

TAX DEDUCTED AT SOURCE TAX COLLECTED AT SOURCE

TDS Wing,
Dehradun

IN THIS SESSION..

- ◉ Why TDS and TCS
- ◉ Basics
- ◉ Payments covered under TDS
- ◉ Payments Covered under TCS
- ◉ Filing returns to the department
- ◉ Tax evasion repercussions

WHY TDS AND TCS?

To avoid tax evasion

- Tax at source of accrual of income

Applicability

- Where income can be computed at source

Responsibility

- Person making payment to deduct and deposit to Government account, on behalf of recipient of income

Taxation

- Person receiving payment receives net, however, tax on gross has to be paid by recipient and TDS gets adjusted to final payment

STEPS INVOLVED

Obtain TAN



Tax deduction from liable payments



Deposit TDS (Challans)



Time limit

Government - same day

Others - 7 days from the end of the month



Filing quarterly statements on time

TAN

AAAA00000A

- ⦿ Tax Deduction Account Number
- ⦿ Alphanumeric code - 10 characters
- ⦿ To be obtained by deductor
- ⦿ Quoted in:
 - Every challan for payment u/s 200 or 206(3)
 - Every certificate furnished u/s 203 or 206C(5)
 - TDS returns
 - All documents pertaining to transactions as may be prescribed in the interest of revenue

PAYMENTS COVERED UNDER TDS

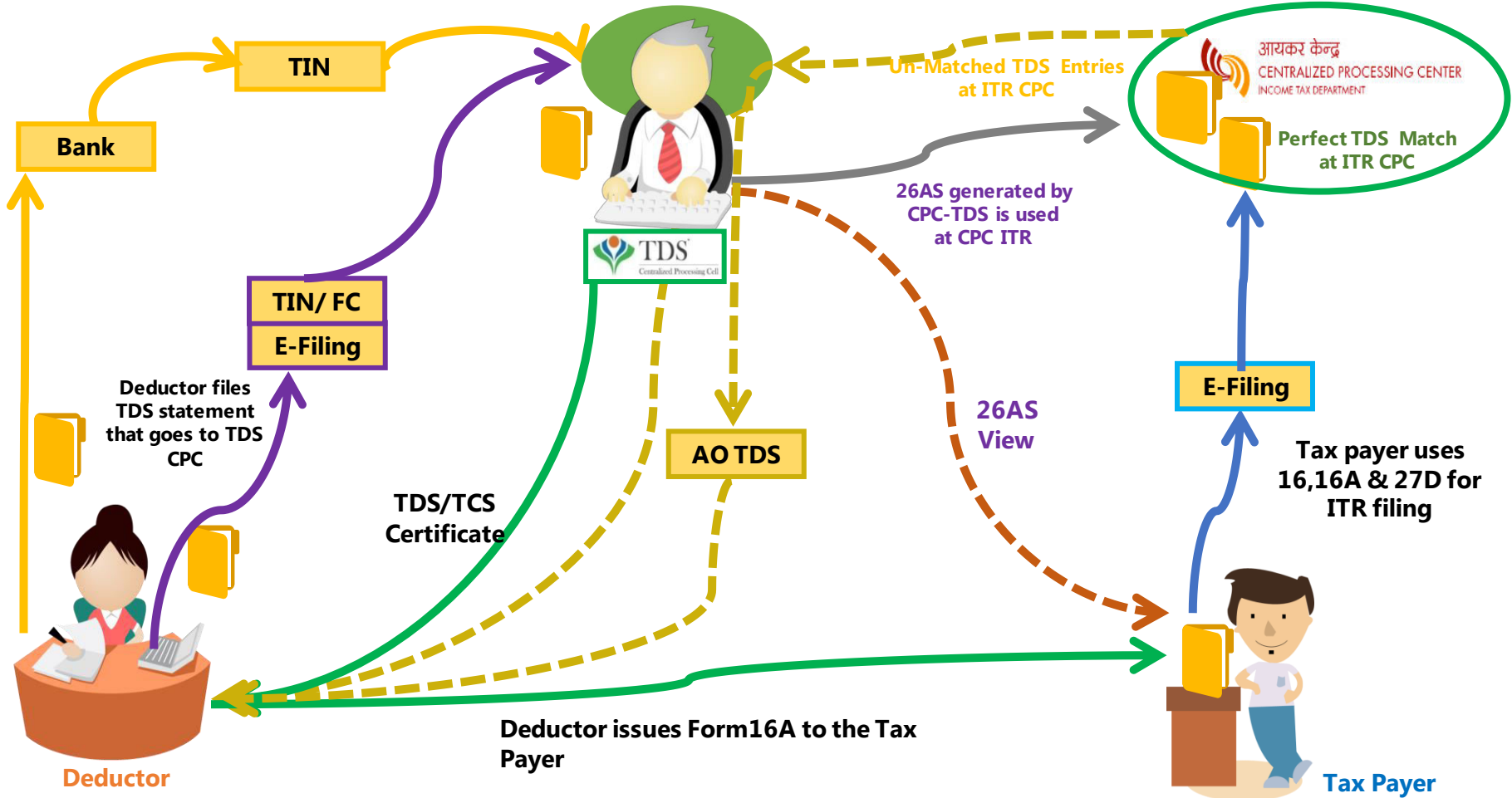
WITH RATES APPLICABLE FROM 2018-19

PARTICULARS	TDS RATES
<u>Section 192</u> : Payment of salary	As per the Income Tax Slab rate
<u>Section 192A</u> : Payment of accumulated balance of provident fund which is taxable in the hands of an employee (with effect from 01.06.2015).	10 %
<u>Section 193</u> : Interest on securities	
a) any debentures or securities for money issued by or on behalf of any local authority or a corporation established by a Central, State or Provincial Act;	10 %
b) any debentures issued by a company where such debentures are listed on a recognized stock exchange in accordance with the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and any rules made there under;	10 %
c) any security of the Central or State Government;	10 %
d) interest on any other security	10 %
<u>Section 194</u> : Dividend other than the dividend as referred to in Section 115-O	10 %
<u>Section 194A</u> : Income by way of interest other than "Interest on securities"	10 %
<u>Section 194B</u> : Income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort	30 %

Section 194BB: Income by way of winnings from horse races	30 %
Section 194C: Payment to contractor/sub-contractor	
a) HUF/Individuals	1 %
b) Others	2 %
Section 194D: Insurance commission	5 % (10% till Assessment year 2016-17)
Section 194DA: Payment in respect of life insurance policy	1 % (2% till 31-5-2016)
Section 194E: Payment to non resident Sports Persons or Sports associations	20%
Section 194EE: Payment in respect of deposit under National Savings scheme	10 % (20% till 31-5-2016)
Section 194F: Payment on account of repurchase of unit by Mutual Fund or Unit Trust of India	20 %
Section 194G: Commission, etc., on sale of lottery tickets	5 % (10% till 31-5-2016)
Section 194H: Commission or brokerage	5 % (10% till 31-5-2016)
Section 194-I: Rent	
a) Plant & Machinery	2 %
b) Land or building or furniture or fitting	10%
Section 194-IA: Payment on transfer of certain immovable property other than agricultural land	1 %

<u>Section 194-IB:</u> Payment of rent by individual or HUF not liable to tax audit Note: This provision is applicable from June 1, 2017	5 %
<u>Section 194-IC:</u> Payment of monetary consideration under Joint Development Agreements	10 %
<u>Section 194J:</u> Any sum paid by way of a) Fee for professional services, b) Fee for technical services c) Royalty, d) Remuneration/fee/commission to a director or e) For not carrying out any activity in relation to any business) For not sharing any know-how, patent, copyright etc.	10 %
<u>Section 194LA:</u> Payment of compensation on acquisition of certain immovable property	10 %
<u>Section 194LBA(1):</u> Business trust shall deduct tax while distributing, any interest received or receivable by it from an SPV or any income received from renting or leasing or letting out any real estate asset owned directly by it, to its unit holders.	10 %
<u>Section 194LBB:</u> Investment fund paying an income to a unit holder [other than income which is exempt under Section 10(23FBB)]	10 %
<u>Section 194LBC:</u> Income in respect of investment made in a securitization trust (specified in Explanation of Section 115TCA)	25% in case of Individual or HUF 30% in case of other person
<u>Section 195:</u> Any Other Income and International Transactions	10 %

TDS Process Flow



More Than 600 Million TDS certificates generated

PAYMENT COVERED UNDER THE SCHEME OF TCS

- TCS
 - Collected in India
 - Payable by seller
 - Collected from buyer
 - U/s 206C of Income Tax Act, 1961
 - At the time of sale of specified goods

COLLECTION OF TAX

Who is the payer	Seller
Who is the recipient	Buyer
At what time TDS to be Collected.	At the time of receipt or at the time of debiting the account, whichever is earlier
Maximum amount which can be paid without tax collection	Nil
Non/Low 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

RATES FOR COLLECTION OF TAX

<u>Nature of Goods / Contract /License /lease etc.</u>	<u>Rate</u>
Alcoholic liquor for human consumption	1%
Tendu leaves	5%
Timber obtained under a forest lease	2.5%
Timber obtained by any mode other than under a forest lease	2.5%
Any other forest produce not being timber or Tendu leaves	2.5%
Scrap	1%
Minerals, being Coal or Lignite or Iron ore	1%
Parking lot	2%
Toll plaza	2%
Mining and quarrying	2%

LOW OR NO DEDUCTION OF TAX

- ◉ **Section 197**
- ◉ TDS exemption is applicable when:
 - tax is deducted under section 192, 193, 194, 194A, 194C, 194D, 194G, 194H, 194I, 194J, 194LA & 195 and if Assessee feels that no or lower tax deductions of TDS should be there
- ◉ An **application** for nil/lower deduction of TDS using the **Form 13** is required to be filed with the Income Tax Assessing Officer for seeking permission.
- ◉ The tax payers must file complete and correct details required for processing the application in the first instance.
- ◉ AO processes the issuance of the certificate as per satisfaction as per Rule 28AA of Income Tax Rules within a frame of 30 days.
- ◉ **Copy of this certificate has to be attached with the invoice given to the deductor to justify the lower tax deduction.**
- ◉ This certificate is valid for the period mentioned in the certificate or until the AO cancels it.
- ◉ TDS exemption / lower TDS is not applicable under sections 194B, 194BB, 194DA, 194E, 194IA.

PROVISIONS FOR FILING RETURNS

Nature of Payment	<u>Deductor</u> is - 1. a company or 2. A Government department or 3. a person whose books are required to be audited u/s. 44AB in the immediately preceding year or 4. number of deductees in any of the quarterly statements is 20 or more	<u>Deductor</u> is Any other person (not covered in prev. column)
Salary	Form No. 24Q in Electronic format and Form No. 27A	Form No. 24Q
Payment (other than salary) to a resident	Form No. 26Q in Electronic format and Form No. 27A	Form No. 26Q
Payment (other than salary) to a non-resident	Form No. 27Q in Electronic format and Form No. 27A (quarterly)	Form No. 27Q (quarterly)
Quarterly statement of Tax collection at Source under section 206C of Income tax Act, 1961	Form 27EQ	Form 27EQ
Payment for buying of property	Form 26QB	Form 26QB

BIN Generation Flow



State AG

Deposit TDS

Special TANs

OLTAS

TAN - 1

TAN - 2

TAN - 3

PAO/ZAO/
DTO

File 24G
through RPU

TIN-FC

TIN-NSDL

After generation of BIN given by TIN-NSDL the same is share with PAO and PAO share BIN details with DDOs to file TDS Statement.

BIN share by NSDL match with BIN reported in TDS statement

TAN holder or responsible person to file TDS statement is called DDO

DDOs file TDS statement using provided BIN details and submit to TIN-FC

TIN-FC



DATES FOR PAYMENT OF TDS

Deductor	For MARCH	For April to February
<u>Government</u>	On or before 7 th of next month for salary	On the same day for other than salary & on or before 7 th of next month for salary
<u>Other than Government</u>	On or before 30 th April	On or before 7 th of next month
<u>Special Cases</u>	30 th April	Quarterly payment on or before 7 th of the month succeeding quarter

ISSUE TDS CERTIFICATES SEC. 203

- ◉ Deductor issues certificate of TDS deduction to the person on whose behalf tax is deducted and paid
- ◉ Failure or delay - penalty of Rs. 100/- per day per certificate

Sr. No.	Form no.	Periodicity	Cut off Date
1	16 For Salary	Annual	31 st May of following financial year
2	16A Other than salary	Quarterly	Within 15 days from due date of furnishing the TDS statement under rule 31A

FURNISHING OF QUARTERLY RETURNS FOR PAYMENT OF INTEREST TO RESIDENTS WITHOUT DEDUCTING TAX (SEC. 206A)

- Banking company, Cooperative societies, & Public Companies shall furnish quarterly return to department in respect of payments of Interest (other than Interest on Securities) in any computer readable media.

IMPORTANCE OF PAN

- ⦿ Cases where PAN is not furnished by deductee to Deductor then tax at the highest of:
 - Rate specified in relevant provision of the Act
 - Rate in force
 - At the rate of 20%
- ⦿ No declaration shall be valid u/s 197 and 197A, i.e. low or no deduction certificate, respectively, shall not be issued to such deductee
- ⦿ Invalid PAN furnishing = no PAN

*Important
DATE!*

Form No.	Particulars	<u>1st Qtr.</u> (1 April to 30 June)	<u>2nd Qtr.</u> (1 July to 30 Sep.)	<u>3rd Qtr.</u> (1 Oct. to 31 Dec.)	<u>4th Qtr.</u> (1 Jan. to 31 Mar.)
24Q	Qtrly Statement for TDS from "SALARIES"	31 July	31 Oct.	31 Jan.	31 May
26Q	Qtrly Statement of TDS in respect of all payments OTHER than "SALARIES"	31 July	31 Oct.	31 Jan.	31 May
27EQ	Qtrly Statements of TCS	15 July	15 Oct.	15 Jan.	15 May

DOS & DONT'S FOR FILING TDS

RETURNS

Do's

- ✓ File Return quoting same TAN against which TDS payment has been made & TDS certificate is issued.
- ✓ Correct challan particulars including CIN and amount is mentioned.
- ✓ Correct PAN of the deductee is mentioned.
- ✓ Correct section is quoted against each deductee record.
- ✓ Correct rate is quoted against each deductee record.
- ✓ File correction statement as soon as discrepancy is noticed
- ✓ Retain the original FVU file to enable future corrections
- ✓ Make use of free of charge RPU provided through TIN-NSDL.com
- ✓ Download details of challan from challan status enquiry (TAN based view) from TIN-NSDL.com
- ✓ Registration for TAN enables you to avail additional facilities from Tax Information System.
- ✓ Always verify status of TDS returns from TIN-NSDL to ascertain the discrepancy, if any, and/or whether your TDS return stands accepted or rejected by the system.

Don'ts

- × Don't use incorrect type of challan
- × Don't quote **wrong TAN/PAN** or use PAN in place of TAN or vice versa.
- × Don't use a **single challan** for corporate and non-corporate deductees.
- × If one has multiple TANs, **use one TAN only** consistently and surrender the others.
- × Don't use preprinted challans **without verifying TAN/PAN.**
- × Each branch/division of an entity will have a separate TAN if it is filing separate TDS/TCS returns. However, there will be only one PAN for a legal entity.
- × Do not make mistake in indicating the **Assessment Year** in the challan.

DEFAULTS

1. Failure to deduct whole or part of tax at source
 - ⦿ Non-deduction,
 - ⦿ Short deduction or
 - ⦿ Delay in deduction
2. After deducting, failure to deposit whole or part of TDS
 - ⦿ Non-deposit,
 - ⦿ Short deposit or
 - ⦿ Late deposit
3. Failure to apply for TAN within the prescribed time limit or failure to quote TAN on allotment.
4. Failure to furnish, in due time,
 - ⦿ TDS returns or
 - ⦿ TDS certificates or
 - ⦿ to deliver or cause to be delivered a copy of declaration in form no.
 - 15H/
 - 15G/
 - 27C/
 - copy of quarterly statement.

5. Failure to mention the PAN of the deductee in all quarterly statements as well as in all certificates furnished.

CONSEQUENCES OF DEFAULTS

- ◉ PENAL INTEREST,
- ◉ PENALTY
- ◉ PROSECUTION



EFFECTS OF EVASION OF TDS (SEC 201)

Sr. No.	Reasons	Effects
1.	Non deduction of TDS	<ul style="list-style-type: none"> • The expenditure for which TDS to be deducted gets <i>DISALLOWED</i> & • <u>penal interest @1% for every month or part of month</u> from the date on which such tax was deductible to the date of deduction
2.	Non payment of TDS	<ul style="list-style-type: none"> • The expenditure for which TDS deducted but not paid gets disallowed • <u>penal interest @1% for every month or part of month</u> from the date on which such tax was payable to the date of actual payment
3.	Less deduction of TDS.	The amount less deducted is required to be paid by the deductor along with penalty
4.	Late Payment of TDS	The deductor should have to pay <i>penal interest</i> @1.5% for every month or part of month from date of deduction to the date of payment.

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. of tax deductible
	271C	Penalty	Equal to amount of tax deductible but not deducted
Failure to deposit tax deducted at source	201(1)	Tax demand	Equal to tax amount not deposited
	201(1A)	Interest	@1% p.m. of tax not deposited
	276B	Prosecution	Rigorous imprisonment for a term which shall not be less than 3 months but which may extend to 7 years and with fine.
Failure to apply for tax deduction account number (TAN) u/sec. 203A	272BB	Penalty	Rs. 10000/-
Failure to furnish prescribed statements u/sec. 200(3)	272A(2)(k)	Penalty	Rs. 100 for every day during which the failure continues shall be levied subject to the maximum of TDS amount.
Failure to deliver copy of declaration u/sec. 197A	272A(2)(f)	Penalty	Rs. 100 for every day during which the failure continues shall be levied subject to the maximum of TDS amount.
Failure to issue TDS Certificate u/sec. 203	272A(2)(g)	Penalty	Rs. 100 for every day during which the failure continues shall be levied subject to the maximum of TDS amount.
Failure to furnish statement of perquisite or profit in lieu of salary u/sec. 192(2C)	272A(2)(i)	Penalty	Rs. 100 for every day during which the failure continues shall be levied subject to the maximum of TDS amount.
Failure to mention PAN of the deductee in the TDS statements and certificates	272B	Penalty	Rs. 10000/-



Questions?

Thank You!



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