

Post Budget TDS / TCS Rate Chart and Provisions applicable from 01.10.2009

TDS Rates • For payment to residents and domestic companies, there will be no surcharge and cess on the basic rate of TDS. This simplifies TDS rates to a great extent. • There are changes in TDS rates for payments to contractors and payment of rent. Those are explained below. **TDS on payment to contractors: Section 194C**

- The proposed amendment is effective from 01-10-2009.
- Rate of deduction: Rate of deduction is now based on the status of payee and not on the basis of type of payment. Earlier the rate was 2% for payment to contractors and 1% for payment to sub-contractors and advertisement contracts. Now the rate is 1% for payments made to individuals and HUF and 2% in other cases.
- **Contractor manufacturing is now covered as "work" and is liable to TDS under this section.**
 - This is defined as manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from such customer, but does not include manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from a person, other than such customer.
 - If the invoice mentions value of material separately then such value will be excluded for calculation of TDS, in all other cases TDS will apply to total invoice value.
- **Persons carrying business of plying, hiring or leasing goods carriages.**
 - Need not deduct TDS if contractor furnishes PAN.
 - Will have to furnish information as may be prescribed.

TDS on Rent: Section 194I The proposed amendment is effective from 01-10-2009.

Rent	Earlier	Now
Plant and Machinery	10	2%
Land building	15% for Individuals / HUF 10% and 20% for others	10%

eTDS Statement Filing: Section 200 • The proposed amendment is effective from 01-10-2009. Currently section 200 specifies quarterly filing of eTDS statements. • This is changed and now CBDT can specify the periodicity for which the statements are to be filed. **Processing of eTDS Statements: Section 200A** The proposed amendment is effective from 01-04-2010. This new section introduces processing of eTDS Statements in the following manner. • Sum deductible shall be calculated after making adjustment of arithmetical errors and apparent incorrect claims. • Interest will be calculated. • From the above actual amount paid will be deducted to arrive at TDS payable or refundable. • Deductor will be informed about the TDS payable or refundable. • Time limit for the processing is within one year of the financial year of filing of eTDS statement. • CBDT will make a scheme of centralized processing of e-TDS Statements. **Time limit for Penalty proceedings: Section 201** • The proposed amendment is effective from 01-04-2010. • A person is deemed to be an assessee in default for failure to deduct TDS in whole or part. • The order for such default now will have to be passed.

- Within two years from the end of the financial year in which the eTDS statement is filed.
- Within four years from the end of the financial year in which payment is made or credit is given, in any other case.

- For financial year commencing on or before 01-04-2007, this time limit is upto 31st March 2011.

TDS Rate when PAN not available: Section 206AA • The proposed amendment is effective from 01-04-2010. • If deductee fails to furnish PAN to deductor, the deductor shall apply highest of the following rates for deducting TDS. (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 20%. • Form 15G/ 15H declaration for no deduction of tax will become invalid if PAN is not mentioned therein. • PAN will have to be mentioned in bills, vouchers and other documents communicated between deductor and deductee. • If deductee furnishes invalid PAN or submits PAN belonging to someone else, it will amount to non furnishing of PAN. **Other Changes** • No TDS on zero coupon bonds issued by scheduled banks: Section 194A. Effective 01-04-2009 • No TDS for payments from New Pension Scheme: Section 197A. Effective 01-04-2009 • Quarterly statement for interest paid without deducting TDS is now to be submitted for "such periods as may be prescribed" : Section 206A Effective 01-10-2009. • Quarterly statement regarding tax collection at sources are now to be submitted for " such periods as may be prescribed": Section 206C Effective 01-10-2009.

TDS / TCS RATE CHART APPLICABLE FROM 01.10.2009

Sr No	Section	HEAD	Threshold Limit	Individual /HUF	Any Other Entity
1	192	Income from Salary	0	Average rate	Tax N.A.
2	194A	Interest from a Banking Company	Rs. 10,000/- p.a	10%	20%
3	194A	Interest other than from a Banking Co.	Rs. 5,000/- p.a	10%	20%
4	194C	Payment to Contractors	Rs.20,000/- per contract or Rs. 50,000/- p.a	1%	2%
5	194C	Contractor / Sub-contractor in transport business (If PAN Quoted)	-	Nil	Nil
6	194C	Contractor / Sub-contractor in transport business (If PAN not Quoted)	-	1%	2%
7	194C	Payment to Sub-Contract/Adv Contract	Rs.20,000/- per contract or Rs. 50,000/- p.a	1%	2%
8	194I	Rent on Plant / Machinery	Rs. 1,20,000/- p.a	2%	2%
9	194I	Rent Other then Plant /Machinery	Rs. 1,20,000/- p.a	10%	10%
10	194J	Fees for Professional / Technical Services	Rs.20,000/-p.a	10%	10%
11	194B	Winning from Lotteries &		30%	30%

		Puzzles			
12	194B	Winning from Horse Races		30%	30%
13	194E	Non-resident Sportsman or Sports Association		10%	10%
14	194G	Commission on Sale of Lottery Tickets		10%	10%
15	194H	Commission/Brokerage	Rs. 2,500/- p.a	10%	10%

TAX TO BE COLLECTED AT SOURCE (TCS)

16		Scrap		1%	1%
17		Tendu Leaves		5%	5%
18		Timber obtained under a forest lease or other mode		2.50%	2.50%
19		Any other forest produce not being a Timber or tendu leave			
20		Alcoholic Liquor for Human Consumption		1%	1%

Note:-

- TDS rates Proposed in Budget'09 Presented on July 6th, 2009 are effective from 1.10.2009
- No surcharge or Cess is applicable for TDS. Only the specified TDS rates should be considered for deduction.
- The nil rate will be applicable if the transporter quotes his PAN.
- TDS Rate when PAN not available: Section 206AA: If deductee fails to furnish PAN to deductor, the deductor shall apply highest of the following rates for deducting TDS:-
- at the rate specified in the relevant provision of this Act; or
- at the rate or rates in force;