

Rate for Deduction of Tax at Source - Income Tax

Financial Year 2020-21

Individuals and HuF (liable for tax audit), Firms, Companies, Trusts/NGOs are required to deduct tax at source from various payments and needs to deposit this tax with Government Treasury within the time stipulated.

Rates of TDS - Applicable for Resident of India

Particulars of Payment	TDS Rate	Threshold Limit for fin year
Salary to Employee (u/s 192)	Tax Slab rate applicable to Individual	Rs.25000 pm for senior citizen, Rs.41667 pm for very senior citizen and Rs.20833 for others
Dividend (u/s 194)	10%	Rs. 5,000
Interest Other than Interest on Securities (u/s 194A)	10%	Rs.40000 (Rs.50000 for senior citizen) interest paid on fixed deposits by banks, coop society and Rs.5000 in other cases
Payment to Contractor / Sub Contractor (u/s 194C)	1% for Individual / HUF 2% for Firm / Company / Others	Rs.30000 per transaction or Rs.100000 for aggregate during the financial year
Insurance Commission (u/s 194D)	5%	Rs. 15,000
Paymeny in respect of life insurance policy (u/s 194DA)	5%	Rs.100000 only on the income component
Commission or Brokerage (u/s 194H)	5%	Rs. 15,000
Rent (u/s 194I)	2% for plant or machinery or equipment 10% for land or building or furniture	Rs. 2,40,000
Transfer of immovable property other than agriculture land (u/s 194IA)	1% Deduction of TDS by buyer of property even though tax audit is not applicable	Rs.50 lakhs
Payment of Rent by Individual/HUF (u/s 194IB)	5% Deduction of TDS by payer of rent even though tax audit is not applicable	Rs.50000 per month
Payment under Joint Development Agreements to Individual/HUF (u/s 194IC)	10%	
Fees for Professional or Technical Services or for Non compete/sharing agreement or Director fees/commission	10% for professional fees & others 2% for technical fees	Rs. 30,000
Income from Mutual Fund (u/s 194K)	10%	Rs.5000 (excludes capital gains)
Payment by Individual/HUF for carrying out any work or professional fees or commission (u/s 194M)	5% (applicable even though not liable for tax audit)	Rs.50 lakhs

COVID 19 - Relief in TDS Rate
Due to pandemic and resultant lockdown a **reduction in rates by 25% for non salaried payments is applicable from 14.5.2020 to 31.3.2021.**

Surcharge and cess is not deductible on payments made to residents, other than salary. THE TDS rate is to be applied on amount excluding GST

Due Date for Depositing TDS
7th day of subsequent month; for eg. TDS for June to be deposited by 7th July.
For month of March the due date is 30th April.
Tax to be paid through challan ITNS 281

Due Date for Filing TDS Returns
Within 30 days from the end of the quarter
For March quarter the due date is 31st May

Late Fees for Delay in Filing TDS Return
Late Fee of Rs.200 per day (upto the extent of tax deducted) is liable for delay in filing of TDS return

Interest for delay in Payment of TDS
@ 1.50% pm from date of deduction to the date of payment.
@1% pm from the date tax was deductible to the date of deduction

If tax deductible is not deducted during the previous year or after deduction is not paid before the due date for filing of the return of income then 30% of the relevant expenditure otherwise allowed in computing the total income will be disallowed. The expenditure disallowed will be allowed in subsequent year tax is deducted or paid

Compiled for general guidance only

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