

# TDS / TCS UNDER INCOME TAX ACT



CA RAKESH M. VORA

R P J & ASSOCIATES  
Chartered Accountants

Thursday - 8th March, 2018

# INDEX

- ❑ *Introduction to TDS*
- ❑ *Compliance Provisions*
- ❑ *Important Payments covered under the scheme of TDS.*
- ❑ *Details of TDS Return filing*
- ❑ *TCS Provisions*
- ❑ *Practical Hints*

# TDS – INTRODUCTION

- Chapter XVII-B deals with the law and procedures
- Enlargement of Scope every year
- More thrust on TDS provisions
  - a) Government getting more revenue
  - b) More number of assesses are covered
  - c) Government has minimum of expenses
- Government forgot basic fact that the deductor is acting as agent of govt. and deserves to be treated reasonably and fairly.
- CA & Article Students needs to have the basic knowledge and Regular update for changes

# STEPS FOR TDS

Obtain TAN

Tax deduction from  
liable payments

Deposit TDS  
(Challan 281)

Filing quarterly  
statements on time

Issue of TDS Certificate

FOLLOW THE PROCEDURE TO AVOID

CONSEQUENCES OF DEFAULT

# PAYER TO OBTAIN TAN

- Every deductor is required to obtain number called TAN (Tax Deduction and Collection Account Number) which is a ten digit alpha numeric number.
- Deductor should obtain TAN by making an application for the allotment of TAN in Form 49B.
- Application should be made with in ONE month from the end of the month in which tax is deducted at source (**Section 203A and Rule 114A**).

TAN No - **NGP002911G**

4 Alphabets      5 Numbers      1 Alphabet

# PAYER TO OBTAIN TAN

- However, it is advisable to obtain the number before due date or with start of entity.
- TAN should be quoted on all documents as may be prescribed by the Governments like TDS statement, TDS Certificate, TDS Challan etc.
- The Central Govt. can notify person who are not required to obtain TAN (mainly for one time transaction)
- If no application for TAN is made within stipulated period penalty of Rs. 10,000/- can be imposed (**Section 272BB**).

# PAYER TO DEDUCT TAX

- Section 196 – No TDS if payee is (i) Govt. or (ii) RBI or (iii) Corporation exempt from Income-Tax or (iv) Mutual Fund specified u/s 10(23D)
- Payer to confirm all requirements like payer, payee, nature of payment, exemption limit etc before TDS
- Payment liable for deduction only under one section
- No TDS on GST / Service tax charged separately in Bill from all kind of payments
- TDS on Salary – Annual Circular by CBDT.
- Rule 26 – Rate of exchange for TDS on income payable in foreign currency – Telegraphic Transfer Buying Rate by SBI.

# PAYER TO DEDUCT TAX

- Section 40(a)(i) / (iii) - Payment made outside India or to a non-resident within India – non allowablility of expenses  
( Last date for payment is Income Tax return filing due date u/s 139(1))
- Section 40(a)(ia) - Payment made to resident and effect of non-deduction or non payment in time  
( Last date for payment is Income Tax return filing due date u/s 139(1))  
( 30% of sum paid is disallowed for default)



# PAYER TO PAY TAX

- Payment of TDS by challan No ITNS 281 (For section 194IA – challan in Form no 800)
- Challan to pay with interest if payment made after due date
- Pay different challan for different head. (However, now tdscpc who process TDS statement allows credit for TDS irrespective of section or year.)
- Section 288B – Rounding off to the nearest multiple of Rs. 1/-
- Section 276B – Prosecution for Non payment of TDS (not be less than 3 months but which may extend to 7 years & fine)

# DATES FOR PAYMENT OF TDS

Deductor	For MARCH	For April to February
Government – If payment is made without production of challan	On the same day	On the same day.
Government – If payment is made with challan	On or before 7 <sup>th</sup> of next month.	On or before 7 <sup>th</sup> of next month.
Other than Government	On or before 30 <sup>th</sup> April	On or before 7 <sup>th</sup> of next month
Special Cases	30 <sup>th</sup> April	Quarterly payment on or before 7 <sup>th</sup> of the month succeeding quarter

# PAYER TO FILE FORMS / STATEMENT

- Section 197A – Declaration in Form No 15G / 15H  
Declaration received in Form No. 15G / 15H should be uploaded within 15 days from the end of the quarter in which such declaration is received.
- Section 200(3) – Quarterly statements
- Section 271H – Penalty for default in quarterly statement (from 01.07.2012)
- Section 234E – Late filing fees of Rs. 200/- per day (from 01.07.2012)

# PROVISIONS FOR FILING QUARTERLY STATEMENTS

FORM NO.	QUARTERLY STATEMENT PARTICULARS
24Q	TDS from Salaries
26Q	TDS from payment to Residents other than salaries
27Q	TDS from payment to Non Resident

Quarter Ending On	Due date for filling of Form 24Q, 26Q & 27Q (From 01/06/2016 onwards)
30 <sup>th</sup> June	31 <sup>st</sup> July
30 <sup>th</sup> September	31 <sup>st</sup> October
31 <sup>st</sup> December	31 <sup>st</sup> January
31 <sup>st</sup> March	31 <sup>st</sup> May

# PAYER TO ISSUE TDS CERTIFICATE

- TDS Certificates – Form 16 (Salary) & 16A (Other than Salary)
- Certificate issued by downloading from tdscpc site containing unique number is only valid. (Form 16 – part A only)
- Issue of TDS certificate mandatory even if tax is borne by the payer [Circular 785 dt 24/11/99]
- Section 272A(2)(g) – Penalty for default in issue of TDS certificate

# ISSUE OF TDS CERTIFICATE (Sec. 203)

Form No.	Certificate For	Periodicity	Due Date of Issue (From 01/06/2016 onwards)
16	For Salary	Annual	15 <sup>th</sup> June of following financial year
16A	Other Than Salary	Quarterly	Within 15 days from due date of furnishing the TDS statement under Rule 31A i.e. 15 <sup>th</sup> August, 15 <sup>th</sup> November, 15 <sup>th</sup> February & 15 <sup>th</sup> June.

# GENERAL INFORMATION FOR PAYER / DEDUCTOR

- Section 195A – Grossing Up  
Prof. fees payable – 100000/- (net)  
TDS Rate – 10 %  
Gross Amount –  $100000 * 100 / 90 = 1,11,111/-$   
TDS to pay – 11,111/-
- Refund of excess tax deducted and paid –  
Various CBDT circulars for payment to  
Resident as well as Non-resident.
- For claim of Refund of excess TDS paid -  
Form 26B to file electronically under digital  
signature.

# GENERAL INFORMATION FOR PAYEE / RECEIPIENT

- Section 191 – Direct Payment.
- Section 197 – Certificate for deduction at lower rate.
- Section 197A – Declaration for no TDS.
- Section 198 – Tax deducted is income received.
- Section 199 along with Rule 37BA – Credit for tax deducted.
- Section 277 – False statement / declaration
- Section 139A(5A) – Intimation of PAN



# REQUIREMENT TO FURNISH PAN (Sec. 206AA)

- Failing to furnish PAN to deductor shall attract TDS deduction at the higher of the following rates :-
  - At the rate specified in the relevant provision of this Act;  
Or
  - At the rate or rates in force; Or
  - At the rate of 20%.
- The declaration u/s 197A for no TDS shall not be valid without PAN
- Certificate for Lower or Nil TDS u/s 197 shall not be granted by IT Department without PAN.
- Where PAN provided to deductor is invalid or does not belong to deductee, it shall be deemed that deductee has not furnished his PAN.

# PENAL PROVISIONS

Default / Failure	Under section	Nature of demand	Quantum of Demand/Penalty
Failure to deduct Tax at source	201 (1)	Tax demand	Equal to Tax amount deductible but not deducted
	201(1A)	Interest	@ 1 % p.m or part of month on tax deductible
	271 C	Penalty	Equal to Tax amount deductible but not deducted
Failure to deposit TDS	201(1)	Tax demand	Equal to Tax amount not Deposited
	201(1A)	Interest	@ 1.5 % p.m or part of month of tax not deposited
	276B	Prosecution	Rigorous imprisonment for a term which shall not be less than 3 months but can Extend up to 7 years with fine.

Failure to Pay tax	221	Penalty	Maximum penalty up to TDS Amount.
Failure to mention PAN of the deductee in the TDS statement and certificates	272B	Penalty	Rs. 10,000/-
Failure to apply for TAN u/s 203A	272BB	Penalty	Rs. 10,000/-
Failure to deliver copy of declaration u/s 197A	272A(2)(f)	Penalty	Rs. 100 per day during which the default continues subject to maximum of TDS amount
Failure to issue TDS certificate u/s 203 or 206C	272A(2)(g)	Penalty	Rs. 100 per day during which the default continues subject to maximum of TDS amount
Failure to furnish prescribed statement u/s 200 (3)	272A(2)(k)	Penalty	Rs. 100 per day during which the default continues subject to maximum of TDS amount

Failure to furnish quarterly Returns as prescribed in section 206A(1)	272A(2)(l)	Penalty	Penalty of Rs. 100/- per day during which the default continues.
False statement in verification	277	Penalty	Prosecution – a) If tax evaded exceed 25 Lac - with rigorous imprisonment for a minimum term of 6 months & maximum up to 7 years and fine. b) In any other case – rigorous imprisonment for a minimum term of three months & maximum up to 2 years and fine.
Late filing of TDS statement	234E	Penalty	Rs.200 per day till failure to file TDS statement continues subject to maximum of TDS amount
Failure to furnish TDS Quarterly statement	271H	Penalty	Rs. 10,000/- which can extend up to Rs. 1,00,000/-
Failure to furnish or furnish inaccurate information in respect of payment to Non-Resident	271I	Penalty	Rs. 1,00,000/-

Various Payment  
covered under the  
scheme of TDS.



# Payment covered under the scheme of TDS.

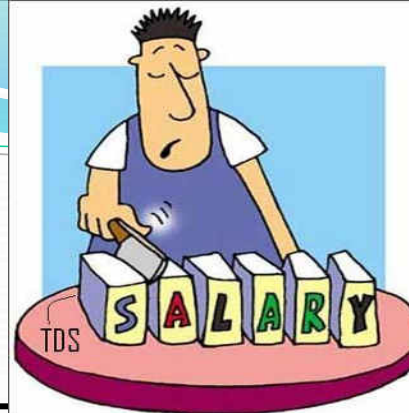
- ❑ Salary (Sec.192)
- ❑ Payment of Accumulated balance due to an Employee (Sec.192A)
- ❑ Interest on Securities (Sec.193)
- ❑ Dividends (Sec.194)
- ❑ Interest other than Interest on Securities (Sec.194A)
- ❑ Winnings from Lotteries or crossword puzzles (Sec.194B)
- ❑ Winnings from Horse Races (Sec.194BB)
- ❑ Payments to Contractors and Sub-contractors (Sec.194C)
- ❑ Insurance Commission (Sec.194D)
- ❑ Payment in respect of Life Insurance Policy (Sec.194DA)
- ❑ Payment to Non-resident sportsmen or sports association (Sec.194E)

Contd...

# PAYMENT COVERED UNDER THE SCHEME OF TDS.

- Payment in respect of NSC (Sec. 194EE)
- Payments in respect of Repurchase of units of Mutual Funds or UTI (Sec.194F)
- Commission on Sale of Lottery Tickets (Sec.194G)
- Commission or Brokerage (Sec.194H)
- Rent (Sec.194I)
- Transfer of certain Immovable Property (Sec.194IA)
- Payment of Rent by Individual / HUF (Sec.194IB)
- Payment under Joint Development Agreement (Sec.194IC)
- Fees for Professional or Technical Services (Sec.194J)
- Payment of Compensation on acquisition of certain immovable property (Sec.194LA)
- Other Sums – Payment to Non-Resident (Sec.195)

# SALARY (Sec.192)



Who is the payer	Any person who is Employer (Including Individual and HUF)
Who is the recipient	Any Employee (whether Resident or Non – Resident person)
Payment Covered	Taxable Salary of the employee
At what time TDS to be deducted	At the time of payment
Maximum amount which can be paid without tax deduction	The amount of exemption limit (e.g. Rs. 2,50,000/- for A.Y. 2018-2019 for person other than senior citizen)
Rate at which tax to be deducted.	Average rate of Income Tax computed on basis of Rates in Force
Is it possible to get the payment without tax deduction or with lower tax deduction	The employee can make application in Form No.13 to the Assessing Officer to get the certificate of lower tax deduction or no tax deduction.



# IMPORTANT POINTS TO BE CONSIDER

- Estimation of salary at the beginning of the year to calculate TDS.
- TDS to be deducted every month, if applicable.
- The estimate can be changed during the year for various reasons like Increment, Bonus, Leave etc.
- Statement of Loss under any head can not be furnished but a Statement of Loss under the head “income from house property” can be furnished.(Rule 26B)
- Employee can Furnish details of salary received from other employer (if any) during the same financial year in Form 12B.
- Employee can Furnish Other Income & Tax deducted there on to Employer (However, TDS cannot be less than TDS on Salary).
- Employer can pay tax himself without deducting it from salary on non monetary perquisites.

# IMPORTANT POINTS TO BE CONSIDER

- The tax deducted can be increased or reduced for the purpose of adjusting any excess or deficiency arising out of any previous deduction during the financial year.
- Ensure that the TDS is deducted and paid during the relevant financial year though salary might not be paid – Practical solution to issue TDS certificate in time and employee to get credit of TDS and file Income tax return.
- Obtain & Retain copy of tax saving investments and payment by employees considered while TDS.
- Employer will be required to obtain evidence or proof or particulars of prescribed claims or set-off in the prescribed form and manner (Applicable from 01/06/2015)
- Form No 12BB to be submitted by employee (w.e.f. 01/06/2016)

# CALCULATION OF AVERAGE RATE OF INCOME TAX

Monthly Salary Rs. 50,000/-

Annual Salary (50,000\*12)

600000

Less: Professional Tax

(2500)

597500

Less: LIC U/S 80C

(50000)

Taxable Income

547500

Tax on Above Income

34500/-

$(547500 - 500000) * 20\% + 25000$

Average Tax

$34500 / 600000 * 100$

5.75 %

# CALCULATION OF MONTHLY SALARY AFTER TAX

Monthly Salary	Rs. 50,000
Less: Professional Tax	<u>(200)</u>
Balance Salary	49,800
Less: TDS @ 5.75 % (Average Rate of Tax) (50,000*5.75%)	<u>(2863)</u>
Net salary to employee	46,937/-

# INTEREST OTHER THAN INTEREST ON SECURITIES (Sec 194A)

Who is the payer	Any person (not being an individual or HUF whose books of account are not required to be audited under section 44AB in the immediately preceding financial year)
Who is the recipient	A Resident person
Payment covered	Interest other than interest on securities
At what time TDS to be deducted.	At the time of payment or at the time of credit, whichever is earlier
Maximum amount which can be paid without tax deduction	If payer is banking company, co-operative society engaged in banking business Rs 10,000/- p.a. on interest on time deposit
	If Payer is any other person Rs 5,000/- p.a.
Rate at which TDS to be deducted	10%
Is it possible to get the payment without tax deduction or with lower tax deduction	Declaration to the payer in Form 15G or 15H as applicable

# EXEMPTION – 194A(3)

- Section 194A(3) gives list of payment where TDS is not required to be made. Some of the items covered are
  - (a) Interest paid to bank, co-operative society engaged in business of banking
  - (b) Interest paid to LIC of India, UTI etc
  - (c) Interest paid by firm to a partner
  - (d) Interest paid by Co-operative society to a member or any other co-operative society (However, w.e.f. 01/06/2015 – exemption to member has been withdrawn)
- However, no exemption is given to Non Banking Finance Companies (NBFC). Hence TDS to be deducted from payment of interest to them.
- Rs. 10,000/- limit applicable per branch of bank or co-operative society. (However, w.e.f. 01/06/2015 – limit applicable to bank as a whole where bank has adopted Core Banking Solution & not per branch.)

# EXEMPTION – 194A(3)

- Individual or HUF to deduct tax for payment exclusively for personal purposes also (no exemption like 194C or 194J).
- The definition of term “Time deposit” has been amended to include Recurring Deposits within its scope w.e.f. 01/06/2015. Hence TDS will apply to interest on RD also.
- The tax deducted can be increased or reduced for the purpose of adjusting any excess or deficiency arising out of any previous deduction during the financial year.

## PAYMENTS TO CONTRACTORS AND SUB-CONTRACTORS (Sec.194C)

Who is the payer	Any person (not being an individual or HUF whose books of account are not required to be audited under section 44AB in the immediately preceding financial year)
Who is the recipient	A Resident person
Rate of TDS	1% - Payment made to Individual & HUF
	2% - Payment made to Others
Payment Covered	Consideration for carrying out any Work
At what time TDS has to be deducted	At the time of payment or at the time of credit whichever is earlier.
Maximum amount which can be paid without tax deduction	The tax is required to be deducted if a single payment exceeds Rs. 30,000/- <b>OR</b>
	if the aggregate payments exceed Rs.1,00,000/- per annum (Limit increased w.e.f. 01/06/2016 from 75,000/-)
No TDS on Transport contracts	No deduction shall be made from any payments made to a contractor during the course of <b>business of plying, hiring or leasing goods carriages</b> , on furnishing of his PAN to the deductor. (See Note 1 on next page)
Is it possible to get the payment without tax deduction or with lower tax deduction	The recipient can make application in Form No.13 to the Assessing Officer to get the certificate of lower tax deduction or no tax deduction.



# IMPORTANT POINTS TO BE CONSIDER

- TDS to be deducted for carrying out any work (including supply of labour for carrying out work)
- Work shall include
  - a. Advertising,
  - b. broadcasting & Telecasting including production of programme,
  - c. Carriage of goods or passengers by any mode of transport other than by Railways,
  - d. Catering &
  - e. Manufacturing or supplying a product according to requirement or specification of a customer by using material purchased from such customer.

but does not include manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from a person, other than such customer

# IMPORTANT POINTS TO BE CONSIDER

- TDS to be deducted for (e) above on invoice value excluding the material value if such value is mentioned separately in the invoice. If value of material is not mentioned separately, TDS to be deducted on whole amount.
- Individual or HUF not to deduct tax for payment exclusively for personal purposes.
- **Note 1** – From 01/06/2015, the exemption from TDS will be available only to those transporters who own ten or less goods carriage at any time during the year on furnishing a declaration to that effect to the payer along with his PAN.

# COMMISSION OR BROKERAGE (Sec.194H)

Who is the payer	Any person paying commission or brokerage (not being an individual or HUF whose books of account are not required to be audited under section 44AB in the immediately preceding financial year)
Who is the recipient	A Resident person
Payment covered	Commission or brokerage (not being insurance commission)
At what time TDS to be deducted.	At the time of payment or at the time of credit, whichever is earlier
Maximum amount which can be paid without tax deduction	If the amount of payment is up to Rs. 15,000/- p.a. (Limit increased w.e.f. 01/06/2016 from 5,000/-)
Rate at which TDS to be deducted	5% (Rate reduced w.e.f. 01/06/2016 from 10%)
When the provisions are not applicable	Commission or Brokerage on security transactions are not covered
Is it possible to get the payment without tax deduction or with lower tax deduction	The recipient can make an application in Form No.13 to the Assessing Officer to get a certificate of lower tax deduction or no tax deduction

# IMPORTANT POINTS TO BE CONSIDER

- “Commission or brokerage” includes any payment received or receivable, directly or indirectly, by a person acting on behalf of another person for services rendered (not being professional services) or for any services in the course of buying or selling of goods or in relation to any transaction relating to any asset, valuable article or thing, not being securities.
- The relationship of Principal and Agent is very crucial for liability to deduct tax.
- Individual or HUF to deduct tax for payment exclusively for personal purposes also (no exemption like 194C or 194J).

# RENT (Sec.194I)



Who is the payer	Any person paying Rent (not being an individual or HUF whose books of account are not required to be audited under section 44AB in the immediately preceding financial year)
Who is the recipient	A Resident Person
Payment covered	Rent
At what time TDS to be deducted.	At the time of payment or at the time of credit, whichever is earlier
Maximum amount which can be paid without tax deduction	Rs. 1,80,000/- per financial year
Rate at which TDS to be deducted	For use of any Machinery or Plant or Equipment - <b>2%</b>
	For Use of any Land or Building or Furniture or Fittings – <b>10%</b>
Is it possible to get the payment without tax deduction or with lower tax deduction	Declaration to the payer in Form 15G or 15H as applicable The recipient can make an application in Form No.13 to the Assessing Officer to get a certificate of lower tax deduction or no tax deduction

# IMPORTANT POINTS TO BE CONSIDER

- “Rent” means any payment, by whatever name called, under any lease, sub-lease, tenancy or any other agreement or arrangement for the use of (either separately or together) any-
  - (a) land; or
  - (b) building (including factory building); or
  - (c) land appurtenant to a building (including factory building); or
  - (d) machinery; or
  - (e) plant; or
  - (f) equipment; or
  - (g) furniture; or
  - (h) fittingswhether or not any or all of the above are owned by the payee.

# IMPORTANT POINTS TO BE CONSIDER

- “Threshold limit of payments for affecting TDS will Individually apply to Co-Owner.
- Ownership of property is not important.
- Pro-rata credit of TDS is available every year if rent paid for more than one year.
- CBDT Circular No. 4/2008 dated April 28, 2008 exclude Service Tax element from rent for TDS.
- Individual or HUF to deduct tax for payment exclusively for personal purposes also (no exemption like 194C or 194J).

# FEES FOR PROFESSIONAL OR TECHNICAL SERVICES (Sec.194J)

Who is the payer	Any person paying professional / Technical fees (not being an individual or HUF whose books of account are not required to be audited under section 44AB in the immediately preceding financial year)
Who is the recipient	A Resident Person
Payment covered	Fees for Professional services, Fees for technical services, Royalty, Non – compete fees & Any Remuneration, Commission or Fees (other than salary) paid to Directors of the Company.
At what time TDS to be deducted.	At the time of payment or at the time of credit, whichever is earlier
Maximum amount which can be paid without tax deduction	If the amount of payment during the financial year is up to Rs. 30,000/-
	For Director Remuneration, Commission or Fees – <b>NIL</b>
Rate at which TDS to be deducted	10%
Is it possible to get the payment without tax deduction or with lower tax deduction	The recipient can make an application in Form No.13 to the Assessing Officer to get a certificate of lower tax deduction or no tax deduction



# IMPORTANT POINTS TO BE CONSIDER

- Professional services means services rendered by a person in the course of carrying on legal, Medical, Engineering or Architectural profession or the profession of Accountancy or Technical consultancy or Interior Decoration or Advertising or such other profession as is notified.
- Other profession notified are (1) Authorised Representative (2) Film Artist (3) Company Secretary (4) Information Technology.
- Individual or HUF not to deduct tax for payment exclusively for personal purposes.

# PAYMENTS TO NON - RESIDENTS (Sec.195)

Who is the payer	Any person responsible for paying to a Non – resident.
Who is the recipient	Non resident person
Payment covered	Cover all sums chargeable under the Act other than salaries.
At what time TDS to be deducted.	At the time of payment or at the time of credit, whichever is earlier
Maximum amount which can be paid without tax deduction.	No Threshold limit. Tax is deductible even if payment is negligible.
Rate at which TDS to be deducted	“Rate in Force” defined in sec.2(37A) Rates of Income Tax specified in the Finance Act or the rates specified in the DTAA , whichever is applicable by virtue S.90 or S. 90A.
Is it possible to get the payment without tax deduction or with lower tax deduction	(1) Application by payer u/s 195(2) for determining appropriate sum (2) Application by recipient u/s 195(3) for payment of sum without TDS

# IMPORTANT POINTS TO BE CONSIDER

- No deduction shall be made in respect of dividend u/s 115-O
- Section 195(6) is amended w.e.f. 01/06/2015 to provide that the information of payment to non-resident is to be furnished irrespective of whether or not such remittances are chargeable to tax in India. This will create heavy burden on all the assessee making payment to non-residents especially in case of import of goods.
- CA Certificate for TDS on payment to Non-resident to be obtained - Form 15CB
- Information to be submitted to department site for payment to Non-resident - Form 15CA.
- However, w.e.f. 01/04/2016 onwards, No 15CA / 15CB is required in cases of remittance in the nature of 33 items provided in Rule 33BB. The main items are advance or payment for import of goods, towards business travel, travel for medical treatment, personal gifts and donations, payment for education etc.

# TDS RETURNS

- NSDL provides its own Return Preparation Utility
- Even TDS Returns 24Q & 26Q can be generated from Tally ERP.9 software if proper data entry is done.
- Various Tailor made private software are also available in the market for TDS Return filing.
- There are mainly 3 sheet – Deductor Master Details, Challan Details & Deductee details.
- Verify the challan with OLTAS / NSDL site.
- After the return is prepared, file has to be validated using the latest FVU released by NSDL
- Return can be filed Online with Digital Signature OR it can be filed with E-intermediary in CD / Pen Drive along with Form 27A duly signed by deductor.

# TDS RETURNS

- After the returns are filed, CPC Ghaziabad processes the statement
- Various errors like challan mismatch, short payment, short deduction, PAN error will be identified.
- The statement will be on hold and an opportunity for rectification of error will be granted to deductor by CPC by communicating the default via Email, SMS and Traces site.
- Deductor to correct the statement within 7 days by using Online correction facility on Traces site.
- CPC will finally process the statement and raise demand, is any (including interest) and will communicate the same to deductor.
- Deductor to pay the demand, if correct and file correction statement by adding the challan.

# TDS RETURNS

- Flags to be selected in the column "Reason for lower or non deduction of tax" as under

FLAGS	FOR
A	Lower / No deduction for certificate u/s. 197
B	No deduction for declaration u/s. 197A
C	Higher deduction where PAN is not available
T	No deduction for Transporters having PAN (sec. 194C(6) )
X	Lower TCS for certificate u/s. 206C(9)
Y	No deduction due to payment below threshold limit.
S	No deduction u/s 194J for payment for software

# DETAILS OF TDS FOR RETURN FILING

NAME OF THE TAX DEDUCTOR

TDS DETAILS FOR THE MONTH OF \*\*\*\*\*

Date	Party Name	PAN No.	Gross Amt	TDS Deducted	TDS Rate
<b>94 C</b>	<b>TDS ON CONTRACT - NON-CO</b>				
	<b>TOTAL</b>		<b>0</b>	<b>0</b>	
<b>94 C</b>	<b>TDS ON CONTRACT - CO</b>				
	<b>TOTAL</b>		<b>0</b>	<b>0</b>	
<b>94 I</b>	<b>TDS ON RENT - NON-CO.</b>				
	<b>TOTAL</b>		<b>0</b>	<b>0</b>	
<b>94 I</b>	<b>TDS ON RENT-CO</b>				
	<b>TOTAL</b>		<b>0</b>	<b>0</b>	

# TDS DETAILS (CONT..)

<b>94 J</b>	<b>TDS ON PROF. FEES - NON CO</b>				
		<b>TOTAL</b>		<b>0</b>	<b>0</b>
<b>94 J</b>	<b>TDS ON PROF. FEES - CO</b>				
		<b>TOTAL</b>		<b>0</b>	<b>0</b>
<b>92 B</b>	<b>TDS ON SALARY</b>				
		<b>TOTAL</b>		<b>0</b>	<b>0</b>
<b>94A</b>	<b>TDS ON INT ON LOAN</b>				
		<b>TOTAL</b>		<b>0</b>	<b>0</b>



# DETAILS OF CHALLAN FOR TDS RETURN FILING

Payment Details	Challan Amount	Bank BSR Code	Challan Serial No	Challan Date
TDS on cont-non co	0			
TDS on cont-co	0			
TDS on rent-non co	0			
TDS on rent-co	0			
TDS on prof fees-co	0			
TDS on prof fees-non co	0			
TDS on salary	0			
TDS On Int on Loan	0			
<b>Total TDS for the month of *****</b>	<b>0</b>			

# TCS PROVISIONS (Section 206C)

Who is the person to Collect Tax	Every Person being a Seller (Item 1 To 8 ) OR Every person who grants a lease or a licence or enters into a Contract or transfer any right or interest. (Item 9 To 11)	
At what time TCS to be collected	At the time of Receipt or at the time of Debit, whichever is earlier	
Nature of Receipt Covered & Rate of TCS	As per Next Slide	
Due Date of Payment of TCS (Other than the office of the Government.)	On or before 7 <sup>th</sup> of next month.	
Quarterly statement	Form No. 27EQ	
Due date of submission of quarterly statement	Quarter ended	Due date of statement
	30 <sup>th</sup> June	15 <sup>th</sup> July
	30 <sup>th</sup> September	15 <sup>th</sup> October
	31 <sup>st</sup> December	15 <sup>th</sup> January
	31 <sup>st</sup> March	15 <sup>th</sup> May

# TCS PROVISIONS (Section 206C)

TCS Certificate	Form No. 27D	
Due date of issue of TCS certificate	Quarter ended	Due date of certificate
	30 <sup>th</sup> June	30 <sup>th</sup> July
	30 <sup>th</sup> September	30 <sup>th</sup> October
	31 <sup>st</sup> December	30 <sup>th</sup> January
	31 <sup>st</sup> March	30 <sup>th</sup> May
Is it possible to get the payment without TCS	Yes for item no. 1 to 7 If Buyer furnishes a declaration in Form no. 27C (If goods are utilized for the purpose of manufacturing, processing or producing articles or things or for the purposes of generation of power and not for trading purposes.)	
Supplier to submit declaration in Form no. 27C.	Declaration to be submitted within 7 days from end of the month in which declaration is received.	
Is it possible to get the payment without tax collection or with lower tax collection	The recipient can make an application in Form No.13 to the Assessing Officer to get a certificate of lower tax collection or no tax collection	
Interest for non collection or delayed payment of TCS	1 % Per month or part thereof.	

# NATURE OF GOODS OR CONTRACT/LICENCE/LEASE

SR NO.	NATURE OF GOODS	RATE OF TCS
1	Alcoholic Liquor for human consumption	1 %
2	Tendu Leaves	5 %
3	Timber obtained under a forest lease	2.5 %
4	Timber obtained by any mode other than under a forest lease	2.5 %
5	Any other forest produce not being Timber or Tendu Leaves	2.5 %
6	Scrap	1 %
7	Minerals, being coal or lignite or iron ore	1 %
8	Sale of a Motor vehicle (Value exceeding Rs. 10,00,000/- )	1 %
9	Parking lot	2 %
10	Toll Plaza	2 %
11	Mining & Quarrying	2 %

# PRACTICAL HINTS

- Separate challans for each category of payment and for each year. No overlap of categories or years.
- The person deducting TDS (i.e. the payer) will have to obtain data regarding the status of the payee in order to determine the rate at which Tax is to be deducted.
- Elaborate explanation on Income Tax deduction from salaries for every financial year and other related provision given in CBDT Annual circular.
- Verify the PAN No. of Payee with Income tax site whenever details of PAN No. received from Payees .
- Remember , the challans for TDS and challans for Advance Tax, etc. are different.

# PRACTICAL HINTS

- Keep a habit of periodical review of TDS credits and payments. Any shortfall may be made good immediately.
- Always Check Limit for TDS deduction wherever applicable.
- If there are two views – Deduct or don't deduct, take a safer view. By deducting the tax, client is not suffering. However, just to ensure safety, patently wrong deduction should be avoided
- Cultivate habit of making timely payment of tax deducted. Do not wait for last date of payment



RPJ & ASSOCIATES  
Chartered Accountants  
Email: [rakesh@rpjindia.com](mailto:rakesh@rpjindia.com)  
Tel : 2561 2383 / 2561 2384