, 1992;

(m) municipal debt securities” shall mean non-convertible debt securities which create or acknowledge indebtedness, and include debenture, bonds and such other securities of an issuer

(c) "Qualified Foreign Investor" shall have the meaning assigned to it in the Circular No. Cir/IMD/DF/14/2011, dated the 9th August, 2011, as amended from time to time, issued by the Securities and Exchange Board of India, under section 11 of the Securities and Exchange Board of India Act, 1992 (15 of 1992).

41-See rules 30, 31, 31A, 31AB, 37BA and 37BB and Form Nos. 15CA, 15CB, 16A, 26B, 26AS, 27A and 27Q.