

**CHAPTER-2: RATES OF TAXES**

SECTION	TDS PROVISION	
192	TDS on Salaries	<p><u>Deductor</u>-Any Person <u>Deductee</u>- Resident or Non-Resident <u>Time of Deduction</u>-At the time of <b>Payment</b> <u>Rate of TDS</u>-<b>slab Rate</b> applicable to the estimated income of the employee</p> <p><b>Note:</b></p> <ul style="list-style-type: none"><li>➤ Income of the previous employer may be considered</li><li>➤ Relief u/s 89(1) shall also be considered while deducting TDS</li><li>➤ Income from all sources may be considered. And any TDS thereon shall also be considered</li><li>➤ Only loss under the head House Property shall be taken into account for the purpose of TDS</li><li>➤ The employer may deposit from his own pocket tax on the Non-Monetary perquisites to employees. Such tax is exempt income in hands of employees.</li></ul>

193	<b>TDS on Interest on Securities</b>	<p><u>Deductor</u>-Any Person  <u>Deductee</u>- Resident  <u>Time of Deduction</u>-At the time of <b>credit or payment</b>, whichever is <b>earlier</b>  <u>Rate of TDS</u>- <b>10%</b></p> <p><b>Note: No TDS shall be deducted</b></p> <ul style="list-style-type: none"> <li>➤ Interest payable on Central Govt. or State Govt. securities</li> <li>➤ Interest paid to LIC, GIC or any other insurer, in respect of securities owned by it.</li> <li>➤ If a listed company issues debentures, then there will be no TDS on interest upto Rs. 5000/- payable in the financial year to an individual/HUF.</li> </ul>
194	<b>TDS on Dividend</b>	No TDS is required to be deducted
194A	<b>TDS on Interest other than “Interest on Securities”</b>	<p><u>Deductor</u>-Any Person[ <b>other than Individual or HUF</b>]  <u>Deductee</u>- Resident  <u>Time of Deduction</u>-At the time of <b>credit or payment</b>, whichever is <b>earlier</b>  <u>Rate of TDS</u>- <b>10%</b></p> <p><b>Note: No TDS shall be deducted if</b></p> <ul style="list-style-type: none"> <li>➤ Interest paid does not exceed             <ol style="list-style-type: none"> <li>a) Rs. 10,000 where payer is a banking company.</li> <li>b) Rs. 10,000 where payer is a co-operative society bank.</li> <li>c) Rs. 10,000 on deposit with post office</li> <li>d) Rs. 5,000 in any other case.</li> </ol> </li> </ul>

194B	TDS on winning from lottery or crossword puzzle or card game and other game of any sort	<p><u>Deductor</u>-Any Person  <u>Deductee</u>- Any Person  <u>Time of Deduction</u>-At the time of <b>payment</b>  <u>Rate of TDS</u>- <b>30%</b></p> <p><b>Note:</b></p> <ul style="list-style-type: none"> <li>➤ <b>No TDS</b> where amount does <b>not exceed Rs. 10,000</b> during a financial year.</li> </ul>
194BB	TDS on winning from Horse Race	<p><u>Deductor</u>-Any Person  <u>Deductee</u>- Any Person  <u>Time of Deduction</u>-At the time of <b>payment</b>  <u>Rate of TDS</u>- <b>30%</b></p> <p><b>Note:</b></p> <ul style="list-style-type: none"> <li>➤ <b>No TDS</b> where amount does <b>not exceed Rs. 5,000</b> during a financial year.</li> </ul>

194C	TDS on Payment to contractors	<p><u>Deductor</u>-Any Person[ <b>other than Individual or HUF</b>]  <u>Deductee</u>- Any<b>Resident</b>  <u>Time of Deduction</u>-At the time of <b>credit or payment</b>, whichever is <b>earlier</b>  <u>Rate of TDS</u>-</p> <ol style="list-style-type: none"> <li>I. <b>1%</b> in case payee is individual or HUF</li> <li>II. <b>2%</b> in case of any other assessee</li> </ol> <p><b>Note:</b></p> <ul style="list-style-type: none"> <li>➤ <b>No TDS</b> where amount payable does not exceed             <ul style="list-style-type: none"> <li>• Rs. 30,000 in case of single contract</li> <li>• Rs. 75,000 in case of aggregate of contracts during a financial year.</li> </ul> </li> </ul>
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<b>194D</b>	<b>TDS on Insurance Commission</b>	<u>Deductor</u> -Any Person <u>Deductee</u> - Resident <u>Time of Deduction</u> -At the time of <b>credit or payment</b> , whichever is <b>earlier</b> <u>Rate of TDS</u> - <b>10%</b>  <b>Note:</b> ➤ <b>No TDS</b> where amount does <b>not exceed Rs. 20,000</b> during a financial year.
<b>194E</b>	<b>TDS on Payment to Non-resident sportsmen or sportsmen association or entertainer</b>	<u>Deductor</u> -Any Person <u>Deductee</u> - Any Non-resident sportsmen not citizen of India and Non-resident sports association or Non-resident Entertainer <u>Time of Deduction</u> -At the time of <b>credit or payment</b> , whichever is <b>earlier</b> <u>Rate of TDS</u> - <b>20%</b>
<b>194G</b>	<b>TDS on commission, etc. on sale of lottery tickets</b>	<u>Deductor</u> -Any Person <u>Deductee</u> - Any Person <u>Time of Deduction</u> -At the time of <b>credit or payment</b> , whichever is <b>earlier</b> <u>Rate of TDS</u> - <b>10%</b>  <b>Note:</b> ➤ <b>No TDS</b> where amount does <b>not exceed Rs. 1,000</b> during a financial year.

<b>194H</b>	<b>TDS on commission (other than insurance commission) or Brokerage</b>	<u>Deductor</u> -Any Person[ other than <b>Individual or HUF</b> ] <u>Deductee</u> - <b>Resident</b> <u>Time of Deduction</u> -At the time of <b>credit or payment</b> , whichever is <b>earlier</b> <u>Rate of TDS</u> - <b>10%</b>  <b>Note:</b> <ul style="list-style-type: none"><li>➤ <b>No TDS</b> where amount does not exceed Rs. 5,000 during a financial year.</li><li>➤ Commission to employees and employee director will form part of salary income and is liable to TDS under section 192</li></ul>
<b>194-I</b>	<b>TDS on Rent</b>	<u>Deductor</u> -Any Person[ other than <b>Individual or HUF</b> ] <u>Deductee</u> - <b>Any Resident</b> <u>Time of Deduction</u> -At the time of <b>credit or payment</b> , whichever is <b>earlier</b> <u>Rate of TDS</u> <b>I. For use of plant &amp; Machinery-2%</b> <b>II. For others-10%</b> <b>Note:</b> <ul style="list-style-type: none"><li>➤ <b>No TDS</b> where amount does not exceed Rs. 1, 80,000 during a financial year.</li><li>➤ TDS should also be deducted on advance rent, warehousing charges and non-refundable deposits.</li><li>➤ TDS is not required to be deducted on service tax component on rent.</li></ul>

194J	<p><b>TDS on:</b></p> <ul style="list-style-type: none"> <li>-Fees for Professional /Technical services</li> <li>-Royalty, Non-compete fees</li> <li>-Directors sitting fees</li> </ul>	<p><u>Deductor</u>-Any Person[ other than Individual or HUF]  <u>Deductee</u>- Any Resident  <u>Time of Deduction</u>-At the time of <b>credit or payment</b>, whichever is <b>earlier</b>  <u>Rate of TDS</u>- <b>10%</b></p> <p><b>Note:</b></p> <ul style="list-style-type: none"> <li>➤ <b>No TDS</b> where amount <b>does not exceed Rs.30,000</b> during a financial year for each type of payment <b>excluding directors sitting fees.</b></li> <li>➤ <b>No TDS</b> is required to be deducted by individual or HUF for professional fees paid for personal purpose.</li> </ul>
194LA	<p><b>Compensation on compulsory acquisition of any immovable property</b></p>	<p><u>Deductor</u>-Any Person  <u>Deductee</u>- Any Resident  <u>Time of Deduction</u>-At the time of <b>payment</b>  <u>Rate of TDS</u>- <b>10%</b></p> <p><b>Note:</b></p> <ul style="list-style-type: none"> <li>➤ <b>No TDS</b> where amount <b>does not exceed Rs. 200,000</b> during a financial year.</li> </ul>
194LB	<p><b>Income by way of Interest from Infrastructure Debts fund</b></p>	<p><u>Deductor</u>-Infrastructure Debts fund  <u>Deductee</u>- Non-resident or a foreign co.  <u>Time of Deduction</u>- At the time of <b>credit or payment</b>, whichever is <b>earlier.</b>  <u>Rate of TDS</u>- <b>5%</b></p>

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194LC	Income by way of Interest from Infrastructure companies.	<u>Deductor</u> -Infrastructure company <u>Deductee</u> - Non-resident or a foreign co. <u>Time of Deduction</u> - At the time of <b>credit or payment</b> , whichever is <b>earlier</b> . <u>Rate of TDS</u> - 5%
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195	TDS on any interest or other sum to Non-resident or a foreign company	<u>Deductor</u> -Any person <u>Deductee</u> - Non-resident or a foreign co. <u>Time of Deduction</u> - At the time of <b>credit or payment</b> , whichever is <b>earlier</b> .  <b>Note:</b> ➤ The assessee can make an application to assessing officer for non-deduction of TDS where the sum payable to non-resident or foreign company, is not taxable in India.
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### SURCHARGE AND EDUCATION CESS ON RATES OF TDS PRESCRIBED

In case of Resident Payee/Deductee

Payee/Deductee (i.e. to whom payment is made)	Applicability of surcharge and education cess
1.Companies	No surcharge or education cess shall be added
2.Any other assessee	No surcharge or education cess shall be added to the prescribed rates of TDS. However, surcharge and education cess shall be added on the TDS on the salary. (Surcharge @ 10% where taxable salary exceeds Rs. 1 crore.

In case of Non-Resident Payee/deductee

Payee/Deductee (i.e. to whom payment is made)	Applicability of surcharge and education cess
1. Foreign companies	The rates of TDS shall be increased by- a. Surcharge of 2% (where payment is made during the financial year exceeds Rs. 1 crore but does not exceeds Rs. 10 crore); or b. Surcharge of 5% (where payment is made during the financial year exceeds Rs. 10 crore); and c. Education cess of 3% in all cases.
2. Any other Assessee	The rates of TDS shall be increased by- a. Surcharge of 10% (where payment is made during the financial year exceeds Rs. 10 crore); and b. Education cess of 3% in all cases.

## **TAX COLLECTION AT SOURCE**

- TCS means collection of tax at source by the seller (collector) from the buyer (collectee/payee) of the goods specified u/s 206C of the Income Tax Act-1961.
- **Every person, being a seller** shall, at the time of debiting or at the time of receipt of such amount from the said buyer, whichever is earlier, **collect from the buyer**, a sum equal to the following percentage of the purchase price, as income tax.

### **Nature of goods% of Purchase price**

- |   |      |
|---|------|
| 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 | 2.5% |



Under a forest lease

- |   |      |
|---|------|
| 5. Any other forest produce not being timber<br>or tendu leaves | 2.5% |
| 6. Scrap  | 1%   |
| 7. Minerals, being coal or lignite or iron ore                  | 1%   |

**Nature of contract/Licence/lease, etc.% to be collected**

- |                        |    |
|------------------------|----|
| 1. Parking lot         | 2% |
| 2. Toll plaza          | 2% |
| 3. Mining and Quarring | 2% |

**In case of Bullion and jewellery:**

Every person, being a seller, who receives any amount in cash or consideration for sale of bullion or jewellery, shall at the time of receipt of such amount in cash, collect from the buyer, a sum equal to 1% of sale consideration as Income Tax, if such consideration-

- I. For bullion, exceeds Rs. 2,00,000; or
- II. For jewellery, exceeds Rs. 5,00,000

**Note:**

- The above percentage referred in section 206C shall be increased by a surcharge for Assessment 2015/16
- I. In case buyer is a foreign company, @2% of such tax, where the amount or the aggregate of amounts collected exceeds Rs. 1 crore.
  - II. Further education cess of 3% shall be added in case of non-resident or foreign

company.

**Note: surcharge and education cess shall not be added in case of resident buyer.**

❖ **Seller** means any person not being an individual or HUF whose books of accounts are not audited u/s 44AB.

❖ **Buyer** means any person other than;

- a. a public sector company, central government, state government, Embassy, High commission, Consulate and the trade representation, of a foreign state and club
- b. a buyer in retail sale of such goods purchased goods for personal consumption.

**Buyer** is exempt from TCS, if his income is exempt u/s 10(26).