

APPLICABILITY OF INCOME TAX DEDUCTED OR COLLECTED AT SOURCE ON PAYMENT OR INCOME TO NON RESIDENT OR FOREIGN COMPANY

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SECTION OF TDS APPLICABLE TO NON RESIDENT OR FOREIGN COMPANY

SECTION	NATURE OF PAYMENT
192	Payment of Salary
192A	Payment of taxable accumulated balance of Provident Fund
194B	Winnings from lottery or crossword puzzle
194BB	Winning from horse race
194E	Payment to a non-residents sportsmen or sports association
194EE	Payments in respect of deposit under National Savings Scheme
194F	Repurchase of units by Mutual Fund or Unit Trust of India
194G	Commission on sale of lottery tickets
194LB	Income by way of interest from infrastructure debt fund
194LBA(2)	Payment of the nature referred to sec10(23FC) or sec 10(23FC)(a) by business trust to unit holders.
194LBA(3)	Payment of the nature referred to sec10(23FCA) business trust to unit holders.
194LBB	Income in respect of units of investment fund specified in section 115UB

SECTION OF TDS APPLICABLE TO NON RESIDENT OR FOREIGN COMPANY

- 194LBC(2) Income in respect of investment in securitization of trust.
- 194LC Payment/credit of interest by an Indian specified company on foreign currency approved loan/long- terms bonds from outside India.
- 194LD Interest on a rupee denominated bond of an Indian company or Government security.
- 194N Payment of certain amounts in cash
- 195 Payment/credit of other sum to a non-resident
- 196B Income from units
- 196C Income from foreign bonds or shares of Indian company
- 196 D Income of Foreign Institutional Investors from securities



TDS FROM SALARY[SECTION 192]

- Deductor
- DEDUCTEE
- Time of Deduction
- Threshold limit
- Rate of Deduction
- TDS at lower rate or Nil rate
- **Every person** responsible for paying Salary
- Employee whether resident or non-resident
- At the time of payment of Salary.
- If Income from Salary exceeds the maximum exemption limit which is not chargeable to tax
- If PAN is furnished: As per Schedule
- IF PAN is not furnished: Average rate of tax as per Section 206AA or 20% whichever is higher.
- For this employee can apply to the AO in Form No. 13, electronically.



TDS FROM SALARY[SECTION 192]

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- Deductee
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- Threshold limit
- Rate of Deduction
- TDS at lower rate or Nil rate
- **Every person** responsible for paying Salary
- Employee whether resident or non-resident
- At the time of payment of Salary.
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- For this employee can apply to the AO in Form No. 13, electronically.



TDS ON WITHDRAWAL FROM EPF SCHEME[SECTION 192A]

- Deductor
- Deductee
- When Withdrawal from EPF is taxable?
- Exception
 - Trustees of Employees Provident Fund Scheme or any authorised under the scheme to make payment of accumulated balance.
 - If amount payable to an employee out of accumulated balance of PF, is taxable in his hands.
 - Any withdrawal of amount from the accumulated balance of EPF, before completion of 5 years of continuous service, shall be charged to tax.
 - Withdrawal due to reasons beyond control:- i.e. due to ill-health or discontinuance of employer's business or any other cause beyond the control of employee, he has not rendered continuous service for 5 years.
 - Transfer of EPF balance: On change of employment, employee transfer his PF balance to his recognized PF account maintained with current employer.
 - Investment in NPS: If entire balance in PF account is transferred to his account under NPS as referred to in Section 80CCD.



TDS ON WITHDRAWAL FROM EPF SCHEME[SECTION 192A]

- Time of Deduction
- Threshold limit
- Rate of Deduction
- At the time of payment only
- If the aggregate amount of withdrawal is less than Rs. 50000/-
- If employee is resident-@10%
- If employee is non-resident- @10% plus surcharge and health & education cess.



TDS FROM WINNING FROM LOTTERY OR CROSSWORD PUZZLES[SECTION 194B]

- Deductor
- Deductee
- Time of Deduction
- Threshold limit
- Rate of Deduction
- **Every person** who is responsible for payment
- When amount is payable to winner.
- Only at the time of payment of winning.
- If the amount of winning is more than Rs. 10000/-
- If winner is resident@30%, and if winner is non-resident @30% plus surcharge and health & education cess.



TDS ON WINNING FROM HORSE RACES [SECTION 194BB]

- Deductor
 - Book-maker, or a person whom a license has been granted by the Govt. for horse racing or betting in any race course.
- Deductee
 - Recipient whether resident or non-resident.
- Time of Deduction
 - At the time of payment of winnings
- Threshold limit
 - If the amount of winning is more than Rs. 10000/-
- Rate of Deduction
 - If winner is resident@30%, and if winner is non-resident @30% plus surcharge and health & education cess.



TDS FROM PAYMENT TO NON-RESIDENT SPORTS PERSON [SECTION 194E]

- Deductor
 - Every person responsible for making specified payment or sports association
 - Non-resident sportsman, who is not an citizen of India, Non-resident entertainer, who is not an citizen of India, Non-resident Sports Association or Institution
- Deductee



TDS FROM PAYMENT TO NON-RESIDENT SPORTS PERSON [SECTION 194E]

- Types of Payment
 - For participation in India for any game
 - For Advertisement
 - For contribution of articles on game or sports in India in newspapers, magazines or journals
 - For any game or sports played in India, sum payable to non-resident sports association
 - For performance in India, sum payable to non-resident entertainer who is not citizen of India.



TDS FROM PAYMENT TO NON-RESIDENT SPORTS PERSON [SECTION 194E]

- Time of Deduction
 - At the time of payment or of credit of sum, **whichever is earlier.**
- Threshold limit
 - **Nil**
- Rate of Deduction
 - @20% plus surcharge and health & education cess.
 - If PAN is not furnished TDS @40% in case of foreign company or @ 30% in case of other non-resident person in accordance with section 206AA.



TDS FROM PAYMENT UNDER NATIONAL SAVING SCHEME [SECTION 194EE]

- Deductor
- Deductee
- Time of Deduction
- Rate of Deduction
- Exemption
- Every person responsible to pay any sum (both principal and interest) .
- A person being Indian citizen.
- At the time of payment only
- @10%
- If aggregate sum paid to payee during the F.Y is less then Rs. 2500/- no TDS shall be deducted
- If payment is made to legal Heirs
- By virtue of Section 196 any sum payable to the Govt. RBI, Mutual Fund, or any Corporation established under the Act which is exempt from tax.



TDS FROM PAYMENT FOR REPURCHASE OF UNITS BY MUTUAL FUND OR UTI [SECTION 194F]

- Deductor
 - **Every person** responsible to pay any sum for re-purchase of units or termination of plan by Mutual Fund or Unit trust
- Deductee
 - If sum is paid or payable to an Individual or HUF
- Time of Deduction
 - At the time of payment
- Threshold
 - NIL
- Rate of Deduction
 - If resident@20%, and if non-resident @20% plus surcharge and health & education cess
- Applicability of provisions
 - If invested in the units issued under Equity Linked Saving Scheme, is returned to him, wholly or partly by way of re-purchase of such units or on termination of the plan by the MF or Unit trust.



TDS FROM COMMISSION ON SALE OF LOTTERY TICKETS [SECTION 194G]

- Deductor
 - Every person responsible for making payment of commission or other payments on the lottery tickets.
 - If recipient is engaged in the business of stocking, distributing, purchasing or selling of lottery tickets.
 - At the time of payment or of credit of sum, whichever is earlier.
 - If the amount exceed Rs. 15000/ during the F.Y.
 - If resident@5%, and if non-resident @5% plus surcharge and health & education cess
- Deductee
- Time of Deduction
- Threshold
- Rate of Deduction



TDS FROM INTEREST ON INFRASTRUCTURE DEBT FUND [SECTION 194 LB]

- Deductor
- Deductee
- Time of Deduction
- Threshold
- Rate of Deduction
- **Every person** responsible for making payment
- Non- resident person , Foreign company
- At the time of payment or of credit of sum, **whichever is earlier.**
- NIL
- @5% plus surcharge and health & education cess



TDS FROM INCOME DISTRIBUTED BY BUSINESS TRUST [SECTION 194LBA]

- Deductor
- Deductee
- Time of Deduction
- Threshold
- Rate of Deduction
- Exemption
- Business trust which has controlling interest in an Indian Company.
- Unit holders
- At the time of payment or of credit of sum, **whichever is earlier**
- **NIL**
- If resident@10%, and if non-resident @10% plus surcharge and health & education cess, If income is distributed by a Real Estate Investment Trust is in the nature of rent @40% in case of foreign company and @30% in any other non-resident. Rate shall be increased by surcharge and health & education cess.
- By virtue of Section 196 any sum payable to the Govt. RBI, Mutual Fund, or any Corporation established under the Act which is exempt from tax.



TDS FROM INCOME IN RESPECT OF INVESTMENT FUND [SECTION 194LBB]

- Deductor
- Deductee
- Time of Deduction
- Threshold
- Rate of Deduction
- Exemption
- Any person responsible for making payment
- Unit holders
- At the time of payment or of credit of sum, **whichever is earlier**
- **NIL**
- If resident@10%, @40% in case of foreign company and @30% in any other non-resident. Rate shall be increased by surcharge and health & education cess.
- By virtue of Section 196 any sum payable to the Govt. RBI, Mutual Fund, or any Corporation established under the Act which is exempt from tax.



TDS FROM INCOME IN RESPECT OF INVESTMENT IN SECURITIZATION TRUST [SECTION 194LBC]

- Deductor
- Deductee
- Time of Deduction
- Threshold
- Rate of Deduction
- Exemption
- Any person responsible for making payment
- Unit holders
- At the time of payment or of credit of sum, **whichever is earlier**
- **NIL**
- If resident Individual or HUF @25%, any other resident person @ 30%. In case of foreign company @40% and @30% in any other non-resident. Rate shall be increased by surcharge and health & education cess.
- By virtue of Section 196 any sum payable to the Govt. RBI, Mutual Fund, or any Corporation established under the Act which is exempt from tax.



TDS FROM INTEREST PAID ON FOREIGN BORROWINGS [SECTION 194LC]

- Deductor
 - An Indian company or a Business trust.
 - Tax is required to be deducted if Interest is payable in respect of [(i) Borrowings in foreign currency from outside India under a loan agreement entered between 01-07-2012 to 30-06-2020, (ii) Issue of Long Term Infrastructure Bonds between 01-07-2012 to 30-09-2014, (iii) Issue of Long Term Bond or Long Term Infrastructure Bonds between 01-10-2014 to 30-06-2020, (iv) Issue of Rupee Denominated Bond on or before 30-06-2020



TDS FROM INTEREST PAID ON FOREIGN BORROWINGS [SECTION 194LC]

- Deductee
- Time of Deduction
- Threshold
- Rate of Deduction
- Exemption
- A non- resident person or a foreign company
- At the time of payment or of credit of sum, **whichever is earlier**
- Nil
- @ 5% + Surcharge and HEC.
- In respect of rupee denominated bonds issued outside India during the period from 17-09-2018 to 31-03-2019.



TDS FROM INTEREST ON RUPEE DENOMINATED BONDS AND GOVT. SECURITIES [SECTION 194LD]

- Deductor
 - Any person making payment of interest between 01-06-2013 to 01-07-2020 in respect of , Rupee denominated bond of an Indian company, Government security
 - Foreign Institutional Investors or a Qualified Foreign Investor.
 - At the time of payment or of credit of sum, **whichever is earlier**
 - Nil
 - @ 5% + Surcharge and HEC.
- Deductee
- Time of Deduction
- Threshold
- Rate of Deduction



TDS ON CASH WITHDRAWAL

[SECTION 194N] W.E.F, 01-09-2019

- Deductor
 - Every Banking company, Co-operative bank or a Post Office, if cash is withdrawn from an account, saving or current account maintained by a person.
- Deductee
 - Every person whether resident or a non-resident
- Time of Deduction
 - At the time of payment
- Threshold
 - If the amount of cash withdrawn or aggregate amount of cash from one or more accounts during the F.Y. exceeds Rs. 1 crore
- Rate of Deduction
 - @ 2% in case of resident on sum **exceeding Rs. 1 crore**. In case of foreign company or non-resident person @ 2%+Surcharge and HEC



TDS ON CASH WITHDRAWAL

[SECTION 194N]

- Exemption from TDS
 - No Tax deduction is required from any sum paid or payable to the followings
 - Government
 - Any banking company or co-operative bank or post office
 - Any **business correspondent** of banking company or a co-operative bank in accordance with the RBI guidelines
 - Any **white label** ATM operator of a banking or co-operative bank
 - Any person specified by the Central Govt.



TDS ON CASH WITHDRAWAL

[SECTION 194N]

- **Meaning of white label ATM operators:-** ATMs are broadly classified into 2 categories on the basis of their ownership, location and service i.e. Bank owned ATMs [Set up, Owned and operated by Banks] or White label ATMs [Set up, Owned and operated by non-banks]. Non-banks operators have been authorized by the RBI under Payment and Settlement Act, 2007. In addition to cash dispensing, these ATMs provide various others services such as, cash deposits, bills payments, account information, etc,



TDS ON CASH WITHDRAWAL

[SECTION 194N]

- **Meaning of Business Correspondents:-** Business correspondents are retail agents engaged by banks for providing banking services at locations other than at bank branch/ATM. They render various services to the banks such as identification of borrowers, processing and submission of application to banks, Disbursal of small value credit, recovery of principal, collection of interest, collection of small value deposits, etc.



TDS FROM OTHER SUM PAID TO A NON-RESIDENT [SECTION 195]

- Deductor
- Deductee
- Any person, whether resident or non-resident
- If recipient is a **non-resident or a foreign company** and the sum received is **chargeable to tax in India** by virtue of **Income Tax Act** or **Double Taxation Avoidance Agreements [DTAA]**



TDS FROM OTHER SUM PAID TO A NON-RESIDENT [SECTION 195]

- Rate of Deduction: Rates are prescribed in Part II of First Schedule of Finance Act. The rate shall be further increased by applicable Surcharge and Health Education Cess.

Section 195 read with	Nature of Income	Rate of TDS, if payee is any other non-resident	Rate of TDS, if payee is a foreign company
Section 115E	Income from foreign exchange assets payable to a non-resident Indian	20%	-



Section 195 read with	Nature of Income	Rate of TDS, if payee is any other non-resident	Rate of TDS, if payee is a foreign company
Section 115E	Long term capital gains from transfer of specified assets by a non resident Indian	10%	-
Section 115E	Long term capital gains from transfer of other than specified assets by a non resident Indian	20%	-



Section 195 read with	Nature of Income	Rate of TDS, if payee is any other non- resident	Rate of TDS, if payee is a foreign company
Section 112A	LTCG from transfer of listed equity shares, units of equity oriented Mutual Fund or business trust on which STT is paid	10%	10%
Section 112(1)(c)	LTCG from transfer of unlisted shares or shares of a closely held company	10%	10%



Section 195 read with	Nature of Income	Rate of TDS, if payee is any other non-resident	Rate of TDS, if payee is a foreign company
Section 112	LTCG from transfer of any other capital assets	20%	20%
Section 111A	STCG from transfer of listed equity shares, units of equity oriented Mutual Fund or business trust on which STT is paid	15%	15%



Section 195 read with	Nature of Income	Rate of TDS, if payee is any other non-resident	Rate of TDS, if payee is a foreign company
Section 115A	Interest income payable by Govt. or Indian concern on money borrowed or debt incurred in foreign currency(not being interest reffered u/s 194LB or 194LC)	20%	20%



Section 195 read with	Nature of Income	Rate of TDS, if payee is any other non-resident	Rate of TDS, if payee is a foreign company
Section 115A	Royalty	10%	10%
Section 115A	Fees for technical services	10%	10%
	Any other Income	30%	40%



TDS FROM OTHER SUM PAID TO A NON-RESIDENT [SECTION 195]

- Time of Deduction
 - At the time of payment or of credit of sum, **whichever is earlier**
- Exemption
 - If income of a non-resident is found **not to be taxable in India**, no tax shall be deducted.
 - In case tax is deducted under other provisions.



TDS FROM INCOME FROM UNITS [SECTION 196B]

- Deductor
- Deductee
- Every person responsible to pay any income in respect of the units purchased in foreign currency or capital gains arising on transfer of such units
- Income is payable to an offshore Fund [means any foreign fund which has entered into an arrangement for investment in India with any public sector bank/financial institution or a specified Mutual fund with prior approval of SEBI.



TDS FROM INCOME FROM UNITS

[SECTION 196B]

- Time of Deduction
- Threshold
- Rate of Deduction
- At the time of payment or of credit of sum, **whichever is earlier**
- **No limit**
- @10% +Surcharge and HEC



TDS FROM INCOME ARISING FROM BONDS OR GDRs [SECTION 196C]

- Deductor
 - Every person responsible to pay any income in the nature of interest or dividend in respect of Bonds or Global Depository Receipts (GDRs) purchased in foreign currency or by way of LTCG arising on transfer of such bonds or GDRs.
 - If payment is made to a non-resident person including a foreign company.
- Deductee



TDS FROM INCOME ARISING FROM BONDS OR GDRs [SECTION 196C]

- Time of Deduction
 - At the time of payment or of credit of sum, **whichever is earlier**
- Threshold
 - No limit
- Rate of Deduction
 - @10% +Surcharge and HEC



TDS FROM INCOME PAYABLE TO FIIs [SECTION 196D]

- Deductor
- Deductee
- Time of Deduction
- Threshold
- Rate of Deduction
- Exemption
- Every person making payment by way of income in respect of securities to Foreign Institution Investors.
- FIIs
- At the time of payment or of credit of sum, **whichever is earlier**
- No limit
- @20% +Surcharge and HEC
- In case of dividend from domestic company and paid u/s 115O
- In case of capital gain referred to section 115AD



CERTIFICATE FOR LOWER DEDUCTION OF TAX [SECTION 197]

- Who can apply for certificate ?
- Income eligible for certificate
- How to apply for certificate?
- Can be filed by any person, i.e. resident, non-resident, individual, firm, domestic co., foreign co.
- In case of Non- resident, income under section 192, 194LBB, 194LBC AND 195
- In Form number 13, electronically and shall be verified online under digital signature or EVC(Electronic verification code). The application can be filed at any time in the current financial year or even before the commencement of the financial year.



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THANKS.

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