

# TDS RATE CHART 2016-17

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**1. TDS RATE CHART FY 2016-17 AY 2017-18**

TDS RATE CHART FY 2016-17 AY 2017-18 (%)				
Sec	Nature of Payment	Cut off (Rs.)	Indi/HUF	Others
192	Salaries	-	Avg rates	NA
192A	Premature withdrawal from EPF	30000 (50000)	10	NA
193	Interest on securities	10000	10	
194	Dividends	2500	10	
194A	Interest Banks/Other	10000/5000	10	
194B	Winning from Lotteries	10000	30	
194BB	Winnings from Horse Race	5000 (10000)	30	
194C	Contractor-Single/Yearly	30K/75K(1Lakh)	1	2
	Transporter(44AE) Declaration with PAN	As above	-	-
194D	Insurance Commission	20000 (15000)	10(5%)	
194DA	Life insurance policy	100000	2 (1%)	
194EE	NSS	2500	20 (10%)	NA
194G	Commission /Lottery	1000(15000)	10(5%)	
194H	Commission / Brokerage	5000 (15000)	10(5%)	
194I	Rent Land and Building F&F	180000	10	
194I	Rent-Plant/Machinery/equipment	180000	2	
194IA	Immovable property	50 Lakh	1	
194J	Professional Fees	30000	10	
194LA	Immovable Property	2 Lakh (2.5 Lakh)	10	

Entries in Red color are applicable wef 01.06.2016

TDS RATE CHART FY 2016-17 AY 2017-18			
Nature of Payment Made To		Indivi/ HUF	Other
Section - Description	Cut off (Rs.)	Rate (%)	
192 - Salaries	-	Avg rates	NA
192A-Premature withdrawal from EPF	30000 (50000)	10	NA
193 - Interest on securities	10000	10	
194 - Dividends	2500	10	
194A - Interest Banks	10000	10	
194A - Interest other	5000	10	
194B - Winning from Lotteries	10000	30	
194BB - Winnings from Horse Race	5000 (10000)	30	
194C- Contractor - Single Transaction	30000	1	2
194C- Contractor-During the F.Y.	75000/ 1 Lakh	1	2
194C- Transporter (44AE) declaration with PAN	-	-	-
194D - Insurance Commission	20000 (15000)	10 (5%)	
194DA Life insurance Policy	100000	2 (1%)	NA
194E -Non-Resident Sportsmen or Sports Association	-	20	
194EE - NSS	2500	20 (10%)	NA
194F - Repurchase Units by MFs	-	20	
194G - Commission - Lottery	1000(15000)	10 (5%)	
194H - Commission / Brokerage	5000 (15000)	10 (5%)	
194I - Rent Land and Building - F&F	180000	10	
194I Rent Plant/Machinery/equipment		2	
194IA -Transfer of certain immovable property other than agriculture land	50 Lakh	1	
194J - Professional Fees	30000	10	
194LA - Immovable Property	2Lakh (2.5 Lakh)	10	

**Entries in Red color are applicable wef 01.06.2016**

TDS RATE CHART FY 2016-17 AY 2017-18			
Nature of Payment Made To		Indivi/ HUF	Other
Section - Description	Cut off (Rs.)	Rate (%)	
194LB - Income by way of interest from infrastructure debt fund (non- resident)	-	5	
194LB - Income by way of interest from infrastructure debt fund (non- resident)	-	5	
Sec 194 LC - Income by way of interest by an Indian specified company to a non-resident / foreign company on foreign currency approved loan / long-term infrastructure bonds from outside India (applicable from July 1, 2012)	-	5	
194LD - Interest on certain bonds and govt. Securities(from 01-06-2013)	-	5	
196B - Income from units	-	10	
196C-Income from foreign currency bonds or GDR (including long-term capital gains on transfer of such bonds) (not being dividend)	-	10	
196D - Income of FIIs from securities	-	20	

**Notes to TDS RATE CHART FY 2016-17 AY 2017-18:**

1. **No TDS on service Tax:** As per [circular 01/2014 dated 13.01.2014](#) TDS is not applicable on service tax part if service tax is shown separately.
2. **TDS at higher rate** i.e., 20% has to be deducted if the deductee does not provide PAN to the deductor.[\(read detail u/s 206AA\)](#)
3. **TDS on Good Transport wef 01.06.2015:** [TDS shall be applicable on payment to transporter wef 01.06.2015](#) .However tds exemption will be available only to those transporters who own ten or less goods carriages at any time during the previous year. Such a transporter would also need to furnish a declaration to that effect to the payer along with the PAN.
4. **Surcharge on TDS on salary** is applicable if taxable salary is > 1 crore @ 15 %
5. **Surcharge on tax other than salary** is not deductible /collectible at source in case of **resident individual/ HUF /Firm/ AOP / BOI/Domestic Company** in respect of payment of income other than salary.
6. **Surcharge on TDS** is applicable on payment made to **non-resident** other than company ,if payment is in excess of one crore.(15 %) (See chart below for details )
7. TDS is deductible on full amount if threshold limit is crossed during the year including the amount paid earlier during the year along with interest, if applicable.
8. **No Cess on payment made to resident:** Education Cess is not applicable in case of resident Individual /HUF/ Firm/ AOP/ BOI/ Domestic Company in respect of payment of income other than salary. Education Cess @ 2% plus secondary & Higher Education Cess @ 1% is deductible at source in case of non-residents and foreign company.
9. [Section 206AA](#) in the Act makes furnishing of PAN by the employee compulsory in case of receipt of any sum or income or amount, on which tax is deductible. If employee (deductee) fails to furnish his/her PAN to the deductor , the deductor has been made responsible to make TDS at higher of the following rates:
  - i) at the rate specified in the relevant provision of this Act; or
  - ii) at the rate or rates in force; or
  - iii) at the rate of twenty per cent. The deductor has to determine the tax amount in all the three conditions and apply the higher rate of TDS.
  - However, where the income of the employee computed for TDS u/s 192 is below taxable limit, no tax will be deducted. Education cess @ 2% and Secondary and Higher Education Cess @ 1% is not to be deducted, in case the tax is deducted at 20% u/s [206AA](#) of the Act.
10. **TDS by Individual and HUF (Non Audit) case not deductible :**An Individual or a Hindu Undivided Family whose total sales, gross receipts or turnover from business or profession carried on by him does not exceeds the monetary limits (Rs.100,00,000 in case of business & Rs.50,00,000 in case of profession) under Clause (a) or (b) of Sec.44AB during the immediately preceding financial year shall not be liable to deduct tax u/s.194A,194C, 194H, 194I & 194J.So no tax is deductible by HUF/Individual in first year of operations of business even sales/receipt is more than 100/50 Lakh.

<b>Section 192</b>	
<b>Nature of Payment</b>	Salary
<b>Deductor</b>	Any person (employer)
<b>Deductee</b>	Any person (employee) individual
<b>TDS rate</b>	As per Slab rate applicable to individual
<b>Threshold Limit</b>	If Tax payable is nil on Salary Income
<b>Time of deduction</b>	At the time of Payment
<b>Other points</b>	Negative Income of House property may be Considered for TDS calculation
<b>192A</b>	
<b>Nature of Payment</b>	Premature withdrawal from EPF
<b>Deductor</b>	EPFO
<b>Deductee</b>	Resident
<b>TDS rate</b>	10%
<b>Threshold Limit</b>	30000 ( <b>50000 wef 01.06.2016</b> )
<b>Time of deduction</b>	At the time of Payment
<b>Other points</b>	TDS is applicable only if withdrawn before 5 year of contribution
<b>Section 193</b>	
<b>Nature of Payment</b>	Interest on securities
<b>Deductor</b>	any person
<b>Deductee</b>	Resident
<b>TDS rate</b>	10%
<b>Threshold Limit</b>	Govt securities -10000 Debenture-5000
<b>Time of deduction</b>	credit or payment whichever is earlier
<b>Other points</b>	
<b>Section 194</b>	
<b>Nature of Payment</b>	Deemed dividend
<b>Deductor</b>	Indian company /company making payment in India
<b>Deductee</b>	Resident
<b>TDS rate</b>	10%
<b>Threshold Limit</b>	2500 to Individuals paid a/c payee cheque
<b>Time of deduction</b>	Distribution or payment whichever is earlier
<b>Other points</b>	No tds on exempted dividend u/s 10(34)

<b>Section 194A</b>	
<b>Nature of Payment</b>	Interest other than securities
<b>Deductor</b>	(1)Any person other than Individual /HUF (2) Individual Huf having sales turnover /receipts exceeding the limit provided under section 44AB in immediately preceding year
<b>Deductee</b>	Resident
<b>TDS rate</b>	10%
<b>Threshold Limit</b>	10000 from banks 5000 from others
<b>Time of deduction</b>	credit or payment whichever is earlier
<b>Other points</b>	Adjustment in deduction increase/decrease can be made same as under section 192(salary)
<b>Section 194B</b>	
<b>Nature of Payment</b>	winning from lottery/crossword puzzle etc
<b>Deductor</b>	any person
<b>Deductee</b>	any person
<b>TDS rate</b>	30%
<b>Threshold Limit</b>	10000
<b>Time of deduction</b>	At the time of Payment
<b>Other points</b>	Tax is deductible even for prize in Kind
<b>Section 194BB</b>	
<b>Nature of Payment</b>	Winning of Horse race
<b>Deductor</b>	any person
<b>Deductee</b>	any person
<b>TDS rate</b>	30%
<b>Threshold Limit</b>	5000(10000 form 01.06.2016)
<b>Time of deduction</b>	At the time of Payment
<b>Other points</b>	
<b>Section 194C</b>	
<b>Nature of Payment</b>	TDS from payment to contractor sub contractor
<b>Deductor</b>	As per details
<b>Deductee</b>	Resident
<b>TDS rate</b>	if payee is individual/huf:1% other :2%
<b>Threshold Limit</b>	Single :30000 Total f.Y=75000(100000 wef 01.06.2016)
<b>Time of deduction</b>	credit or payment whichever is earlier
<b>Other points</b>	Material value excluded if shown in bill separately

<b>194D</b>	
<b>Nature of Payment</b>	Insurance Commission
<b>Deductor</b>	any person
<b>Deductee</b>	Resident
<b>TDS rate</b>	10%(5% wef 01.06.2016)
<b>Threshold Limit</b>	20000 (15000 from 01.06.2016)
<b>Time of deduction</b>	credit or payment whichever is earlier
<b>Other points</b>	
<b>Section 194DA</b>	
<b>Nature of Payment</b>	Payment of Life insurance not exempted u/s 10(10D)
<b>Deductor</b>	any person
<b>Deductee</b>	Resident
<b>TDS rate</b>	2%(1% wef 01.06.2016)
<b>Threshold Limit</b>	100000
<b>Time of deduction</b>	At the time of Payment
<b>Other points</b>	No deduction on payment on death of deductee
<b>Section 194EE</b>	
<b>Nature of Payment</b>	payment of National saving scheme(deduction claimed 80CCA)
<b>Deductor</b>	any person
<b>Deductee</b>	Individual or HUF
<b>TDS rate</b>	20%(10% wef 01.06.2016)
<b>Threshold Limit</b>	Rs 2500
<b>Time of deduction</b>	At the time of Payment
<b>Other points</b>	No deduction on payment to heirs
<b>194F</b>	
<b>Nature of Payment</b>	Units of Mutual Funds/UTI(deduction claimed 80CCB)
<b>Deductor</b>	any person
<b>Deductee</b>	Individual or HUF
<b>TDS rate</b>	20%
<b>Threshold Limit</b>	2500
<b>Time of deduction</b>	At the time of Payment
<b>Other points</b>	no deduction on payment to heirs
<b>Section 194H</b>	
<b>Nature of Payment</b>	Commission / Brokerage
<b>Deductor</b>	any person
<b>Deductee</b>	Resident
<b>TDS rate</b>	10% (5 % wef 01.06.2016)
<b>Threshold Limit</b>	5000 (15000 wef 01.06.2016)
<b>Time of deduction</b>	credit or payment whichever is earlier
<b>Other points</b>	



<b>Section 194G</b>	
<b>Nature of Payment</b>	Commission on Lottery
<b>Deductor</b>	any person
<b>Deductee</b>	Resident
<b>TDS rate</b>	10% (5% wef 01.06.2016)
<b>Threshold Limit</b>	1000(15000 wef 01.06.2016)
<b>Time of deduction</b>	credit or payment whichever is earlier
<b>Other points</b>	
<b>section 194I</b>	
<b>Nature of Payment</b>	Payment of Rent
<b>Deductor</b>	Any person other than HUF/Individual HUF-Individual :sales /gross receipt exceeds one crore/50 lakhs
<b>Deductee</b>	Resident
<b>TDS rate</b>	Plant and Machinery/equipment :2% Land /building/furniture -10%
<b>Threshold Limit</b>	180000
<b>Time of deduction</b>	credit or payment whichever is earlier
<b>Other points</b>	TDS is deductible even if deductor is not owner
<b>Section 194IA (effective from 01.06.2013)</b>	
<b>Nature of Payment</b>	Payment of immovable property
<b>Deductor</b>	Any person other than HUF/Individual HUF-Individual :sales /gross receipt exceeds one crore/50 lakhs
<b>Deductor</b>	any person
<b>Deductee</b>	Resident
<b>TDS rate</b>	10%
<b>Threshold Limit</b>	sale consideration up to 50 lakh
<b>Time of deduction</b>	At the time of Payment
<b>Other points</b>	Agriculture land not covered/TAN is not required to be obtained
<b>Section 194J</b>	
<b>Nature of Payment</b>	Fees for professional services /Technical services/ royalty /remuneration or fees or commission payable to director (not covered under 192)
<b>Deductor</b>	Any person other than HUF/Individual HUF-Individual :sales /gross receipt exceeds one crore/50 lakhs
<b>Deductee</b>	Resident
<b>TDS rate</b>	10%
<b>Threshold Limit</b>	30000(no Limit for Payment to director)
<b>Time of deduction</b>	credit or payment whichever is earlier
<b>Other points</b>	No tds on profession services for personal purpose

**5.Surcharge /Cess applicable on TDS/TCS**

1. In cases in which tax has to be deducted under sections 193, 194, 194A, 194B,194BB, 194D, 194LBA, 194LBB, 194LBC and 195 of the Income-tax Act, at the rates in force, the deductions shall be made at the rates specified in Part II of the First Schedule and shall be increased by a surcharge, for purposes of the Union, calculated in cases wherever prescribed, in the manner provided therein.
2. In cases in which tax has to be deducted under sections 192A, 194C, 194DA,194E, 194EE, 194F, 194G, 194H, 194-I, 194-IA, 194J, 194LA, 194LB, 194LBA, 194LBB,194LBC, 194LC, 194LD, 196B, 196C and 196D of the Income-tax Act and in case of TCS(tax collected at source), the deductions/collection shall be made at the rates specified in those sections and shall be increased by a surcharge, for purposes of the Union, –
  - o (a) in the case of every individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, **being a non-resident**, calculated at the rate of **fifteen per cent.** of such 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**;
  - o (b) in the case of every co-operative society or firm, **being a non-resident**, calculated at the rate of twelve per cent. of such 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**;
  - o (c) in the case of every company, **other than a domestic company**, calculated, –
    - (i) at the rate of **two per cent.** of such 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 but does not exceed ten crore rupees**;
    - (ii) at the rate of **five per cent.** of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction **exceeds ten crore rupees**.

<b>Surcharge /Cess applicable on TDS/TCS</b>				
	<b>Amount in Rs</b>	<b>Payment</b>	<b>Surcharge</b>	<b>Cess</b>
<b>Resident</b>	<b>Individual</b>	<b>Salary (up to 1 crore)</b>	<b>No</b>	<b>Yes (3%)</b>
	<b>Individual</b>	<b>Salary (&gt; 1 crore)</b>	<b>Yes (15%)</b>	<b>Yes (3%)</b>
	<b>Non- corporate</b>	<b>Any</b>	<b>No</b>	<b>No</b>
	<b>Corporate</b>	<b>Any</b>	<b>No</b>	<b>No</b>
<b>Non- Resident</b>	<b>Individual</b>	<b>Salary (up to 1 crore)</b>	<b>No</b>	<b>Yes (3%)</b>
	<b>Individual or HUF or AOP or BOI or every artificial juridical person</b>	<b>Any Payments=&lt; 1 Crore</b>	<b>No</b>	<b>Yes (3%)</b>
		<b>Any Payments&gt; 1 Crore</b>	<b>Yes (15%)</b>	<b>Yes (3%)</b>
	<b>cooperative society-Firm</b>	<b>Any payment &gt; 10 Crore</b>	<b>Yes (12%)</b>	<b>Yes (3%)</b>
	<b>Non Domestic Company</b>	<b>Any payment (&gt; 1 Crore to 10 crore)</b>	<b>Yes (2%)</b>	<b>Yes (3%)</b>
<b>Any payment &gt; 10 Crore</b>		<b>Yes (5%)</b>	<b>Yes (3%)</b>	

**6. TCS (Tax Collection at Source Rates Fy 2016-17)**

TCS is collectible on Scrap Tendu Leaves, Timber obtained under a forest lease or other mode, Any other forest produce not being a timber or tendu leave ,Alcoholic Liquor for human consumption , Parking Lot, toll plaza, mining and quarrying Minerals, being coal or lignite or iron ore (applicable from July 1,2012) Bullion if consideration (excluding any coin / article weighing 10 grams or less) exceeds Rs.2 Lakhs or jewellery if consideration exceeds Rs. 5 Lakhs (and any amount is received in cash) (applicable from July 1, 2012) Sale of motor vehicle of the value exceeding Rs. 10 Lacs;(wef 01.06.2016) Sale in cash of any goods (other than bullion and jewellery) or providing of any services (other than payments on which TDS is made) exceeding Rs. 2 Lacs (wef 01.06.2016).

TCS rate chart is given below for your ready reference.

<b>TCS RATES FOR FINANCIAL YEAR 2016-17</b>	
<b>Nature of Payment</b>	<b>TCS Rate %</b>
Scrap	<b>1.00</b>
Tendu Leaves	<b>5.00</b>
Timber obtained under a forest lease or other mode	<b>2.50</b>
Any other forest produce not being a timber or tendu leave	<b>2.50</b>
Alcoholic Liquor for human consumption	<b>1.00</b>
Parking Lot, toll plaza, mining and quarrying	<b>2.00</b>
Minerals, being coal or lignite or iron ore (applicable from July 1,2012)	<b>1.00</b>
Bullion if consideration (excluding any coin / article weighing 10 grams or less) exceeds Rs. 2 Lakhs or jewellery if consideration exceeds Rs. 5 Lakhs (and any amount is received in cash) (applicable from July 1, 2012)	<b>1.00</b>
Sale of motor vehicle of the value exceeding Rs. 10 Lacs;(wef 01.06.2016)	<b>1.00</b>
Sale in cash of any goods (other than bullion and jewellery) or providing of any services (other than payments on which TDS is made) exceeding Rs. 2 Lacs (wef 01.06.2016)	<b>1.00</b>

## 7. Due date to Deposit TDS and TCS & Mode FY 2016-17

To Know the full concept of Due date to deposit TDS ,we must have to read it in two Parts

1. **When Tax is to be deducted?**
2. **When Tax is to be collected?**
3. **When tax deducted at source (TDS) is to be deposited (TDS due date of deposit)?**

### When tax is to be deducted?

1. **At the time of credit or payment, whichever is earlier**
  - o 193- Interest on securities
  - o 194A- Interest Other than “Interest on securities”
  - o 194C- Payment to contractors / sub contractors
  - o 194D – Insurance commission
  - o 194H – Commission or Brokerage
  - o 194G- Commission on sale of lottery tickets
  - o 194I- Rent
  - o 194J- Professional or technical fees
2. **Before making payment or distribution**
  - o 194- Dividend
3. **At the time of payment**
  - o 192- Salaries
  - o 194B- Winning from lotteries / crossword puzzles
  - o 194BB Winnings from horse races
  - o 194EE – Payment from National Saving Scheme
  - o 194F Payment for repurchase of units by UTI / mutual funds
  - o 194 -IA : payment of transfer of immovable property >50 Lakh
  - o 194LA: Payment of compensation on acquisition of certain immovable property

### When Tax is to be collected

1. **At the time of Debit of Account or Receipt ,whichever is earlier**
  - o Scrap
  - o Tendu Leaves
  - o Timber obtained under a forest lease or other mode
  - o Any other forest produce not being a timber or tendu leave
  - o Alcoholic Liquor for human consumption
  - o Parking Lot, toll plaza, mining and quarrying Minerals, being coal or lignite or iron ore (applicable from July 1,2012)
2. **At the time of receipt/collection**
  - o Bullion (as per rule above)
  - o Jewellery (as per rule above)
  - o Sale of motor vehicle > 10 lakh
  - o Sale in cash of any goods > 2 Lakh
  - o Providing of any services against cash payment >2 Lakh

When date of deduction/Collection is decided then according to point of deduction/collection then due date to deposit is to be decided as under.

Due Date to Deposit TDS /TCS		
Tax to be deducted by Govt Office		
1	Tax deposited without challan	Same day
2	Tax deposited with challan	7th of next month
Tax deducted by Non-govt deductors		
1	Tax deductible in March	30th April of next F.Y
2	other months & tax on perquisites opted to be deposited by employer	7th of next month
TDS on transfer of Immovable property 194IA		
1	Tax deductible in a particular Month (up to 31.05.2016)	7th of next month
2	Tax deductible in a particular Month (wef 01.06.2016)	30th of next month
Tax Collected at Source (TCS)		
1	Tax collectable in a particular Month	7th of next month

#### Challan to deposit TDS and TCS & mode of deposit

1. For all sections under TDS and TCS one challan is to be deposited ie **ITNS-281** and to deposit TDS/TCS -TAN(tax deduction & collection account number is to be obtained and used.
2. **Deductor can adjust excess tds deposited in one section /assessment year with another section /assessment year so no need to deposit section wise challan.**
3. However for TDS collected under section 194IA (TDS on immovable property over 50 Lakh) tax is to be deposited on challan cum return **26QB**.Further to deposit this challan TAN number is not required though deductor will FILL his PAN
4. TAX must be deposited through **online mode only or through designated bank branches.**

#### Refund of Excess TDS deposited:

As pointed out above in point number 2, you may adjust excess TDS in other section /assessment year/quarter. However if you want refund then you may apply on [form 26B online for excess TDS](#).

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

Tax to be deducted/collected by Govt Office		
1	Tax deposited without challan	Same day
2	Tax deposited with challan	7th of next month
3	Tax on perquisites opt to be deposited by the employer	7th of next month

(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- the deduction is made; or income-tax is due under sub-section (1A) of section 192.

Tax deducted/collected by other		
1	tax deductible in March	30th April of next year
2	other months & tax on perquisites opted to be deposited by employer	7th of next month

(2A) Notwithstanding anything contained in sub-rule (2) ,any sum deducted under section 194-IA shall be paid to the credit of the Central Government within a period of ~~seven days~~ **30 days (wef 01.06.2016)** from the end of the month in which the deduction is made and shall be accompanied by a challan-cum-statement in Form No. 26QB

(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:-

SrNo	Quarter ended On	Date of payment
1	30th June	7th July
2	30th September	7th October
3	31st December	7th January
4	31st March	30th April

## **8. Person required to file E TDS Return & Duties of Deductor**

NOTIFICATION No. 238/2007, dated 30-8-2007. Now following person are liable to file etds/etcs return.

1. All Government department/ office or
2. All companies. or
3. All person required to get his accounts audited under section 44AB in the immediately preceding financial year; or
4. The number of deductees' records in a quarterly statement for any quarter of the immediately preceding financial year is equal to or more than 20.

### **DUTIES OF TAX DEDUCTOR/COLLECTOR**

1. To apply for Tax Deduction Account Number (TAN) in form 49B, in duplicate at the designated TIN facilitation centers of NSDL (please see [www.incometaxindia.gov.in](http://www.incometaxindia.gov.in)), within one month from the end of the month in which tax was deducted. However for [tax deduction u/s 194IA \(tds on transfer of immovable property\)](#) the deductor may use PAN instead of TAN
2. If a deductor has many offices then deductor may take one TAN for all branches or take separate TAN for each TAN. If separate TAN is taken then [deductor can check TDS compliance report of all TAN at TDSCPC website](#)
3. To quote TAN (10 digit reformatted TAN) in all TDS/TCS challans, certificates, statements and other correspondence.
4. To deduct/collect tax at the prescribed rates at the time of every credit or payment, whichever is earlier, in respect of all liable transactions.
5. To remit the tax deducted/collected within the prescribed due dates by using challan no. ITNS 281 by quoting the TAN and relevant section of the Income-tax Act.
6. To issue TDS/TCS certificate, complete in all respects, within the prescribed time in Form No.16(TDS on salaries), 16A(other TDS) 27D( TCS).
7. To file TDS/TCS quarterly statements within the due date and revise the same ,wherever necessary.
8. To mention PAN of all deductees in the TDS/TCS quarterly statements.

***TRACES online portal for deductors and deductees :***

TRACES is a web-based application of the Income Tax Department that provides an interface to all stakeholders associated with TDS administration. It enables viewing of challan status, downloading of Consolidated File, Justification Report and Form 16 / 16A as well as viewing of annual tax credit statements (Form 26AS). The deductor has to [register at TRACES](#) website to avail facility available at the website

Facility available at Traces for deductors

1. Download [Consolidated File](#) /
2. Download Form 16 / 16A / 16B / 27D.
3. [Online correction of TDS returns](#)
4. [Refund of Excess TDS](#)
5. **Justification report:** After filing of the return, Department shall process the return and issue intimation of return processed without default or with defaults. The defaults are mainly on account of deduction of tax at less rate , late filing of return ,interest due to late deposit of Tax ,mismatching overbooking of challan , incorrect pan details etc. In intimation only summary of default is sent to check the details deductor is supposed to download Justification report from TDSCPC website.



**9. Due date TDS-TCS return 24Q, 26Q ,27Q,27EQ and Form 16 , Form 16A for Financial year 2016-17 for Govt as well as non Govt deductor (notification 30/2012 dt 29/04/2016)**

**Quarterly return Form**

Deductor is required to file TDS/TCS return quarterly, however nil return is not mandatory. These returns may be filed at any TIN-FC by paying a small fee. However you may [upload original return directly at e filing site free](#).

1. **24Q** : For TDS deducted from Salary Income
2. **26Q** : For TDS deducted from all other section except salary & 194IA from resident
3. **27Q** : For TDS deducted from Non-resident except salary
4. **27EQ** : For Tax collected at source
5. **26QB** : For section 194IA separate return is not required ,challan cum return is to be filled on form 26QB (Tax to be deposited within 30 days(wef 01.06.2016)(earlier it was 7 days) from the end of the month in which tax is to be deducted )

Due date TDS Return 24Q, 26Q ,27Q TCS Return 27EQ Form 16 Form 16A for Financial year 2016-17 for Govt as well as non Govt deductor (notification 30/2012 dt 29/04/2016)						
Sl. No.	QTR ENDING	RETURN		TDS-TCS Certificate		
		TDS	TCS	FORM 16A	FORM 16	FORM 27D
1	30th June	31st July	15th July	15th Aug	31st May	30th July
2	30th Sep	31st Oct	15th Oct	15th Nov		30th Oct
3	31st Dec	31st Jan	15th Jan	15th Feb		30th Jan
4	31st Mar	31st May	15th May	15th June		30th May

### **Nil TDS return is not mandatory**

As per income tax rules/act Nil tds return is not mandatory, however to facilitate the deductors and to update data Govt has provided a facility on [Traces website for declaring NIL tds return](#).

### **Correction statement of E TDS return**

You may file correction return any number of times, No time limit has been defined yet. This return can be filed with TIN-FC .To file the revised TDS return you have to download consolidated FVU file from TDSCPS website The correction return filing facility has not been provided at Income tax India e filing site but we expect that soon it will be made available. However you may [correct challan details/tag replace challan](#)/allocation of interest and fees online/[move deductee rows from unmatched challan without digital signature](#) at [www.tdscpc.gov.in](http://www.tdscpc.gov.in) and pan details with digital signature. [If short payment of TDS is not settled by Deductor then he cannot download form 16A/16 of that quarter/year](#).

### **TDS Certificate**

1. **Form 16** : For tds deducted from salary
2. **Form 16A** : For other Tax deductions except salary & 194IA
3. **Form 16B** : [TDS from section 194IA](#) (to be issued within 45 days wef 01.06.2016)(earlier it was 22 days) from the end of the month in which tax is to be deducted )
4. All above form must be downloaded from TDSCPC (TRACES) website .However in case of Form 16 only PART-A is to be downloaded from TRACES website. Earlier this was mandatory for only companies ,Banks and co-operative societies engaged in Banking services with effect from 01.04.2011 through [circular number 3/2011](#).
5. Form 16A downloaded from TDSCPC can be signed manually or can be authenticated through digital signature only.

### **Read more from links given below**

1. [Procedure How to register at TRACES \(www.tdscpc.gov.in\) and](#)
2. [How to download Form 16A form TRACES \(www.tdscpc.gov.in\)](#)
3. [HOW TO DOWNLOAD FORM 16 FROM TDSCPC WEBSITE](#)
4. [How to download Form 16B from TDSCPC website](#)

**10. Interest on Late deposit of TDS/TCS & Penalty & Prosecution & other consequences on Non deposit of TDS/TCS**

As per income-tax act/rules, interest on late deposit of TDS is payable under the following two circumstances

1. Tax is not deducted , when it was deductible
2. Tax once deducted, is not paid on or before due date

<b>INTEREST ON LATE DEDUCTION/DEPOSIT OF TDS-TCS</b>			
<b>Section</b>	<b>Nature of default</b>	<b>Interest</b>	<b>Period</b>
<b>Interest under section 201(1A)</b>	<b>Non-deduction of tax at source, either in whole or part</b>	<b>1.00% per month</b>	<b>From the date on which tax was deductible to the date on which tax is actually deducted</b>
	<b>After deduction, nonpayment of tax, either in whole or part. Non- payment of tax u/s 192(1A)</b>	<b>1.50% Per Month</b>	<b>From the date on which tax was deducted to the date on which tax is actually paid</b>
<b>Simple Interest shall be calculated and part of month will be treated full Month</b>			

- **Interest on late Deposit of TDS/TCS :**
  - **Tax deducted late:** Interest at the rates in force 1% per month from the date on which tax was deductible /collectible to the date of payment to Government Account is chargeable.
  - **Tax deducted but not Deposited:** The Finance Act 2010 amended interest rate wef 01.07.2010 and created a separate class of default in respect of tax deducted but not paid to levy interest at a higher rate of 1.5 per cent per month, as against 1 per cent p.m., applicable in case the tax is deducted late after the due date. The rationale behind this amendment is that the tax once deducted belongs to the government and the person withholding the same needs to be penalized by charging higher rate of interest.
  - **Interest for full month to be charged for month or part thereof.**
  - **Penalty:** equal to the tax that was failed to be deducted/collected or remitted
  - **Prosecution :**failure to remit the tax deducted/collected, rigorous imprisonment ranging from 3 months to 7 years and fine may be levied.(section 276B and 276BB)
  - **Disallowance of Expenses :** If TDS is not deposited with in due date of filing of Income tax return then 30 % of expenses on which TDS is deductible will be disallowed as expenses in current year under section [40A\(ia\)](#)

## **11 : Late Fees -Penalty on Late filing of TDS return**

**1. Failure to apply for TAN in time or Failure to quote allotted TAN or Wrong quoting of TAN :** Penalty of Rs.10,000 is leviable u/s.272BB

**2. Late Filing of TDS-TCS statement:** Deductor will be liable to pay by way of fee of Rs 200 per day till the failure to file TDS statement continues. However, the total fee cannot exceed the amount of TDS deductible from which statement was required to be filed.(section 234E).Further as per section 234E ,Late fees is required to be paid before the filing of TDS/TCS return. Read How to avoid Late fees u/s 234E (read more post related to section 234E)

**3. Failure to File TDS return on Time and filling of incorrect statement:** New Section for Penalty for non submission of ETDS /ETDS return (section 271H)(applicable from 01.07.2012)

Failure to deliver statement within time prescribed u/s 200 (3) or to the proviso to sub-section (3) of section 206C may liable to penalty which shall not be less than Rs. 10,000/- but which may extend to Rs. 1,00,000/-. No penalty if payment of tax deducted or collected along with fee or interest and delivering the statement aforesaid before the expiry of 1 year from the time prescribed for delivering the such statement. However No penalty shall be imposed u/s 271H if the person proves that there was reasonable cause for the failure.(section 273B)

**4. Penalty on Late issue of TDS certificate form 16/Form 16A/form 27D/Form 16B :**

If TDS certificate is not issued within due date as prescribed then penalty @ 200 per day may be imposed till the default continues for each default. However, the maximum penalty cannot exceed the amount of TDS deducted for which TDS certificate was required to be issued.

**5. Assessee In default (amendment in section 201)**

The Deductor will not to be treated as assessee in Default provided the resident payee has furnished his return u/s 139 and has taken into account such amount for computing income in such Return of Income and has paid the Tax Due on the income declared by him in such return of income and furnishes a certificate to this effect, duly certified by a CA, in the prescribed form. This form is yet to be notified.

However, the interest for non deduction of tax would be payable from the date on which such tax was collectible till the date of furnishing of return of income by the resident payee.

**12 .Various Passwords required to Use Traces Website**

Functionality	Password	Example
<b>Password Formats for Tax Deductors</b>		
<b>Registration</b>	It should contain a minimum of 8 alphanumeric characters with at least one capital letter.	<b>Password123</b>
<b>Consolidated File</b>	TAN_Request Number of request submitted	<b>DELA11111D_23456</b>
<b>Form 16/ 16A</b>	TAN in capital letters	<b>DELA11111D</b>
<b>Justification Report</b>	JR_TAN_FormType_Quarter_FY	<b>JR_DELA11111D_24Q_Q3_2010-11</b>
<b>Intimation through email</b>	TAN_Date of filing original statement (in DDMMYYYY format)	<b>DELA_13102013</b>
<b>Password Formats for Tax Payers</b>		
<b>Registration</b>	It should contain a minimum of 8 alpha numeric characters with at least one letter in upper case	<b>Password123</b>
<b>Form 26 AS</b>	Date of Birth (in DDMMYYYY format)	<b>If your date of birth is 01-Feb-1980, password will be 01021980</b>
<b>Form 16B</b>	Date of Birth (in DDMMYYYY format)	<b>If your date of birth is 01-Feb-1980, password will be 01021980</b>

### **13. Other Point to be noted**

1. [One Challan Can be deposited for all Sections?](#)
2. [How to File Nil TDS return Online](#)
3. [How to download Consolidated FVU](#)
4. [TDS on Job work\(194C\) Tds on Job work has been relaxed read new definition u/s 194C.](#)
5. [TDS on Cold Storage \(194C clarification\)](#)
6. [No TDS on service tax on all section \(circular -01/2014 dated 13.01.2014\)](#)
7. [TDS on Rent \(various circulars by department on tds on rent \)](#)
8. [E-payment of TDS mandatory from 01.04.2008](#)
9. [E-Payment From Other Banks Account Allowed](#)
10. [TDS challan ITNS 281 In excel &](#)
11. [How To pay Income Tax/Tds Online FAQ](#)
12. [Nil TDS on Transporter and others to be reported in ETDS quarterly returns](#)
13. [1% TDS on transfer of property u/s 194IA wef 01.06.2013](#)
14. [TDS on rent section 194-1 brief notes, circular, notification and case laws](#)
15. [42 Important points related to TDS/TCS deduction and etds return filing](#)

**14. CHANGES IN TDS-TCS RATES WEF 01.06.2016**

<b>Changes in TDS Threshold limits (Budget-2016) wef 01.06.2016</b>			
<b>Section</b>	<b>Particulars of payment</b>	<b>OLD LIMIT</b>	<b>NEW LIMIT</b>
<b>192A</b>	Payment of EPF due to an employee	<b>30000</b>	<b>50000</b>
<b>194BB</b>	Winnings from Horse Race	<b>5000</b>	<b>10000</b>
<b>194C</b>	Payments to Contractor(yearly)	<b>75000</b>	<b>100000</b>
<b>194D</b>	(Insurance Commission)	<b>20000</b>	<b>15000</b>
<b>194G</b>	Lottery Commission	<b>1000</b>	<b>15000</b>
<b>194H</b>	Commission or brokerage	<b>5000</b>	<b>15000</b>
<b>194LA</b>	Compensation on immovable property	<b>200000</b>	<b>250000</b>
<b>Changes in TDS rates (Budget-2016) wef 01.06.2016</b>			
<b>Section</b>	<b>Particulars of payment</b>	<b>OLD RATE</b>	<b>NEW RATE</b>
<b>194D</b>	(Insurance Commission)	<b>10%</b>	<b>5%</b>
<b>194DA</b>	Life Insurance Policy	<b>2%</b>	<b>1%</b>
<b>194EE</b>	NSS Deposits)	<b>20%</b>	<b>10%</b>
<b>194G</b>	Commission on lottery tickets	<b>10%</b>	<b>5%</b>
<b>194H</b>	Commission or brokerage	<b>10%</b>	<b>5%</b>
<b>194K</b>	Income in respect of Units	Proposed to be omitted wef. 1st June 2016.	
<b>194L</b>	Payment of Compensation on acquisition of Capital Asset		
<b>194LBB</b>	Units of Investment Funds	Read details	10% or Rates in force,
<b>194LBC</b>	investment in a securitisation trust	Read details	25% & 30 %
<b>Changes in TCS Rates(budget-2016) wef 01.06.2016</b>			
<b>206C</b>	Sale of motor vehicle >Rs. 10 Lacs	--	<b>1%</b>
<b>206C</b>	sale in goods /services in cash >2 Lakh (other than bullion and jewellery) (other than payments on which TDS applicable)	--	<b>1%</b>

In order to rationalise the rates and base for TDS provisions, the existing threshold limit for deduction of tax at source and the rates of deduction of tax at source are proposed to be revised as under.

1. Section 192A (Payment of accumulated balance of PF due to an employee)- Proposed to increase the threshold limit from Rs. 30,000/- to Rs. 50,000/- for the purpose of deducting of TDS w.e.f. 1st June 2016.
2. Section 194BB (Winnings from Horse Race)- Proposed to increase threshold limit from Rs. 5,000/- to Rs 10,000/- for the purpose of deducting of TDS w.e.f. 1st June 2016.
3. Section 194C (Payments to Contractors) - Proposed to increase the aggregate threshold limit from Rs. 75,000/- to Rs.1,00,000/- w.e.f. 1st June, 2016.
4. Section 194D (Insurance Commission) Proposed to decrease threshold limit from Rs. 20000/- to Rs. 15000/- and rate of TDS also decreased from 10% to 5% w.e.f. 1st June 2016
5. Section 194DA (Payment in respect of Life Insurance Policy)- Proposed to decrease the rate of TDS from 2% to 1%. w.e.f. 1st June 2016.
6. Section 194EE (Payments in respect of NSS Deposits)- Proposed to decrease the rate of TDS from 20% to 10% w.e.f. 1st June 2016.
7. Section 194G (Commission on sale of lottery tickets)- Proposed to increase threshold limit from Rs. 1,000/- to Rs. 15,000/- and Rate of TDS is decrease from 10% to 5% w.e.f 1st June 2016.
8. Section 194H (Commission or brokerage) - Proposed to increase threshold limit from Rs. 5,000/- to Rs. 15,000/- and rate of TDS decreased from 10% to 5% w.e.f 1st June 2016
9. Section 194K (Income in respect of Units) and Section 194L (Payment of Compensation on acquisition of Capital Asset)- Proposed to be omitted w.e.f. 1st June 2016.
10. Section 194LA (Payment of compensation on acquisition of certain immovable property) - Proposed to increase the threshold limit from Rs.2,00,000/- to Rs.250000/- w.e.f. 1st June, 2016.
11. Section 194LBB (Units of Investment Funds) to deducted TDS – (a) at the rate of 10% where the payee is a resident; (b) at the rates in force, where the payee is a non-resident (not being a company) or a foreign company w.e.f 1st June 2016
12. Section 194LBC is proposed to be inserted where any income is payable to an investor, being a resident, in respect of an investment in a securitisation trust TDS is to be made @: (i) 25% if the payee is an individual or a Hindu undivided family; (ii) 30% if the payee is any other person.
13. It is proposed to amend section 197 to include section 194LBB, 194LBC in the list of sections for which a certificate for deduction of tax at lower rate or no deduction of tax can be obtained w.e.f 1st June 2016
14. It is proposed to amend the provisions of section 197A for making the recipients of payments referred to in section 194-I (Rent) also eligible for filing self-



declaration in Form no 15G/15H for non-deduction of tax at source in accordance with the provisions of section 197A w.e.f 1st June 2016

15. It is proposed to amend section 206AA so as to provide that the said section shall not apply to a nonresident, not being a company, or to a foreign company, in respect of- (a) Payment of interest on long term bond referred in section 194 LC; (b) Any other payment subject to condition as may be prescribed on w.e.f 1st June 2016.
16. It is proposed to amend the section 206C (TCS) to provide that the seller shall collect the tax at the rate of 1%: (a) from the purchaser on sale of motor vehicle of the value exceeding Rs. 10 Lacs; and (b) sale in cash of any goods (other than bullion and jewellery) or providing of any services (other than payments on which TDS is made) exceeding Rs. 2 Lacs w.e.f 1st June 2016.

### **Tax Collection at Source (TCS) on sale of vehicles; goods or services**

The existing provision of section 206C of the Act, inter alia, provides that the seller shall collect tax at source at specified rate from the buyer at the time of sale of specified items such as alcoholic liquor for human consumption, tendu leaves, scrap, mineral being coal or lignite or iron ore, bullion etc. in cash exceeding two lakh rupees.

In order to reduce the quantum of cash transaction in sale of any goods and services and for curbing the flow of unaccounted money in the trading system and to bring high value transactions within the tax net, it is proposed to amend the aforesaid section to provide that the seller shall collect the tax at the rate of one per cent from the purchaser on sale of motor vehicle of the value exceeding ten lakh rupees and sale in cash of any goods (other than bullion and jewellery), or providing of any services (other than payments on which tax is deducted at source under Chapter XVII-B) exceeding two lakh rupees.

It is also proposed to provide that the sub-section (1D) relating to TCS in relation to sale of any goods (other than bullion and jewellery) or services shall not apply to certain class of buyers who fulfill such conditions as may be prescribed.

This amendment will take effect from 1st June, 2016

### **Exemptions from requirement of furnishing PAN under section 206AA to certain non-resident.**

The existing provision of section 206AA, inter alia, provides that any person who is entitled to receive any sum or income or amount on which tax is deductible under Chapter XVIIB of the Act shall furnish his Permanent Account Number to the person responsible for deducting such tax, failing which tax shall be deducted at the rate mentioned in the relevant provisions of the Act or at the rate in force or at the rate of twenty per cent., whichever is higher. The provisions of section 206AA also apply to non-residents with an exception in respect of payment of interest on long-term bonds as referred to in section 194LC.

In order to reduce compliance burden, it is proposed to amend the said section 206AA so as to provide that the provisions of this section shall also not apply to a non-resident, not being a company, or to a foreign company, in respect of any other payment, other than interest on bonds, subject to such conditions as may be prescribed.

This amendment will take effect from 1st June, 2016.

### **Rationalization of tax deduction at source provisions relating to payments by Category-I and Category-II Alternate Investment Funds to its investors.**

The Finance Act, 2015 had inserted a special taxation regime in respect of Category-I and II Alternative Investment Funds (investment fund) registered with SEBI. The special taxation regime is intended to ensure tax pass through status in respect of these investment funds which are collective investment vehicles. The special regime is contained in sections 10(23FBA), 10 (23FBB), 115UB and 194LBB of the Act. Under this regime, the income of the investment fund (not being in the nature of business income) is exempt in the hands of investment fund but income received by the investor from the investment fund (other than income which is taxed at the level of investment fund) is taxable in the hands of investor. The taxation in the hands of investors is in the same manner and in the same proportion as it would have been, had the investor received such income directly and not through the investment fund. The existing provisions of section 194LBB provides that in respect of any income credited or paid by the investment fund to its investor, a tax deduction at source (TDS) shall be made by the investment fund @ 10% of the income. Under section 197 of the Act, facility for certificate for deduction of tax at lower rate or no deduction is available in respect of sections enumerated therein, if the Assessing Officer is satisfied that total income of the recipient justifies issue of such certificate, section 194LBB is currently not included in this provision.

It has been represented that the existing TDS regime has created certain difficulties. The non-resident investor is not able to claim benefit of lower or NIL rate of taxation which

is available to him under the relevant Double Taxation Avoidance Agreement (DTAA), and deduction of tax @10% is to be undertaken mandatorily even if under DTAA, the income is not taxable in India. There is no facility for any investor to approach the Assessing Officer for seeking certificate for TDS at a lower or NIL rate in respect of deductions made under section 194LBB.

In order to rationalise the TDS regime in respect of payments made by the investment funds to its investors, it is proposed to amend section 194LBB to provide that the person responsible for making the payment to the investor shall deduct income-tax under section 194LBB at the rate of ten per cent where the payee is a resident and at the rates in force where the payee is a non-resident (not being a company) or a foreign company. Further, it is proposed to amend section 197 to include section 194LBB in the list of sections for which a certificate for deduction of tax at lower rate or no deduction of tax can be obtained. Consequential changes are also proposed to be made to the definition of "rates in force" so as to include section 194LBB in it.

These amendments will take effect from 1st June, 2016.

[Clause 3, 81 & 83]

### **Enabling of Filing of Form 15G/15H for rental payments**

The provision of sub-section 194 -I of the Act, inter alia, provides for tax deduction at source (TDS) for payments in the nature of rent beyond a threshold limit. The existing provisions provide threshold of Rs. 1,80,000 per financial year for deduction of tax under this section. In spite of providing higher threshold for deduction tax under this section, there may be cases where the tax payable on recipient's total income, including rental payments, will be nil. The existing provisions of section 197A of the Income-tax Act, inter alia provide that tax shall not be deducted, if the recipient of certain payments on which tax is deductible furnishes to the payer a self- declaration in prescribed Form No 15G/15H declaring that the tax on his estimated total income of the relevant previous year would be nil. In order to reduce compliance burden in such cases, it is proposed to amend the provisions of section 197A for making the recipients of payments referred to in section 194-I also eligible for filing self-declaration in Form no 15G/15H for non-deduction of tax at source in accordance with the provisions of section 197A.

This amendment will take effect from 1st June, 2016.