

**TAX DEDUCTED AT SOURCE**

## TDS Implication U/Sec. 194C

- ▶ Under Sec. 194C, deduction of tax at source is required to be made from payments of any sums to resident contractors or sub-contractors.
- ▶ Thus, following two situations are covered under Sec. 194C:
  - ▶ i. Deduction of tax at source from payment to resident-contractors;
  - ▶ ii. Deduction of tax at source from payment to resident-sub-contractors.

# Maximum Limit of deduction of TDS U/S 194C

- No deduction of TDS is required when the amount to be paid or credited does not exceed Rs 30000.00
- However if aggregate amount of payment to be made to contractor in a Financial Year exceeds Rs. 1,00,000.00 then TDS is required to be deducted.

# Rates of tax deduction

S.No.	Nature of Payment	Income tax %
1.	Payment/credit to resident individual or Hindu Undivided Family	1%
2.	Payment/credit to any resident person other than individual/ Hindu Undivided Family	2%

## Special Note:-

- The nil rate will be applicable if the transporter quotes in PAN.
- The rate of TDS will be 20% in all the above cases, if PAN is not quoted by the deductee on or after 1.4.2010.
- No surcharge, education cess and SHEC shall be added. Hence, TDS shall be deductible at basic rates.

# TDS implication U/s. 194I

- The person (not being an Individual or HUF) who is responsible for paying of rent is liable to deduct tax at source.
- in case the aggregate of the amount of rent credited or paid or likely to be credited or paid during the financial year exceeds Rs.2,40,000/-

# Rate of TDS U/s 194I

S. No	Nature of Payment	Rates of tax deduction
1	Rent of plant and machinery	2%
2	Rent of land or building or furniture or fitting	10% (5% if rent exceeding Rs 50,000 / month is paid by individual/HUF who are not liable for tax audit)

# TDS implication U/s. 194J

- Fees for professional or technical services
- Professional service or technical service is such which need a certain kind of specific knowledge which is not common viz. Engineering, C.A. ,C.S., Accountants, Doctor, Lawyer etc.
- This provision is not applicable when payment made is in the nature of salary and not contractual.
- Tax has to be deducted in case the payment is greater than Rs. 30,000 during the year.
- Any payment covered under this section shall be subject to TDS at the rate of **10%**.

# Other considerations

- **What is the time limit on depositing TDS?**

On or before 7 days from the end of the month in which the deduction is made.

- **Consequences of non-deduction/non-payment of TDS**

- A taxpayer who is liable to deduct TDS will be liable to pay interest @ 1% per month from the date when tax is deductible till the date when tax is deducted.
- A taxpayer who has deducted tax but not deposited the same to the government is liable to pay interest @ 1.5% per month from the date when tax is deducted to the date of deposit of the TDS.
- Rate of Tax Deduction is 20% in all cases if Deductee fails to furnish PAN

Thank  
You