

WICASA SEMINAR CUM WEBINAR ON ARTICLESHP ORIENTATION TRAINING

Basis of TDS, Rates, E filing

WHO SHALL DEDUCT TDS?

- Individuals
- Hindu Undivided Family
(Only if turnover exceeds Rs. 1 crore in case of business or Rs. 50 lakhs for profession – For today's session)
- Companies
- Partnership firms including LLPs
- Association of Persons (Co-op Societies)/ Body of Individuals (CA Association)
- Local authorities
- Any other artificial juridical person (Tommy)
(Irrespective of their turnover/Gross Income)

WHEN TO DEDUCT TDS ? (Time of Deduction)

- At the date of entering the transaction in books of accounts. OR
- At the time of making the payment

Whichever is earlier (Hence, advance payments for such transactions are also covered)

“When in doubt, DEDUCT!”

- TDS is to be calculated on the amount excluding GST component.
- For list of all transactions liable to TDS and their rates:

https://www.incometaxindia.gov.in/_layouts/15/dit/Pages/viewer.aspx?path=https://www.incometaxindia.gov.in/Charts%20%20Tables/TDS%20Rates.htm?int=1&grp=&searchFilter=&k=&IsDlg=0

ARTICLESHIP ORIENTATION TRAINING

Sections	Particulars
192	Salary
194	Dividend
194-A	Interest
194-C	Contract
194H	Commission & Brokerage
194 -J	Fees for Professional or Technical Services
194-I	Rent
194-IA	TDS on Immovable Property
194- IB	TDS on Rent
194-N	TDS on Cash Withdrawal
194-Q	TDS on payment of certain sum for purchase of goods

192- SALARY

Deductor	Deductee	Rate of TDS	Threshold	Time of Deduction	Exemptions
Any person	Employee	Slab Rates	Basic Exemption Limit	At the time of payment only.	Mere Credit in books

Not just basic salary, but allowances and perquisites and everything else which forms a part of “Salary” should be considered.

Slab rates & Basic exemption limit : If income is from:

Rs. 0 to Rs. 2,50,000/-	No Income Tax
From 2,50,001 to 5,00,000/-	5% Income Tax
From 5,00,000/- to 10,00,000/-	20% Income Tax
Above 10,00,000/-	30% Income Tax

194- DIVIDEND

Deductor	Deductee	Rate of TDS	Exemptions
Domestic Company	Resident Shareholders	10%	<u>Only when deductee is Resident Individuals:</u> 1- Dividend received in kind. 2- Non-kind dividend up to Rs. 5000 per company.

Generally, distribution of any accumulated profits, in cash or kind, is considered dividend. The law also attempts to cover situations wherein dividend may be masqueraded as loans.

194A - INTEREST

Deductor	Deductee	Rate of TDS	Threshold	Exemptions
Any person (As per Slide 5)	Any resident person	10%	Bank Deposit interest Rs. 40,000/- p.a. (Rs. 50,000/- for senior citizens)	- Bank SB Interest
			In other cases Interest Rs. 5,000/- p.a. per person	- Interest on Partner's capital - Interest paid against a bank loan

- When Bank is the payer of FD/RD interest (only), it will have higher threshold of 40/50k
- When any person pays any interest to bank for loan, tax is NOT to be deducted by that person.

194C- CONTRACT

Deductor	Deductee	Rate of TDS	Threshold	Exemptions
Any person (As per Slide 5)	Resident	1% (If 'ee is Ind/HUF)	Rs. 30,000/- for a single contract or single payment OR	Goods Transporter owning 10 or less vehicles and providing PAN
		2% (Other persons)	Rs. 1,00,000/- in aggregate in that year	

- Even if individual contracts are of less than Rs. 30,000; if in total the value per person exceeds Rs. 1,00,000, tax is to be deducted on entire amount.
- If value of material is separately mentioned in the contract/invoice, then only service portion is to be considered for threshold limits.

194C- CONTRACT

This section covers only labour/works contract. “Work” *includes*:

- Advertising, broadcasting, telecasting
- Carriage of goods or passengers by any mode other than railways
- Catering
- Any work done on property of person whether movable or immovable and not being professional work.
- Custom manufacturing by using materials provided by the person (or its associate) who has ordered such customisation.

194H- COMMISSION & BROKERAGE

Deductor	Deductee	Rate of TDS	Threshold	Exemptions
Any person (As per Slide 5)	Resident Person	5%	Rs. 15,000/- in aggregate in that year per deductee	Paid while buying & selling securities

- No separate threshold limits for commission and brokerage.
- Commission paid to any employee = Salary.

194I- RENT

Deductor	Deductee	Rate of TDS	Threshold	Exemptions
Any person (As per Slide 5)	Resident Person	2% Plant, Machinery Equipment 10% Other rentals	Rs. 2,40,000/- in aggregate in that year per deductee	Threshold in case of co-owned property to be calculated separately per co-owner.

- Refundable security deposit shall not be considered rent unless it is utilised against any unpaid rent.

194I- RENT

Understanding the term

- There should be rent/lease agreement between deductor and deductee.
- The availability of any movable or immovable property should be on a “regular basis” under agreement for that person.
- Rent allowance in course of employment = Part of Salary

194J- FEES FOR PROFESSIONAL OR TECHNICAL SERVICES

Deductor	Deductee	Nature of Payment	Rate of Tax	Threshold	Remarks
Any person (As per Slide 5)	Resident Person	Fees for Technical services	2%	Rs. 30,000/- aggregate pp	Threshold is separate even if deductee is one person or there is one bill for multiple services or single payment made
		Fees for Professional services	10%	Rs. 30,000/- aggregate pp	
		Royalty	10%	Rs. 30,000/- aggregate pp	
		Director's Remuneration	10%	NA	
		Non-compete fees	10%	Rs. 30,000/- aggregate pp	

194J- FEES FOR PROFESSIONAL OR TECHNICAL SERVICES

Understanding of terms

Professional:

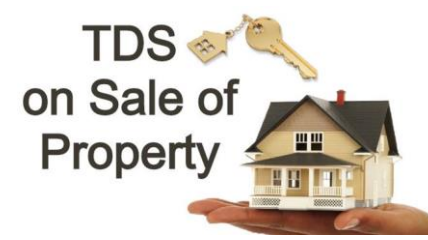
Legal, Medical, Engineering, Architectural, Accounting, Advertising (as in Brand building), Film artists, Sports persons and related staff

Director's Remuneration

For any remuneration to be considered as “Salary”, there should be an evident employer-employee relationship with a general hire and fire policy.

For detailed understanding:

ICAI Guidance note-<https://resource.cdn.icai.org/25942tgrfts-citax.rar>



SEC 194-IA (TDS ON IMMOVABLE PROPERTY)

Nature of Transaction	Purchase on Immovable property from a resident seller
Not applicable to	Purchase of Rural Agriculture land in India
Deductibility	On payment or credit of his account (which ever is earlier)
Mode of payment for purchase	Draft/cheque/ any other banking channel.
Rate of TDS	1% of value of consideration
TDS Threshold limit	No TDS to be deducted if value of property is less than 50Lac (qua Buyer & Seller)
Is TAN required?	Person liable to deduct TDS is not required to obtain TAN number. TDS is deducted & paid based on PAN.
TDS Form	TDS return is to be filed in form 26QB

SEC 194-IA (TDS ON IMMOVABLE PROPERTY)

- In the above content payment means actual outflow of money via cash/cheque where as credit in books means when you credit the party's accounts in books of accounts.
- Eg 1: Mr X agrees to purchase flat from Mr Y at a consideration of Rs 1crore. The full payment was made on 20th August 2021. Here since payment is made on 20th August 2021 TDS liability occurs on same date & TDS is to be paid withing 30 days from the end of month in which payment of consideration is made. Therefore last date of TDS payment is 30th September 2021.
- Eg 2: In same example from above Mr. X agrees to purchase flat from Mr.Y and signs a MOU on 16th August 2021 to make final payment on 27th September 2021 and accordingly he also credits Mr.Y 's ledger in his books on 16th August 2021. Here since he has credited his books on 16th August 2021, TDS is to be paid withing 30 days from the end of month in which books are credited. Therefore last date of TDS payment is 30th September 2021.

SEC 194-IA (TDS ON IMMOVABLE PROPERTY)

- Value of immovable property includes
 - ✓ Club membership fee
 - ✓ Car parking fee
 - ✓ Electricity or water facility fee
 - ✓ Maintenance fee
 - ✓ any other charges of similar nature, which are incidental to transfer of the immovable property
- What all is not included in the value for TDS liability
 - ✓ Stamp duty charges
 - ✓ Registration charges

SEC 194-IB (TDS ON PAYMENT OF RENT)

Nature of Transaction	Payment of rentals on immovable property
Applicable to	Individual & HUF whose T/O is less than 1 crore.
Deductibility	To be deducted & paid during the last month of the year or last month of tenancy
Rate of TDS	5%
TDS Threshold limit	Rs 50,000/month qua assessee
Is TAN required?	Person liable to deduct TDS is not required to obtain TAN number. TDS is deducted & paid based on PAN
TDS under other sections	If TDS is deducted u/s 206AA (no PAN case) or u/s 206AB then TDS amount should not exceed the actual rent amount of last month

SEC 194-IB (TDS ON PAYMENT OF RENT)

Rental Term	TDS deduction month
April to March	March
Jan to December	March & December (2 different year)
April to November	November

SEC 194-N (TDS ON PAYMENT OF CERTAIN AMOUNT IN CASH)

- The main reason for introducing this sections is to discourage Cash transactions
- It applies on following:
 - ✓Banks & Banking Institution
 - ✓Co-op society involved in Banking & finance business
 - ✓Post office
- In case of above if the cash withdrawal in PY exceeds Rs 1 crore (from 1 or more account maintained by that institution)
- TDS of 2% is deducted of total withdrawal in that previous year.

SEC 194-N (TDS ON PAYMENT OF CERTAIN AMOUNT IN CASH)

- If the recipient of cash has not file ITR for 3 previous years.
 - ✓Then Rs.1 crore limit comes down to Rs. 20 lakhs
 - ✓2% TDS is deducted if cash withdrawals exceeds Rs 20 lakhs but less than Rs 1 crore.
 - ✓5% TDS deducted if cash withdrawals exceeds Rs 1 crore.

SEC 194-Q (TDS ON PAYMENT OF CERTAIN SUM FOR PURCHASE OF GOODS)

Nature of Expenses	Purchase of Goods
Applicable to	Buyer purchasing goods from Seller (Resident) Buyer means a person whose sales, turnover or gross receipts exceeds Rs. 10 crores in immediately preceding financial year.
Threshold Limit	Rs. 50 Lakhs (value or aggregate of value)
Rate of TDS	0.1% on purchases exceeding Rs. 50 lakhs
Time of deductibility	At the time of credit or payment whichever is earlier
Provisions not applicable when	a. Tax is deductible under any other provisions b. TCS is collectible u/s. 206C (other than 206C(1H)) c. Person importing goods in India (seller is Non-resident)

Sec 206AA – Requirement to furnish PAN

Applicable to	Every person who is not having PAN to furnish to person going to deduct TDS
Rate of TDS	<i>(i) at the rate specified in the relevant provision of this Act; or (ii) at the rate or rates in force; or (iii) at the rate of twenty per cent</i>
Exception	For sec 194Q 20% is replaced by 5%
Not applicable to	Non resident, not being a company or to a foreign company

TDS Payments & Due Dates

TDS Payments:

April to Feb - 7th of the following month

March - 30th April

TDS Due Date:

Q1 April - June - 31st July

Q2 July - Sept - 31st Oct

Q3 Oct - Dec - 31st Jan

Q4 Jan - Mar - 31st May

PAYMENT & RETURNS

- TAN – Tax Deduction and Collection Account Number (10 digits) (muma12345e)
- Logic = 3 alphabets City + 1 First letter of person's name + 5 numbers + 1 alphabet
- Challan form number – 281. Separate payment per month.
- Once paid, within a few days, challan details will be available for verification on <https://tin.tin.nsdl.com/oltas/>
- Return forms –
 - 24Q for Salary (resident and non-resident)
 - 26Q for other than salary (resident)
 - 27Q for other than salary (non resident)
- More than 1 type of return can be filed if such transactions happen in that quarter

Types of returns

24Q - Salary

Quarterly statement of deduction of tax under sub-section (3) of section 200 of the Income-tax Act, 1961 in respect of salary for the quarter ended...(June/September/December/March) ... (Financial year)

26Q - Non- Salary

Quarterly statement of deduction of tax under sub-section (3) of section 200 of the Income-tax Act, 1961 in respect of payments other than salary for the quarter ended... (June/September/December/March) ...(Financial year)

27Q - Non- Resident other than salary

Quarterly statement of deduction of tax under sub-section (3) of section 200 of the Income-tax Act, 1961 in respect of payments other than Salary made to non-residents for the quarter ended... June/September/December/March ...(Financial year)

26QB TDS deducted u/s 194IA (TDS on sale of immovable property)

shall be paid to the credit of the central government within a period of thirty days from the end of the month in which the deduction is made and shall be accompanied by a challan-cum statement in Form No. 26QB as per Income Tax Rule 30(2A).

Types of returns

26QC- TDS on Rent under section 194-IB

26QD- TDS on Payment to Resident Contractors and Professionals

27EQ - TCS

Quarterly statement of collection of tax at Source under section 206C of Income-tax Act, 1961 for the quarter ended... June/September/December/March ...(Financial year)

Section 206C - Profits and gains from the business of trading in alcoholic liquor, forest produce, scrap, etc

Types of returns

Documents list to help you file faster:

- Return should be prepared through latest NSDL Return Preparation Utility. To download go to <https://www.tin-nsdl.com/downloads/e-tds/eTDS-download-regular.html>
- Once the file has been prepared as per the NSDL Return Preparation Utility , it should be verified using the File Validation Utility (FVU) provided by NSDL e-Gov. To download latest versions of FVU go to <https://www.tin-nsdl.com/downloads/e-tds/eTDS-download-regular.html>

General information:

- The session will expire automatically, if the browser window is idle for 15 or more minutes. Your session will time out in 15 minutes. Please extend your session by clicking “Continue Session”.
- Upload only ZIP file.
- The Zip file should contain only the .fvu file.
- Please verify the Form before you submit.
- TDS / TCS statements uploaded in TIN-FC/NSDL are not to be uploaded again in e-filing portal
- Regular and correction statements can be filed in e-filing portal

Website

<https://www.tdscpc.gov.in/>
<https://www.incometax.gov.in>
<https://www.tin-nsdl.com>

Deductor

A Deductor is a person responsible for tax deduction at source on specified types of payments made by it. The tax so deducted has to be deposited in the government account. Deductor also has to report the tax deducted in a statement within the prescribed time.

Tax Payer

TRACES enables a PAN holder to register and view tax credit (Form 26AS) online.

The procedure to make TDS payment online is:

Step 1: Go to [NSDL's website](#) for e-payment of taxes

Step 2: Select 'CHALLAN NO./ITNS 281' under TDS/TCS section. You will be directed to the e-payment page

Step 3: In this page the following details have to be entered:

1. Under 'Tax Applicable' select 'Company Deductees' if the TDS deducted by you is while making payment to a company. In any other case select 'Non-Company Deductees'.
2. Enter the TAN and Assessment Year for which the payment is made.
3. Enter the 'Pin Code' and select 'State' from the drop down.
4. Select whether the payment is made for TDS deducted and payable by you or TDS on regular assessment.
5. Select the 'Nature of Payment' and 'Mode of Payment' from the drop-down.
6. Click on 'Submit' button

step 4: On submission, a confirmation screen will be displayed. If TAN is valid, the full name of

the taxpayer as per the master will be displayed on the confirmation screen.

Step 5: On confirmation of the data entered, you will be directed to the net banking site of your bank.

Step 6:The taxpayer should log in to the net banking site with the user id and password provided by the bank and make the payment.

Step 7: On successful payment, a challan counterfoil will be displayed containing CIN, payment details and bank name through which e-payment has been made. This counterfoil is a proof of the payment made. After payment of TDS, you have to file your TDS return.

STEPS FOR DOWNLOADING FORM 16 (PART A & PART B)

Step 6: Financial Year, Form type and Quarter for which KYC required will be auto populated. Enter Token Number of the Regular (Original) Statement only, corresponding to the Financial Year, Quarter and Form Type displayed . Enter CIN/ Valid PAN details pertaining to the Financial Year, Quarter and Form Type displayed on the screen on the basis of latest correction statement filed by you. Please DO NOT copy /paste the data. After providing correct KYC details, an authentication code will be generated, which is valid for same calendar day for same Financial Year, Form Type and Quarter.

Step 7: On successful submission of the request, two unique “Request numbers” will be generated for Form 16 (Part A and Part B), which can be used to Track the status of the request. Form 16 can only be downloaded if the status is “Available”, user needs to wait for 24- 48 hrs incase request is in “Submitted” status .

Step 8: Form 16 will be available in “Requested Download” tab, Deductor can check the status of Form 16 by using below mentioned options -> Request Number -> Date -> View All

Step 9: Deductor can download Form 16 using “HTTP download” option

STEPS FOR DOWNLOADING FORM 16 (PART A & PART B)

Step 1: Login to TRACES website by entering the “User ID, Password ,TAN of the Deductor and the Verification Code”.

Step 2: Landing page will be displayed. Please check statement status under “Statement /Payment Tab ” before raising the request for Form 16 . Request for Downloading Form 16 can only be submitted when Statement Status is either “Statement Processed with Default” or “Statement Processed without Default”.

Step 3: Click on “Form 16” available under “Downloads” tab.

Step 4: Deductor can request for “Form 16” through “Search PAN download” or “Bulk PAN” downloads option.

Step 5: Authorized Persons details to be printed on Form 16 will appear on the screen , click on “Submit” to proceed further.

STEPS FOR DOWNLOADING FORM 16 (PART A & PART B)

Status for the Request submitted for Form 16 can be :

- a) Submitted: Successful submission, Request in processing.
- b) Available: Form 16 available for Downloading.
- c) Disabled: Duplicate request submitted for downloading.
- d) Failed: User are advised to contact CPC(TDS)
- e) Not Available: (i) All PAN no. mentioned in the statement are Invalid.
(ii) No Deductee records are present in the statement.

Step 10: In order to convert Form 16 (Part A) into PDF, Deductor should download “Form 16 PDF Converter Utility 1.5 L”

Step 11: In order to convert Form 16 (Part B) into PDF, Deductor should download “Form 16 PDF Converter Utility 1.3 L”

THANK YOU

HEENAL FURIA & ASSOCIATES