
TDS COMPLIANCES

INTRODUCTION

TDS is an abbreviation of Tax Deducted at Source which is also known as withholding tax. There are some identified expenses / payments against which government has prescribed a specific rate of deduction. While making payment to parties the deductor is required to deduct tax at source, pay the collected tax to the credit of government, file quarterly TDS Return and issue a statement of TDS deducted and deposited in form no 16 or 16 A as the case may be. The provisions of TDS are very stringent and any non compliance have serious consequences. It is always good to comply law as the cost of compliance is always low in comparison to penalty which a defaulter is required to pay.

KEY POINTS ON TDS

- TDS is to be deducted at the time of making payment
- 7th day of next month is the last date of TDS Payment
- TDS needs to be deducted at double rate if deductee does not have PAN number
- Section under which TDS is deducted must be mentioned in the TDS challan
- The Form 16/ 16A must be issued within 30 days of filing the TDS Return.

FILING OF TDS RETURN

Every deductor who have been applied a TAN number shall file quarterly return of TDS. In case there is NIL deduction then a declaration need to be filed. The deductors shall obtain pan number of deductee and file the TDS Return clearly specifying the amount which was deducted against a particular PAN Number. The TDS return is a quarterly exercise and is of two type, viz one for deductions while making payment of Salary. while other is for all other cases.

CONSEQUENCE OF NON COMPLIANCE

The NON Compliance of TDS provisions is a very serious offence and is punishable under section 271 (c) of the Income Tax Act 1962, where minimum penalty is 10,000 which can go up to Rs. 1,00,000/-. Section 276B applies to all cases where willful default is established and the punishment is severe in nature, its minimum 3 Years rigorous imprisonment which can go upto 7 years. However, if sufficient cause is shown to the satisfaction of commissioner of Income Tax the penalty can be waived.

Common Business Payments for TDS Deduction

Section Code	Nature of Payment	Threshold Limit (Total Payment during the Year)	Rate of Tax
194A	Interest (other than interest on bank borrowings)	Rs. 10,000	10%
194C	Contractors and Sub-contractors	Rs. 75,000 (or one payment of Rs. 30,000 or more)	1% for Individual/HUF and 2 % for Others
194H	Commission or Brokerage	Rs. 5,000	10%
194I (A)	Rent for land, building or furniture	Rs. 1,80,000	10%
194J	Professional /technical services or Royalty	Rs. 30,000	10%
194I (B)	Rent for Plant and Machinery	Rs. 1,80,000	2%
194J(1)	Remuneration/Commission to Director of the company (other than salary)	No Limit	10%
194LA	Acquisition of Immovable Property	Rs. 2,00,000	10%
194IA	Compensation on transfer of immovable property other than agricultural land	Consideration is Rs. 50 lakh or more.	1%

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