

26 Rate of TDS : At a Glance

Provisions related to TDS are explained u/s 192 to 206 in *Income Tax Act, 1961*. Some important points are of the Act in brief are :

The applicability of correct rate of TDS depends upon the following 3 considerations:

- Payment is being made *to* which category of Assessee?
- How much amount is being paid?
- Payment is being made in which head (purpose)?

Rates of TDS applicable for FY2016 - 2017

S. N.	Section	Type of Payment (Head)	Threshold limit of yearly payment	Rate of TDS (in %)
1	194A	Interest from Banking Co.	10,000	10%
	194A	Int. other than from Banking Co.	5,000	10%
2	194B	Winning from Lottery	10,000	30%
3	194BB	Winning from Horse Race	10,000	30%
4	194C	Payment to Contractors and sub contractors	Rs.30,000 in single payment & Rs.1,00,000 in aggregate in a FY.	1% for HUF/ individuals /AOP /BOI
	194C	Transport Business Contractors		2% for others
5	194D	Insurance commission	15,000	0%*
6	194H	Commission Brokerage	15,000	10%
7	194I	Rent on Plant & Machinery	1,80,000	5%
	194I	Rent Other Than Plant & Machinery	1,80,000	2%
8	194J	Fees for Professional / Tech. Ser.	30,000	10%
9	204CE	TCS : Scrap	No limit	1%
10	206CA	TCS : Alcoholic Liquor for Human Consumption	No limit	1%
11	206 C	(a) mineral – coal/lignite/iron ore	No limit	1%
		(b) If Payment is made in cash-		w.e.f. Jul 1, 2012
		(i) Bullion (Excl. weight <10 gms)	More than 2 Lakh	w.e.f. Jul 1, 2012
		(ii) Jewellery	More than 5 Lakh	w.e.f. Jun 1, 2016
		(iii) any item including service	More than 2 Lakh	

TCS - Tax Collection at Source

- In the above table, if the amount of payment is exceeds the figure mentioned as threshold limit then only TDS shall be applicable. *For example:* If the sum of interest paid by a bank, during any financial year, is more than Rs.10,000 then only payee bank will deduct TDS, otherwise not.
- No surcharge and education cess shall be applicable on Basic rate of TDS for payments to all category of deductee other than foreign company.
- The deductee has to give PAN otherwise after April 1, 2010, in all such cases the rate of TDS shall be 20% or the specified rate, whichever is higher.
- If total income of deductee is less than basic exemption limit of Income Tax (i.e. for male assessee it is Rs.1,80,000 for FY 2011-12) then he can submit *Form 15G or 15H* as applicable and can get exemption from TDS deduction.



Provisions of TDS are ambiguous so please refer Income Tax Act, 1961 for more details

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