

DEDUCTION, COLLECTION AND RECOVERY OF TAX

Section	Payer	Payee	Time of deduction	Rate	Threshold	Remarks
192: Salary	Resident/NR employer	Employee	On payment. Eligible start up referred to in S. 80-IAC, responsible for paying any income to the assessee by way of perquisite being any specified security or sweat equity shares allotted or transferred, directly or indirectly, free of cost or at concessional rate to the assessee - 14 days from the earliest of the following dates - a) after the expiry of 48 mon from the end of the AY b) from the date of the sale of such specified security or sweat equity share by the assessee; or c) from the date of the assessee ceasing to be the employee of the employer Such tax has to deducted or paid on the basis of rates in force for the financial year in which the said specified security or sweat equity share is allotted or transferred.	Average rate	Slab rates	• If employee intends to opt for S.115BAC, he need to intimate to employer • If employee is working for more than employer, he may furnish the salary of other employer for TDS • Salaries in forex – convert as per exchange – convert as per TTBR as on the date on which TDS is to be deducted [Rule 26] • Relief u/s 89(1) to be calculated for arrears of salary paid to employees of Government or to employees of companies, co-operative societies, local authorities, universities, institutions, associations or bodies • Employer to furnish Form 12BA giving correct and complete particulars of perquisites or profits in lieu of salary provided to him and the value • Employee to furnish Form 12BB giving the evidence of HRA [Name, address, PAN of landlord if the rent paid >Rs. 1Lakhs], LTC [details of expense], Int on HP [Name, address and PAN of lender], details of investment or expense for Chapter VIA deduction • Tips collected by employer to be paid to employee not covered under salaries and not liable for TDS u/s 192 [ITC Ltd v. CIT (2016) 384 ITR 14]
192A: Premature withdrawal from Employees Provident Fund	Trustees of EPF scheme or any person making payment of accumulated balance due to employees	Employee	At the time of payment	10%	Rs.50,000	• If the employee makes premature withdrawal of fund from RPF before 5 years of continuous service (other than the cases of termination due to ill health, contraction or discontinuance of business, cessation of employment etc.) and does not opt for transfer of accumulated balance to the new employer, the withdrawal would be subject to tax. • Failure to furnish PAN – TDS at MMR
193: Interest on securities	Any person responsible to pay such interest	Resident	Credit or Payment, whichever is earlier	10%		• No TDS on interest payable on: • National Defence Bonds (1972) held by resident Individual - 4.25% • 4.25%/4.75% National Defence Loan payable to Individual (including non-resident) • National DevelopmentBonds • 7 years NSC (IVth issue) • Certain notified debentures issued by any institution/authority/public sector co./co-op society.(PFCL/IRFCL u/s 54EC) • Gold bonds - 1977/1980

						- Securities of CG/SG [However, if interest payable on 8% Savings (Taxable) Bonds, 2003 exceed Rs. 10,000, then TDS applicable]. - Debenture (of a Company in which Public substantially interested) interest payable to resident Individual/HUF, if it does not exceed Rs. 5,000 and is paid by Account payee cheque/draft/ECS. - Interest payable to LIC/GIC/any other insurer
194: Dividends	Principal Officer of(a) an Indian Company; or (b) Company which prescribed arrangement for declaration & payment of dividend u/s 2(22) within India	Shareholder	Before making any payment by any mode in respect of any dividend or before making any distribution or payment	10%	Rs.5,000	- No tax is to be deducted in case of a shareholder, being an individual, where the dividend is paid by any mode other than cash. - The TDS provisions will not apply to such dividend credited or paid to a) LIC, GIC, subsidiaries of GIC or any other insurer provided the shares are owned by them, or they have full beneficial interest in such shares b) a business trust by a special purpose vehicle
194A: Interest other than interest on securities	All assessees, except Individuals & HUF whose total sales, gross receipts or turnover from the business or profession carried on by him do not exceed Rs. 1 crore in case of business and Rs. 50 lakhs in case of profession during the immediately preceding financial year Section 194A not applicable in respect of Interest on FD made by/in the name of Registrar General ('ROG') of HC[UCO Bank v DCIT (2014) Del. HC] Funds kept with bank under court custody. It was held that the interest on the FD was also part of funds which was under the custody of HC. ROG was not a recipient of such amount of interest on it. ROG is not “payee” for the purpose of section 194A. Thus, 194A not applicable (Also, accepted by CBDT vide circular no. 23/15,dated 28thDec 2015)	Resident	Credit or Payment, whichever is earlier	10%	- Rs. 40,000 [if payment made by Banking Co/ Co-op Society/ engaged in business of banking/ Post Office] - Rs. 50,000 in case payment is to senior citizen by bank/co-op society/post office - Rs.5,000 [if payment made by any other person]	No TDS, if: - Paid/credited to Banking Co./ Financial corporation established under Central, State, Provincial Act/LIC/UTI/Co-op society engaged in business of banking/such other institution, association, which CG may notify. - Paid/credited by firm to its partner - A co-operative bank other than mentioned in (i) above is required to deduct tax at source on payment of interest on time deposit. However, it is not required to deduct tax from the payment of interest on time deposit, to a depositor, being a co-operative society. - However, a cooperative society is liable to deduct tax if - a) the total sales, gross receipts or turnover of the co-operative society exceeds Rs.50 crore during the financial year immediately preceding the financial year in which interest is credited or paid; and the amount of interest or the aggregate amount of interest credited or paid, or is likely to be credited or paid, during the financial year is more than Rs. 50,000 b) in case of payee being a senior citizen and Rs.40,000, in any other case. - Thus, such co-operative society is required to deduct tax under section 194A on interest credited or paid by it - a) to its member or to any other co-operative society; or b) in respect of deposits with a primary agricultural credit society or a primary credit society or a co-operative land

						mortgage bank or a co-operative land development bank or c) in respect of deposits with a co-operative bank other than a co-operative society or bank, engaged in carrying on the business of banking • Paid/credited in respect of deposits notified by CG • Payment of interest on the compensation awarded by the Motor Accidents Claims Tribunal, where the amount does not exceed Rs. 50,000. • Income on Zero Coupon Bonds • Interest paid/payable by SPV to Business trust [since exempt u/s 10(23FC)] • No deduction of tax at source 194A on payment made to a member of Schedule Tribe referred u/s 10(26) by a Scheduled Bank. The payment should not exceed Rs. 20 Lakhs • TDS on the interest income accrued to the minor is required to be deducted and reported against PAN of the minor child unless a declaration is filed under Rule 37BA(2) that credit for tax deducted has to be given to another person. • In case of deposits under the Capital Gains Accounts Scheme, 1988 where the depositor has deceased: a) TDS on the interest income accrued for and upto the period of death of the depositor is required to be deducted and reported against PAN of the depositor, and b) TDS on the interest income accrued for the period after death of the depositor is required to be deducted and reported against PAN of the legal heir, unless a declaration is filed under Rule 37BA(2) that credit for tax deducted has to be given to another person.
194B: Winnings from Lottery/ Crossword Puzzles	Any person	Any Person	Payment	Resident- 30% Non-resident- 30%(+)SC (+)EC (u/s 115BB)	Rs.10,000/- (per payment)	1. If winnings are wholly in kind, or partly in cash and partly in kind, but the cash is not sufficient to meet the TDS liability in respect of the whole winnings, then, the payer shall release the prize only if either- a) He has collected the amount equivalent to TDS amount from the payee OR b) He insists the payee to make the TDS payment on his own and submit the proof to him. Otherwise, payer himself will be liable to pay TDS from his own pocket. 2. Amount accruing on lotteries lying unsold with lottery agent shall be considered as winnings from lottery and Section 194B shall be applicable, irrespective of the head under which the income is taxable. [Manjoo & Co. (2011) Ker.HC]
194BB: Winnings from Horse Races	Licensed Book Maker/Person holding a license for betting/	Any Person	Payment	Resident-30% Non-resident- 30%(+)SC (+)EC	Rs. 10,000	

	wagering/horse racing in a race course granted by Govt.			(u/s 115BB)		
194C: Payment to contractor/ sub-contractor	All Assesseees, except Individuals & HUF who has total sales, gross receipts or turnover from the business or profession carried on by him not exceeding Rs. 1 crore in case of business and Rs. 50 lakhs in case of profession during the FY immediately preceding the FY in which such sum is credited or paid to the account of the contractor.	Resident	Credit or Payment, whichever is earlier	Individual/ HUF- 1% Others- 2%	Rs.30,000 for single contract & Rs. 1,00,000 for aggregate in a F.Y.	<u>No TDS u/s 194C in the following cases:</u> ☞ Personal expenditure of Individual/HUF ☞ Contractor engaged in business of Plying, Hiring or Leasing goods carriages, where he owns 10 or less goods carriages at any time during the P.Y. & furnishes a declaration to that effect along with PAN to the payer. Work includes - • advertising; • broadcasting and telecasting including production of programmes for such broadcasting or telecasting; • carriage of goods or passengers by any mode of transport other than by railways; • catering; • manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from such customer or its associate, being a person related to the customer in such manner as defined u/s 40A(2)(b) • In such a case, tax shall be deducted on the invoice value excluding the value of material purchased from such customer or its associate, if such value is mentioned separately in the invoice. Where the material component has not been separately mentioned in the invoice, tax shall be deducted on the whole of the invoice value. • In case of Owner/Seller of the natural gas sells as well as transports the gas to the purchaser till the point of delivery, it is contract of sale and hence no TDS. • Where the content is produced as per the specifications provided by the broadcaster/ telecaster and the copyright of the content/programme also gets transferred to the telecaster/ broadcaster, such contract is covered by the definition of the term `work' in section 194C • However, in a case where the telecaster/broadcaster acquires only the telecasting/ broadcasting rights of the content already produced by the production house, there is no contract for "carrying out any work", as required in section 194C(1). • section 194C will be applicable to the amounts paid as cooling charges by the customers of the cold storage • payment made by an assessee engaged in transportation of building material and transportation of goods to contractors for hiring dumpers

						would be subject to 194C and not 194I
194D: Insurance Commission	Any person	Resident	Credit or Payment, whichever is earlier	5%	Rs. 15,000 p.a.	–
194DA: Any Sum under Life Insurance Policy	Insurance Companies	Resident	Payment	5%	<Rs. 1,00,000 p.a.	➤ NO TDS , if maturity proceeds of a LIC including bonus is exempt u/s 10(10D).
194E: Payments made to non-resident sportsman (incl.athlete) / entertainer/ sports association u/s 115BBA	Any Person	Non-resident sportsman or entertainer or sports association	Credit or Payment, whichever is earlier	20%(+)SC (+)EC	–	Incomes Covered:- (A) Sportsmen(Including Athlete) ➤ Participation in any game in India, except card game of gambling etc. ➤ Contribution of articles in Newspapers, Magazines or Journals ➤ Advertisement (income shall be subject to provision TDS u/s 195) (B) Entertainer ➤ Performance in India (C) Sports Association ➤ Amount guaranteed to such association in relation to any game/ sport played in India
194EE: Payments under National Saving Scheme	Any person	Any person	Payment	10%	Rs. 2,500 p.a.	NO TDS , if payment is made to the legal heirs/representative of deceased assessee.
194G: Commission, etc. on Sale of Lottery Tickets	Any person being Stockist, Distributor, etc. of Lottery Ticket	Any person	Credit or Payment, whichever is earlier	5%	Rs. 15,000	Discount given on purchase of lottery is NOT considered as commission.
194H: Brokerage & Commission	All Assesseees, except Individuals & HUF except an individual or HUF whose total sales, gross receipts or turnover from the business or profession carried on by him does not exceed Rs. 1 crore in case of business and Rs. 50 lakhs in case of profession during the FY immediately preceding FY year in which such commission or brokerage is credited or paid	Resident	Credit or Payment, whichever is earlier	5%	Rs. 15,000/-	- Transaction related to buying and selling of securities: No TDS on brokerage and commission on securities. - No TDS is attracted on payments made by television channels/newspaper companies to the advertising agency for booking or procuring of or canvassing for advertisements. [CBDT Circular] - However, if the agreement specifically has the clause of agency, TDS on amount retained by accredited advertising agencies out of remittance of sale proceeds of “airtime” purchased from Doordarshan and sold to customers Director, Prasar Bharati v. CIT [2018] 403 ITR 161 (SC) - No TDS by the airline company on difference between the maximum published price and the minimum fixed commercial price as the same is not “additional special commission” in the hands of the agents. Further, the airline company would have no information about the exact rate at which the tickets were ultimately sold by its agents. [CIT v. Qatar Airways (2011) 332 ITR 253] - When the licensed stamp vendors take delivery of stamp papers on payment of full price less discount and they sell such stamp papers to the retail customers, neither of the two activities (namely, buying from the Government and selling to the customers) can be termed as

						service in the course of buying and selling of goods. The discount on purchase of stamp papers, therefore, does not fall within the expression “commission or brokerage” to attract the provisions of tax deduction at source u/s 194H. CIT v. Ahmedabad Stamp Vendors Association (2012) 348 ITR 378 (SC) - TDS u/s 194H deductible on discount given on supply of SIM cards by a telecom company to its distributors Vodafone Essar Cellular Ltd. v. ACIT (TDS) (2011) 332 ITR 255 (Ker.) - No TDS on incentives given to stockists and distributors by a manufacturing company CIT v. Intervet India P Ltd (2014) 364 ITR 238 (Bom) - No TDS u/s 194H on payment made by the assessee-bank for services rendered by M/s. NFS, a network of shared ATMs in India CIT and another v. Corporation Bank [2021] 431 ITR 554 (Kar)
194-I: Rent (Lease or Sub-lease)	All assessees, except an individual or HUF whose total sales, gross receipts or turnover from the business or profession carried on by him does not exceed Rs. 1 crore in case of business and Rs. 50 lakhs in case of profession during the FY immediately preceding FY year in which such commission or brokerage is credited or paid during preceding F.Y.	Resident	Credit or Payment, whichever is earlier	2% for Plant, machinery & Equipment 10% for Land, Building, Furniture or fittings Landing/parking charges paid by airline co. to Airport authority of India are not for use of land <i>per se</i> & thus cannot be treated as rent to attract TDS u/s 194-I – [Japan Airlines Co./Singapore Airlines Ltd. (2015) (SC)] Payment made for use of passive infrastructure facility such as mobile tower shall be subject to TDS u/s 194-I & not 194C, since the underlying object of arrangement was USE of passive infrastructure facility. [Indus Towers LTD. v CIT (2014) Del. HC]	Rs. 2,40,000 p.a.	1. TDS is NOT attracted in case of Rent credited/paid to business trust being REIT as per Section 10(23FCA). 2. Income from co-owned property is assessable in the hands of each co-owner on his share as provided in section 27 of the Act, so that the limit for TDS has to be applied with reference to each co-sharer & not with reference to aggregate rent payable for the property. 3. section 194-I shall not be applicable on payment of PSF by an airline to Airport Operator 4. TDS shall apply on rental amount without including GST 5. Tax u/s 194-I will not have to be deducted on ‘lump sum lease premium’ or ‘one time upfront lease charges’ paid by assessee for acquiring long term leasehold rights for land or any other property, if there is no provision in lease agreement for adjustment of the premium amount against annual rent paid. If rent is paid for advertisement hoardings, then TDS u/s 194C will be attracted. However, if space is taken on rent and then advertisement hoarding is put up, then TDS u/s 194I will be attracted
194-IA: Transfer of Immovable Property other than Agricultural Rural Land	Any person	Resident	Credit or Payment, whichever is earlier	1%	<Rs.50 Lakhs	➤TDS u/s 194-IA is attracted when amount of sale consideration (not FMV or stamp duty value of the property) per property is Rs. 50,00,000 or more. ➤No TDS, if the immoveable property is owned by 2 or more individuals, the value of whose individual share is below Rs. 50 Lakhs each. ➤ No requirement to obtain TAN ➤TDS on compulsory acquisition of property u/s 194LA ➤Consideration for transfer of any immovable property includes all

						charges of the nature of club membership fee, car parking fee, electricity or water facility fee, maintenance fee, advance fee or any other charges of similar nature, which are incidental to transfer of the immovable property
194-IB: Payment of rent by certain individuals or HUF	Individual/HUF, except an individual or HUF whose total sales, gross receipts or turnover from the business or profession carried on by him exceed Rs. 1 crore in case of business and Rs. 50 lakhs in case of profession during the FY immediately preceding FY year in which such commission or brokerage is credited or paid during preceding F.Y.	Resident	Credit of rent for the March or last month of tenancy (if property is vacated) or Payment, whichever is earlier	5%	50,000	➤ No requirement to obtain TAN ➤ Where the tax is required to be deducted as per the provisions of section 206AA or section 206AB, such deduction shall not exceed the amount of rent payable for the last month of the previous year or the last month of the tenancy, as the case may be.
194-IC: Payment under specified agreement	Joint developer agreement	Resident	Credit/payment whichever is earlier	10%		➤ Payment of consideration in cash only is included (not in kind) ➤ Section 45(5A) applicable
194J: Payment of Fees for Professional, Technical services, Royalty, Non-compete fees, remuneration or commission to director.	All Assesseees, except Individuals & HUF individual or HUF whose total sales, gross receipts or turnover from the business or profession carried on by him does not exceed Rs. 1 crore in case of business and Rs. 50 lakhs in case of profession during the FY immediately preceding FY year in which such commission or brokerage is credited or paid during preceding F.Y.	Resident	Credit or Payment, whichever is earlier	2% in case of FTS (other than professional services) or royalty where such royalty is in the nature of consideration for sale, distribution or exhibition of cinematographic films 10% in other cases	Rs. 30,000/- p.a. separately for each item mentioned (no exemption limit for remuneration or fees of commission to director)	No TDS u/s 194J- ➤ If sum is paid by Individual/HUF towards professional Services exclusive for their personal purpose. ➤ It may be noted that since this provision requires such individuals/HUFs to deduct tax at source only in respect of fees for professional services or fees for technical services, it can be inferred that individuals and HUFs are not required to deduct tax at source under section 194J on royalty and non-compete fees. ➤ TPAs liable to deduct tax under section 194J on payment to hospitals on behalf of insurance companies ➤ the transaction charges paid to BSE by its members are not for technical services but are in the nature of payments made for facilities provided by the stock exchange and therefore 194J not applicable ➤ provisions of tax deduction at source under section 194J and section 195 would be attracted in respect of consideration for use or right to use computer software since the same falls within the definition of royalty ➤ CG has exempted certain software payments from the applicability of tax deduction under section 194J. Accordingly, where payment is made by the transferee for acquisition of software from a resident-transferor, the provisions of section 194J would not be attracted if - ➤ the software is acquired in a subsequent transfer without any modification by the transferor;

						➤ tax has been deducted either under section 194J or under section 195 on payment for any previous transfer of such software; and ➤ the transferee obtains a declaration from the transferor that tax has been so deducted along with the PAN of the transferor.
194K: Income in respect of units	Person responsible for paying income	Resident	Payment/credit [earlier]	10%	Rs.5,000	No tax if the income is in nature of capital gains
194LA: Compensation/Enhanced Compensation on compulsory acquisition of immoveable property	Any person	Resident	Payment	10%	Rs.2.5 Lakhs p.a.	➤ No TDS u/s 194LA, if the impugned immovable property is an ‘agricultural land’ as capital gains arising on compulsory acquisition of an ‘agricultural land in urban area’ is exempt u/s 10(37). ➤ No tax is required to be deducted where payment is made in respect of any award or agreement which has been exempted from levy of income tax under section 96 of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013
194LB: Income by way of Interest payable by Infrastructure Debt fund	Infrastructure Debt Fund referred u/s 10(47) of the Act.	1. Non-resident (not being Company) 2. Foreign Company	Credit or Payment, whichever is earlier	5%(+)SC (+) EC	–	➤TDS deduction would be subject to the provisions of DTAA.
194LC: Interest on Foreign Currency Loan/Bond, paid by Indian Company/ Business trust	Indian Company or Business trust	NR (not being Company) <u>OR</u> Foreign Company	Credit or Payment, whichever is earlier	5% (+)SC (+)EC 4% if bond or RDB listed in RSE on IFSC	–	In respect of borrowing made in foreign currency from sources outside India ➤ under a loan agreement at any time between 1.7.2012 and 30.6.2023 or ➤ by way of issue of long-term infrastructure bonds during the period between 1.7.2012 and 30.9.2014 or ➤ by way of issue of any long-term bond, including long-term infrastructure bond during the period between 1.10.2014 and 30.6.2023 as approved by the Central Government in this behalf. In respect of monies borrowed by it from a source outside India by way of issue of rupee denominated bond on or before 30.6.2023. Levy of higher rate of TDS @20% under section 206AA in the absence of PAN would not be attracted in respect of payment of interest on long-term bonds, as referred to in section 194LC, to a non-corporate non-resident or to a foreign company
194LD: Interest on Govt. Sec Or Rupee denominated bonds of Indian Co. payable during the period between 1.6.2013 and 30.6.2023	Any Person (Indian Company/ Govt. of India)	FII or QFI	Credit or Payment, whichever is earlier	5%(+)SC (+)EC	–	[FII – Foreign Institutional Investor QFI – Qualified Foreign Investor] Note: Rate of Interest shall not exceed the rate approved by CG.
194M: Payment made by an	individual or a HUF	Resident	Credit/Payment [earlier]	5%	Rs.50 Lakhs	No requirement to obtain TAN

individual or a HUF for contract work or by way of commission or brokerage or fees for professional services	responsible for paying any sum (other than those who are required to deduct income-tax as per the provisions of section 194C or 194H or 194J) (i) for carrying out any work (including supply of labour for carrying out any work) in pursuance of a contract; or (ii) by way of commission (not being insurance commission referred to in section 194D) or brokerage; or (iii) by way of fees for professional services.					
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