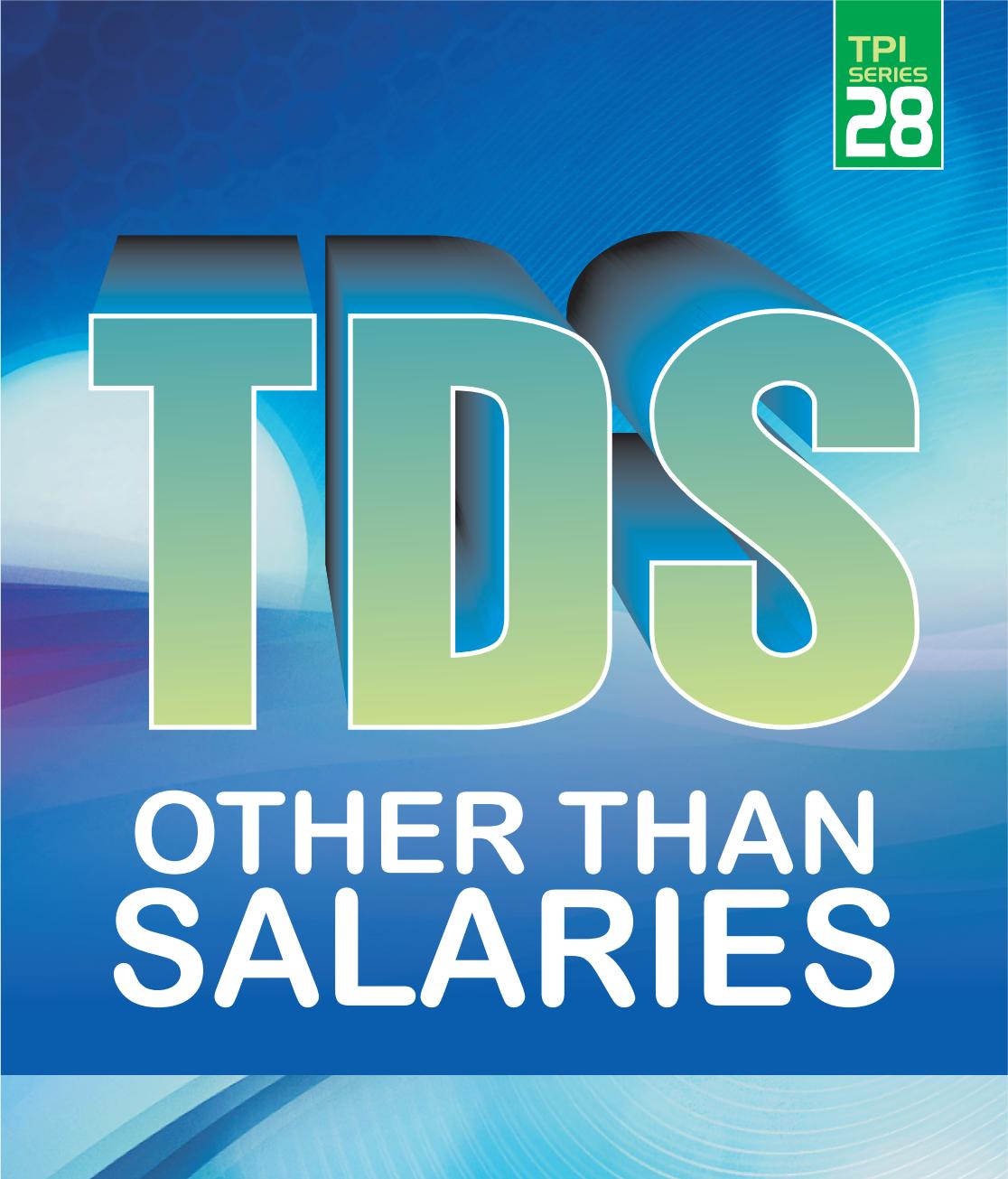




# TDS OTHER THAN SALARIES

Cover Design by Sharad Advig



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**Income Tax Department**

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**TAX  
DEDUCTION  
AT SOURCE  
(TDS)  
OTHER THAN  
SALARIES**



**INCOME TAX DEPARTMENT**  
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**TAX  
DEDUCTION  
AT SOURCE  
(TDS)  
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SALARIES**

## PREFACE

The provisions of the Income Tax Act relating to “**Tax Deduction at source (TDS) other than Salaries**” are of immense importance in the present scenario when TDS collections account for almost 39% of total collection of Direct Taxes.

The Income Tax Act provides for penalty and prosecution for any default in respect of deduction of tax at source or deposit of the deducted amount in the Government account. Thus, the Tax Deductors need to be well conversant with the provisions relating to Tax Deduction at Source as provided in sections 193 to 198 of the Income Tax Act. This booklet under the TPI Series is an attempt to put forth the various provisions on the subject in a lucid yet precise manner.

This book has been authored and updated by Shri Madhukar K. Bhagat, Addl. DIT (Investigation) (Spl. Cell), New Delhi who has very painstakingly updated the booklet as per the provisions of the Law as amended upto Finance Act, 2011. We are grateful to Shri Bhagat for updating the Booklet. I am sure that this volume will be appreciated and widely used by the general public.

The Directorate would appreciate any suggestion for further improvement of the booklet.



(Amitabh Kumar)

New Delhi

Director of Income Tax (PR, PP & OL)

Dated : 8-02-2012

This publication should not be construed as an exhaustive statement of the Law. In case of doubt, reference should always be made to the relevant provisions of the Income Tax Act, 1961, Income Tax Rules, 1962 Wealth Tax Act, 1957 and Wealth Tax Rules, 1957, and, wherever necessary, to Notifications issued from time to time.

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# **Chapter 1**

## **INTRODUCTION**

1. The Indian Income Tax Act provides for chargeability of tax on the total income of a person on an annual basis. The quantum of tax determined as per the statutory provisions is payable as:

- a) Advance Tax
- b) Self Assessment Tax
- c) Tax Deducted at Source (TDS)
- d) Tax Collected at Source (TCS)

Tax deducted at source (TDS) and Tax collection at source (TCS), as the very names imply aim at collection of revenue at the very source of income. It is essentially an indirect method of collecting tax which combines the concepts of “pay as you earn” and “collect as it is being earned.” Its significance to the government lies in the fact that it prepones the collection of tax, ensures a regular source of revenue, provides for a greater reach and wider base for tax. At the same time, to the tax payer, it distributes the incidence of tax and provides for a simple and convenient mode of payment.

The concept of TDS requires that the person on whom responsibility has been cast, is to deduct tax at the appropriate rates, from payments of specific nature which are being made to a specified recipient. The deducted sum is required to be deposited to the credit of the Central Government. The recipient from whose income, tax has been deducted at source, gets the credit of the amount deducted in his personal assessment on the basis of the certificate issued by the deductor.

While the statute provides for deduction of tax at source on a variety of payments of different nature, in this booklet, an attempt is being made to discuss various provisions of TDS on payments of nature other than salaries and of Tax collection at source.

## Chapter - 2

### TDS PROVISIONS APPLICABLE TO NON-SALARY INCOME : SECTION - WISE

A very brief description of the various categories of payments(other than salaries) which are subject to TDS and the relevant sections are being given below, while detailed discussion on the issues of TDS and TCS are included in the subsequent chapters.

#### Section 193

**-TDS from interest on securities.** The Exempted securities are listed in the relevant Section. Deduction is to be done as per rates in force.

#### Section 194

**-TDS from Dividend.** Certain exemptions exist as are provided for in the Section where the aggregate of Dividend during the financial year does not exceed Rs.2500/- . Deduction is to be made as per the rate in force.

#### Section 194A

**-TDS from Interest other than interest on securities** TDS is to be done on Interest exceeding Rs.5,000/- w.e.f. 01.06.2007, in respect of deposit with a banking company or a co-operative society carrying on banking business, TDS is to be made if the interest exceeds Rs.10,000/-.

Exempted categories are listed in the section. Deduction are to be done as per rates in force.

<b>Section 194B</b>	-TDS from winnings from lotteries or Crossword puzzles or card game & other game of any sort. TDS is to be done on payment of an amount exceeding Rs.5000/- (Rs. 10,000/- w.e.f. 1/7/2010) TDS is deductible on prize in kind also. In cases where the winnings are wholly in kind or where they are partly in cash and partly in kind but the part in cash is not sufficient to meet the liability for tax deduction in respect of the whole of the winnings, the person responsible for paying shall, before releasing the winnings either in cash or in kind, ensure the tax has been paid in respect of the winnings.	<b>Section 194EE</b>	-Payment in respect of NSS TDS to be done on payment which is above Rs.2,500 - @ 20%.
<b>Section 194BB</b>	-Winnings from horse races exceeding Rs.2500/- (Increased to Rs. 5,000 w.e.f. 1/7/2010)	<b>Section 194F</b>	-Payments for repurchasing units of Mutual Fund/UTI - @ 20%.
<b>Section 194C</b>	-Payments to contractors and sub-contractors exceeding Rs.20,000/- For payments to contractors, the rate of TDS is one percent in case of advertising and two percent in other cases. The provision is not applicable in case of payment made by individuals and HUF if the gross receipts or turnover from the business or profession does not exceed the monetary limits specified u/s 44AB clause (a) or (b).	<b>Section 194G</b>	-Commission etc. on sale of lottery tickets exceeding Rs.1,000/- - @10%.
<b>Section 194D</b>	-Insurance commission TDS on payments above Rs.5,000/- (Increased to Rs. 20,000/- w.e.f. 1/7/2010).	<b>Section 194H</b>	-Commission Brokerage etc. above Rs.2,500/ deduction @ 10% N.A. when payments are made by Indl /HUF, if their business. Exemption limit raised to Rs. 5,000/- w.e.f. 1/7/2010 turnover does not exceed the limits specified in 44AB. If the payment made for personal use no deduction.
<b>Section 194E</b>	-Non-resident Sportsmen or sports association. TDS @ 10%.	<b>Section 194-I</b>	-Rental income TDS to be done on payment exceeding Rs.1,20,000/- per annum w.e.f. 1.7.2010 this limit increased to Rs. 1,80,000/- The rate of TDS is to be 2% where plant or machinery is rented out, 10% in case of land or building.
		<b>Section 194J</b>	-Payment to resident of fees for professional or technical services exceeding Rs.20,000/- (increased to Rs. 30,000/- w.e.f. 1/7/2010) deduction at the rate of 10% . Not applicable, if payer is individual or HUF and if the business turnover does not exceed the limits mentioned in Section.44AB.
		<b>Section 194 K</b>	-TDS by Mutual Funds/UTI - Income exceeding Rs.2,500/- in respect of units of mutual funds specified under section

	10(23D) or of UTI. Qualifying income includes income credited/paid .Rate of TDS is 10%. <i>No deduction is to be made for any such income credited / paid after 1.4.03.</i>	company) or a foreign company- Rate 20% - not applicable where investment in funds is out of a Non-Resident (External) Account maintained with any bank in India or remittances in foreign currency according to Foreign Exchange Regulation Act,1973, in case of non-resident Indian or a non-resident HUF. Applicable up to 31st March,2003.
<b>Section 194 L</b>	- <b>Section 194 L provides for is deduction of tax from payment to a resident on acquisition of an asset.</b> Application from 1 <sup>st</sup> June, 1999 to 31 <sup>st</sup> May 2000 only. Rate 10%. No deduction if payment does not exceed Rs1 lakh during the financial year.	
<b>Section194LA</b>	-Deduction of tax is to be done @ 10% from <b>payment to resident, compensation/ consideration on account of compulsory/ acquisition under any law of any immovable property</b> (other than agricultural land) No deduction if payment is less than Rs.1 lakh during the financial year.	-Units referred to in Section 115 AB (Units of mutual fund/UTI owned by Off shore Fund) - 10% : includes long-term capital gain on transfer.
<b>Section 194 LB</b>	- <i>Interest payment by an infrastructure debt fund (referred to in sec 10(47) to a non resident which is not a corporate entity , or is not a foreign company, is subject to TDS @ 5% [w.e.f 1.6.2011].</i>	-Interest or dividend payable for bonds and shares referred to in Section 115AC (foreign currency bonds or shares) and long-term capital gains deductions @ 10% “bonds and shares substituted by words Bonds or GDR with effect from 1st April 2002”. No deduction shall be made in respect of any dividends referred in Sec.115-O.
<b>Section 195</b>	-Payments to <b>Non-Resident</b> (Non-company) or to a <b>foreign Company of interest</b> (other than interest on security) or any other sum (other than salary). Deduction is to be done as per rates in force.	-Income in respect of securities referred under section 115AD(1(a)) held by FII's deductions at the rate of 20%. No deduction shall be made in respect of any dividends referred in Sec.115-O. No TDS on capital gains.
<b>Section 196A</b>	-Income of Mutual Fund income from units of mutual funds specified in section 10(23D) or of UTI to non-residents-(Not being a	-Non-deduction or deduction at a lower rate in regard to Section 192, 193, 194, 194A, 194C, 194D, 194G, 194H, 194-I, 194J, 194K, 194LA and 195. Application to be filed before Assessing Officer in prescribed form Sec Rule 28(1) and 28 AA and F.No.15AA.

<b>Section 197A</b>	-Non-deduction U/s 194 or 194EE on application made by an individual to the person responsible for deduction in prescribed form.	v). Forest produce not being timber and tendu leaves,
<b>197A(1A)</b>	-Non-deduction on application made by the person to the person responsible for deduction in prescribed form in respect of Sections 193 ,194A or 194K.	vi). any other forest produce not being timber or tendu leaves. vii) Scrap.
<b>Section 197A(1B)</b>	- The provisions of this Sec shall not apply if the gross income exceeds the maximum amount which is not chargeable to income tax.	
<b>Section 197A(1C)</b>	-No deduction of tax of an individual who is 65 years during the previous year if such individual furnishes a declaration in writing to the effect that tax on his estimated total income will be nil.	
<b>Section 198</b>	-TDS is also income received except taxes paid u/s. 192(1A)	
<b>Section 206C</b>	-The statute provides that the tax is to be collected by the seller of the commodities specified at the time of receipt of the sale proceeds either in cash or by cheque or draft or by any other mode or at the time of debit of such amount to the account of the buyer whichever is earlier. The provisions of TCS apply to business of :  i). Alcoholic liquor for human consumption, ii). Tendu leaves, iii). Timber obtained under a forest lease, iv). Timber obtained by any mode other than under a forest lease,	

## Chapter 3

### PROVISIONS ENJOINING DEDUCTION OF TAX AT SOURCE

#### 3.1 Interest on securities – Sec. 193

Where any payment is made in the nature of “Interest on Securities,” the person responsible for making such payment of income or crediting the income has to make deduction of tax at source before making such payment or crediting which ever is earlier. The deduction is to be done as per rates in force on the amount of interest payable. However, payments from certain categories of bonds, debentures etc. is exempt from TDS. These include the following :

- i) National Defence Bonds 1972 (4.1/4%),
  - ia) National Defence Loan 1968, or National Defence Loan 1972 (4.3/4%),
  - ib) National Development Bonds,
- ii) 7 year (IV Issue) National Saving Certificates,
- iii) Any interest payable on debentures issued by any institution or authority or any Public Sector Company or any Co-operative Land Mortgage Bank or Co-operative Land Development Bank, as may notified by Central Government in Gazette,
- iv) Gold Bonds 1977 (6.1/2%), Gold Bonds 1980 (7%),
- v) Interest on any Security of Central Government or State Government,(However, w.e.f. 1.6.07 exemption will not be available if interest payment exceeds rupees ten thousand during the F.Y. on 8% savings (Taxable) Bonds, 2003.

- vi) Any interest payable to an individual, resident of India, on debentures issued by a Public Limited Company where the debentures issued by a Public Limited Company where the debentures are listed in a recognised stock exchange, if the interest is paid by an account payee cheque and its amount does not exceed Rs. 2500/- during the financial year,
- vii) Any interest payable to LIC,
- viii) Any interest payable to GIC or any of its four companies,
- ix) Any interest payable to any insurer in respect of any securities owned by it or in which it has full beneficial interest. No TDS to be made from any Regimental Fund or non-public fund established by any Armed forces since income of these organizations is exempt u/s 10(23AA).

#### 3.2 Dividend income(Sec. 194)

Where any amount is payable in the nature of “**Dividends**” by an Indian Company or a Company that has made arrangement for declaration and payment of dividend within India (including dividend on preference shares ) the said company has to deduct tax at source. The deduction has to be done as per rates in force before the payment is made in cash or issue of cheque or dividend warrant or before making any distribution or payment to the share holder of any dividend u/s 2(22).

Sec. 2(22) defines dividends as including inter alia distribution by a company to its share-holder of various sums like accumulated profits (whether Capitalized or not) by realizing all or part of company’s assets or debentures, debenture stock deposit certificates, or bonus shares to preference share-holders to the extent of accumulated profits, or payments by a Private Limited Company of any advance or loan to a share-holder being beneficial owner holding not less than 10% of voting power, or loan or advance to a concern in which such share- holder is a member or partner

with substantial interest or payment by company and on behalf of or, for benefit of such share-holder, to the extent of accumulated profits.

**Exemption** (a) -Exemption from T.D.S. is granted in case of a share-holder who is an individual and the company pays dividend of **Rs.2500/-** or less in one financial year and it is paid by account payee cheque(Form No.14 is submitted under Rule 28). (b) Further, if the Assessing Officer gives a certificate in writing in prescribed form that total income of the share-holder is below taxable limit then the person paying the dividend to share holder is not to deduct tax at source (Form 15 under Rule 29). (c) Further no TDS to be done in respect of dividends referred to in Section 115-O.

### **3.3 Interest Income other than interest on securities - Sec. 194 A**

The ‘Interest’ other than ‘Interest on Securities’ is subject to tax deduction at source **as per rates in force**. However, an individual or Hindu Undivided family is not obliged to deduct tax at source. But, w.e.f. 1.6.2002, an HUF or an individual whose total sales gross receipts or turnover from the business or profession, carried on by him exceeded monetary limit specified in clause (a) or clause (l) of section 44AB(Rs. 40 lakh) for business and Rs. 10 lakh for profession w.e.f. 1/4/2010(**these limits will stand revised at Rs. 60 lakhs and 15 lakhs respectively**) are also liable to deduct tax under this Section. However, any other person (i.e company, firm, Association of person, Trust etc.) who is responsible for paying Interest (other than ‘Interest of Securities’) is responsible for deduction of tax at source. This tax is to be deducted, as usual, **at the time of credit of interest to the account of payee (i.e. Assessee) or actual payment in cash or by issue of cheque, draft, or any other mode of payment, whichever is earlier.** Even if the amount of interest is credited to any account whether called “interest payable account” or “Suspense Account”, or by

any other name, in the books of the person who is paying such income(i.e. “Payer” of the interest), these provisions of Section 194A will apply.

**Exemption :** Exemption from this section is allowed :

- (i) if interest, or aggregate of interest during the financial year, **does not exceed Rs. 5000/-**. However, where the payer is a banking company, a co-operative society engaged in the business of banking or a post office the exemption limit **shall be Rs. 10,000** (applicable w.e.f. 1.6.2007).
- (ii) Such interest income is credited or is paid to a banking company or co-operative Society engaged in banking or a Financial Corporation or LIC, or UTI, or company or co-operative society carrying on insurance business or any other institution, association or body notified by the Central Government in official Gazette for reasons recorded in writing.
- (iii) The interest is paid or credited by the firm to its partner’s account
- (iv) Interest income credited or paid by co-operative society to its members account or to another co-operative society.
- (v) Interest income on deposits under any scheme framed and notified in Gazette by Central Government.
- (vi) Income credited or paid in respect of deposits other than time deposits, such time deposits made on or after 1-7-1995, with banking company including any bank nor banking

institution referred to in Section 51 of the Banking Regulation Act,1949.

- (vii) Any interest credited or paid by the Central Government under the Income-tax Act or other allied Acts like Wealth-Tax, Estate-Duty,Super Profit, Sur-tax or Interest Tax Act.
- (viii) Interest earned on deposits with - a primary agricultural credit society.
  - a primary agricultural credit society.
  - a primary credit society.
  - a Co-operative land mortgage bank.
  - a Co-operative land development bank.
  - a Co-operative society engaged in banking business (other than time deposits on or after 1-7-1995).
- (ix) Income credited or paid by way of interest on compensation awarded by the Motor accidents cause tribunal. However, the aggregate amount of income paid/credited should not exceed fifty thousand rupees.
- (x) Income paid/payable by infrastructure capital company /fund or public sector company in relation to zero coupon bond issued after 1.6.05.

#### **3.4 Winnings from lotteries or crossword puzzle etc.**

Under Section 194B, winnings from lottery or crossword puzzle or card game and other game of any sort exceeding Rs. 5000/- (**Rs. 10,000/- w.e.f. 1/7/2010**) are also subject to deduction of tax at source as per rates in force. The deduction is to be done at the time of payment of the winnings.

In cases where the winnings are wholly in kind or where they are partly in cash and partly in kind but the part in cash is not sufficient to meet the tax liability for tax deduction in respect of the whole of the winning, the person responsible for paying shall before releasing the winning either in cash or in kind ensure that tax is paid in respect of the winnings.

#### **3.5 Winning from horse race -**

Section **194BB** enjoins any person, who is a bookmaker or a licensee for horse racing in a race course or arranger for wagering or betting in any race course, and is responsible for paying to any person the winning from such horse race, to deduct income-tax at source. The deduction is to be done as **per rates in force**. The only **exemption is for winnings of Rs.2500/- or below**. This exemption limit has been raised to **Rs. 5,000/- w.e.f. 1/7/2010**.

#### **3.6 Payments to contractor -**

Section **194C** applies to a person who is responsible for “paying any sum to a contractor or sub-contractor”. Such contractor or sub-contractor should be a **resident** in terms of section 6 of the I.T. Act, 1961.

As per Section 194C the payer is enjoined to deduct tax at source at **the time of credit of any sum to the account of contractor or at the time of payment either in cash or by cheque or draft which ever is earlier**.

- The deduction is to be done for payment for carrying out any work(including supply of labour) in pursuance of a contract between the contractor and a **specified person**.

The deduction is to be made at the following rates :

- (i) 1% where payment/credit is to an individual/HUF.
- (ii) 2% where recipient is any other person.

- Even where the credit is made in any account called “Suspense Account” or in the books of account of the person liable to pay such income, such credit will be deemed to be in the account of payee (contractor or sub-contractor as the case may be) and deduction of tax will have to be made.
- Where any sum is paid or credited for carrying out any work pertaining to manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased by such customer, then the tax is to be deducted at source ;
  - (i) on the invoice value excluding the value of material, if such value is mentioned separately in the invoice; or
  - (ii) on the whole of the invoice value, if the value of the material is not mentioned separately in the invoice.
- **Exemption -**
  - (i) No TDS to be done by an Individual or an HUF on a contractual payment of work which is for personal purposes of the individual or the HUF.
  - (ii) If the credit or the payment in pursuance of the contract does not exceed Rs.20,000/-, no deduction has to be made at source.

**This amount has been increased to Rs. 30,000/- w.e.f. 1/7/2010 by Finance Act, 2010.** However, if the aggregate of all amounts paid/credited or likely to be paid/credited exceeds Rs. 75,000/- then tax at source is to be deducted.

  - (iii) No deduction is to be made for sum credited/paid to a contractor during the course of business of plying/hiring/ leasing of good/carriages on furnishing Pan to the payer/ deductor.
- (i) ‘specified person’ shall mean, -
  - (a) the Central Government or any State Government; or
  - (b) any local authority; or
  - (c) any corporation established by or under a Central, State or Provincial Act; or
  - (d) any company ; or
  - (e) any co-operative society ; or
  - (f) any authority, constituted in India by or under any law, engaged either for the purpose of dealing with and satisfying the need for housing accommodation or for the purpose of planning, development or improvement of cities, towns and villages, or for both; or
  - (g) any society registered under the Societies Registration Act, 1860(21 of 1860) or under any law corresponding to that Act in force in any part of India; or
  - (h) any trust; or
  - (i) any university established or incorporated by or under a Central State or Provincial Act and an institution declared to be university under section 3 of the University Grants Commission Act, 1956(3 of 1956); or
  - (j) any Government of a foreign State or a foreign enterprise or any association or body established outside India; or
  - (k) any firm; or
  - (l) any person, being an individual or a Hindu undivided family or an association of persons or a body of individuals, if such person -

- (A) does not fall under any of the preceding sub-clauses; and
- (B) is liable to audit of accounts under clause (a) or clause (b) of section 44 AB during the financial year immediately preceding the financial year in which such sum is credited or paid to the account of the contractor;
- (ii) ‘goods carriage’ shall have the meaning assigned to it in the Explanation to sub-section(7) of the section 44AE;
- (iii) ‘contract’ shall include sub-contract ;
- (iv) ‘work’ shall include -
  - (a) advertising;
  - (b) broadcasting and telecasting including production of programmes for such broadcasting or telecasting ;
  - (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 the 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.

### **3.7 Insurance commission - Section 194D.**

Any person, who is responsible for paying to a resident any remuneration or reward, whether called commission or by any other name, for soliciting or procuring insurance business (including

continuance, renewal or revival of policies of insurance), is enjoined upon to deduct tax at source at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft, **whichever is earlier**. Deduction is to be done **as per rates in force**. However, if the aggregate of such account, credited or paid during one financial year is Rs.5000/- or less, than no tax is required to be deducted at source. **The Finance Act, 2010 has increased this exemption limit to Rs. 20,000/- w.e.f. 1/7/2010.**

### **3.8 Payments to Non-resident sportsmen or sports association - Section 194E.**

If a payment is to be made to a **non-resident sportsmen** (including an athlete) who is not citizen of India or non resident sports association and the income is covered by Section 115BBA, then income-tax is to be **deducted at source @ 10% of such payment**. Section 115BBA applies to any tax-payer (assessee) who is not a citizen of India and who is a non-resident and income is received, or receivable, for participation in India in any game or sport or income from advertisement or income from contribution or articles in Indian Newspapers, magazines and journals or a non-resident sports association or institution which receives guarantee money for games or sports played in India.

### **3.9 Payment in respect of National Saving Scheme - Sec. 194EE**

Where any payment is made by a person of an amount referred to in clause **(a) of sub section (2)** of sec 80CCA, then such person is required to deduct **tax @20% there on at the time of making such payment**. The amount standing to the credit of an assessee under National Saving Scheme, 1987 and the interest accrued thereon is covered under this provision. However, in following cases no tax is deductible:

- a) where amount so payable in a financial year is less than Rs.2500/- or
- b) where payment is made to heirs of a deceased assessee or
- c) where in case of resident individual, no tax is payable if tax on estimated total income of the previous year including such withdrawal would be nil and a declaration by him is furnished to that effect in form 15-I and verified in prescribed manner by the person responsible for such payment.

### **3.10 Payment on account of repurchase of units of mutual fund or UTI - Sec. 194 F.**

Deduction of tax at source is to be done on **payment on account of repurchase of units by mutual fund or UTI @20% at the time of making any payment**, by the person responsible for paying any amount referred to in Sec 80 CCB to any person.

### **3.11 Commission etc. on sale of lottery tickets -Sec. 194G**

The person responsible for paying any income by way of commission, remuneration or Prize on lottery ticket has to deduct tax @ 10% at the time of credit to the recipient account, or at the time of payment in cash or issue of cheque/draft, whichever is earlier. However, no tax is to be deducted ,if the amount does not exceed Rs.1000/-.

Further, assessee can make an application in Form 13D to the Assessing Officer, who shall after satisfying himself, issue a certificate that total income of the person who is or has been stocking, distributing, purchasing or selling lottery tickets justifies the deduction of tax at a lower rate or no deduction of tax at all.

### **3.12 Tax deduction from commission or brokerage - Sec. 194 H**

Any person other than Individual and HUF responsible for paying any (**commission or brokerage to the account of payee or at the time of payment in cash or by cheque/draft whichever is earlier, is to deduct tax @ of 10%**). Where any income is credited to any account whether called “Suspense Account” or by any other name in books of the person liable to pay such income, such crediting shall be deemed to be credit of such income to the account of the payee.

However, no tax is deductible if the amount during the financial year does not exceed Rs.2500/- . The Finance Act, 2010 has **increased the exemption limit to Rs. 5,000/- w.e.f. 1/7/2010**. Commission & Brokerage mean any payment (other than commission referred to in section 194D) received/receivable directly or indirectly by a person acting on behalf of another person for services other than professional services notified by board u/s 44AA or for any services in the course of buying or selling of the goods or in relation to any transaction relating to any asset, valuable article or this not being Securities. **W.e.f. 1.4.2007 no deduction is to be made on any commission or brokerage payable by M/s. BSNL or M/s. MTNL to their public call office franchises.**

### **3.13 Rent - Sec. 194 I**

Any person not being an individual / HUF responsible for paying rent has to deduct tax at source at the following rates.

- (a) 2% for the use of any machinery, plant or equipment.
- (b) 10% for use of any land or building(including factory building) or land appurtenant to a building(including factory building or furniture or fittings).

TDS is to be done at the **time of credit of such income** into payee a/c or at the time of payment in cash or by cheque/draft or any other mode, whichever is earlier. Credit in payer books to a accounts called suspense a/c or by any other name shall be deemed to be credited to payee a/c. However, in case where the rent paid/ credited does not exceed Rs. 1,20,000/-, no tax is deductible. This **limit has been enhanced to Rs. 1,80,000/-** by Finance Act, 2010 w.e.f. **1.7.2010.**

- Essential features of rent are following -
  - (i) Payment is made under any lease, sub-lease tenancy, or any other agreement or arrangement.
  - (ii) Payment is made either for use of land or building (including factory building) (together or separately) with or without furniture, fittings & land appurtenant thereto.
  - (iii) Immaterial whether land or not of such building is owned by the person to whom rent is paid.
  - (iv) Following points should be noted :
    - (a) If building is let out with furniture & fittings & rent is payable under two separate agreements, composite rent is subject to tax.
    - (b) If a non-refundable deposit is made by tenant, then TDS is applicable.
    - (c) If refundable deposit is paid no TDS to be done, but if deposit carries interest TDS on interest will be governed by Sec 194A.
    - (d) If municipal taxes, ground rent etc. are borne by tenant, no TDS on such sum is required.
    - (e) Hotel accommodation taken on regular basis by any person other than Individual/HUF will be in the nature of rent and TDS is to be done.

- (f) Regimental fund or non-public fund established by armed force since their income is exempt u/s 10 (23AA) no TDS u/s 193 & 194F from income of such fund.
- (g) No TDS, if payee is Government or local or Statutory authorities referred to in section 10(20A)/ 10(20).
- (h) Payee can make application to the Assessing Officer in Form 13 for a certificate in Form 15A for deduction of tax at lower rate or to deduct no tax.

### **3.14 Fees for professional or technical services - Sec. 194 J**

**TDS has to be done at the rate of 10%** on payments made to a resident, of fees for professional or technical services, of royalty or any sum referred in clause (va) of Section 28 where aggregate of such payment exceeds Rs.20,000/- in a financial year. This limit is enhanced to Rs. 30,000/- w.e.f. 1/7/2010.

The aforesaid is not applicable to a payer who is an individual or a HUF. But where the gross sales/turnover from business or profession exceeds the monetary limit specified in section 44AB (Rs. 6,00,000/- for business or Rs. 15,00,000/- for profession) then such individual /HUF is also required to deduct tax at source as per provisions of this section. Payments made or credited before 1.7.95 are not covered by this provision.

#### **What is Professional Service ?**

Professional service means service rendered by a person in the course of carrying on any of the following professions :

- (a) Legal (b) Medical (c) Architectural (d) Engineering
- (e) Profession of accountancy (f) Technical consultancy
- (g) Interior Decoration (h) Advertising

- Any other profession notified by the Board for purposes of Section 44AA or of this section.
- Technical services has the same meaning as in Explanation 2 to section 9(1) (vii).

### **3.15 Income in respect of units of Mutual funds – Sec. 194K**

Where any income is payable to a resident in respect of units of Mutual Fund specified u/s 10(23D) or of the UTI, TDS is to be done on payment or credit which ever is earlier 10%. However, no TDS is to be done where the gross amount or credited is Rs. 2500/- or less.

#### **Exempts :**

Income from units under such schemes as may be notified by Central Government are exempt. If such income is payable by the UTI to any institution or to fund where such income is exempt from taxation under Sections 10 (22),10(22A), 10(23),10(23AA), (23C),11 and 12, no TDS is to be made. Further, as per second proviso to this section **no deduction is to be made for any such income paid or deducted after 1.4.03.**

### **3.16 Deduction from payment of compensation on Acquisition of Capital assets – Sec. 194L**

The provision of this section were applicable only from 1.6.99 to 31.5.2000. Any person responsible for paying to a resident any sum as consideration or compensation or enhanced consideration or compensation for compulsory acquisition under any law for the time being in force of any capital assets, was required at the time of making payment of such sum in cash or by cheque/draft or any other mode whichever is earlier deduct tax at source @ of 10% of such sum. No tax to be deducted in respect of aggregate payment of less than Rs. 1 lac during the financial year. No deduction shall

be made under this section from any payment made on or after **1.6.2000.**

### **3.17 Payment of compensation of acquisition of certain immovable property - Sec. 194 LA**

Where any person is paying to a resident any sum which is in the nature of compensation, enhanced compensation, consideration or enhanced consideration on account of compulsory acquisition of any immovable property under any law, then deduction of tax at source @ 10% on such sum is to be done at the time of payment or by issue of a cheque/draft or by any other mode, which ever is earlier. The immovable property specified here should not be agricultural land. Deduction is to be done where the aggregate amount of such payment during the F.Y. exceeds one hundred thousand rupees(Rs. 1,00,000/-).

### **3.18 Income by way of interest from infrastructure debt fund :- 194 LB**

*Where any interest is payable by an infrastructure debt fund referred to in sec. 10(47), to a non resident which is not a company, or is not a foreign company then the same is subject to TDS. The person responsible for making the payment shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by issue of cheque or draft or by any other mode, whichever is earlier deduct income-tax there on at the rate of 5% (introduced w.e.f 1.6.2011 by Finance Act 2011).*

### **3.19 Other sums - Sec 195**

This section deals with TDS on payments being made to non residents.

Deduction of tax u/s 195 is to be done **at rates in force** on payment made to any non-resident not being a company or to a

foreign company on payment of any interest or any sum chargeable under the provisions of IT Act which is not in nature of salaries.

Tax is to be deducted at the time of payment or at the time of credit to A/c of payee, interest payable a/c or suspense a/c, whichever is earlier.

(However, TDS is to be done only at the time of payment in cash or issue of cheque/draft or any other mode, in case of interest of mutual fund payable by Govt / public sector bank or in financial institution). However, no tax to be deducted (w.e.f.1.6.97) in case of payment of dividend referred in Sec 115(O). Further, payee can make application in Form no 13,15C,15D to Assessing Officer to obtain certificate for non-deduction at lower rate of tax.

### **3.20 Interest or Dividend or any sum payable to Government/RBI/Certain Corporations – Sec. 196**

Section 196 provides that no deduction of tax is to be done from interest or Dividend or any sum payable to Government or RBI or certain Corporation established by or under any Central Act which is exempt from income-tax on its income. However, such sum should be payable by way of interest or any other income accruing or arising to it or as dividend in respect of securities or shares owned by it or in which it has full beneficial interest.

### **3.21 Income from mutual fund etc. to non-residents - 196A**

No deduction shall be made under this section on any amount credited or paid on or after 1.4.2003.

### **3.22 Income from units - Sec. 196-B**

This section enjoins the payer to deduct tax @ 10% from payments to an off shore fund in respect of units referred to in section 115AB or payments by way of long term capital gains arising from transfer of such units. The deductions is to be done at

the time of credit in the account or at the time of payment in cash through cheque or draft or any other mode, which ever is earlier.

### **3.23 Income from foreign currency, bonds or shares of Indian Company – Sec. 196C**

Where any income by way of interest or dividends in respect of Bonds or Global Depository Receipts referred to in Section 115AC or by way of long term capital gains arising from their transfer is payable to a non-resident, then TDS @ 10% is to be done on such payments, at the time of credit of income in account or any payment through cash/cheque, which ever is earlier. No such deduction is to be made in respect of any dividend referred in Sec. 115-O

### **3.24 Income of Foreign Institutional investors from securities - Sec. 196 D**

This section applies to payments in respect of securities referred to in clause (a) of sub-section(1) of Section 115AD payable to foreign Institutional Investor. The payer is required to deduct tax @ 20% of the income when the same is credited to the account or paid in cash, through cheque or draft etc. which ever is earlier. No deduction is to be done in respect of dividends referred in section 115-O.

### **3.25 Sale of Liquor / Timber – Tax Collection at source**

Section 206C of the I.T. Act prescribes collection of tax at source. It applies to business of following ;

- (i) Alcoholic liquor for human consumption,
- (ii) Tendu leaves,
- (iii) Timber obtained under a forest lease,
- (iv) Timber obtained by any mode other than under a forest lease,

- (v) Any other forest produce not being timber or tendu leaves and also on,
- (vi) Scrap.

It enjoins on every person who is a seller of any of the above 6 items to collect from the buyer of such goods a sum equal to the following percentage of the amount payable by the buyer to the seller : -

i)	Alcoholic liquor	1%
ii)	Tendu leaves	5%
iii)	Timber obtained under forest lease	2.5 %
iv)	Timber obtained by any other mode (other than under a forest lease)	2.5%
v)	Any other forest produce not being Timber or tendu leaves	2.5 %
vi)	Scrap	1%

With respect to collection of tax at source the statute also provides the following :

- Notwithstanding anything contained in sub-section(1) of 206 no collection of tax shall be made in the case of a buyer, who is resident in India, if such buyer furnishes to the person responsible for collecting tax, a declaration in writing in duplicate in the prescribed form and verified in the prescribed manner to the effect that the goods referred to in column(2) of the aforesaid Table are to be utilized for the purposes of manufacturing, processing or producing articles or things and not for trading purpose.
- The person responsible for collecting tax under section 206C shall deliver or cause to be delivered to the Chief

Commissioner or Commissioner one copy of the declaration referred to in sub-section(1A) on or before the seventh day of the month next following the month in which the declaration is furnished to him.

- Every person, who grants a lease or a license or enters in to a contract or otherwise transfers any right or interest either in whole or in part in any parking lot or toll plaza or mine or quarry, to another person, other than a public sector company(hereafter in this section referred to as “licensee or lessee”) for the use of such parking lot or toll plaza or mine or quarry for the purpose of business shall, at the time of debiting of the amount payable by the licensee or lessee to the account of the licensee or lessee at the time of receipt of such amount from the licensee or lessee in cash or by the issue of a cheque or draft or by any other mode, which ever is earlier, collect from the licensee or lessee of any such licence, contract or lease of the nature specified in column(2) of the Table below, a sum equal to the percentage, specified in the corresponding entry in column(3) of the said Table, of such amount as Income-tax :

S. No. (1)	Nature of contract or licence or lease, etc. (2)	Percentage (3)
(i)	Parking lot	Two percent
(ii)	Toll Plaza	Two percent
(iii)	Mining and quarrying	Two percent

## Chapter 4

### DEPOSITION OF TAX AND CREDIT OF TDS

#### 4.1 Deposition of Tax

Where tax has been deducted under Sections 193, 194, 194A, 194B, 194BB, 194C, 194D, 194E, 194EE, 194F, 194G, 194H, 194I, 194J, 194K, 195, 196A, 196B, 196C and 196D, it is duty of the person deducting tax at source to deposit the amount of tax so deducted within the prescribed time in any branch of Reserve Bank of India or State Bank of India or any authorised bank accompanied by prescribed Income-tax challans as per the time limit and mode specified in Rule 30. Vide Income-tax(6<sup>th</sup> Amendment) Rule, 2010 new Rule 30, 31, 31A and 21 AA, pertaining to time and mode of payment of TDS, Certificate of deduction of tax, statement of deduction of tax, statement of collection of tax etc. have been introduced w.e.f. 1/4/2010(Pl. ref. notification No. 41/2010 F. No. 142/27/2009-SO(TPL) dt. 31/5/2010. With respect to time and mode of deposition of tax new Rule 30 provides the following :

**“Time and mode of payment to Government account of tax deducted at source or tax paid under sub-section (1A) of section 192.**

- 30.** (1) All sums deducted in accordance with the provisions of Chapter XVII-B by an office of the Government shall be paid to the credit of the Central Government.
- (a) on the same day where the tax is paid without production of an income-tax challan; and

- (b) on or before seven days from the end of the month in which the deduction is made or income-tax is due under sub-section (1A) of section 192, where tax is paid accompanied by an income-tax challan.
- (2) All sums deducted in accordance with the provisions of Chapter XVII-B by deductors other than an office of the Government shall be paid to the credit of the Central Government.
- (a) On or before 30th day of April where the income or amount is credited or paid in the month of March; and
- (b) In any other case, on or before seven days from the end of the month in which-
- (i) the deduction is made; or
- (ii) income tax is due under sub section (1A) of section 192.
- (3) Notwithstanding anything contained in sub rule (2), in special cases, the Assessing Officer may, with the prior approval of the Joint Commissioner, permit quarterly payment of the tax deducted under section 192 or section 194A or section 194D or section 194H for the quarters of the financial year specified to in column (2) of the Table below by the date referred to in column (3) of the said Table:-

S.No.	Quarter of the Financial Year ended on	Date for quarterly payment
1	30th June	7th July
2	30th September	7th October
3	31st December	7th January
4	31st March	30th April.

## **B. Mode of payment**

- (4) In the case of an office of the Government, where tax has been paid to the credit of the Central Government without the production of a challan, the Pay and Accounts Officer or the Treasury Officer or the Cheque Drawing and Disbursing Officer or any other person by whatever name called to whom the deductor reports the tax so deducted and who is responsible for crediting such sum to the credit of the Central Government, shall-
- (a) Submit a statement in Form No. 24G within ten days from the end of the month to the agency authorised by the Director General of Income tax (Systems) in respect of tax deducted by the deductors and reported to him for that month; and
- (b) Intimate the number (hereinafter referred to as the Book Identification Number) generated by the agency to each of the deductors in respect of whom the sum deducted has been credited.
- (5) For the purpose of sub rule (4), the Director General of Income-tax (Systems) shall specify the procedures, formats and standards for ensuring secure capture and transmission of data, and shall also be responsible for the day to day administration in relation to furnishing the information in the manner so specified.
- (6) (i) Where tax has been deposited accompanied by an income-tax challan, the amount of tax so deducted or collected shall be deposited to the credit of the Central Government by remitting it within the time specified in clause (b) of Sub-rule (1) or in sub rule (2) or in sub rule (3) into any branch of the Reserve Bank of India or of the State Bank of India or of any authorised bank;
- (ii) Where tax is to be deposited in accordance with clause (i), by persons referred to in sub-rule (1) of rule 125, the amount deducted shall be electronically remitted into the Reserve Bank of India or the State Bank of India or any authorised bank accompanied by an electronic income tax challan.
- (7) For the purpose of this rule, the amount shall be construed as electronically remitted to the Reserve Bank of India or to the State Bank of India or to any authorised bank, if the amount is remitted by way of -
- a) Internet banking facility of the Reserve Bank of India or of the State Bank of India or of any authorised bank; or
- b) debit card.
- (8) Where tax is deducted before the 1st day of April, 2010, the provisions of this rule shall apply as they stood immediately before their substitution by the Income-tax (Amendment) Rules, 2010.

### **4.2 Credit of TDS**

Where taxes have been deducted at source from any payment of income receivable by an assessee, the amount of tax deducted at source would be included in the income of the assessee while computing the income of the assessee and would be deemed to be the income received (S.198). Further credit will be given to the assessee while calculating the net tax payable by him and the tax deducted at source will be treated as a payment of tax on his behalf (i.e. to the Central Government by the payer who has deducted the tax at source (S.199)).

### **4.3 TDS Certificate :**

A certificate is prescribed u/s 203, which is to be issued by person deducting tax at source. Every person deducting tax is duty

bound to furnish this certificate to the person from whose income/payment the tax has been deducted. The certificate should specify the amount of tax deducted and rate at which it is deducted (Form No. 16A, under Rule 31) and other particulars prescribed. **A new form 16A has been introduced w.e.f. from 1/4/2010 vide Income-tax (6<sup>th</sup> Amendment) Rule, 2010(Pl. Ref. Annexure – 4). The new Rule 31 introduced vide I.T. (6<sup>th</sup> Amendment) Rules provides the following with respect to certificate of deduction of tax.**

### **Rule – 31**

- (1) The certificate of deduction of tax at source by any person in accordance with Chapter XVII-B or the certificate of payment of tax by the employer on behalf of the employee under sub section (1A) of section 192 shall be in.
  - (a) Form No. 16, if the deduction or payment of tax is under section 192; and
  - (b) Form No. 16A if the deduction is under any other provision of Chapter XVII-B.
- (2) The certificate referred to in sub-rule (1) shall specify:
  - (a) valid permanent account number (PAN) of the deductee;
  - (b) valid tax deduction and collection account number (TAN) of the deductor;
  - (c)
    - (i) book identification number or numbers where deposit of tax deducted is without production of challan in case of an office of the Government;
    - (ii) challan identification number or numbers in case of payment through bank.
  - (d) (i) receipt number of the relevant quarterly statement of tax deducted at source which is furnished in accordance with the provisions of rule 31A;

(ii) receipt numbers of all the relevant quarterly statements in case the statement referred to in clause (i) is for tax deducted at source from income chargeable under the head “Salaries”.

- (3) The certificates in Forms specified in column (2) of the Table below shall be furnished to the employee or the payee, as the case may be, as per the periodicity specified in the corresponding entry in column (3) and by the time specified in the corresponding entry in column (4) of the said Table:-

<b>Sl.No.</b> <b>(1)</b>	<b>Form No.</b> <b>(2)</b>	<b>Periodicity</b> <b>(3)</b>	<b>Due date</b> <b>(4)</b>
1	16	Annual	By 31st day of May of the financial year immediately following the financial year in which the income was paid and tax deducted
2	16A	Quarterly	Within fifteen days from the due date for furnishing the statement of tax deducted at source under rule 31A.

- (4) If an assessee is employed by more than one employer during the year, each of the employers shall issue Part A of the certificate in Form No. 16 pertaining to the period for which such assessee was employed with each of the employers and Part B may be issued by each of the employers or the last employer at the option of the assessee.
- (5) The deductor may issue a duplicate certificate in Form No. 16 or Form No. 16A if the deductee has lost the original certificate so issued and makes a request for

- issuance of a duplicate certificate and such duplicate certificate is certified as duplicate by the deductor.
- (6) (i) Where a certificate is to be furnished in Form No. 16, the deductor may, at his option, use digital signatures to authenticate such certificates.
  - (ii) In case of certificates issued under clause (i), the deductor shall ensure that
    - (a) the provisions of sub rule (2) are complied with;
    - (b) once the certificate is digitally signed, the contents of the certificates are not amenable to change; and
    - (c) the certificates have a control number and a log of such certificates is maintained by the deductor.
  - (7) Where a certificate is to be furnished for tax deducted before the 1st day of April, 2010, it shall be furnished in the Form in accordance with the provisions of the rules as they stood immediately before their substitution by the Income-tax( Amendment) Rules, 2010.

#### ***Explanation.***

For the purpose of this rule and rule 37D, challan identification number means the number comprising the Basic Statistical Returns (BSR) Code of the Bank branch where the tax has been deposited, the date on which the tax has been deposited and challan serial number given by the bank.

#### **4.4 TAX DEDUCTION AND COLLECTION ACCOUNT NUMBER(TAN)**

A person deducting tax at source, if not already allotted, a TAN(or a tax collection account number) should apply for allotment of TAN in Form No. 49B. The application has to be made in duplicate to the Assessing Officer (AO) or to any particular Assessing Officer where this duty is assigned by the Chief

Commissioner or the Commissioner to that A.O. The application should be made within one month from the end of the month in which the tax is deducted for the first time.

TAN should be quoted in all the TDS Certificates, challans, quarterly statements, correspondence, etc. Non compliance with the provision of Section 203A invites rigorous imprisonment for a term not less than 3 months but which may extend to 7 years and with a fine of Rs.10,000/-.

Reference Section 203 A, Rule 114 A; and Rule 114AA.

#### **4.5 Time and mode of payment to Government Account of Tax Collected under Sec. 206C**

A new Rule 37 CA regarding time and mode of payment of TCS has been introduced vide I.T.(6<sup>th</sup> Amendment) Rules, 2010. This rule provides for the following :

- (1) All sums collected in accordance with the provisions of sub-section (1) or sub-section (1C) of section 206C by an office of the Government shall be paid to the credit of the Central Government -
  - (a) on the same day where the tax is so paid without production of an income-tax challan; and
  - (b) on or before seven days from the end of the month in which the collection is made, where tax is paid accompanied by an income-tax challan.
- (2) All sums collected in accordance with the provisions of sub-section (1) or sub-section (1C) of section 206C by collectors other than an office of the Government shall be paid to the credit of the Central Government within one week from the last day of the month in which the collection is made.

- (3) In the case of an office of the Government, where tax has been paid to the credit of the Central Government without the production of a challan, the Pay and Accounts Officer or the Treasury Officer or the Cheque Drawing and Disbursing Officer or any other person by whatever name called to whom the collector reports the tax so collected and who is responsible for crediting such sum to the credit of the Central Government, Shall-
  - (a) submit a statement in Form No. 24G within ten days from the end of the month to the agency authorised by the Director General of Income-tax (Systems) in respect of tax collected by the collectors and reported to him for that month; and
  - (b) intimate the number (hereinafter referred to as the Book Identification Number) generated by the agency to each of the collectors in respect of whom the sum collected has been credited.
- (4) For the purpose of sub-rule (3), the Director General of Income tax (Systems) shall specify the procedures, formats and standards for ensuring secure capture and transmission of data, and shall also be responsible for the day to day administration in relation to furnishing the information in the manner so specified.
- (5)
  - (i) Where tax has been deposited accompanied by an income-tax challan, the tax collected under sub section (1) or sub-section (1C) of section 206C shall be deposited to the credit of the Central Government by remitting it within the time specified in clause (b) of sub-rule (1) or in sub-rule (2) into any branch of the Reserve Bank of India or of the State Bank of India or of any authorized bank.
  - (ii) Where tax is to be deposited in accordance with clause (i), by persons referred to in sub-rule (1) of

rule 125, the amount collected shall be electronically remitted into the Reserve Bank of India or the State Bank of India or any authorized bank accompanied by an electronic income-tax challan.

- (6) For the purpose of this rule, the amount shall be construed as electronically remitted to the Reserve Bank of India or to the State Bank of India or to any authorized bank, if the amount is remitted by way of-
  - (a) internet banking facility of the Reserve Bank of India or of the State Bank of India or of any authorized bank, or
  - (b) debit card.
- (7) Where tax is collected before the 1<sup>st</sup> day of April, 2010, the provisions of this rule shall apply as they stood immediately before their substitution by the Income-tax (Amendment) Rules, 2010.

#### **4.6 Certificate of tax collected at source u/s 206(C)(5)**

Section 206(C)(5) casts a statutory duty on every person collecting tax at source to issue a certificate of tax collected at source to the buyer. This certificate is to specify the sum so collected the rate at which tax has been collected and such other particulars as may be prescribed. The particulars of this certificate(form and prescribed details) has been specified in Rule 37D. The I.T.(6<sup>th</sup> Amendment) Rules has introduced the new Rule 37D which is as follows :

#### **Rule 37D.**

- (1) The certificate of collection of tax at source under sub-section (5) of section 206C to be furnished by the collector shall be in Form 27D.
- (2) The certificate referred to in sub rule (1) shall specify:-

- (a) valid permanent account number (PAN) of the collectee;
  - (b) valid tax deduction and collection account number (TAN) of the collector;
  - (c)
    - (i) book identification number or numbers where deposit of tax collected is without production of challan in case of an office of the Government;
    - (ii) challan identification number or numbers in case of payment through bank;
  - (d) receipt number of the relevant quarterly statement of tax collected at source which is furnished in accordance with the provisions of rule 31AA.
- (3) The certificate in the Form No. 27D referred to in sub rule (1) shall be furnished to the collectee within fifteen days from the due date for furnishing the statement of tax collected at source specified under sub-rule (2) of rule 31AA.
- (4) The collector may issue a duplicate certificate in Form No. 27D if the collectee has lost the original certificate so issued and makes a request for issuance of a duplicate certificate and such duplicate certificate is certified as duplicate by the collector.
- (5) Where a certificate is to be furnished for tax collected before the 1st day of April, 2010, it shall be furnished in the Form in accordance with the provisions of the rules as they stood immediately before their substitution by the Income-tax ( Amendment) Rules, 2010.

## Chapter 5

### DUTIES OF PERSON DEDUCTING TAX AT SOURCE AND RIGHTS OF TAX PAYERS

#### 5.1 Deduct Tax at Correct Rate and deposit in Government Account – Sec. 200

Every person responsible for deducting tax at source shall at the time of payment or credit of income, whichever is earlier, verify whether the payment being made is to be subject to deduction of tax at source. If it is so, he must deduct such tax as per the prescribed rates. Further he is required to deposit such tax deducted in the Central Government Account within the prescribed time as specified in Rule 30.

#### 5.2 Issue a TDS certificate

Further, such person is required to issue a certificate of tax deduction at source u/s 203 to the person from whose income the TDS has been done, in the prescribed proforma i.e. Form No.16A within prescribed time(as discussed earlier).

#### 5.3 File Prescribed Return/Quarterly Statement

A return of TDS is a comprehensive statement containing details of payments made and taxes deducted thereon along with other prescribed details. **For deductions made prior to 01.04.2005** earlier every deductor was required as per the provisions of Section 206 (read with Rule 36A and 37) to prepare and deliver an annual return, of tax deducted at source. **However w.e.f. 01.04.2005 there is no requirement to file annual returns and instead Quarterly statements of T.D.S. are to**

**be submitted in form 26Q by the deductors.** The details of quarterly statement are specified below.

#### **5.4 Quarterly statement of TDS**

The provisions of quarterly statements of TDS have been introduced in the statute vide section 200(3) w.e.f. 01/04/2005. Every person responsible for deducting tax is required to file quarterly statements of TDS for the quarter ending on 30<sup>th</sup> June, 30<sup>th</sup> September, 31<sup>st</sup> December, and 31<sup>st</sup> March in each Financial Year. This statement is to be prepared in

- a) *Form No.26 Q for TDS other than salaries.*
- b) *Form No.27 EQ for Tax collection at source.*
- c) *Form 27Q in respect of a deductee who is non resident not being a company or a foreign company or resident but not ordinarily resident.*
- d) *Form 27 EQ for tax collection at source.*
- e) *24Q( deduction of tax u/s 192 for salaries).*

**(relevant rules 31A and 31AA)**

These statements are to be delivered with the prescribed income-tax authority or the person authorized by such authority on or before the 15<sup>th</sup> July, the 15<sup>th</sup> October and the 15<sup>th</sup> January in respect of the first three quarters of the Financial Year and on or before the 15<sup>th</sup> May following the last three quarters of the Financial Year.

**With respect to the quarterly statements of TDS, the following points are noteworthy :-**

- Every deductor is required to file the quarterly statement of TDS in prescribed form for each quarter as per the dates specified above a deductor required to get accounts audited u/s 44AB and a deductor having more than 20 deductees in record of any year.

- In case of every Government and Corporate deductor, the quarterly statements are to be delivered on computer readable media (3.5", 1.44 MB floppy diskette or CD-Rom of 650 MB capacity). The statement in computer readable media is to be prepared as per data structure provided by the e-filing Administrator(DGIT Systems) designated by the Board for purposes of e-TDS(Amended Rule 37A has made it mandatory for e-filing of TDS statements in certain other cases also. (Pl. refer to I.T.(6<sup>th</sup> Amendment 2010 provided later)).

Scheme : 2003. Further, a declaration in Form 27A or 27B is also to be submitted in paper format.

- A person other than a corporate or government deductor may at his option deliver the quarterly statements in computer readable media as specified above. However, it is not mandatory for him to do so.
- The quarterly statements are to be furnished in accordance with the provisions of rule 31A and rule 31AA.
- The persons referred to in Section 37A (who are making payment to a non-resident or a foreign company) are required to file quarterly statements in accordance with provisions of rule 37A and rule 37B.
- It is mandatory for the deductor to quote TAN and PAN in the quarterly statements. However, whether the deduction has been made by or on behalf of the Government, PAN shall not be required to be quoted in the quarterly statement.
- In the quarterly statements, the deductor is also required to quote the Permanent Account Number (PAN) of all persons in respect of whom Income-tax has been deducted. However, PAN of those persons is not required to be quoted who are specified under second proviso to sub section 5(b) to section 139A. These persons include those who are not required to

obtain PAN under any provisions of this Act or those whose total income is not chargeable to Income-tax.

- The deductor is also required to furnish the particulars of tax paid to the Central Government in the quarterly statements.
- The deductor is required to furnish particulars of amount paid or credited on which no tax was deducted as a certificate for non-deduction of tax u/s 197 was issued by the assessing officer to the payee.
- He is also to furnish particulars of amount paid or credited or which tax was not deducted in view of compliance of provision of sec. 194(6) by the payee.

### **Quarterly statement of collection of tax under sub-section( 3) of section 206C**

- Every person, being a person responsible for collecting tax under section 206C shall, in accordance with the proviso to sub-section(3) of Section 206C, deliver or cause to be delivered to [the Director General of Income-tax(Systems) or the person authorized by the Director General of Income-tax(Systems)], quarterly statement in Form No. 27EQ on or before the 15<sup>th</sup> July, the 15<sup>th</sup> October, the 15<sup>th</sup> January in respect of the first three quarters of the financial year and on or before the 30<sup>th</sup> April following the last quarter of the financial year :
- that the person responsible for collecting tax at source on behalf of Government and the principal officer in the case of every company responsible for collecting tax at source shall deliver or cause to be delivered such quarterly statements on computer media(3.5" 1.44 MB floppy diskette or CD-ROM of 650 MB capacity):
- that a person other than a person referred to in the first proviso, responsible for collecting tax at source, may at his option,

deliver or cause to be delivered the quarterly statements on computer media(3.5" 1.44 MB floppy diskette or CD-ROM of 650 MB capacity).

- the person responsible for collecting tax at source and preparing quarterly statements shall,
  - (i) quote his tax deduction and collection account number(TAN) and permanent account number(PAN) in the quarterly statement.
  - (ii) provided that the permanent account number shall not be acquired to be quoted where tax has been collected by or on behalf of the Government ;
  - (iii) furnish particulars of the tax paid to the Central Government;
- The person responsible for collecting tax at source and preparing quarterly statements on computer media shall, in addition to the provisions in sub-rule(2), prepare the quarterly statement as per the data structure provided by the e-filing administrator designated by the Board for the purposes of administration of Electronic Filing of Returns of Tax collected at Source Scheme, 2005 supported by a declaration in Form No. 27A in paper format; Provided that in case any compression software has been used for preparing the quarterly statement on computer media, such compression software shall be furnished on the same computer media;

### **Amended provision pertaining to quarterly statement**

Vide I.T.(6<sup>th</sup> Amendment) Rule, 2010 notification dt. 31.5.2010, the rule 31A and 31 AA pertaining to statements of deduction of tax u/s 200(3) and collection of tax u/s 206(3) has been amended. The new provisions are as follows :

- 31A.** (1) Every person responsible for deduction of tax under Chapter XVII-B, shall, in accordance with the provisions of

sub section (3) of section 200, deliver or cause to be delivered, the following quarterly statements to the Director General of Income-tax (Systems) or the person authorised by the Director General of Income tax (Systems), namely:-

- (a) Statement of deduction of tax under section 192 in Form No. 24Q;
- (b) Statement of deduction of tax under sections 193 to 196D in-
  - (i) Form No. 27Q in respect of the deductee who is a non-resident not being a company or a foreign company or resident but not ordinarily resident; and
  - (ii) Form No. 26Q in respect of all other deductees.
- (2) Statements referred to in sub rule (1) for the quarter of the financial year ending with the date specified in column (2) of the Table below shall be furnished by the due date specified in the corresponding entry in column (3) of the said Table:-

<b>Sl. No.</b> <b>(i)</b>	<b>Date of ending of the quarter of the financial year (ii)</b>	<b>Due date</b> <b>(iii)</b>
1.	30th June	15th July of the financial year
2.	30th September	15th October of the financial year
3.	31st December	15th January of the financial year
4.	31st March	15th May of the financial year immediately following the financial year in which deduction is made

- (3) (i) The statements referred to in sub-rule (1) may be furnished in any of the following manners, namely:-
  - (a) furnishing the statement in paper form;
  - (b) furnishing the statement electronically in accordance with the procedures, formats and standards specified under sub-rule (5) alongwith the verification of the statement in Form 27A.
- (ii) Where-
  - (a) **the deductor is an office of the Government; or**
  - (b) **the deductor is the principal officer of a company; or**
  - (c) **the deductor is a person who is required to get his accounts audited under section 44AB in the immediately preceding financial year; or**
  - (d) **the number of deductee's records in a statement for any quarter of the financial year are twenty or more, the deductor shall furnish the statement in the manner specified in item (b) of clause (i).**
- (iii) Where deductor is a person other than the person referred to in clause (ii), the statements referred to in sub-rule (1) may, at his option, be delivered or cause to be delivered in the manner specified in item (b) of clause (i).
- (4) The deductor at the time of preparing statements of tax deducted shall :-

- (i) quote his tax deduction and collection account number (TAN) in the statement;
  - (ii) quote his permanent account number (PAN) in the statement except in the case where the deductor is an office of the Government;
  - (iii) quote the permanent account number of all deductees;
  - (iv) furnish particulars of the tax paid to the Central Government including book identification number or challan identification number, as the case may be.
- (5) The Director General of Income-tax (Systems), shall specify the procedures, formats and standards for the purposes of furnishing of the statements and shall be responsible for the day to day administration in relation to furnishing of the statements in the manner so specified.
- (6) Where a statement of tax deducted at source is to be furnished for tax deducted before the 1st day of April, 2010, the provisions of this rule and rule 37A shall apply as they stood immediately before their substitution or omission by the Income-tax (Amendment) Rules, 2010.

**Statement of collection of tax under proviso to sub-section - (3) of section 206C.**

- Rule 31AA.** (1) Every collector, shall, in accordance with the provisions of the proviso to sub-Section (3) of Section 206C, deliver, or cause to be delivered, to the Director General of Income-tax (Systems) or the person authorised by the Director General of Income-tax (Systems), a quarterly statement in Form No. 27EQ.
- (2) Statements referred to in sub rule (1) for the

quarter of the financial year ending with the date specified in column (2) of the Table below shall be furnished by the due date specified in the corresponding entry in column (3) of the said Table:-

<b>Sl.No. (i)</b>	<b>Date of ending of the quarter of the financial year (ii)</b>	<b>Due date (iii)</b>
1.	30th June	15th July of the financial year
2.	30th September	15th October of the financial year
3.	31st December	15th January of the financial year
4.	31st March	15th May of the financial year immediately following the financial year in which deduction is made

- (3) (i) The statement referred to in sub- rule (1) may be furnished in any of the following manners, namely:—
- (a) furnishing the statement in paper form;
  - (b) furnishing the statement electronically in accordance with the procedures, formats and standards specified under sub-rule (5) alongwith the verification of the statement in Form 27A.
- (ii) Where,-
- (a) the collector is an office of the Government; or

- (b) the collector is the principal officer of a company; or
  - (c) the collector is a person who is required to get his accounts audited under section 44AB in the immediately preceding financial year;
  - (d) the number of collectee's records in a statement for any quarter of the financial year are twenty or more, the collector shall furnish the statement in the manner specified in item (b) of clause (i).
- (iii) Where the collector is a person other than the person referred to in clause.
- (iv) the statement referred to in sub-rule (1) may, at his option, be delivered or cause to be delivered in the manner specified in item (b) of clause (i).
- (4) The collector at the time of preparing statements of tax collected shall-
- (i) quote his tax deduction and collection account number (TAN) in the statement;
  - (ii) quote his permanent account number (PAN) in the statement except in the case where the collector is an office of the Government;
  - (iii) quote the permanent account number of all collectees;
  - (iv) furnish particulars of the tax paid to the Central Government including book identification number or challan identification number, as the case may be.
- (5) The Director General of Income tax (Systems) shall specify the procedures, formats and standards for the purposes of furnishing of the statements and shall be responsible for the day to day administration in relation to furnishing of the statements in the manner so specified.
- (6) Where a statement of tax collected at source is to be furnished for tax collected before the 1st day of April, 2010, the provisions of this rule shall apply as they stood immediately before their substitution by the Income-tax (Amendment) Rules, 2010.

## **5.5 Filing of Return on Computer Readable Media:**

The law also provides for filing of statements in computer readable media, referred as e-filing of annual return. The provisions of e-filing of statements of TDS is being given below.

Section 206(2) permits the deductor to file the statement of TDS on computer readable media including a floppy diskette, magnetic cartridge or CD ROM. However, the Finance Act 2003 has provided that w.e.f. 01.06.2003, a statement in computer readable media is to be filed only in accordance with such scheme and subject to such conditions and manner, as may be specified by the Board by notification in official gazette.

The scheme of electronic filing of return on the Tax Deducted at Source (e-TDS) has been notified vide notification no. S.O. 974(e)dt. 26.08.03. The TDS statements in electronic form are to be filed only with the e-TDS intermediary at any of the TIN Facilitation Centres (particulars available at the websites, [www.incometaxindia.gov.in](http://www.incometaxindia.gov.in) and <http://tin.nsdl.com>).

Further, where the assessing officer considers a statement filed u/s 206(2) to be defective, then he may intimate the defect to the deductor/employer filing the statement, giving him an opportunity to rectify the defect. This must be rectified within a period of 15 days from the date of intimation or within such further period which the assessing officer allows, on an application made by the employers/deductor. However, on failure to rectify the defect within the period specified above, the return shall be treated to be invalid and the provisions of the Act shall apply as if the person had failed to deliver the return.

*As per proviso to section 206(2) , w.e.f. 1.4.2005, the prescribed person in the case of every office of the government and the principal officer in the case of every company, responsible for deducting tax, is mandatorily required to deliver, such returns on the computer readable media, after the end of each financial year and within the prescribed time.*

Further, as per I.T.(6<sup>th</sup> Amendment) Rules, 2010, the following are also to mandatorily required to file returns on computer readable media.

- (a) Deductor is a person requiring his accounts to be audited u/s. 44 AB in the immediately preceding F.Y.
- (b) The number of deductees record in a statement in any quarter of the F.Y. is 20 or more.

## **5.6 Rights of Tax Payer**

### **5.6.1 Credit of TDS**

If tax has been deducted at source u/s 192 to 194 A/B/BB/C/D/E/EE/F/G/H/I/J/K, 195, 196A/B/C and D, the person from whose income (payment) the tax has been deducted i.e. Payee or assessee shall not be asked upon to pay the tax himself to the extent tax has been deducted(Sec.205). Moreover u/s 199 such tax deducted at source shall be treated as payment of tax on behalf of the payee (assessee).

**5.6.2 TDS Certificate** - U/s 203 payee (tax payer) is entitled to obtain a certificate from the payer(tax deductor) in Form 16-A specifying the amount of tax deducted and other prescribed particulars. This has been discussed in detail earlier.

### **5.6.3 Form 26 AS**

As per section 203AA the prescribed income tax authority or the person authorized by such authority (as referred in section 200(3))will be required to deliver to the person from whose income

the tax has been deducted/paid, a statement of deduction of tax in the prescribed form. Such statement as per rule 31AB will be required to be furnished in Form no.26AS by the 31st July following the financial year during which the taxes were deducted/paid (also refer Notification no. 928 E dt. 30.6.2005 of CBDT).

## Chapter 6

### NON-DEDUCTION AND LOWER DEDUCTION OF TAX AT SOURCE

#### 6.1 Lower deduction/non-deduction of tax

The Income-tax Act provides for deduction of tax at a lower rate/non-deduction of tax in certain circumstances. These provisions as contained in chapter XVII B of the Act, is being discussed below :

(a) **Section 197** :- Section 197 gives a right to the assessee to apply to the Assessing Officer for obtaining a certificate that tax may not be deducted or be deducted at a lower rate in case of any sum payable under Sections 192, 193, 194, 194A, 194C, 194D, 194G, 194H, 194I, 194J, 194K, 194LA, and 195. For issue of a certificate u/s 197 the assessing officer should be satisfied that the non-deduction/deduction of tax at a lower rate in the hands of recipient is justified. The application u/s 197 has to be made in form No. 13 as per Rule 28 enclosing the documents and furnishing particulars specified therein.

w.e.f 1.4.2011 vide Income-tax (Second Amendment) Rules 2011 the following provisions have been incorporated in Rule 28AA pertaining to issue of TDS certificate u/s 197

(1) *Where the Assessing Officer, on an application made by a person under sub-rule (1) of rule 28 is satisfied that existing and estimated tax liability of a person justifies the deduction of tax at lower rate or no deduction of tax, as the case may be, the Assessing Officer shall issue a certificate in accordance with the provisions of sub-section (1) of section 197 for deduction of tax at such lower rate or no deduction of tax.*

- (2) *The existing and estimate liability referred to in sub-rule (1) shall be determined the Assessing Officer after taking into consideration the following:-*
    - (i) *tax payable on estimated income of the previous year relevant to the assessment year;*
    - (ii) *tax payable on the assessed or returned income, as the case may be, of the last three previous years;*
    - (iii) *existing liability under the Income-tax Act, 1961 and Wealth-tax Act, 1957;*
    - (iv) *advance tax payment for the assessment year relevant to the previous year till the date of making application under sub-rule (1) of rule 28;*
    - (v) *tax deducted at source for the assessment year relevant to the previous year till the date of making application under sub-rule (1) of rule 28; and*
    - (vi) *tax collected at source for the assessment year relevant to the previous year till the date of making application under sub-rule (1) of rule 28.*
  - (3) *The certificate shall be valid for such period of the previous year as may be specified in the certificate, unless it is cancelled by the Assessing Officer at any time before the expiry of the specified period.*
  - (4) *The certificate shall be valid only with regard to the person responsible for deducting the tax and named there in.*
  - (5) *The certificate shall be issued direct to the person responsible for deducting the tax under advice to the person who made an application for issue of such certificate.*
- (b) **Section 197A(1)** :- Section 197A(1) provides that no deduction of income-tax at source is to be made u/s 194(Dividends), 194EE(deposits in NSS) in case of a resident

of India, if the individual gives the declaration to the person responsible for paying the income covered by these sections, in duplicate, in prescribed proforma and verified showing that the tax, on his estimated total income of the year, including the income from which tax is to be deducted will be nil, Form Nos. (15G) under Rule 29C are prescribed for such application.

**(c) Section 197A(1A)**

Certificate u/s 197A(1A) applies to payments covered by Section 193(Interest on securities), 194A(Interest other than interest on securities) and Section 194K(Income in respect of units). Exemption u/s 197A(1) from deduction of tax, can be obtained by any person (except a company or a firm) on furnishing a declaration in duplicate and in prescribed proforma in a similar manner.

**(d) Section 197A(1B) : -** This section provides that the provisions of Sec. 197A(1) and Section 197(1A) shall not apply when gross total income of the assessee from all sources exceeds the maximum amount which is not chargeable to Income Tax.

**(e) Section 197A(1C) -**

Where the payee is an individual resident in India of age 65 years or more, the payer may make no deduction of TDS for payments covered u/s 193, 194, 194A, 194EE or 194 K, where the payee has made a similar declaration(as referred in para 6.1(b)) above.

**6.2 Declaration to the Chief Commissioner/Commissioner –**

The person responsible for paying any income u/s 197A(1), u/s 197(A)(1A), u/s 197A(1C) is duty-bound to deliver to the Chief Commissioner of Income-tax or Commissioner of Income-tax, one copy of such declaration(furnished by the assessee) before the 7th

day of month following the month, in which the declaration has been furnished to the payer by payee (i.e. Assessee).

**6.3 Interest to Government etc. – Section 196**

Interest or dividend or any other sum payable to the Government, or Reserve Bank of India or a Corporation established under a Central Act which is exempt from Income-tax or a Mutual Fund specified u/s 10(23D), payable to it by way of interest on dividend in respect of securities or shares owned by it or any other income accruing to it, is not subject to deduction of tax at source.

**6.4 Refund of TDS**

In case of excess deduction of tax at source, claim of refund of such excess TDS can be made by the deductor. The excess amount is refundable as per procedure laid down for refund of TDS vide **Circular No.2/2011 dt. 27.4.11** (which supersedes the earlier circular no.285 dt 21.10.1980 on this subject).

The difference between the actual payment made by the deductor and the tax deductible at source, will be treated as the excess payment made. The circular provides the following

- *In case such excess payment is discovered by the deductor during the financial year concerned, the present system permits credit of the excess payment in the quarterly statement of TDS of the next quarter during the financial year.*
- *In case, the deduction of such excess amount is made beyond the financial year concerned, such claim can be made to the Assessing Officer (TDS) concerned. However, no claim of refund can be made after two years from the end of financial year in which tax was deductible at source. However, for refund claims pertaining to the period upto March 31, 2009 may be submitted to the assessing officer (TDS) upto 31.3.2012.*

- However , to avoid double claim of TDS by the deductor as well as by the deductee, the following safeguards must be exercised by the Assessing Officer concerned;
- The applicant deductor shall establish before the Assessing Officer that:
  - (i) it is case of genuine error and that the error had occurred inadvertently;
  - (ii) that the TDS certificate for the refund amount requested has not been issued to the deductee(s); and
  - (iii) that the credit for the excess amount has not been claimed by the deductee(s) in the return of income or the deductee(s) undertakes not to claim in excess of Rupees One Lakh and Rupees Ten Lakh respectively.

*After meeting any existing tax liability of the deductor, the balance amount may be refunded to the deductor.*

- In view of provisions of section 200A of the Income-tax Act prescribing processing of statement of TDS and issue of refund with effect from 1-4-2010, this circular will be applicable for claim of refunds for the period upto 31.3.2010.

## CHAPTER-7

### PENALTIES AND PROSECUTION

The various provisions of TDS as discussed in the preceding chapters are statutorily required to be strictly complied with. Any default in compliance can attract, levy of interest, penalty and in certain cases initiation of prosecution proceedings. In this chapter, a brief discussion of the possible defaults and the consequential proceedings, is being done.

**7.1 Failure to deduct tax** - Where the employer has failed to deduct tax or when short deduction of tax has been done, following statutory provisions are attracted:-

- a) **Charging of interest u/s 201(1A)** - The deductor is treated to be ‘assessee in default’ in respect of the short deduction/non deduction of tax. Under Section 201(1A) he is liable to pay simple interest @ 1% for every month or part of a month on the amount of tax in arrear from the date on which such tax was deductible to the date on which such tax is actually deducted. Further such interest shall be paid before furnishing the quarterly statement of each quarter.

Charging of interest u/s201(1A) is mandatory and there is no provision for its waiver.

**Procedure for interest calculation :** The calculation of interest is to be done as per Rule 119A and is summarized below:

- (1) Where the interest is to be calculated for every month or part of a month comprised in a period, any fraction of a month shall be deemed to be full month and interest shall be so calculated.

- (ii) The amount of tax in respect of which interest is to be calculated is to be rounded off to nearest multiple of 100 ignoring any fraction of Rs. 100.
- (b) **Penalty u/s 221-** The assessee in default is liable to imposition of penalty where the assessing officer is satisfied that the defaulter has failed to deduct tax as required without good and sufficient reason. The quantum of penalty is not to exceed the amount of tax in arrear. Besides, a reasonable opportunity of being heard is to be given to the assessee.

**Penalty u/s 271C-** A penalty equivalent to the amount of tax the deductor has failed to deduct, is leviable u/s 271C. Such penalty is however, only leviable by a Joint Commissioner of Income Tax.

## 7.2 Failure to deposit tax in govt. account after deduction:

Where the employer has deducted the tax at source but failed to deposit wholly or partly, the tax so deducted in government account, the following statutory provisions are attracted:-

- a) **Interest u/s 201(1A)-** The deductor is treated as an assessee in default and interest u/s 201(1A) is leviable @ 1.5% for every month or part of the month on the amount of such tax from the date on which such tax was deducted to the date on which such tax is actually paid. Further, the tax along with the simple interest u/s 201(1A) becomes a charge upon all the assets of the deductor.
- b) **Penalty u/s 221-** Penalty to the extent of tax not deposited is leviable by the A.O. as discussed earlier.
- c) **Prosecution proceedings u/s 276 B-** Where the deductor has failed to deposit tax deducted at source, in Government account without a reasonable cause then he is punishable with rigorous imprisonment for a term

which shall not be less than 3 months but which may extend to 7 years and with fine.

## 7.3 Failure to apply for T.A.N or to quote T.A.N.

Where a person who is responsible to deduct tax at source has failed, without reasonable cause:-

- a) To apply for T.A.N. within prescribed period or
- b) After allotment, failed to quote such TAN in challans for payment of tax or TDS certificate or returns of TDS (as required u/s 206)-

then a penalty u/s 272BB of a sum of Rs.10,000 and is imposable by the assessing officer.

However, a reasonable opportunity of hearing must be given to the employer/deductor.

## 7.4 Failure to furnish TDS certificate or returns/ statement of tax deduction at source

(penalty u/s 272A(2))Where the employer has failed to issue TDS certificate (form 16) within one month of the end of financial year(by 31<sup>st</sup> of May of the next F.Y. for F.Y. 2010-11 onwards) or has failed to furnish the quarterly statement of tax in form 24Q, within the time prescribed u/s 200(3) (rule 31A), then a penalty of Rs. 100 is leviable for each day during the period for which default continues. The quantum of penalty is not to exceed the tax deductible and it is to be levied only by a Joint Commissioner or Joint D.I.T. after giving the assessee an opportunity of being heard.

**7.5 Prosecution u/s 277-** Where a person, who is required to furnish statement u/s 200(3) (quarterly statements) makes a false statement in verification or, delivers an account or statement which is false and which the person knows or believes to be false or does not believe to be true, then he is punishable with rigorous imprisonment for a term which shall not be less than 3 months but which may extend to 7 years along with fine.

Where the amount of tax, which would have been evaded if the statement or account had been accepted as true, is 1 lakh rupees or less, then rigorous imprisonment may be from 3 months to three years and with fine.

7.6 The Finance Act, 2008 has introduced amendment in section 201(w.e.f. 1.6.2002) which clarifies, that in case any employer, or an principal officer of a company;

- (a) does not deduct,or
- (b) does not pay,
- (c) or after so deducting fails to pay the whole or any part of the tax,then such person shall be deemed to be an assessee in default. Further, penalty to be charges u/s 221 shall not be levied by the assessing officer unless he is satisfied that such failure to deduct and pay tax was without good and sufficient reasons.

## CHAPTER-8

### e-TDS & QUARTERLY STATEMENTS OF TDS

#### 8.1 Introduction :

e-TDS implies, filing of the TDS return in electronic media as per prescribed data structure in either a floppy or a CD ROM.

The aforesaid requirement is essentially a part of the process of automation of collection, compilation and processing of TDS returns. Preparation of returns in electronic forms or e-TDS will eventually be beneficial to the deductor by cutting down the return preparation time, reducing the volume of documentation and thereby economizing the compliance cost. At the same time, it will also facilitate the Government in better co-relation of taxes deducted with the taxes finally deposited in the banks and credits of TDS claimed by the deductees.

#### 8.2 Statutory Requirement of Preparation of e-TDS

As per proviso to section 206(2), w.e.f. 01/04/2005, a deductor is required to prepare the return of TDS in electronic form. The comprehensive scheme of e-TDS has been notified vide Notification No. S.O. 974 (E) dated 26/08/2003. The present statutory provisions mandate the Government and Corporate deductors to file the TDS returns and statements in electronic form with the designated e-TDS Intermediary at any of the TIN facilitation centres. Further, where the deductor is,

- (a) A person required to get his accounts audited u/s 44 AB in the immediately preceding F.Y. or

- (b) The number of deductee's record in a statement for any quarter of F.Y. is twenty or more.

Then such deductors are also required to furnish the quarterly statements electronically. However, for the other deductors filing of e-TDS is optional.

### **8.3 e-Administrator, e-Intermediary, TIN Facilitation Centres**

For the purpose of administering the scheme of e-TDS, the Central Board of Direct Taxes has appointed Director-General of Income-tax (Systems) as **the e-Filing Administrator**. The e-TDS return is mandatorily to be prepared in data format issued by the **e- Administrator**.

The e-Returns are to be submitted at centres referred to as TIN Facilitation Centres (or TIN FCs) which have been opened by National Security Depository Ltd. (NSDL) which has also been designated as **e-Intermediary**.

### **8.4 Data Structure of e-TDS, Procedure for filing**

The e-TDS return has to be prepared in the data format issued by the e-Filing Administrator. This format/software is available on the website of the Income-tax Department at <http://www.incometaxindia.gov.in> and that of NSDL at <http://www.tin-nsdl.com>.

There is also a validation software which is available along with the data structure. This is required to be used to validate the data structure of the e-TDS return prepared. Each e-TDS return filed should also be accompanied by a control chart which should be in the newly prescribed **form 27 A**. The same has to be duly signed by the deductor and submitted alongwith e-TDS to the e-Intermediary. The following specific points must also be noted in filing of e-TDS returns.

- (a) Reformatted TAN : All deductors required to e-File TDS returns have to quote their reformatted Tax Deduction Account Number (TAN) in their respective TDS returns. Wherever, reformatted TANs have not been allotted, application in form 49 B should be filed with NSDL for obtaining the same.
- (b) Each e-TDS return file should be in a separate CD or floppy and should not span across multiple floppies. Further, label must be affixed on each CD/floppy mentioning the name of the deductor, his stamp, form number and the period to which the return pertains.
- (c) There should not be any overwriting, striking on form 27 A and if there is, then the same should be ratified by the authorized signatory.
- (d) Further, if any of the controlled totals mentioned in form No. 27 A (control chart) does not match with that in the e-TDS return, then such returns will not be accepted at the TIN Facilitation Centres.
- (e) While filing form no. 24, deductor should furnish physical copies of certificates of no deduction or deduction at a lower rate of TDS, if any, received from the deductees.
- (f) No bank challan, copy of TDS certificate should be furnished alongwith e-TDS return filed.

The e-TDS prepared by the deductor has to be submitted at the TIN Facilitation Centres opened by NSDL which is the e-TDS Intermediary. The addresses of the TIN Facilitation Centres are available at websites of Income-tax Department <http://www.incometaxindia.gov.in> and of NSDL at <http://www.tin-nsdl.com>. It is also to be noted that quarterly TDS returns are also to be filed in Electronic file with e-TDS Intermediary.

## **8.5 Checklist for Deductor**

After preparing the e-TDS return deductor should check the following to ensure that the e-TDS return is complete and is ready for furnishing to TIN-FC :

- e-TDS return is in conformity with the file format notified by ITD.
- Each e-TDS return is furnished in a separate CD/floppy alongwith duly filled and signed Form 27A in physical form.
- Separate Form 27A in physical form is furnished for each e-TDS return.
- Form 27A is duly filled and signed by an authorized signatory.
- Striking and overwriting, if any, on Form 27A are ratified by the person who has signed Form 27A.
- More than one e-TDS return is not furnished in one CD/floppy.
- More than one CD/floppy is not used for furnishing one e-TDS return.
- Label is affixed on CD/floppy containing details of deductor/collector like name of deductor/collector, TAN, Form no. and period to which return pertains.
- e-TDS return is compressed, using Winzip 8.1 or ZipItFast 3.0 compression (or higher version) utility only.
- TAN quoted in e-TDS return and stated on Form 27A is same. Confirm new TAN by using search facility on ITD website .
- Carry copy of TAN allotment letter from ITD or screen print from ITD website as proof of TAN to avoid

inconvenience at time of furnishing due to minor variation in way of transcribing the new TAN in e-TDS return.

- In case of government deductors if TAN is not available at the time of furnishing return, application for TAN (Form 49B) should be made along with e-TDS return or copy of acknowledgement of TAN application to be submitted.
- Control totals, TAN and name mentioned in e-TDS return match with those mentioned on Form 27A.
- In case of Form 24, copies of certificates of no deduction of TDS and deduction of TDS at concessional rate, received from deductees are attached.
- e-TDS return has been successfully passed through the FVU.
- CD/floppy furnished is virus free.

## **8.6 Quarterly Statements of TDS :**

The provisions of quarterly statements of TDS have been introduced in the statute vide section 200(3) w.e.f. 01/04/2005. Every person responsible for deducting tax is required to file quarterly statements of TDS for the quarter ending on 30<sup>th</sup> June, 30<sup>th</sup> September, 31<sup>st</sup> December, and 31<sup>st</sup> March in each Financial Year. This statement is to be prepared in Form No. 24Q (relevant rule 31A) and is to be delivered with prescribed income-tax authority [Director General of Income tax (System)]or the person authorized by such authority on or before the 15<sup>th</sup> July, the 15<sup>th</sup> October and the 15<sup>th</sup> January in respect of the first 3 quarters of the Financial Year and on or before the 15<sup>th</sup> May following the last quarter of the Financial Year(**The date of filing quarterly statement of last quarter has been changed from 15<sup>th</sup> June to 15<sup>th</sup> of May vide I.T.(6<sup>th</sup> amendment) Rule 2010 for F.Y. 2010-11 and onwards).**

With respect to the quarterly statements of TDS, the following points are noteworthy :-

- Every deductor is required to file the quarterly statement of TDS in form No. 24Q for each quarter as per the dates specified above.
- In case of the following ;
  - (a) Every Government deductor,
  - (b) Corporate deductor,
  - (c) The deductor is a person required to get his accounts audited under sec. 44 AB in the immediately preceding financial year or,
  - (d) the number of deductee's records in a statement for any quarter of the financial year is twenty or more, the quarterly statements are to be delivered on computer readable media (3.5" 1.44 MB floppy diskette or CD-Rom of 650 MB capacity). The statement in computer readable media is to be prepared as per data structure provided by the e-filing Administrator(DGIT Systems) designated by the Board for purposes of e-TDS Scheme : 2003. Further, a declaration in Form 27A is also to be submitted in paper format.
- A person other than a corporate or government deductor and categories specified above, may at his option deliver the quarterly statements in computer readable media as specified above. However, it is not mandatory for him to do so.
- The quarterly statements are to be furnished in accordance with the provisions of rule 37A and rule 37B.
- It is mandatory for the deductor to quote the following in quarterly statements

- (a) TAN
- (b) PAN of the deductor
- (c) PAN of all the deductees
- (d) Particulars of tax paid to the Central Government including Book Identification Number or Challan Identification Number as the case may be.

However, where the deduction has been made by or on behalf of the Government, PAN shall not be required to be quoted in the quarterly statement.

- The deductor is also required to furnish the particulars of tax paid to the Central Government in the quarterly statements.

## 8.7 Frequently Asked Questions

### 1. What is e-TDS Return?

e-TDS return is a TDS return prepared in form No.24,26 or 27 or quarterly statements in electronic media as per prescribed data structure in either a floppy or a CD ROM. The floppy or CD ROM prepared should be accompanied by a signed verification in Form No.27A.

### 2. Who is required to file e-TDS return?

As per Section 206 of Income Tax Act all corporate and government deductors are compulsorily required to file their TDS return on electronic media (i.e. e-TDS returns). Besides, those persons requiring to get their accounts audited u/s 44AB and those deductors in whose records there are twenty or more deductees are also to submit statements electronically. However, for other Deductors, filing of e-TDS return is optional.

**3. Under what provision the e-TDS return should be filed?**

An e-TDS return should be filed under Section 206 of the Income Tax Act in accordance with the scheme dated 26.8.03 for electronic filing of TDS return notified by the CBDT for this purpose. CBDT Circular No.8 dated 19.9.03 may also be referred.

**4. What are the forms to be used for filing annual/quarterly TDS/TCS returns?**

Following are the returns for TDS and TCS and their periodicity:

Form No	Particulars	Periodicity
Form 24	Annual return of "Salaries" under Section 206 of Income Tax Act, 1961	Annual
Form 26	Annual return of deduction of tax under section 206 of Income Tax Act, 1961 in respect of all payments other than "Salaries"	Annual
Form 27	Statement of deduction of tax from interest, dividend or any other sum payable to certain persons	Quarterly
Form 24Q	Quarterly statement for tax deducted at source from "Salaries"	Quarterly
Form 26Q	Quarterly statement of tax deducted at source in respect of all payments other than "Salaries"	Quarterly
Form 27Q	Quarterly statement of deduction of tax from interest, dividend or any other sum payable to non-residents	Quarterly

**5. Who is the e-Filing Administrator?**

The CBDT has appointed the Director General of Income-tax(Systems) as e- Filing Administrator for the purpose of the Electronic Filing of Returns of Tax Deducted at Source Scheme,2003.

**6. Who is an e-TDS Intermediary?**

CBDT has appointed National Securities Depository Ltd., Mumbai as e-TDS Intermediary.

**7. How will the e-TDS returns be prepared?**

e-TDS return has to be prepared in the data format issued by e-Filing Administrator. This is available on the websites of Income-tax Department at i.e. <http://www.incometaxindia.gov.in> and of NSDL at <http://www.tin-nsdl.com>. There is a validation software available along with the data structure which should be used to validate the data structure of the e-TDS return prepared. The e TDS return should have following features:

- Each e-TDS return file (Form 24, 26 or 27) should be in a separate CD/floppy.
- Each e-TDS return file should be accompanied by a duly filled and signed (by an authorised signatory) Form 27A in physical form.
- Each e-TDS return file should be in one CD/floppy. It should not span across multiple floppies.
- In case the size of an e-TDS return file exceeds the capacity of one floppy, it should be furnished on a CD.
- In case the e-TDS return file is in a compressed form at, it should be compressed using Winzip 8.1 or ZipItFast 3.0 compression utility only to ensure quick and smooth acceptance of the file.

- Label should be affixed on each CD/floppy mentioning name of the deductor, his TAN, Form no. (24, 26 or 27) and period to which the return pertains.
- There should be not any overwriting / striking on Form 27A. If there is any, then the same should be ratified by an authorised signatory.
- No bank challan, copy of TDS certificate should be furnished alongwith e-TDS return file. In case of Form 26 and 27, deductor need not furnish physical copies of certificates of no deduction or lower deduction of TDS received from deductees.
- In case of Form 24 deductor should furnish physical copies of certificates of 'no deduction or deduction of TDS at lower rate', if any, received from deductees.
- e-TDS return file should contain TAN of the deductor without which the return will not be accepted.
- CD/floppy should be virus free.

In case any of these requirements are not met the e-TDS return will not be accepted at TIN- FCs.

**8. Can more than one e- TDS return of the same Deductor be prepared in one CD/floppy?**

No separate CD/floppy should be used for each return.

**9. Where can the e-TDS return be filed?**

e-TDS returns can be filed at any of the TIN-FC opened by the e-TDS Intermediary for this purpose. Addresses of these TIN-FCs are available at the website on <http://www.incometaxindia.gov.in> or at [www.tin-nsdl.com](http://www.tin-nsdl.com).

**10. What are the basic details that should be included in the e-TDS return?**

Following information must be included in the e-TDS return

for successful acceptance. If any of these essential details is missing, the returns will not be accepted at the TIN - Facilitation Centres -

- Correct Tax deduction Account Number (TAN) of the Deductor is clearly mentioned in Form No.27A as also in the e-TDS return, as required by sub-section (2) of section 203A of the Income-tax Act.
- The particulars relating to deposit of tax deducted at source in the bank are correctly and properly filled in the table at item No.6 of Form No.24 or item No.4 of Form No.26 or item No.4 of Form No.27, as the case may be.
- The data structure of the e-TDS return is as per the structure prescribed by the e-Filing Administrator.
- The Control Chart in Form 27A is duly filled in all columns and verified and as enclosed in paper form with the e-TDS return on computer media.
- The Control totals of the amount paid and the tax deducted at source as mentioned at item No.4 of Form No.27A tally with the corresponding totals in the e-TDS return in Form No. 24 or Form No. 26 or Form No.27, as the case may be.

**11. What happens if any of the control total mentioned in Form 27A not match with that in the e-TDS return?**

In such a case the e-TDS return will not be accepted at the TIN Facilitation Centre.

**12. What happens in a situation where a deductor does not have TAN or has a TAN in old format?**

The Deductor will have to file an application in Form 49B at the TIN Facilitation Centre along with application fee (Rs 50/-) for TAN.

**13. Whether any charges are to be paid to the e-TDS Intermediary?**

The assessee is to pay following charges as upload charges at the time of filing of e-TDS return to M/s NSDL.

Category of e-TDS return	Upload charges
Returns having up to 100 deductees records	Rs.25/-
Returns having 101 to 1000 deductees records	Rs. 150/-
Returns having more than 1000 deductees records	Rs.500/-
Tax as applicable will also be paid by the deductor.	

**14. How to find address of the office where e-TDS return can be filed?**

Addresses of the TIN FCs are available on [www.incometaxindia.gov.in](http://www.incometaxindia.gov.in) or at [www.tin-nsdl.com](http://www.tin-nsdl.com).

**15. What are the due dates for filing quarterly TDS Returns?**

The due dates for filing quarterly TDS returns, both electronic and paper are as under:

Quarter	Due Date	Due Date for 27 Q
April to June	July 15	14 July
July to September	October 15	14 October
October to December	January 15	14 January
January to March	June 15	14 June

**16. E-TDS returns have been made mandatory for Government deductors. How do I know whether I am a Government deductor or not?**

All Drawing and Disbursing Officers of Central and State Governments come under the category of government deductors.

**17. Whether the particulars of the whole year or of the relevant quarter are to be filled in Annexures I, II and III of Form 24Q?**

In Annexure I, only the actual figures for the relevant quarter are to be reported.

In Annexures II & III, estimated/actual particulars for the whole financial year are to be given. However, Annexures II & III are optional in the return for the 1st, 2nd and 3rd quarters but in the quarterly statement for the last quarter, it is mandatory to furnish Annexures II & III giving actual particulars for the whole financial year.

**18. In Form 24Q, should the particulars of even those employees be given whose income is below the threshold limit or in whose case, the income after giving deductions for savings etc. is below the threshold limit?**

Particulars of only those employees are to be reported from the 1st quarter onwards in Form 24Q in whose case the estimated income for the whole year is above the threshold limit.

In case the estimated income for the whole year of an employee after allowing deduction for various savings like PPF, GPF, NSC etc. comes below the taxable limit, his particulars need not be included in Form 24Q.

In case due to some reason estimated annual income of an employee exceeds the exemption limit during the course of the year, tax should be deducted in that quarter and his particulars reported in Form 24Q from that quarter onwards.

**19. How are the particulars of those employees who are with the employer for a part of the year to be shown in Form 24Q?**

Where an employee has worked with a deductor for part of the financial year only, the deductor should deduct tax at source from his salary and report the same in the quarterly Form 24Q of the respective quarter(s) up to the date of employment with him. Further, while submitting Form 24Q for the last quarter, the deductor should include particulars of that employee in Annexures II & III irrespective of the fact that the employee was not under his employment on the last day of the year.

Similarly, where an employee joins employment with the deductor during the course of the financial year, his TDS particulars should be reported by the current deductor in Form 24Q of the relevant quarter. Further, while submitting Form 24Q for the last quarter, the deductor should include particulars of TDS of such employee for the actual period of employment under him in Annexures II & III.

**20. The manner of computing total income has been changed by allowing deduction under section 80C. However, the present Form 24Q shows a column for rebate under section 88, 88B, 88C and 88D, how should Form 24Q be filled up in absence of a column for section 80C?**

While filling up Form 24Q, the columns pertaining to sections 88, 88B, 88C and 88D may be left blank. As regards deduction under section 80C, the same can be shown in the column 342 pertaining to "Amount deductible under any other provision of Chapter VI-A".

**21. Form 24Q shows a column which requires explanation for lower deduction of tax. How can a DDO assess it? Please clarify.**

Certificate for lower deduction or no deduction of tax from salary is given by the Assessing Officer on the basis of an

application made by the deductee. In cases where the Assessing Officer has issued such a certificate to an employee, deductor has to only mention whether no tax has been deducted or tax has been deducted at lower rate on the basis of such a certificate.

**22. Can I file Form 26Q separately for contractors, professionals, interest etc.?**

No. A single Form 26Q with separate annexures for each type of payment has to be filed for all payments made to residents.

**23. From which financial year will the Annual Statement under Sec. 203AA (Form No. 26AS) be issued?**

The annual statement (Form No 26AS) will be issued for all tax deducted and tax collected at source from F.Y 2008-09 onwards after the expiry of the financial year.

**24. How will the PAN wise ledger account be created by the intermediary i.e. NSDL in respect of payment of TDS made by deductors in Banks.**

The PAN wise ledger account will be created after matching the information in the TDS/TCS returns filed by the deductor/collector and the details of tax deposited in banks coming through OLTAS.

**25. What essential information will be required to be given in the quarterly statement to enable accurate generation of PAN wise ledger account?**

The accuracy of PAN wise ledger account will depend on:-

- Correct quoting of TAN by the deductor.
- Correct quoting of PAN of deductor.
- Correct and complete quoting of PAN of deductee.
- Correct quoting of CIN (challan identification number) wherever payment is made by challan.

**26. Will a deductee be able to view his ledger account on TIN website?**

Yes.

**27. If a deductee finds discrepancy in his PAN ledger account, what is the mechanism available for correction?**

The details regarding the help required for filing of eTDS are available on the following two websites: <http://www.incometaxindia.gov.in>/<http://www.tin-nsdl.com>/

The TIN Facilitation Centers of the NSDL at over 270 cities are also available for all related help in the e filing of the TDS returns.

**28. Whether the eTDS can be filed online?**

Yes, e-TDS return can be filed online under digital signature.

**29. Will the Paper TDS data be available online on TIN database?**

Yes, the Paper TDS data will also be available in TIN database after the digitalization of the Paper TDS return by the e-intermediary.

**30. I do not know the Bank branch code of the branch in which I deposited tax. Can I leave this field blank?**

Bank Branch code or BSR code is a 7 digit code allotted to banks by RBI. This is different from the branch code which is used for bank drafts etc. This no. is given in the OLTAS challan or can be obtained from the bank branch or from <http://www.tin-nsdl.com>. It is mandatory to quote BSR code both in challan details and deductee details. Hence, this field cannot be left blank. Government deductors transfer tax by book entry, in which case the BSR code can be left blank.

**31. What should I mention in the field “paid by book entry or otherwise” in deduction details?**

If payment to the parties (on which TDS has been deducted) has been made actually i.e. by cash, cheque, demand draft or any other acceptable mode, then “otherwise” has to be mentioned in the specified field. But if payment has not been actually made and merely a provision has been made on the last date of the accounting year, then the option “Paid by Book Entry” has to be selected.

**32. What is the “Upload File” in the new File Validation Utility?**

Earlier the “Input file” of the File Validation Utility (FVU) had to be filed with TIN FC. Now “Upload File” which has some additional information such as the version no. of FVU has to be filed with TIN FC. This is a file which is generated by the FYU after the return /file prepared by the Return Preparation Utility (RPU) is validated using the FYU.

**33. By whom should the control chart Form 27A be signed?**

Form 27A is the summary of the TDS return. It has to be signed by the same person who is authorized to sign the TDS return in paper format.

**34. What are the Control Totals appearing in the Error / response File generated by validating the text file through File Validation Utility (FVU) of NSDL?**

The Control Totals in Error response File are generated only when a valid file is generated. Otherwise, the file shows the kind of errors. The control totals are as under:

- No. of deductee/party records: In case of Form 24Q, it is equal to the number of employees for which TDS return is being prepared. In case of Form 26/ 27, it is

- equal to the total number of records of tax deduction. 10 payments to 1 party would mean 10 deductee records.
- Amount Paid: This is the total amount of all payments made on which tax was deducted. In case of Form 24Q, it is equal to the Total Taxable Income of all the employees. In case of Form 26/27, Amount Paid is equal to the total of all the amounts on which tax has been deducted at source.
  - Tax Deducted: This is the total amount of Tax actually Deducted at source for all payments.
  - Tax deposited: This is the total of all the deposit challans. This is normally the same as Tax Deducted but at times may be different due to interest or other amount.

**35. Are the control totals appearing in Form 27A same as that of Error/ response File?**

Yes, the control totals in Form 27A and in Error/ response File are same.

**36. What if e-TDS return does not contain PANs of all deductees?**

In case PANs of some of the deductees are not mentioned in the e-TDS return, the Provisional Receipt will mention the count of missing PANs in the e-TDS return. The details of missing PANs (extent it can be collected from the deductees) may be furnished within seven days of the date of Provisional Receipt to TIN- FC. e-TDS return will be accepted even with missing PANs. However, if PAN of deductees is not given in the TDS return, tax deducted from payment made to him cannot be posted to the statement of TDS to be issued to him u/s 203AA.

**37. Is the bank challan number compulsory?**

Yes. Challan identification number is necessary for all non government deductors.

**38. Will the quarterly paper returns be accepted by the Income tax department?**

No. All quarterly paper TDS/TCS returns will be received at TIN-FCs

**39. Is PAN mandatory for deductor and employees/ deductees?**

PAN of the deductors has to be given by non government deductors. It is essential to quote PAN of all deductees failing which credit of tax deducted will not be given.

**Chapter – 9 of booklet "TDS Other than Salaries"**  
**Summary Table of TDS Provisions**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Section	Payer	Recipient	Nature of payment attracting TDS	Time of TDS	Rate	Amount exempt from TDS	Exceptions & other remarks
<b>193 Interest on securities</b>	Any person	Resident	Interest of Securities(defined under clause 28B of Section 2)	At the time of Credit/payment in cash/through cheques/draft, which ever is earlier	As per rate in force		Securities listed specifically in Section 193
<b>194 Dividends</b>	Principal Officer of Indian Company/ Company which has made arrangement for declaration of dividend in India	Resident share holder	Dividend within meaning of sub clauses (a), (b), (c) or (d) or (c) of clause(22) section(2)	Before making payment in Cash, through Cheque/ warrant of before making distribution or payment	As per rate in force		(i) No TDS in case of individual share holders where payment is by account payable and aggregate amount of dividend/payout/payable in the F.Y. is less than Rs.250/-. (ii) No TDS in case of dividends referred in Section 115-O (iii) No TDS on income credited or paid to LIC, GIC or other insurer.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Section	Payer	Recipient	Nature of payment attracting TDS	Time of TDS	Rate	Amount exempt from TDS	Exceptions & other remarks
<b>194A Interest other than Interest on Security</b>	Any person not an individual or HUF	Any resident	Interest other than interest on Securities	At the time of credit or payment in cash through cheque/draft etc., which ever is earlier.	As per rate in force		(i) TDS is to be done where recipient is individual or HUF whose total sales/ receipts from business or profession exceeds Rs. 40 lacs/Rs. 10 lacs, respectively as specified in 44AB. These limits will stand revised at Rs. 60 lakhs and Rs. 45 lakhs respectively w.e.f. 1/4/2011. (ii) No TDS is to be done in case of interest Income specified in clause iii of sub-section 3 of 194(a).

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Section	Payer	Recipient	Nature of payment attracting TDS	Time of TDS	Rate	Amount exempt from TDS	Exceptions & other remarks
<b>194B Winnings from lottery or cross word puzzle</b>	Any person	Any person	Income by way of winning from lottery or crossword puzzle or card game or other game of any sort.	At the time of payment	As per rate in force	5,000/- rupees increased to Rs. 10,000/- w.e.f. 1/7/2010	Where winnings are wholly in kind or partly in cash and partly in kind and the cash component is not sufficient to meet the TDS liability it is to be ensured that the tax has been paid before releasing the winnings.
<b>194BB Winnings from Horse race</b>	A book maker or a person having license for horse racing or for arranging for wagering or the betting in an horse race.	Any person	Winnings from Horse race	At the time of payment	As per rate in force	2500/- rupees. Increased to Rs. 5000/- w.e.f. 1/7/2011.	-----
<b>194-C Payment to contractors and Sub-contractors</b>	Any person	Any resident	Contractual payment for carrying out any work including supply of labour in pursuance of a contract between the contractor and persons specified in sub-clause 'c' to explanation to Sec. 194(C)	At the time of credit or at the time where of payment in cash by cheque/draft etc. which ever is earlier	(i) 1% payment/credit is to an individual HUF. (ii) 2% where recipient is any other person	20,000/- rupees. Increased to Rs. 30,000/- w.e.f. 1/7/2010	(i) No TDS to be done by an individual or an HUF on a contractual payment of work for the personal purpose of the individual or the HUF. (ii) No deduction in case of contractors in business of paying/ hiring of goods or leasing goods carriage where PAN is furnished. (iii) Where aggregate payment/ credit in F.Y. is more than Rs. 75,000/- then deduction is to be done even if individual payments is less than Rs. 30,000/-.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Section	Payer	Recipient	Nature of payment attracting TDS	Time of TDS	Rate	Amount exempt from TDS	Exceptions & other remarks
194-D	Any person	Any resident	Income by way of remuneration or reward, whether by way of commission or otherwise for soliciting or procuring insurance business.	At the time of credit or payment in cash or by cheque/draft etc. which ever is earlier.	As per 5000/- rupees increased to Rs. 20,000/- w.e.f. 1/7/2010	-----	-----
194-E	Any person to non-resident, sportsman or sports association	Non-resident sportsman who is not a citizen of India or a non-resident sport association or institution.	Income referred to Section 115BBA to non-resident sports man or sports association.	At the time of credit or payment in cash or by cheque/draft etc. which ever is earlier.	10%	-----	-----
194-EE	Any person respect of deposit under NSS etc.	Any person	Payment under National Savings Scheme – 1987 referred to in Section 80CC(A)(2) clause(a)	At the time of payment	20%	2500/- rupees	The provision is not applicable to heirs of the assessee.
194F	Person making specified payment	Any person	Amount referred to in sub-section 2 of 80CCB	At the time of payment	20%	-----	-----

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Section	Payer	Recipient	Nature of payment attracting TDS	Time of TDS	Rate	Amount exempt from TDS	Exceptions & other remarks
194G	Any person etc. on sale of lottery tickets	Any person who has been stocking, purchasing, selling lottery tickets.	Income by way of commission, remuneration or prize on such tickets.	At the time of credit or payment in cash or by cheque/ draft etc. which ever is earlier.	10%	1000/- rupees	-----
194H	Any Commission person of brokerage	Any resident	Any income by way of Commission or brokerage (not being insurance commission referred in sec. 194D)	At the time of credit or payment in cash or by cheque/ draft etc. which ever is earlier.	10%	2500/- rupees	i) The provision will apply to an individual or HUF whose total sales/gross return/turn over from business or profession/expenses Rs.400,000/- Rs.10,00,000/- respectively. This limit stands enhanced to Rs. 60,00,000/- and Rs. 15,00,000/- w.e.f. 1/4/2011. ii) No TDS to be done by BSNL or MTNL on any commission or brokerage payable to the PCO franchisees.
194I Rent	Any person not being individual or HUF	Any resident	Income by way of rent	At the time of credit or payment in cash or by cheque/ draft etc. which ever is earlier.	i) 2% for use of machinery, plant or equipment ii) 10% for use of land on 1/7/2010.	1,20,000/- rupees Increased to Rs. 1,80,000/- w.e.f. 1/7/2010.	The provision will apply to an individual or HUF whose total sales/gross return/turn over from business or profession/expenses Rs.400,000/- Rs.10,00,000/- (as specified in 44AB limit is enhanced as specified above).

Section	Payer	Recipient	Nature of payment attracting TDS	Time of TDS	Rate	Amount exempt from TDS	Exceptions & other remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
194 J Fees for professional individual or HUF or technical services	Any person not being individual or HUF	Any resident	Fees for professional or technical services or royalty or any sum referred in clause (vii) of Section 28	At the time of credit or payment in cash or by cheque/draft etc. which ever is earlier.	10%	20,000/- rupees Increased to Rs. 30,000/-w.e.f. 1/7/2010	i) The provision will apply to an individual or HUF whose total sales/gross return/turn over from business or profession expenses Rs. 40,00,000/- Rs. 10,00,000/- limits 44AB increased as specified above w.e.f. 1/4/2011. ii) However, an individual or HUF making payment by way of fees for professional services for personal purposes is not liable to deduct tax at source.
194 K Income in respect of units	Entity making payment in respect of units of mutual fund/UTI	Any resident	Income from units of mutual fund specified U/s 10(23) or units of UTI	At the time of credit or payment in cash or by cheque/draft etc. which ever is earlier.	10%	2500/- rupees	No deduction is to be made under this section for any amount credited or paid on or after 1.4. 2003.
194L Payment of compensation on acquisition of capital asset	Person acquiring capital asset and paying compensation	Any resident	Sum being in nature of compensation/ enhanced compensation/ consideration on account of compulsory acquisition of a capital asset under any law.	At the time of payment of sum in cash or by cheque or draft or any other mode which ever is earlier.	10%	1,00,000/- rupees	No deduction to be made for any payment after 1.6.2000.

Section	Payer	Recipient	Nature of payment attracting TDS	Time of TDS	Rate	Amount exempt from TDS	Exceptions & other remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
194LA Payment of requiring compensation immovable property and acquisition paying compensation of certain immovable property.	Any person	Any resident	Payment in nature of compensation or enhanced compensation or consideration for compulsory acquisition of immovable property under any law(other than agricultural land).	At the time of credit or payment in cash or by cheque/draft etc. which ever is earlier.	10%	1,00,000/- rupees	Agricultural Land in India means land situated in any area referred to in items (a) & (b) of sub clause (iii) of clause (14) of Sec. 2
194LB Income by way of interest from infrastructure debt fund	Any person making payment from infrastructure debt fund	Non resident not being a company or a foreign company	Payment of interest from an infrastructure debt fund referred to in sec 10(47)	At the time of credit or payment in cash or by cheque/draft etc. which ever is earlier.	5%	----	Introduced w.e.f. 1.6.2011 by the Finance Act, 2011
196A Income in respect of units of Non-residents	Any person making payment of units of mutual fund or UTI	Any non-resident(not being a company) or a foreign company	Any income in respect of units of mutual fund specified under clause 23D of Section 10 or by clause 23A of UTI	At the time of credit or payment in cash or by cheque/draft etc. which ever is earlier.	20%	----	No deduction is to be made for any payment after 1.4.2003.
196B Income from Units	Any entity making payment of income from units or LTCG on their transfer	Off Shore Fund	Income in respect of units referred to in Section 1.15AB or by way of long term capital gains arising from transfer of such units	At the time of credit or payment in cash or by cheque/draft etc. which ever is earlier.	10%	----	—

## ANNEXURE – I

### RATES FOR DEDUCTION OF TAX AT SOURCE IN CERTAIN CASES

The statute provides for deduction of tax at source, as per rates in force in case of certain category of payments. These rates in force are specified in part-II of Schedule – I of Finance Act in each F.Y. In those cases in which, under the provisions of sections 193, 194, 194A, 194B, 194BB, 194D and 195 of the Income-tax Act, tax is to be deducted at the rates in force, deduction shall be made from the income subject to the deduction at the following rates:—

(1) Section	(2) Payer	(3) Recipient	(4) Nature of payment attracting TDS	(5) Time of TDS	(6) Rate	(7) Amount exempt from TDS	(8) Exceptions & other remarks
196-C Income from foreign currency bonds	Any person	Non resident	Income by way of interest or dividend in respect of bonds or GDR referred to in Section 115AC or by way of LTCG arising from their transfer	At the time of credit or payment in cash or by cheque/draft etc. which ever is earlier.	10%	-----	No deduction to be made in respect of any dividend referred to in Section 115-O.
196-D Income of FIIs from Securities	Any person	Foreign Institutional investor	Income in respect of securities referred to in clause A of Sub-section (1) of Section 115AD	At the time of credit or payment in cash or by cheque/draft etc. which ever is earlier.	20%	-----	No deduction to be made in respect of any dividend referred to in Section 115-O.

- |   | <i>Rate of income-tax</i> |
|---|---------------------------|
| 1. In the case of a person other than a company —   |                           |
| (a) where the person is resident in India —   |                           |
| (i) on income by way of interest other than “Interest on securities”  | 10 per cent;              |
| (ii) on income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort | 30 per cent;              |
| (iii) on income by way of winnings from horse races   | 30 per cent;              |
| (iv) on income by way of insurance commission   | 10 per cent;              |
| (v) on income by way of interest payable on—  | 10 per cent;              |

- (A) any debentures or securities other than a security of the Central or State Government for money issued by or on behalf of any local authority or a corporation established by a Central, State or Provincial Act;
- (B) any debentures issued by a company where such debentures are listed on a recognised stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and any rules made thereunder
  - (vi) on any other income 10 per cent;
  - (b) where the person is not resident in India—
    - (i) in the case of a non-resident Indian—
    - (A) on any investment income 20 per cent;
    - (B) on income by way of long-term capital gains referred to in section 115E 10 per cent;
    - (C) On income by way of short-term capital gains referred to in section 111A 15 per cent
    - (D) on other income by way of long-term capital gains [not being long-term capital gains referred to in clauses (33), (36) and (38) of section 10] 20 per cent;
    - (E) on income by way of interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency 20 per cent;

- (F) On income by way of royalty payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern where such royalty is in consideration for the transfer of all or any rights(including the granting of a licence) in respect of copyright in any book on a subject referred to in the first proviso to sub-section(1A) of section 115A of the Income-tax Act, to the Indian concern, or in respect of any computer software referred to in the second proviso to sub-section(1A) of section 115A of the Income-tax Act, to a person resident in India-
  - (i) where the agreement is made on or after the 1<sup>st</sup> day of June, 1997 but before the 1<sup>st</sup> day of June, 2005 20 per cent;
  - (ii) where the agreement is made on or after the 1<sup>st</sup> day of June, 2005 10 per cent;
- (G) On income by way of royalty[not being royalty of the nature referred to in sub-item(B)(i)(F)] payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the Industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy-
  - (i) where the agreement is made on 20 per cent or after the 1<sup>st</sup> day of June, 1997 but before the 1<sup>st</sup> day of June, 2005

(ii) where the agreement is made on or after the 1 <sup>st</sup> day of June, 2005	10 per cent	on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency	
(H) On income by way of fees for technical services payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy—			20 per cent;
(i) where the agreement is made on or after the 1 <sup>st</sup> day of June, 1997 but before the 1 <sup>st</sup> day of June, 2005	20 per cent	(B) On income by way of royalty payable by Government or an with the Government or the Indian concern where such royalty is in consideration for the transfer of all or any rights(including the granting of a licence) in respect of copyright in any book on a subject referred to in the first proviso to sub-section (1A) of section 115A of the Income-tax Act, to the Indian concern, or in respect of any computer software referred to in the second proviso to sub-section(1A) of section 115A of the Income-tax Act, to a person resident in India-	
ii) where the agreement is made on or after the 1 <sup>st</sup> day of June, 2005.	10 per cent		
(I) on income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort	30 per cent;	(i) where the agreement is made on or after the 1 <sup>st</sup> day of June, 1997 but before the 1 <sup>st</sup> day of June, 2005.	
(J) on income by way of winnings from horse races	30 per cent;	(ii) where the agreement is made on or after the 1 <sup>st</sup> day of June, 2005.	
(K) on the whole of the other income	30 per cent;	(C) On income by way of royalty[not being royalty of the nature referred to sub-item(b)(ii)(B)] payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter	
(ii) in the case of any other person—			
(A) on income by way of interest payable by Government or an Indian concern			

included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy-		
(i)	where the agreement is made on after the 1 <sup>st</sup> day of June, 1997 but before the 1 <sup>st</sup> day of June, 2005.	(G) On income by way of short-term capital gains referred to in section 111A 15 per cent;
(ii)	where the agreement is made on 10 per cent or after the 1 <sup>st</sup> day of June, 2005	(H) on income by way of long-term capital gains [not being long-term capital gains referred to in clauses (33), (36) and (38) of section 10] 20 per cent;
(D)	On income by way of fees for technical services payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy-	(I) on the whole of the other income 30 per cent.
(i)	where the agreement is made on 20 per cent or after the 1 <sup>st</sup> day of June, 1997 but before the 1 <sup>st</sup> day of June, 2005.	2. In the case of a company—
(ii)	where the agreement is made 10 per cent on or after the 1 <sup>st</sup> day of June, 2005.	(a) where the company is a domestic company—
(E)	on income by way of winnings 30 per cent; from lotteries, crossword puzzles, card games and other games of any sort	(i) on income by way of interest 10 per cent; other than “Interest on securities”
(F)	On income by way of winnings from horse races 30 per cent;	(ii) on income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort 30 per cent;
		(iii) on income by way of winnings from horse races 30 per cent;
		(iv) on any other income 10 per cent;
		(b) where the company is not a domestic company—
		(i) on income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort 30 per cent;
		(ii) on income by way of winnings from horse races 30 per cent;
		(iii) on income by way of interest payable by Government or an 20 per cent;

Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency

- (iv) on income by way of royalty payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1976 where such royalty is in consideration for the transfer of all or any rights (including the granting of a licence) in respect of copyright in any book on a subject referred to in the first proviso to sub-section (1A) of section 115A of the Income-tax Act, to the Indian concern, or in respect of any computer software referred to in the second proviso to sub-section (1A) of section 115A of the Income-tax Act, to a person resident in India—
- (A) where the agreement is made before the 1st day of June, 1997 30 per cent;
- (B) where the agreement is made on or after the 1st day of June, 1997 but before the 1st day of June, 2005 20 per cent;
- (C) where the agreement is made on or after the 1st day of June, 2005 10 per cent;
- (v) on income by way of royalty [not being royalty of the nature referred to in sub-item (b)(iv)] payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where

such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy—

- (A) where the agreement is made after the 31st day of March, 1961 but before the 1st day of April, 1976 50 per cent;
- (B) where the agreement is made after the 31st day of March, 1976 but before the 1st day of June, 1997 30 per cent;
- (C) where the agreement is made on or after the 1st day of June, 1997 but before the 1st day of June, 2005 20 per cent;
- (D) where the agreement is made on or after the 1st day of June, 2005 10 per cent;
- (vi) on income by way of fees for technical services payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy—
- (A) where the agreement is made after the 29th day of February, 1964 but before the 1st day of April, 1976 50 per cent;

- (B) where the agreement is made after the 31st day of March, 1976 but before the 1st day of June, 1997 30 per cent;
- (C) where the agreement is made on or after the 1st day of June, 1997 but before the 1st day of June, 2005 20 per cent;
- (D) where the agreement is made on or after the 1st day of June, 2005 10 per cent;
- (vii) On income by way of short-term capital gains referred to in section 111A 10 per cent;
- (viii) on income by way of long-term capital gains [not being long-term capital gains referred to in clauses (33), (36) and (38) of section 10] 20 per cent;
- (ix) on any other income 40 per cent

*Explanation.*—For the purpose of item 1(b)(i) of this Part, “investment income” and “non-resident Indian” shall have the meanings assigned to them in Chapter XII-A of the Income-tax Act.

## SURCHARGE ON INCOME-TAX

The amount of income-tax deducted in accordance with the provisions of item 2(b) of this Part, shall be increased by a surcharge, for purposes of the Union in the case of every company other than a domestic company calculated at the rate of two and one-half per cent of such income-tax where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees.

## ANNEXURE – 2

### List of Forms and relevant Rules

- FORM No. 13 - Application by a person for certificate under Section 197 and 206(a) of the Income-tax Act, 1961 for no deduction of tax or deduction of tax at a lower rate – Relevant Rule 28 & 37Q
- FORM No. 15C - Application by a banking company for a certificate under Section 195(3) of the Income-tax Act, 1961 for receipt of interest and other sums without deduction of tax – Relevant Rule 29B.
- FORM NO. 15CA - Information to be furnished u/s 195(b) relating to remittance of payments to a non-resident or to a foreign company inserted w.e.f. 1/7/2009 – Relevant Rule – 37 BB.
- FORM NO. 15 CB Certificate of Accountant relating to remittance of payments u/s 195(b) inserted w.e.f. 1/7/2009 – Relevant Rule – 37 BB.
- FORM No. 15D Application by a person other than a banking company for a certificate under Section 195(3)

	of the Income-tax Act, 1961, for receipt of sums other than interest and dividend without deduction of tax– Relevant Rule – 29B	Proviso to rule 12(1)(b) and rule 31(1)(a).
FORM No. 15G	Declaration under Section 197A(1) of the Income-tax Act, 1961 to be made by an individual claiming receipt of dividend without deduction of tax - Relevant Rule – 29C.	Annual return of deduction of tax at source from income chargeable under the head “Salaries” under Section 206 of the Income-tax Act,1961 for the financial year ending 31st March- Relevant Rule – 37(There is no requirement of furnishing of Annual return after 1/4/2005).
FORM No. 15H	Declaration under Section 197A(1C) of the Income-tax Act, 1961 to be made by an individual of 65 year or more claiming certain receipts without deduction of tax – Relevant Rule – 29C(1A)	FORM NO. 24Q Quarterly statement of TDS for Salaries – Relevant Rule 31A.FORM No. 26Q Quarterly statement of deduction of tax u/s 200(3) in respect of payments under the head salary for the quarter ended June/ September / December /March – Relevant Rule 31A.
FORM No.15I	Declaration for non deduction of tax at source to be furnished to contractor under second proviso to clause I of subsection 3 of section 194C by subcontractor not owning more than two heavy goods carriage / trucks during the financial year - Relevant Rule – 29(D)(1)	FORM No. 26 Annual return of deduction of tax in respect of all payments “other than salaries” under Section 206 of the Income-tax Act,1961 for the financial for year ending 31st March(There is no requirement of furnishing of Annual return after 1/4/2005).
FORM No.15J	Particulars to be furnished by the contractor under third proviso to clause I of subsection 3 of section 194C - Relevant Rule – 29 D(3).	FORM No. 26AS Annual tax statement u/s 203AA – Relevant Rule 31 ABFORM No. 26QA Particulars required to be maintained for furnishing quarterly returns u/s 206A – Relevant Rule 31 AC.FORM No.26QAA Q u a r t e r l y returns u/s 206A for the quarter ended June/ September / December /March – Relevant Rule 31 ACA
FORM No. 16	Certificate under Section 203 of the Income-tax Act,1961 for tax deducted at source from income chargeable under the head “Salaries” - Relevant Rule 31(1)(a)	FORM No. 27A Form for furnishing information with the statement of deduction / collection of tax at source filed on computer media for the period (from —to —)
FORM No. 16A	Certificate of deduction of tax at source under Section 203 of the Income-tax Act, 1961 - Relevant Rule – 31(1)(b).FORM No. 16AA Certificate of deduction of tax at source from income chargeable under the head “Salaries” cum return of income - Relevant Rule –	

FORM No. 27B	Form for furnishing information with the statement of collection of tax at source filed on computer media for the period ending (—)
FORM No. 27C	Declaration under sub-section (1A) of section 206C to be made by a buyer for obtaining goods without collection of tax - Relevant Rule 37 C.
FORM No. 27D	Certificate of collection of tax at source under sub-section (5) of section 206C of the Income-tax Act – Relevant Rule 37 D
FORM No. 27E	Annual return of collection of tax under Section 206C in respect of collection of tax for the period ending - Relevant Rule 27E FORM No. 27EQ Quarterly statement of collection of tax at source u/s 206C for the quarter ended June/ September / December / March – Relevant Rule 27 EQ.
FORM No. 27Q	Quarterly statement of deduction of tax u/s 200(3) in respect of payments other than salary made to non residents for the quarter ended June/ September / December /March - Rules 31 A & 37 A.
FORM No. 49B	Application for allotment of TAN

## ANNEXURE - 3

### Important Circulars & Notifications

- (1) **Notification dt. 31.5.2010 – Income-tax(6<sup>th</sup> Amendment Rules 2010).** The Income-tax(6<sup>th</sup> Amendment) Rules 2010 provides for amendment in 30, Rule 31, Rule 31A and Rule 31AA.
- (2) **Notification No. 238/2007, dated 30.8.2007 of CBDT;** The scope of mandatory filing of e-TDS returns has been expanded to include certain additional categories of deductors.
- (3) **Circular No. 2/2007 dtd. 21.5.2007,** The deductors may at their option, in respect of the tax to be deducted at source from income chargeable under the head Salaries, use their digital signatures to authenticate the certificates of deduction of tax at source in form No. 16.
- (4) **Notification no. 928 E dt. 30.6.2005 of CBDT.** Regarding quarterly statements of TDS and amendment in Form 16
- (5) **Notification No. S.O. 974(e)dt. 26.08.2003.** Regarding filing of annual TDS return in electronic form with the e-TDS intermediary.
- (6) **Circular No. 749 dt. 27-12-1998** - Clarification regarding certificate for deduction of tax made by Central Govt. departments who are making payments by book adjustments.
- (7) **Circular No. 767 dated 22.5.1998 CBDT** Circular No. 759 dated 18.11.97 on the subject - Remittance to a non-resident -deduction of tax atsource - Submission of No objection Certificate - dispensing with clarifications.
- (8) **Circular No. 769 dated 6.8.1998 :** Procedure for refund of tax deducted at source u/s 195

- (9) **Circular No. 766 dated 24.4.1998** Deduction of tax at source u/s 194-J- Payments by foreign companies and law firms to residents in India-Discontinuance of the requirement of sending quarterly statements.
- (10) **Circular No. 761 dt. 13-1-1998** -Issue of TDS certificate to person's by all branches of banks.
- (11) **Circular No. 759 dated 18.11.1997** Remittance to a non-resident-deduction of tax at source - Submission of No Objection Certificate -dispensing with.
- (12) **Circular No. 749 dt. 27.12.1996** TDS certificates issued by Central Government Departments should be accepted by Assessing Officer if they indicate that credit has been afforded to the Income Tax Department by book adjustment and, the date of such book adjustment is indicated there in.
- (13) **Circular No. 597 dt. 27-3-1996** -Issue of TDS certificate and prescribed form thereof, regarding
- (14) **Circular No. 707 dt. 11-7-1995** - Refunds due to non-resident employees after their departure from India.
- (15) **Circular No. 713, dated 2.2.1995** The provisions of Section 194C do not apply to the payments made to the airlines or the travel agents for purchase of tickets for air travel of individuals.
- (16) **Circular No. 714 dated 3.8.1995** Regarding the scope and meaning of the term '**advertising**' used in Section 194C(1)
- (17) **Circular No. 718 dt. 22.8.1995** Warehousing charges will be subject to deduction of tax under Section 194-I
- (18) **Circular No. 699 dated 30.1.1995** No requirement to deduct Income-tax at source on income by way of 'rent',if the payee is the Government.
- (19) **Circular No. 681, dated 8.3.1994** Materials contracts in the context of Section 194C.
- (20) **Circular No. 647 dated 22.3.1993** Section 194A of the Income-tax Act,1961 Deduction of Tax at source - interest other than "Interest on Securities".
- (21) **Circular No. 643 dated 22.1.1993** Deduction of tax at source from interest on cumulative deposits/debentures/bonds.
- (22) **Circular No. 640 dt. 26-11-1992** - Guideline for the purpose of Sec 10(10C) of the Income tax Act. Clarification of the queries regarding.
- (23) **Circular No. 619 dated 4.12.1991 : F.No. 275/163/91-IT(B)** Section 194H of Income-tax Act-Deduction of tax at source from payments made by way of commission(other than insurance commission) or brokerage.
- (24) **Circular No. 618 dated 22.11.1991 F.No. 275/160/91-IT(B)** Deduction of tax at source from withdrawals of deposits made in the National Savings Scheme - Section 194EE of the Income-tax Act, 1961.
- (25) **Circular No. 597 dt. 27-3-96** - Issue of TDS certificate and prescribed form thereof, regarding.
- (26) **Circular No. 586 dt. 28-2-1990** - Members of crew of foreign going Indian ship, liability to income tax in India and deduction of tax at source clarification regarding.
- (27) **Circular No. 306 dt. 19-6-1981** - Place of payment of direct tax etc.
- (28) **Circular No. 292 dt. 5-2-1981** - Challan forms for payment of Income tax deducted at source clarification regarding use of 4th counterfoil.
- (29) **Circular No. 285 dt. 21-10-1980** - Procedure for regulating refund of amounts paid in excess of tax deducted and/or deductible.

**ANNEXURE-4**

<b>FORM NO. 16A</b>			
(See rule 31(1)(b))			
Certificate under Section 203 of the income-tax Act. 1961 for tax deducted at sources			
Name and address of the Deductor		Name and address of the Deductee	
PAN of the Deductor	TAN of the Deductor	PAN of the Deductee	
CIT (TDS) Address..... ..... City.....Pin code.....		Assessment Year	Period From _____ To _____
Summary of payment			
Amount paid/credited	Nature of payment	Date of payment/credit	
Summary of tax deducted at sources in respect of deductee			
Quarter	Receipt Number of original quarterly Statements of TDS under sub-section (3) of Section 200	Amount of tax deducted in respect of the deductee	Amount of tax deposited/ remitted in respect of the deductee
<b>I. DETAILS OF TAX DEDUCTED AND DEPOSITED IN THE CENTRAL GOVERNMENT ACCOUNT THROUGH CHALLAN</b> (The Deductor to provide payment wise details of tax deducted and deposited with respect of the deductee)			
S.No.	Tax Deposited in respect of the deductee (Rs)	Book identification number (BIN)	
		Receipt number of Form No. 24G	(DDO Sequence Number in the Book Adjustment Mini Statement)
			Date on which tax deposited (dd/mm/yyyy)
Total			

<b>II. DETAILS OF TAX DEDUCTED AND DEPOSITED IN THE CENTRAL GOVERNMENT ACCOUNT THROUGH CHALLAN</b> (The Deductor to provide payment wise details of tax deducted and deposited with respect of the deductee)			
S.No.	Tax Deposited in respect of the deductee (Rs)	Challan identification number (CIN)	
		BSR code of the Bank Branch	Date on which tax deposited (dd/mm/yyyy)
Total			
Verification			
I.....Son/Daughter of.....Working in the capacity of ..... (designation) do hereby certify that a sum of Rs.....(Rs.....) in Words has been deductor and deposited to the credit of central Government. I further certify that the information given above is true, complete and correct and is based on the books of accounts documents, TDS deposited and other available records.			
Place			
Date		Signature of person responsible for deduction of tax	
Designation		Full Name	

**Notes :**

1. Government deduction to be information item, Tax is paid without production or.... chalan and in .... tax is paid accompanied by an income-tax challan.
2. Non -Government deduction to fill information in item II
3. In item I And II in the column for TDS give total amount for TDS. Surcharge (if applicable) and education cess.
4. The deductor shall furnish the address of the Commissioner of Income-tax (TDS) having jurisdiction as regards TDS Statement of the assessee.
5. This form shall be applicable only in respect of tax deducted on or after 1st day of April 2010.