

TDS RATE CHART FOR THE AY: 2019-2020

Tax deduction at source

This section of the module deals with tax deduction at source (TDS) and various sections relating thereto. As the term implies, it relates to deducting tax at the very point of generation of income. In simple words, it means that the payer of an income has to deduct tax at source before making the payment to the payee. All persons who are required to deduct tax at source or collect tax at source on behalf of Income Tax Department are required to apply for and obtain Tax Deduction or Tax Collection Account Number (TAN). Thus, the payee does not receive the gross amount; instead he is in receipt of the net amount after deduction of tax. The amount deducted is deposited with the Central government and the payee gets a credit for the tax deducted in his name. However, it does not mean that in every case of payment, the provisions relating to TDS are applicable.

In fact, a TDS certificate is issued by the payer giving a detailed account of the deductions at source. In the case of TDS, it is the obligation of the payer to deduct tax at source before releasing the payment to the payee, else, the person responsible will be considered as an 'assessee in default'.

There are several purposes for imposing TDS which are as follows:

- It acts as a regular source of income to the government exchequer
- It removes the chances of tax evasion
- It ensures the declaration of important details like Permanent Account Number
- It distributes the incidence of tax and makes the tax payment convenient.

There are different sections under the Income Tax Act, 1961 which give a detail about the TDS mechanism. In the table below, the different sections under which tax is deducted at source are given along with the relevant details.

TDS rates

Nature of Payment	Section	Amt. (per annum) below which no tax is deducted	TDS rate for		
			Individual and HUF	Other than Individual/HUF	If PAN is not submitted/Invalid PAN
Payment of Salaries by Employers	192	Slab rate	Slab rate	Not applicable	30%
Payment of Interest on Securities by company.	193	10,000	10%	10%	20%

TDS RATE CHART FOR THE AY: 2019-2020

Payment of Dividend other than dividend as referred to Section 1150 by company (i.e. Dividend on which Dividend Distribution Tax is not paid)	194	2,500	10%	10%	20%
Payment of Interest by bank, post office, Cooperative society For other source: the amt. comes down to Rs. 5000	194A	40,000 (Non Sr.Citizen) 50,000 (Sr. Citizen)	10%	10%	20%
Payment of prize from Wining from Lotteries by any person.	194B	10,000	30%	30%	30%
Payment of prize from Wining from Horse Race by any person.	194B	10,000	30%	30%	30%
Payment to Contractors by any person.	194C	30,000 (Single bill) or 1 Lakh aggregate bills during the year.	1%	2%	20%

TDS RATE CHART FOR THE AY: 2019-2020

Payment of Insurance Commission to agents by Insurance Company.	194D	15,000	5%	10%	20%
Payment in respect of maturity of Life Insurance Policy by Life Insurance Company.	194DA	1 Lakh	1%	1%	20%
Payment of Lottery Commission	194G	15,000	5%	5%	20%
Payment of commission or Brokerage	194H	15,000	5%	5%	20%

TDS Rates Applicable for a Domestic Company

<p>Section 193: Interest on securities</p> <p>a) any debentures or securities for money issued by or on behalf of any local authority or a corporation established by a Central, State or Provincial Act;</p> <p>b) any debentures issued by a company where such debentures are listed on a recognised stock exchange in accordance with the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and any rules made thereunder;</p> <p>c) any security of the Central or State Government;</p> <p>d) interest on any other security</p>	10
Section 194: Dividend	10
Section 194A: Income by way of interest other than “Interest on securities”	10
Section 194B: Income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort	30
Section 194BB: Income by way of winnings from horse races	30
Section 194C: Payment to contractor/sub-contractor	1
a) HUF/Individuals	2

TDS RATE CHART FOR THE AY: 2019-2020

b) Others	
Section 194D: Insurance commission	10
Section 194DA: Payment in respect of the life insurance policy	1
Section 194EE: Payment in respect of deposit under National Savings scheme	10
Section 194F: Payment on account of repurchase of unit by Mutual Fund or Unit Trust of India	20
Section 194G: Commission, etc., on sale of lottery tickets	10
Section 194H: Commission or brokerage	5
Section 194-I: Rent	
a) Plant & Machinery	2
b) Land or building or furniture or fitting	10
Section 194-IA: Payment on transfer of certain immovable property other than agricultural land	1
Section 194J: Any sum paid by way of	10
a) Fee for professional services,	
b) Fee for technical services	
c) Royalty,	
d) Remuneration/fee/commission to a director or	
e) For not carrying out any activity in relation to any business	
f) For not sharing any know-how, patent, copyright etc.	
Section 194LA: Payment of Compensation on the acquisition of certain immovable property	10
Section 194LBA: Certain income distributed by a business trust to its unit holder	10
Any Other Income	10

Source: www.clear-tax.in