

14AB में Ind & HUF के और JDS/JCS 1943, 1944, 1945 में Audit नहीं होगा तो JDS नहीं Deduct होगा (Salary 192) → Payment to Contractor [जिनका Audit नहीं होगा वे 1944 में आएंगे। Except Ind. & HUF not liable to 44AB]

① 194C → Payment to Contractor

② Rate → 1% in case of Ind. & HUF

2% — company.

this is related to 'works contract'

③ No JDS

1) Amt does not exceed 30000 in single contract.

2) 100000 in aggreg. of contracts.

④ No JDS in case of contract for personal purpose.

⑤ JDS ded on → @ Invoice Value excluding material if shown separately.

⑥ Entire value if not shown —

Note ⑦ No JDS on account of contractor of leasing, plying (or) hiring goods & contractor

owns 10 (or) less trucks during the PY.

↓ and has given declaration.

1) Vehicles must be owned by the person.

2) the condition of 10 trucks must be fulfilled on the date when the amt is credited (or) paid.

3) Note → for determining limit of 100000, amt paid to contractor owing 10 trucks is also considered.

(F) Case →

where the content is produced as per the specifications of director / broadcaster and the copyright is transf.

It's a works contract & is covered under 194C

But, where the telecaster acquires only the broadcasting rights, it's not works contract & not covered here.

(g) Case - Indian Oil Corporation

Q → Assessee comp engaged in refining & sale of petroleum products liable to pay tax in 194C (or) 194I -

Ans → The contract did not require payment of idle charges & no entitlement existed.

The carrier has to maintain requisite no. of trucks. So, contract is for transp. of goods. So, 194C applies.

(h) Note → work includes manufacturing & supplying according to the requirements of the customer by using the material purchased from such customer. If material is purchased from other customer, it's not covered here.

Note → work contract includes "Catering Services"

② IF PAN is not furnished, tax is deducted @ 20% on aggre. payment if it exceeds the threshold limit of 100000 - u/s 206AA.

(194C)

③ → 194H → TDS on Comm (as) Brokerage

[other than Ind & HUF (not) liable to tax audit u/s 44AB] (other than Insurance Comm.)

@ Rate = 5% * Pensioner is not liable to tax audit

(b) No TDS if amt does not exceed ₹ 15000.

(c) No TDS by BSNL (as) MTNL on comm. paid to their pco.

* (d) Comm. to emplo. & director will form part of Salary & TDS o/s 192.

(e) No TDS on Comm. on Securities.

(f) TDS is deducted on Commodities trans.

(g) Travel Agents → Diff btwn Airfare fixed by airlines & price @ which agents sell tickets.

(h) Vodafone Essar Cellular Ltd - 194H *

Discount given on SIM cards & recharge scheme by telecom comp to its distributors is regarded as Comm. & TDS is deducted.

(i) Advertising Business (two types of payments)

Payment by client to Advertising Agency - (194C) Works Contact

Payment by Advertising agency to television comp. No TDS.

④ → CIT vs Internet India P. Ltd

Case → sales promotion by way of product discount under which it offered incentive to distributors & dealers.

→ The relationship b/w assessee & distributor is Principal to Principal.

→ Distributors are not acting on behalf of assessee.

→ So, the credit can't be regarded as commission u/s 194H.

⑤ payment to be made by Consigner to Consignee is covered here.

⑥ CIT vs Qatar Airways

→ Diff b/w Maximum published price and min. fixed commercial price can't be taken as "Additional special Commission".

→ Because Airline comp has granted permission to agents to sell tickets @ a lower price than the maximum published price.

→ In order to deduct TDS, the exact income in hands of agents must be ascertainable by the airline comp which is not possible.

→ So, the Airlines comp is not liable to deduct tax u/s 194H.

Q → 194c → "Lefaxer Content"

Case → Japan Airlines Co. Ltd Vs CTS

1) The landing & parking charges fixed by the airport authority are not only for "Use of Land".

2) But includes services in connection with the airport operation like air traffic service, ground traffic service etc.

3) So, JDS of 194 I is not applicable for payment of rent.

4) JDS of 194c is applicable.

② JDS of 194c can be deducted if the workers are "Contractual workers".

③ Any payment made for organising "Debate Competition".

Note → As per 196, no JDS in case of payment made to Government.

① 194-I → JDS on Rent (Limit exceeding 240000)
 except Ind & HUF whose % does not exceed basic limit of 144A2 - 20%
 for P & M → 2%
 For Land, Building, Furniture - 10%

② No JDS when rent is paid to REIT.

③ JDS is deducted on -

→ warehousing charges

→ Advance Rent

→ Non-Refundable deposits by tenant.
 (If it contains interest), JDS must be deducted on interest amt. u/s 1194A

this limit is applicable to gross rent of all assets

④ where limit of co-owner is definite & ascertainable, 240000 is appli. to each separately.

⑤ 194-I → not applicable on remittance of Passenger Service Fee by airline to operator.

⑥ No JDS on Security deposits.

⑦ If municipal taxes are borne by tenant, No JDS.

⑧ Cooling charges paid by Customer to cold storage

→ The main function of cold storage is to preserve perishable goods.

→ The customer has no right & does not become the tenant.

→ So, 194-I not applicable.

→ But, 194-C is applicable because the arrangement is contractual in nature.

① Case → Indus Towers Ltd ①

① Assessee owned a network of telecom towers which were let out to telecom operators.

② the object was to use the machine, plant & equipment and ∴ SDS @ 2% u/s 194-I.

② - 194 IA → SDS on payment on transfer of Immovable property

① Rate = 1%

② Consideration incidental to transfer shall include all charges that are incidental to transfer of immovable property.

③ IF property is registered before 1.9.2019, then No SDS.

④ No SDS on -

① Rural Agricultural Land

② Sale consideration is less than 50 lakh

③ Immovable property purchased from NR for any value (SDS u/s 195)

④

→ In case of part payment, TDS is deducted on every such part payment and not @ the time of final payment.

→ Property can be outside India, but person must be resident.

→ If seller doesn't have PAN, TDS @ 20%.

→ TDS on both Capital Asset & SIIT.

→ If immov. prop. is acquired under any law, then 194-LA applies.

① → 194-IB → TDS on rent by certain HUF & Indiv.

→ Ind. / HUF paying rent ^{30000 50000 ₹ at No TDS} > 50000 per month.

→ TDS is dedⁿ once in year @ the time of last payment.

→ Rate = 5% of Rental Income.

→ Tenant ~~can~~ ~~can~~ can be Resident (as) NR.

→ TDS only on component of rent paid.

→ land & Building can be used for commercial as well as residential purpose.

→ TDS must be paid within 30 days.

→ total TDS can't exceed last month rent.

⑤ Sec 194 J C → Payment under Specified Agreement ②

⇒ Any person paying consideration (not kind) under Joint development Agreement.

• Rate : 10%

⑥ Sec 194 A → JDS on interest other than

⇒ Excludes income credited "Interest on Securities"

⇒ paid to Banking Comp.

⇒ Indian Branch of a Foreign Bank (Recurring Deposits is also considered)

• Rate : 10% is a

Banking Comp. so int

• No JDS :- paid is excluded from JDS.

• where the amt of such income does not exceed

- ① 40000 in case of Banking Comp
- ② 40000 _____ Cooperative Society
- ③ 40000 _____ Post office
- ④ 5000 _____ other cases.

→ in case of Senior Citizens, amt is 5000.

⑦ in case of Core Banking solutions, JDS is deducted when the amt exceeds ₹ 10000 from all its branches.

40000 also

⑧ where income is credited to →

• Banking Comp.

• Co-operative Society.

⑨ No JDS, when int is credited by firm to its Partners (Resident)

• Int paid by Co-operative to members is liable to JDS.

1) Int is credited by cg under 15 Act,
No JDS (Resident).

2) No JDS → Interest on Compensation amt by Motor Accidents Tribunal & it does not exceed 2,50,000.

3) Chit dividend paid by chit Fund Company is not interest & ∴ no JDS.

4) sec 194A will not apply to Banks where credit is made to provisioning etc on daily/monthly basis for the purpose of macro monitoring only by CBS.

5) Jay is deducted on accrual of interest @ the end of the fy.
6) Sec 195 → Payment to NR

7) JDS is deducted @ 80% + cess @ 4%.

8) sec 194LB → Interest paid by notified Infrastructure Debt Fund

9) JDS @ 5% + cess @ 4%
on interest ↓
(If paid to FC)

10) But If interest is paid to person who is Resident of NJA -
as per sec 94A [JDS @ 30% + 4% v/s 94A]

11) Sec 192 is applicable even in case of payment of salary to NR.

12) If salary is deemed to arise (or) arise in India.

① Sec 194E

- 1) Payment to NR for contⁿ of articles relating to any game (or) sport in India in a newspaper
- 2) Rate = 20% + 4%

② Sec 194M

- 1) Ind. & HUF only who are not subject to Audit u/s 44AB
- 2) Effective from 1.9.2019
- 3) TDS Rate = 5%
- 4) For any work (includes supply of labour)
- 5) For Comm & Brokerage (except 194D)
- 6) Fee for Professional services
- 7) Amt exceeds 50 Lakhs.
- 8) Personal purpose के लिए भिन्न भिन्न

③ Sec 196D

- * TDS @ 20% + 4% by any person who is paying to FII, any income by way of Int on Securities
- * If securities are Govt securities, TDS @ 5% + 4% u/s 194LD

Contd.

① Sec 194 LA

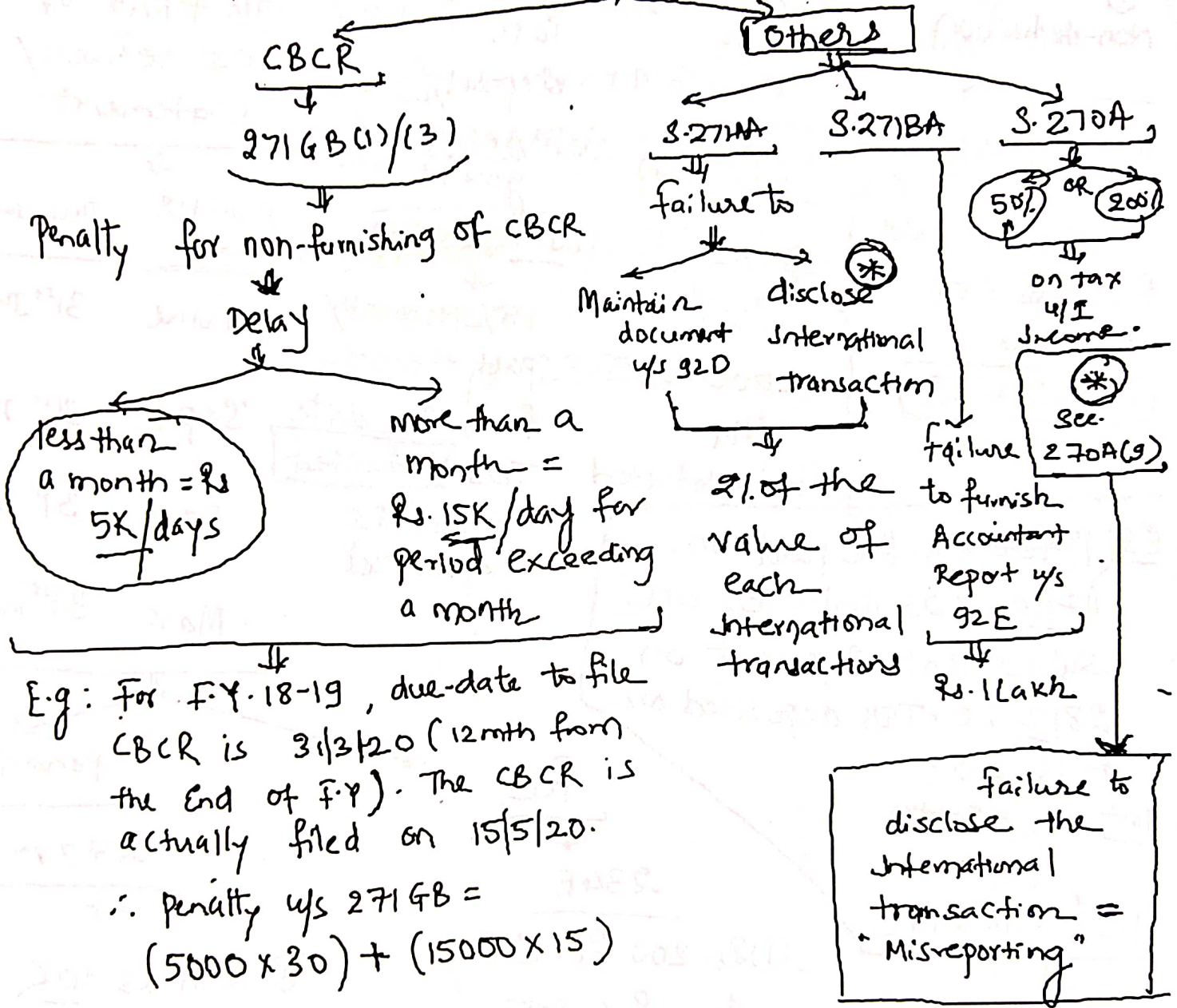
JDS on Compensation for Compulsory Acqⁿ

@ 10%

When payment is made to resident for compensation (as) enhanced comp.

∴ No JDS if amt does not exceed 250000.

① Transfer Pricing Penalty



TDS & TCS Penalty

Default

① Non-deduction

Int: 201 (1A)

1% P.M/part thereof from the date tax was

DEDUCTIBLE

② late deduction

Int: 201 (1A)

⇒ 1% ...

... DEDUCTIBLE fill

it is deducted

③ late deposit/ payment to govt.

Int: 201 (1A)

1.5% per monthy part thereof

from the date **TDS deducted**

till it is deposited

④ late filing of TDS return/ Statement

Quarter End	Due-date
- June	31 st July
Sept.	31 st Oct
Dec.	31 st Jan
Mar.	31 st May

- June

Sept.

Dec.

Mar.

31st July

31st Oct

31st Jan

31st May

penalty

272A

EG: Professional fee paid on 17/11/19. TDS deducted on subsequent payment on 28/2/20. TDS deposited on 22/6/20.

Int: 1% x 8mth (+)

1.5% x 4month

Default for

1 to 3 =

penalty 221

= TDS/TCS.

fee

234E

① Rs. 200 for every day for late furnishing of TDS/ TCS statement from the due-date. MAXIMUM upto TDS/ TCS amount

① Min. Rs. 10K & max Rs. 1L
 ↓
 No penalty if TDS/TCS statement is furnished within 1 year

Eg. TDS return for 1st quarter
filed on 15/9/19.

$$\text{Fee} = 200 \times 46 = 9200$$

② Fee can be waived
by CBDT exercising
the power u/s 119

③ Deduction u/s 37(1)
allowed i.r.o. fee
paid u/s 234E.

of prescribed
due-date
provided
TDS/TCS
along with
Interest is
paid.

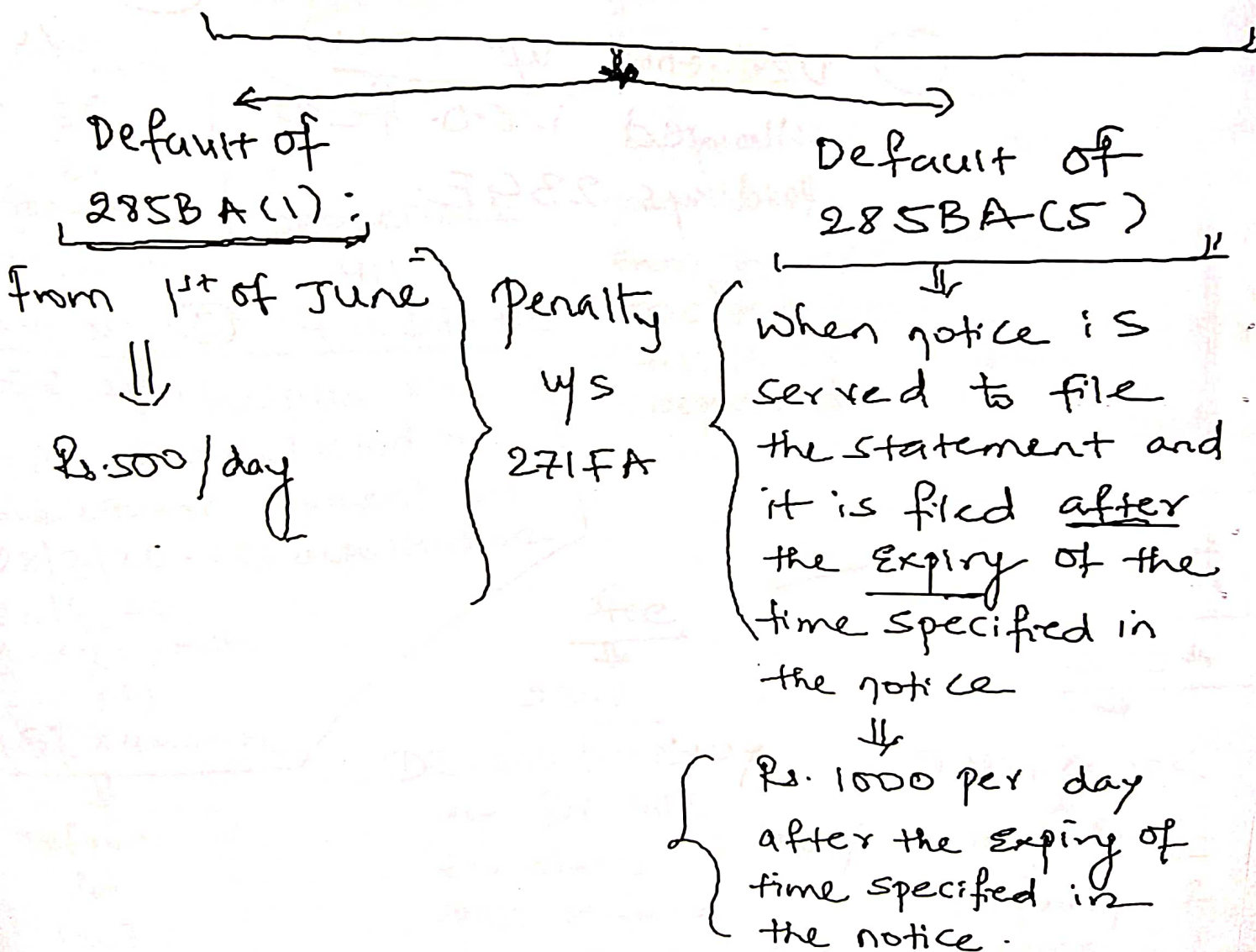
② Waiver
u/s 273A
if there
is a
reasonable
Cause

③ No deduction
u/s 37(1).

③

③ Penalty on non-compliance of furnishing of statement of financial transaction

(i) Due-date : 31st May of the immediate following financial year.



Refer our last MTP → MCQ NO. VI for question on 271FA

(ii) Penalty for furnishing Inaccurate
Statement of financial transaction
↓

Sec. 271 FAA = Rs. 50000

④ Sec. 272B (2A) : Failure to quote
PAN/aadhar number
in the documents
(S. 139 (6A) → Rs. 10000 :

⑤ Failure to maintain books of account
as per 44AA, Penalty u/s 271A of
Rs. 25000.

↓

However the AO cannot impose
penalty u/s 271B towards not
getting the books audited u/s 44AB
as the books are not maintained
at first place.

Refer our last MTP Q. 26

(6) Penalty on cash transaction

Dr. 912 Cr.



Consideration

26 GST: Default:

1) $\leq T$ → Consid. lecd. 1d

→ > Rs. 2 lakhs

2) $\leq D$ → Consid. lecd. for 1 transaction

→ > Rs. 2 lakhs

3) $\leq T, \leq \text{days}$ →

1 Event / occasion

> Rs. 2 lakhs.

Σ Payment on

a single day >

Rs. 10K i.r.o

a single transaction



LoA(3) Disallowed.

77IDA: penalty =

Sum so received

liab

B/S

Asset

Loan taken

↓
otherwise than specified mode

26 GST

↓
F.A
↓

loan repaid otherwise than by way of specified mode → 269T

Rs. 20000

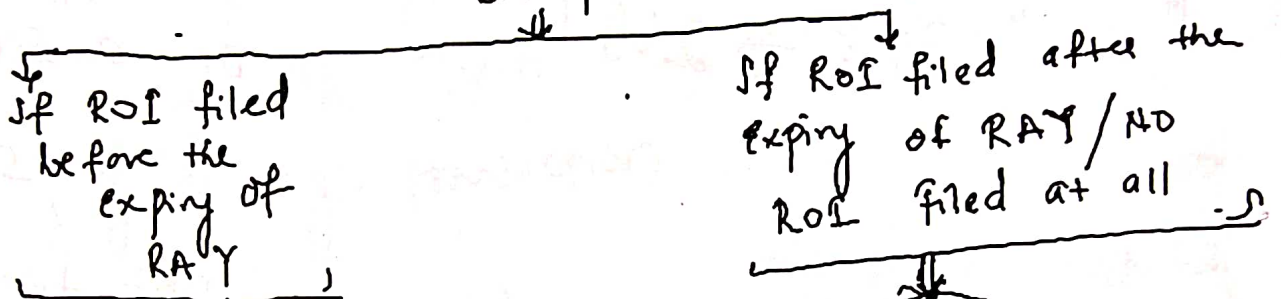
penalty = 271D → 269SS
 : 271E → 269T

Repayment in excess of Rs. 10000 otherwise than by way of the specified mode, in aggregate on a single day, shall not form part of the Actual Cost.

Prosecution y/s 276CC

- 1) Failure allowed to file ROI within the time in a ptlce y/s 142(1)/148/153A.
- 2) Failure allowed to file ROI within time y/s 139(1)

↓
"Exception"



↓
No prosecution whatever be the Income tax payable

↙ In case of person other than company

↘ In case of a company

Tax or Income assessed	xx
(-) TDS/TCS	(xx)
(-) Adv. tax	(xx)
(-) S.A. tax	(xx)
Balance	10000 or less

↓
Prosecution will be there in any case

↓
No prosecution

TDS / TCS① Due Date

<u>Quarter Ending</u>	<u>TDS</u>	<u>TCS</u>
30 June	31 st July	15 th July
30 Sept	31 st Oct	15 th Oct
30 Dec	31 st Jan	15 th Jan
31 Mar.	31 st May	15 th May.

① Sec 201 (1A) → Date Dedⁿ of TDS / Date Payment

Interest = 1% every month from the date
(late dedⁿ) deductible till deducted.

Late Payment = 1.5% every month from the date
of deduction till payment.

② Sec 234E → Fee for default in furnishing quarterly return

- 1) 200 per day.
- 2) Amt shall not exceed the amt of TDS.
- 3) this is mandatory & can't be wained.

③ Sec 271H → Penalty

- he fails to delivers quarterly returns of TCS/TDS
- he furnishes incorrect info.
- 1) Penalty = 10000 — 100000.
- It can't be wained.

Note → No penalty if return is filled before
expiry of 1 year.

Case :-

① Briya Blue Industries :-

1) Assessee engaged in ship breaking activity, sold old & used plates, wood etc.

2) The assessee claimed that such items are used as such

3) So, they are not scrap

4) and hence no SCS.

② JDS on Landing & Parking charges

1) This are not merely for "Use of land"

2) These charges are also for services & facilities offered in connection to aircraft operation @ airport

3) like ground safety, installation etc.

4) So, JDS is not deducted u/s 194-I.

5) It's paid u/s 194-C.

③ JDS on services of overseas agent

1) Overseas agent operates in his own country.

2) & no part of income accrues in India

3) His comm. is directly paid to him.

4) The comm. paid to NR agents is not taxable in India.

5) So, no tax is paid.

① share of profit paid NR - No JDS ②

But, firm has to furnish info.

② 1945 includes services rendered by medical profession.

So, 1945 applies in case of payments made by JPA's to hospitals.

③ Payments to Event Management Comp is attracted v/s 194C.

④ Note → Services of Event Manager in relation to Sports Activity are covered in 1945.

⑤ 194D - It deals with Insurance Comp.

But, Re-insurance comp is diff since there's no direct relationship b/w person & insurer.

So, Not covered in 194D.

⑥ Any payment to Director by way of fee (or) comm. etc is covered in 1945.

⑦ Sec 195 requires deduction of tax by any person responsible for making payments to NR (or) FC.

→ any interest (except salary).

So Sec 192 requires JDS v/s salary even in case of NR and FC.

① Sec 192 requires TDS when salary is paid.

↳ But no TDS is required when salary is credited to the a/c of employee in the bank of A/c.

↳ No TDS if salary is only credited and not paid to the employee.

↳ If salary is paid, employer must obtain the evidence / proof / particulars of prescribed claims.

↳ If no evidence is provided, the employer has to deduct TDS without considering the expn.

② Sec 196 provides exemption to Govt from application of provisions of TDS.

↳ So, SBI paying rent is not required to deduct TDS.

③ Sec 194G → a person responsible for buying, collecting, selling, stocking lottery ticket has to pay Comm.

↳ shall @ the time of credit of Comm.

↳ deduct TDS @ 5%

↳ No TDS if amt is less than 15000.

④ Fee paid u/s 234E is not in the nature of penalty

↳ its deduction is allowed in Business Income.

Q. The word "Developer" is covered under sec 194-1C. The agreement between owner of land & developer is the nature of specified agreement u/s 45 (5A).

JDS rate - 10%

amt paid to NR partner by firm

JDS - 30% + 4%

u/s 195

JDS is deducted if any sum is payable to charitable trust.

NOTE

- 234 A → late ROI
- 234 B → Advance tax short paid (less than 90%)
- 234 C → Deferment of Advance tax installment
- 234 F → Fee for late ROI
 - 1000 ↓ upto 5 lakh income
 - 5000 ↓ upto 31 Dec
 - 10000 ↓

234 E → Fee for late filing of JDS
 200 Per day, But it should not exceed the amt of JDS

		<u>Rates</u>	<u>Limit</u> (6)
(1)	192	— slab (NR 9th)	
(2)	192 A (PF)	— 10% NO PAN — 42.744%	50000
(3)	193 (Int on Securities)	— 10%	
(4)	194	— No JDS on <u>Dividend.</u>	
(5)	194 A (Int.)	— 10%	40000 [Excludes int paid to Banking Comp]
(6)	194 B (Lottery)	— 30%	30000
(7)	194 B B (Horse Race)	— 30%	30000
(8)	194 C (Contract)	— 1% — Ind. <u>12% — Comp.</u>	30000 on single contract 100000 in agg.
(9)	194 D (Insur. Com.)	— 5%	15000
(10)	194 D A (Maturity Proceeds of LIP)	— 5%	• Exempt under 10(103) • 100000
(11)	194 G (Lottery ticket Comm.)	— 5%	15000
(12)	194 I (Rent)	— <u>12% — 2%</u> Building, Furniture — 10%	240000
(13)	194 I A (Transfer of Immovable Property)	— 1%	5000000
(14)	194 I B (Rent > 50000 PM)	— 5% on Ind. & HUF	Rent > 50000

- ① 194 - IC - 10%
(JDA)
- ② 194 - H - 5% 15000
(com. & Brok.)
- ③ 194 - J - 10% 30000
- ④ 194 - LA - 10% 250000
(comp on compuls. Acq.)
- ⑤ 194 - LB - 5% to NR
(Int by Notified Infra. Debt) 30% to NJA
- ⑥ 195 - 30%
(Int, sum to NR)
Interest
- ⑦ 194 E - [20% + 4%]
(Payment to NR sportmen for Newspaper article)
- ⑧ 194 M - 5% 5000000
(Ind & HUP - E/P 1.9.2019
- person purpose - 194C, 194J, 194H
- NO Audit)
- ⑨ 194 N - Payments exceeds 1 crore
(Banks) - E/P 1.9.2019
- [12% on extra]
- ⑩ 196 D - [20% + 4%]
(Int to FII) - ~~HR Govt Securities~~
- ⑪ 194 LD (Govt securities int to FII) - 5% + 4%