

## Rates of TDS applicable for Financial Year 2021-22 or Assessment Year 2022-23:

Nature of Payment	Basic Cut off (Rs.)	Individual /Company and others New Rate %)	If No Pan or Invalid PAN (Rate %)
192 – Salaries	Slab Rate	Slab Rates	30%
192A- Premature withdrawal from Employee Provident Fund (Note 1)	50,000	Individual: 10% Company: NA	20%
193 – Interest on securities (Note 2)	2,500	Individual: 10% Company: 10%	20%
194 – Dividend other than the dividend as referred to in Section 115-O	5,000	Individual: 10% Company: 10%	20%
194A – Interest other than interest on securities – Banks Time deposits, Recurring deposit and Deposit in Co-op Banks (Note 3)	40,000 (for individual) 50000 (for Senior Citizens)	Individual: 10%	20%
194B – Winning from Lotteries	10,000	Individual: 30% Company: 30%	30%
194BB – Winnings from Horse Race	10,000	Individual: 30%	30%

<b>Nature of Payment</b>	<b>Basic Cut off (Rs.)</b>	<b>Individual /Company and others New Rate %)</b>	<b>If No Pan or Invalid PAN (Rate %)</b>
		Company: 30%	
194C- Payment to Contractor – Single Transaction (Note 3)	30,000	Individual: 1% Company: 2%	20%
194C-Payment to Contractor – Aggregate During the Financial year (Note 3)	1,00,000	Individual: 1% Company: 2%	20%
194C- Contract – Transporter not covered under 44AE (Note 3 & 4)	30,000 / 75,000	Individual: 1% Company: 2%	20%
194C- Contract – Transporter covered under 44AE & submit declaration on prescribed form with PAN	–	–	20%
194D – Insurance Commission	15,000	Individual: 5% Company: 5%	20%
194DA Payment in respect of life insurance policy (Note 5)	1,00,000	Individual: 5% Company: 5%	20%
194E – Payment to Non-Resident Sportsmen or Sports Association	–	Individual: 20% Company: 20%	20%

<b>Nature of Payment</b>	<b>Basic Cut off (Rs.)</b>	<b>Individual /Company and others New Rate %)</b>	<b>If No Pan or Invalid PAN (Rate %)</b>
194EE – Payments out of deposits under National Savings Scheme	2,500	Individual: 10% Company: 10%	20%
194F – Repurchase Units by MFs	–	Individual: 20% Company: 20%	20%
194G – Commission – Lottery	15,000	Individual: 5% Company: 5%	20%
194H – Commission / Brokerage (Note 3)	15,000	Individual: 5% Company: 5%	20%
194I – Rent – Land and Building – furniture – fittings (Note 3)	2,40,000	Individual: 10% Company: 10%	20%
194I – Rent – Plant / Machinery / equipment (Note 3)	2,40,000	Individual: 2% Company: 2%	20%
194IA -Transfer of certain immovable property other than agriculture land	50,00,000	Individual: 1% Company: 1%	20%
194IB – Rent – Land or building or both	50,000 per month	Individual: 5%	20%

<b>Nature of Payment</b>	<b>Basic Cut off (Rs.)</b>	<b>Individual /Company and others New Rate %)</b>	<b>If No Pan or Invalid PAN (Rate %)</b>
194IC – Payment of Monetary consideration under Joint development agreement	–	Individual: 10% Company: 10%	20%
194J – Professional Fees for technical services (w.e.f. from 1.4.2020) (Note 3 and 6)	30,000	Individual: 2% Company: 2%	20%
194J – Professional Fees in all other cases (Note 3)	30,000	Individual: 10% Company: 10%	20%
194K- Payment of any income in respect of Units of Mutual fund as per section 10(23D) or Units of administrator or from a specified company (Note 7)	–	Individual: 10% Company: 10%	20%
194LA – TDS on compensation for compulsory acquisition of immovable Property (Note 8)	2,50,000	Individual: 10% Company: 10%	20%
194 LBA (1)- Business trust shall deduct tax while distributing, any interest received or receivable by it from a SPV or any income received from renting or leasing or letting out any real estate asset owned directly by it, to its unit holders. (Note 9)		Individual: 10% Company: 10%	20%
194LB – Income by way of interest from infrastructure debt fund (non-resident)	–	Individual: 5% Company: 5%	20%

<b>Nature of Payment</b>	<b>Basic Cut off (Rs.)</b>	<b>Individual /Company and others New Rate %)</b>	<b>If No Pan or Invalid PAN (Rate %)</b>
194LBB – Income in respect of investment in Securitisation trust.	–	Individual: 10% Company: 30%	30%
194LBC- Income in respect of investment made in a securitisation trust	–	Individual: 25% Company: 30%	30%
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 (Note 10)	–	Individual: 5% Company: 5%	20%
194LD – Interest on certain bonds and govt. Securities (Note 11)	–	Individual: 5% Company: 5%	20%
194M – Payment of Commission, brokerage, contractual fee, professional fee to a resident person by an Individual or a HUF who are not liable to deduct TDS under section 194C, 194H, or 194J.	50,00,000	Individual: 5% Company: 5%	20%
194N – Cash withdrawal in excess of Rs. 20 Lakh during the previous year from one or more account maintained by a person with a banking company, co-operative society engaged in business of banking or a post office.	20,00,000	Individual: 2% Company: 2%	20%

Nature of Payment	Basic Cut off (Rs.)	Individual /Company and others New Rate %)	If No Pan or Invalid PAN (Rate %)
194N – Cash withdrawal in excess of Rs. 1 crore during the previous year from one or more account maintained by a person with a banking company, co-operative society engaged in business of banking or a post office. (Note 12)	100,00,000	Individual: 2% Company: 2%	20%
194O – Applicable for E-Commerce operator for sale of goods or provision of service facilitated by it through its digital or electronic facility or platform.	–	Individual: 1% Company: 1%	20%
194P- TDS by specified bank to specified senior citizen	–	Rates applicable to particular slab of income including applicable Surcharge and Health & Education Cess	
<b>194Q- Purchase of goods</b>	<b>50,00,000</b>	<b>0.1%</b>	
195- Payment of any sum to Non resident	–	–	Higher of Rate in force or Double Taxation Avoidance Act rate
196B – Income from units	–	Individual: 10% Company: 10%	20%

<b>Nature of Payment</b>	<b>Basic Cut off (Rs.)</b>	<b>Individual /Company and others New Rate %)</b>	<b>If No Pan or Invalid PAN (Rate %)</b>
196C-Income from foreign currency bonds or GDR (including long-term capital gains on transfer of such bonds) (not being dividend)	–	Individual: 10% Company: 10%	20%
196D – Income of FIIs from securities	–	Individual: 20% Company: 20%	20%

Note:

1. TDS provisions u/s 192A will be applicable when withdrawal of accumulated balance in Recognized Provident Fund is to be included in the total income
2. Threshold limit for interest paid on debentures is Rs. 5,000. Threshold limit for interest on 7.75% GOI Savings (Taxable) Bonds 2018 is Rs. 10,000.
3. The provisions of following TDS / TCS Sections, which were linked to applicability of Tax Audit provisions, shall now apply if the Gross Receipts / Turnover is INR 1 Crore or more for Business and INR 50 Lakhs or more for Profession:
  - o Section 194A, 194C, 194H, 194I, 194J and
  - o Section 206C

Thus, irrespective of applicability of Tax Audit provisions, TDS / TCS provisions, as mentioned above, shall apply.

4. TDS is to be deducted at the rate of 2.0% if the payee is an AOP or BOI. TDS is not applicable on payment to Contractor engaged in plying, hiring or leasing of goods carriages, where such contractor owns 10 or less goods carriages during the Financial Year and furnishes amend definition of “work” to include purchase of raw material from associate of the customer. The word Associate shall have the same relations as stated u/s 40A(2)(b).

5. Section 194DA is not applicable in case of amount is exempt u/s 10(10D) i.e. the Sum is received at the time of maturity of policy or Death benefit received. Form 15G/15H can be given wherever applicable.

6. Rate of TDS is 2% instead of 10% if the payee is engaged in the business of operation of call centre. TDS on Remuneration paid to Director other than Salary shall be deducted @ 10%.

7. Units of Mutual Fund have been specified under section 10(23D) of Income Tax Act, 1961. "Administrator", "specified company" and "specified undertaking" are specified u/s 2 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002.

8. No tax will be deducted if payment is made in respect of any award or agreement which has been exempted from levy of income-tax u/s 96 of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013.

9. Interest payment from a SPV and Distribution of dividend by a Business Trust, to Resident unit holders shall be liable for TDS @ 10%. Whereas, in case of Non-Resident payee, TDS on dividend shall be @ 10% & that on interest payment shall be @ 5%.

10. The period of concessional rate of TDS of 5% has been extended till 1<sup>st</sup> July 2023 from existing 1<sup>st</sup> July 2020. The rate of TDS has been reduced to 4 % in case of interest payable to a Non-Resident on borrowings in foreign currency from a source outside India, by way of issue of any long term bond or Rupee Denominated Bonds on or after 1<sup>st</sup> April, 2020 but before 1<sup>st</sup> July, 2023 and which is listed only on a recognised stock exchange located in any IFSC.

11. In case of FPI and QFI, the lower TDS rate of 5% has been extended to 1<sup>st</sup> July, 2023. The said concessional TDS rate shall also be applied to FII and QFI in respect of investment made in Municipal Bonds.

12. The threshold limit of INR 1 Crore is for aggregate cash withdrawn from an account during the Financial Year.

13. In case payee does not furnish PAN then TDS shall be deducted at higher of the following rates

Rates specified in relevant provisions of the Act; or

Rates in force; or 20%

In case of payment by E-Commerce Operator to E- Commerce Participant, 5% TDS shall apply instead of 20%.

14. In case of non-filers having aggregate TDS / TCS of INR 50,000 or more and who have not filed their ITR in both of the 2 years immediately preceding the financial year (and time limit for filing the original return has expired), then the rate of TDS shall be higher of the following

Twice the rates specified; or rates in force; or 5%



In case the payee does not furnish PAN and TDS rate for not furnishing PAN are higher than the above mentioned rates, then such higher rate shall be applicable.

These provisions will not be applicable for the following payments:

- Salary
- Accumulated Balance due to employee
- Winnings from lottery, crossword puzzle or horserace
- Income paid in respect of investment in securitization trust
- TDS by banks on cash withdrawals

## TDS on Purchase of Goods

- Presently, tax is collectible (TCS) by seller from buyer on goods exceeding INR 50 Lakhs by a specified seller.
- It is now proposed to further provide for TDS on goods purchased from any resident, being seller, in following case:

Nature of payment made to resident	Person Responsible to deduct tax	Rate of TDS (PAN is Provided)	Rate of TDS (PAN is Not Provided)	Exceptions
Purchase of goods (value or aggregate of value of goods purchased > INR 50 Lakhs during the FY)	Person being buyer whose total sales, gross receipts or turnover from the business carried on by him > INR 10 Crores during the FY immediately preceding the FY in which goods were purchased	0.1%	5%	Tax is deductible under any other provision of the Act Transaction on which tax is collectible under the provisions of the Act other than sale of goods.

### Note:

- Notified category of persons will be exempt from deducting tax on above mentioned transaction.
- This provision will take effect from 1st July 2021.
- If on a transaction, TCS is required u/s 206C(1H) as well as TDS under this amended section, then only TDS under this section will apply.

## Relaxation for withholding on payments to FII

- Currently, income of FII from securities is subject to TDS at a specific rate of 20% without providing the benefit of DTAA at the time of tax deduction.
- In order to provide relaxation, it is proposed that tax shall be deducted at 20% or rate of tax as per DTAA for such income, whichever is lower, if the payee furnishes Tax Residency Certificate.

## Exemption from TDS on payment of Dividend to **Business trust**

- Presently, section 194 of the Act provides for TDS on payment of dividend to Residents.
- Since dividend income of Business Trust (REIT or Inv ITs) from SPV (Indian company where the Business Trust holds controlling interest) is exempt, it is proposed that TDS requirement shall not apply to such dividend payments. Certain notified persons will also be entitled for such relaxation.
- The proposed amendment will be effective from AY 2021- 22 i.e. FY 2020-21.

## Relaxation for certain category of senior citizen from filing Income-Tax Return

1. It is proposed to provide relaxation to Resident Senior Citizens from filing the return of income who fulfil the following conditions:
  - They are aged 75 years or more during the FY,
  - They only have pension income and interest income from the same Specified bank in which pension income is received and
  - A prescribed declaration is furnished to the specified bank.
2. After furnishing the declaration, the specified bank would compute the income of such senior citizen after giving effect of deductions & rebate and deduct income tax on the basis of rates in force.

## Deduction in respect of interest on affordable housing loan

- Presently, an Individual can claim deduction in respect of interest up to INR 1,50,000 on loan taken for his first residential house property from financial institution if such loan is sanctioned between 01.04.2019 to 31.03.2021 and Stamp duty value of such house property does not exceed INR 45 Lakhs.
- To promote purchase of affordable housing, it is proposed to further extend the period of sanctioning of the said loan upto 31.03.2022.