

TAXBOOK⁺

Working steps of solutions

B1 to B6

TDS, TCS & Advance Tax

Build Your Confidence (BYC)

DEDUCTION OF TAX AT SOURCE (TDS)

B1. SALARY PAYMENTS - Discuss the liability for tax deduction in the following cases:

| # | Section | Case | TDS |
|---|---------|---|---|
| 1 | 192 | CA2019(M) - An employee of the Central Government received arrears of salary for the earlier 3 years. He enquires whether amount will be received after deduction of tax at source during the current year. | Arrears will be paid after TDS u/s 192. TDS will be computed after providing relief u/s 89(1) if necessary details are furnished by employee. <i>Mistake by students – Failure to refer to section 89(1)</i> |
| 2 | 192 | Assume in the above situation that he is an employee of Mr. X, a sole proprietor. | Arrears will be paid after TDS u/s 192. TDS will be computed without considering relief u/s 89(1). |
| 3 | 192 | Prem, employed with JKL Pvt. Ltd., received accumulated balance of his account in the recognized provident fund consequent to resigning from service after a period of four years. JKL Pvt. Ltd. was his first employer. Provident Fund is managed by JKL Pvt. Ltd. through the PF Trust and is recognized by the CIT under the Income Tax Act. | Payment not exempt as continuous service is for less than 5 years. Employer will deduct TDS u/s 192. |
| 4 | 192A | CA2019(N) – Mr. Tandon, a resident, received a sum of Rs. 1,75,000 as pre mature withdrawal from Employees Provident Fund Scheme before continuous service of 5 years on account of termination of employment due to ill health. Examine and explain the TDS implications assuming he has a PAN which he has furnished to the deductor. | Payment exempt since service terminated due to ill health. No TDS u/s 192A. <i>Mistake by students - Failure to analyze exemption conditions for EPF withdrawal.</i> |

B3. INTEREST, DIVIDEND & INVESTMENT INCOME - Discuss the liability for tax deduction in the following cases:

| # | Section | Case | TDS |
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| 1 | 193 | BD Pvt. Ltd, paid interest on debentures of Rs. 4,000, to JK HUF, a resident, by account payee cheque on 1.6.2021. | TDS will be deducted @ 10% of Rs. 4,000 (i.e., Rs. 400) u/s 193 as payer is not widely held company. |
| 2 | 193 | CD Ltd., paid interest of Rs. 20,000 on listed bonds to Mr. Y, a resident, on 15.5.2021. Bonds were held in demat account. | TDS will not be deducted u/s 193 since it is a listed security of company in demat form |
| 3 | 193 | Mr. Z, a resident, received Rs. 10,000 as interest on 7.75% Savings (Taxable) Bonds, 2018 for FY 2021-22 on 31.3.2022 | TDS will not be deducted u/s 193 since amount for the FY ≤ Rs. 10,000. |
| 4 | 193 | Mrs. Y, a resident, received interest of Rs. 65,000 on 15.12.2021 on Rajasthan Government Bonds. | TDS will not be deducted u/s 193 on Government security |
| 4A | 193 | CA2021(JAN) – Mr. Marwah, resident aged 80 years, holds 6½% Gold Bonds, 1977 of Rs. 2,00,000 and 7% Gold Bonds, 1980 of Rs. 3,00,000. He received yearly interest on these bonds on 28.2.2022. | TDS u/s 193 since total nominal value of bonds > 10,000. Interest = 13,000 (6½% of 2 lakh) + 21,000 (7% of 3 lakh) = 34,000. TDS @ 10% is 3,400. |
| 5 | 194A | CA2019(N) – A sum of Rs. 42,000 has been credited as interest on recurring deposit by a banking company to the account of Mr. Hasan (aged 63 years). | No TDS u/s 194A, since interest ≤ Rs. 50,000, assuming Mr. Hasan is a resident |
| 6 | 194A | CA2017(M) – Pallavi Bank Ltd. has paid interest of Rs. 29,000 to Mr. A, a resident Indian aged 50 years, from its Chennai | No TDS u/s 194A if no CBS since interest is computed per branch and is ≤ Rs. 40,000. |

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| | | branch and Rs. 28,000 from Bangalore branch. If there is no core banking services in the bank, is tax required to be deducted at source from such interest payments made on 31.3.2021? Will your answer be different if there is core banking service present in the bank? Also, explain the provisions in this regard. | TDS will be deducted @ 10% of Rs. 57,000 in case of CBS, since interest payable by the bank exceeds Rs. 40,000. |
| 7 | 194A | CA2016(N) – Is TDS applicable in respect of payment of Rs. 1,00,000 to Mr. Pandey, a resident, being interest on recurring deposit with SBI? | Yes, u/s 194A @ 10% of Rs. 1 lakh |
| 8 | 194A | CA2011(M) – During the FY 2021-22, Mr. Yuwan Raja, a resident individual (whose turnover from business during the year ended 31.3.2021 was Rs. 99 lakh) paid interest of Rs. 12,000 to Rehman & Co, a resident partnership firm, without deduction of tax at source. Briefly discuss whether any disallowance arises under the provisions of section 40(a)(ia). | Since TO < 1 Cr for the preceding FY, TDS will not be deducted u/s 194A for FY 2021-22. Consequently, disallowance will not arise. |
| 8A | 194A | CA2021(JAN) – Mr. Raju (a resident individual aged 54 years) has maintained two fixed deposits in two different branches of BFG Bank of India (working on core banking solution). During the year 2021-22, the bank paid Rs. 32,000 and Rs. 17,000 as interest on these fixed deposits. | Aggregate interest for all branches, since bank has adopted CBS = Rs. 49,000. It exceeds threshold limit of Rs. 40,000. TDS u/s 194A @ 10% is Rs. 4,900. |
| 8B | 194A | CA2021(JAN) – On 1.5.2021, Mr. Brijesh, a resident, made three fixed deposits of nine months each of Rs. 3 lakh each, carrying interest @ 9% with Mumbai branch, Delhi branch and Chandigarh branch of CBZ Bank, a bank which had adopted CBS. These fixed deposits mature on 31.1.2022. | Aggregate interest for all branches, since bank has adopted CBS = Rs. 60,750 (assuming interest is p.a.). It exceeds threshold limit of Rs. 40,000/50,000. TDS u/s 194A @ 10% is Rs. 6,075. |
| 8C | 194A | CA2021(JAN) – M/s AG Pvt. Ltd. took a loan of Rs. 50,00,000 from Mr. Haridas, a resident. It credited interest of Rs. 79,000 payable to Mr. Haridas during the PY 2021-22. M/s AG Pvt. Ltd. is not liable for tax audit during PY 2020-21 and 2021-22. | TDS u/s 194A @ 10% of 79,000 since it is > 5,000 limit, whether or not payer company is liable to tax audit. TDS = 7,900. |
| 9 | 194A | Jaiman, a resident, deposited Rs. 8,00,000 as fixed deposit with Sahkari Co-operative bank on 1.7.2021 at 9% p.a. maturing on 31.3.2022. Compute the amount of TDS deductible, if any. | Interest for 9 months = Rs. 54,000. TDS u/s 194A @ 10% is Rs. 5,400. |
| 10 | 194A | Rashmi, a resident aged 35 years, deposited Rs. 5,00,000 as fixed deposit with ICICI Bank on 1.10.2021 at 8% p.a. maturing on 31.3.2022. Compute the amount of TDS deductible, if any. | Interest for 6 months = Rs. 20,000. TDS u/s 194A not deductible since interest does not exceed Rs. 40,000. |
| 11 | 194A | Mr. J, a resident aged 65 years, made fixed deposits of Rs. 3 lakh each in five branches of JK Bank on 1.6.2021 @ 10% p.a. interest for a tenure of six months. Bank has adopted CBS. | Aggregate interest for all branches, since bank has adopted CBS = Rs. 75,000. It exceeds threshold limit of Rs. 50,000. TDS u/s 194A @ 10% is Rs. 7,500. |
| 12 | 194A | Mr. K, a resident aged 55 years, made fixed deposits of Rs. 3 lakh each in five branches of a co-operative Bank on 1.6.2021 @ 10% p.a. interest for a tenure of six months. Bank has not adopted CBS. | Interest per branch (since bank has not adopted CBS) is Rs. 15,000 which does not exceed threshold limit of Rs. 40,000. No TDS u/s 194A. |
| 13 | 194A | Mr. K, a resident aged 55 years, made fixed deposits of Rs. 5 lakh each in PNB, SBI and HDFC Banks on 1.6.2021 @ 10% p.a. interest for a tenure of six months. | Interest per payer bank is Rs. 25,000 which does not exceed threshold limit of Rs. 40,000. No TDS u/s 194A. |
| 14 | 194A | Rs. 1,00,000 was credited to the savings bank account of Raghav with Bank of India as interest thereon for FY 2021-22. | TDS u/s 194A does not apply to interest on deposits in bank (other than time deposits) |
| 15 | 194A | Rohit paid interest of Rs. 75,000 to Dena Bank during FY 2021-22 in respect of loan taken for business. Turnover of business for FY 2020-21 is Rs. 2 crore. | Rohit is covered u/s 194A since TO of preceding FY > 1 crore. But no TDS u/s 194A on interest paid to a bank. |
| 16 | 194A | Mrs. Z received interest of Rs. 10,000 on 12.2.2022 in respect of deposits with CDE Ltd, a manufacturing concern. Mrs. Z has not furnished her PAN to the company. | TDS will be deducted u/s 194A read with 206AA @ 20% since amount > Rs. 5,000 and PAN is not furnished. |
| 17 | 194A | Suresh, carrying on a business having turnover of Rs. 1.2 crore for FY 2020-21 and Rs. 95 lakh for FY 2021-22, paid interest to UCO bank of Rs. 45,000 on 15.12.2021. | Suresh is covered u/s 194A since turnover for preceding FY > Rs. 1 cr. But no TDS since interest paid to bank. |
| 17A | 194A | Bank of India gave a loan of Rs. 50 lakh to BCD Ltd. on | Service fee is included in definition of |

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| | | 14.7.2021. BCD Ltd. paid 2% as service fee for processing the loan application. | 'interest' u/s 2(28A). Hence, covered u/s 194A. But no TDS since it is paid to a bank. |
| 18 | 194 | Rahul, a resident, received regular dividend of Rs. 5,000 from Shine Ltd. on 1.9.2021. He also received Rs. 10,000 on 1.1.2022 as loan from Win Pvt. Ltd. in which he held 20% equity shares. Both companies are Indian companies and payments were made by NEFT mode. He furnished his PAN number to Win Pvt. Ltd. but not to Shine Ltd. | Shine Ltd. – No TDS u/s 194 since amount ≤ Rs. 5,000 for FY 2021-22. Win Pvt. Ltd. – Dividend u/s 2(22)(e). TDS u/s 194 @ 10% of Rs. 10,000. |
| 19 | 194 | Rajul, a resident, received dividend of Rs. 20,000 on preference shares held in Z Ltd, an Indian company, on 1.12.2021. Rajul did not furnish his PAN number to Z Ltd. | TDS u/s 194 @ 20% of Rs. 20,000 in terms of S. 206AA since PAN not furnished |
| 20 | 194K | Harish, a resident, received income of Rs. 10,000 on 10.7.2021 from units held in Kotak Mutual Fund, Rs. 5,000 on 10.8.2021 from units held in HDFC Mutual Fund and earned capital gains (computed) of Rs. 20,000 from sale of units of Birla Sunlife Mutual Fund on 10.9.2021. | TDS u/s 194K @ 10% of Rs. 10,000. No TDS on Rs. 5,000 since it is ≤ Rs. 5,000 limit. No TDS on capital gain. |
| 20A | 194DA | CA2021(JAN) – Mr. Prabhakar, a resident, is due to receive Rs. 6 lakh on 31.3.2022 towards maturity proceeds of LIC policy taken on 1.4.2018, for which the sum assured is Rs. 5 lakh and the annual premium is Rs. 1,40,000. | Since annual premium > 10% of sum assured for policy issued after 31.3.2012, exemption u/s 10(10D) is not available. TDS will be levied u/s 194DA since maturity proceeds ≥ Rs. 1 lakh. TDS = 5% of Rs. 40,000 (6 lakh – 5.6 lakh premium paid) = Rs. 2,000. |
| 21 | 194DA | CA2019(M) – Ms. Varsha received a sum of Rs. 95,000 on 31.3.2022 towards maturity proceeds of LIC policy taken on 1.10.2016 for which sum assured was Rs. 80,000 and annual premium was Rs. 10,000. | Since annual premium > 10% of sum assured for policy issued after 31.3.2012, exemption u/s 10(10D) is not available. But TDS will not be levied u/s 194DA since maturity proceeds < Rs. 1,00,000. <i>Mistake by students – Not considering exemption limit of Rs. 1 lakh.</i> |
| 22 | 194DA | Mr. Z, a resident, is due to receive Rs. 11,00,000 on 1.1.2022 on maturity of life insurance policy of sum assured Rs. 10,00,000 issued on 31.12.2016 for which he paid annual premium of Rs. 1,20,000. | Since annual premium > 10% of sum assured for policy issued after 31.3.2012, exemption u/s 10(10D) is not available. TDS will be levied u/s 194DA since maturity proceeds ≥ Rs. 1 lakh. TDS = 5% of Rs. 5 lakh (11 lakh – 6 lakh premium paid) = Rs. 25,000. |
| 23 | 194DA | Ms C, a resident, was issued a life insurance policy on 1.3.2012 for a sum assured of Rs. 1,00,000 on an annual premium of Rs. 10,000. The policy matured on 1.3.2022 and the sum payable to him is Rs. 1,75,000. | Since annual premium ≤ 20% of sum assured for policy issued till 31.3.2012, exemption u/s 10(10D) is available. Hence, no TDS u/s 194DA. |
| 24 | 194DA | Madhav, a resident, is supposed to receive maturity proceeds of Rs. 5,00,000 on the Keyman Insurance Policy taken by him on his employee. | Keyman insurance policy proceeds are not exempt u/s 10(10D). TDS will be levied u/s 194DA since payment ≥ Rs. 1 lakh. |
| 25 | 194EE | CA2020(N) – Smt. Sarita paid Rs. 5,000 on 17.4.2021 to Smt. Deepa from the deposits in National Savings Scheme Account. | It is not clear as to how can Smt. Sarita make payment from NSS A/c. Assuming she is the person responsible for paying, TDS will be deducted u/s 194EE @ 10% of Rs. 5,000, i.e., Rs. 500, since amount is ≥ Rs. 2,500 |

B4. CASUAL INCOME - Discuss the liability for tax deduction in the following cases:

| # | Section | Case | TDS |
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| 1 | 194B | CA2021(JULY) – A payment of Rs. 3,20,000 made to Vidyawati, an Indian resident, on 15.1.2022, by a TV channel for winning from a crossword puzzle. | TDS deductible u/s 194B @ 30% of Rs. 3,20,000 since winning > Rs. 10,000 |
| 1 | 194B | CA2019(N) – Ms. Kaul won a lucky draw prize of Rs. 21,000. The lucky draw was organized by M/s Maximus Retail Ltd for its customers. | TDS deductible u/s 194B @ 30% of Rs. 21,000 since prize money > Rs. 10,000 |
| 2 | 194B | CA2019(N) – Y & Co, engaged in real estate business, conducted a lucky dip and gave a Maruti car worth Rs. 5 lakh to the prize winner. | Since winning is wholly in kind, Y & Co is required to ensure that TDS @ 30% (Rs. 1,50,000) is paid u/s 194B, before releasing the car to the winner. |
| 3 | 194B | CA2019(M) – A TV channel pays Rs. 10 lakh as prize | TV channel is to deduct TDS u/s 194B @ 30% of Rs. |

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| | | money to the winner of a quiz programme. | 10 lakh at the time of payment of prize money. |
| 4 | 194BB | Mr. K won Rs. 1 lakh as prize from horse race. He has not furnished his PAN number to the payer. | TDS will be deducted @ 30% (Rs. 30,000). Even if PAN is not furnished, 30% is greater than 20% rate specified u/s 206AA. |
| 5 | 194BB | Winning from horse race of Rs. 1 lakh was paid to Mr. G, a resident individual, on 20.12.2021. | Winning > Rs. 10,000. TDS u/s 194BB @ 30% of Rs. 1 lakh, i.e., Rs. 30,000. |

B5. COMMISSION - Discuss the liability for tax deduction in the following cases:

| # | Section | Case | TDS |
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| 1 | 194D | CA2019(N) – An insurance company paid Rs. 45,000 as insurance commission to its agent Mr. Abhijeet on 15.11.2021. | TDS will be deducted u/s 194D @ 5%, i.e., Rs. 2,250, since commission > Rs. 15,000. |
| 2 | 194D | XYZ Insurance Co pays insurance commission of Rs. 10,000 each to 20 agents during the FY 2021-22, amount in all to Rs. 2,00,000. | No TDS u/s 194D since payment to any agent does not exceed Rs. 15,000. |
| 3 | 194H | CA2018(N) – Mudra Ltd., an advertisement company, has retained a sum of Rs. 15 lakh, towards charges for procuring and canvassing advertisement, from payment of Rs. 1 crore due to Cloud TV, a television channel, and has remitted the balance amount of Rs. 85 lakh to the television channel. Would the provisions of TDS u/s 194H be attracted on the sum of Rs. 15 lakh retained by the advertisement company? | No TDS u/s 194H in view of CBDT Circular 5/2016 since relationship between the media company and advertising agency is that of principal-to-principal. |
| 4 | 194H | CA2016(M) – Ashwin, a resident individual carrying on business (turnover for FY 2020-21 Rs. 2.2 crore; for FY 2021-22 Rs. 20 lakh), paid commission to Babloo – Rs. 8,500. | No TDS u/s 194 since amount ≤ Rs. 15,000, although Ashwin is covered since turnover from business in preceding FY > Rs. 1 crore. |
| 5 | 194H | Bajaj Ltd. sells manufactured goods to its wholesalers at a discount of 50% on the MRP. Is Bajaj Ltd. liable to deduct TDS on discount? | Discount is in the nature of trade discount and is not commission. No TDS u/s 194H |
| 6 | 194H | Mr. Z paid commission of Rs. 50,000 to his agent, a resident, on 15.12.2021 for effecting sale of goods manufactured by him. Turnover from business of Mr. Z for PY 2020-21 was Rs. 1.5 crore and that for PY 2021-22 was Rs. 75 lakh. | Mr. Z is covered since TO for preceding FY > 1 crore. Mr. Z will deduct TDS u/s 194H @ 5% of Rs. 50,000. |
| 7 | 194H | KLM Ltd. paid commission of Rs. 15,000 each to its five agents, resident in India, during the PY 2021-22. | No TDS u/s 194 since threshold for any payee does not exceed Rs. 15,000. |

B6. WORK & SERVICES - Discuss the liability for tax deduction in the following cases:

| # | Section | Case | TDS |
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| 1 | 194C | CA2019(N) – Gupta & Co (firm), engaged in wholesale business, assigned a contract for construction of its godown building to Mr. Ravi. The firm paid an aggregate of Rs. 10 lakh to Mr. Ravi during the year. | TDS will be deducted u/s 194C @ 1% of Rs. 10 lakh since aggregate payment during the year > Rs. 1 lakh. |
| 1A | 194C | CA2021(JULY) – Payer: Rahul, a wholesale trader of spices whose turnover was Rs. 5 crore in FY 2020-21. Nature of payment: Contract payment for construction of office godown during January to March, 2022, to Akhilesh, a resident individual. Rs. 50,00,000. | Rahul is covered u/s 194C since TO for preceding FY > 1 crore. TDS will be deducted @ 1% of Rs. 50 lakh. |
| 2 | 194C | CA2019(N) – Mr. Bobby, a resident, whose turnover during the previous FY is Rs. 205 lakh and for the current FY 2021-22 is Rs. 80 lakh, made payment of Rs. 2,00,000 on 1.10.2021 to Mr. A for purchase of diaries as per specifications. However, no material was supplied for such diaries. He also made contract payment to Mr. Satheesan on 1.5.2021 for painting of Rs. 25,000 and another contract for interior furnishing on 22.3.2021 for Rs. 20,000. | Mr. Bobby is covered u/s 194C since TO for preceding FY > 1 crore. <ul style="list-style-type: none"> Mr. A – No TDS u/s 194C since it is a contract for sale as material not supplied by Mr. Bobby. Mr. Satheesan – No TDS u/s 194C as individual payments ≤ Rs. 30,000 and aggregate payment during FY ≤ Rs.1 lakh |
| 3 | 194C | CA2016(M) – Ashwin, a resident individual carrying on business (turnover for FY 2020-21 Rs. 2.2 crore; for FY | No TDS u/s 194C since amount ≤ Rs. 30,000, although Ashwin is covered u/s 194C since |

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| | | 2021-22 Rs. 20 lakh), made payment to Vijay for repair of office building – Rs. 23,000. | turnover from business in preceding FY > Rs. 1 crore. |
| 4 | 194C | CA2020(N) – ABC Ltd. makes payment of Rs. 1,50,000 to Ramlal, an individual transporter, who owned 6 goods carriages throughout the PY. He does not furnish his PAN. | Though Ramlal is goods carriage operator owning ≤ 10 goods carriages, he does not furnish PAN. Hence, TDS to be deducted u/s 194C @ 20% (in terms of section 206AA) on Rs. 1.5 lakh = Rs. 30,000 |
| 5 | 194C | JK Pvt. Ltd. made payment to Ravi, a resident contractor, on 15.4.2021 (Rs. 25,000), on 15.9.2021 (Rs. 27,000) on 15.12.2021 (Rs. 29,000) and on 15.3.2022 (Rs. 26,000). | Even though single payment ≤ Rs. 30,000, TDS will be deducted u/s 194C since aggregate payments for FY 2021-22 > 1 lakh. TDS will be deducted on Rs. 1,07,000 at time of credit/payment of Rs. 26,000. TDS @ 1% = Rs. 1,070. Last payment = Rs. 26,000 – Rs. 1,070 = Rs. 24,930. |
| 6 | 194C | JK Pvt. Ltd. made payment to Ravi, a resident contractor, on 15.4.2021 (Rs. 35,000), on 15.9.2021 (Rs. 27,000) and on 15.3.2022 (Rs. 31,000). | Aggregate payment during FY ≤ Rs. 1 lakh. TDS u/s 194C @ 1% on Rs. 35,000 and @ 1% on Rs. 31,000, being amounts in a single payment > Rs. 30,000. |
| 7 | 194C | JK Pvt. Ltd. made payment to Ravi, a resident contractor, on 15.4.2021 (Rs. 25,000), on 15.9.2021 (Rs. 35,000) on 15.12.2021 (Rs. 30,000) and on 15.3.2022 (Rs. 20,000). | <ul style="list-style-type: none"> 15 April – No TDS since amount ≤ Rs. 30,000; 15 Sep – TDS @ 1% of Rs. 35,000, i.e., Rs. 350; 15 Dec - No TDS since amount ≤ Rs. 30,000; 15 Mar – Since aggregate for FY > Rs. 1 lakh, TDS @ 1% on Rs. 75,000 (Rs. 1,10,000 – Rs. 35,000 on which TDS deducted earlier), i.e., Rs. 750. Total TDS = Rs. 1,100. |
| 8 | 194C | Z Ltd made payment of Rs. 1 lakh as rent for machinery hired from Mr. K, a resident. | No TDS u/s 194C as payment is not for work. Section 194-I is applicable. |
| 9 | 194C | PQR Pvt. Ltd. made payment of Rs. 50,000 to Mr. J, a resident transporter, for transporting goods from the factory to its premises. Mr. J submitted declaration to PQR Pvt. Ltd. that he owns not more than 10 goods carriages, along with his PAN. | No TDS u/s 194C since Mr. J fulfills the conditions for TDS exemption for small transporters. |
| 10 | 194C | KMC Ltd entered into a contract with Mr. Law, a noted lawyer and a resident, for providing legal services during PY 2021-22 and made payment of Rs. 10 lakh during the year. | No TDS u/s 194C. S. 194J will apply. |
| 11 | 194C | Mr. B, carrying on business with turnover of Rs. 90 lakh for PY 2020-21 and Rs. 120 lakh for PY 2021-22, paid Rs. 90,000 to M/s CDE Pvt. Ltd., an Indian company, on 1.3.2022 for advertising services. | No TDS u/s 194C since turnover of Mr. B does not exceed Rs. 1 Cr in PY 2020-21. TDS liability to be examined u/s 194M. |
| 12 | 194C | Shubh, a Chartered Accountant, received professional fee of Rs. 60 lakh during PY 2020-21. During the PY 2021-22, he made payment of Rs. 50,000 to Shailesh, a resident, for printing invitation cards for the marriage of his daughter as per his specifications. Raw material was procured by Shubh and provided to Shailesh. He also made payment of Rs. 75,000 to Saurabh, a resident, for catering services during the marriage ceremony. | Shubh is covered u/s 194C as GR for preceding FY > Rs. 50 lakh. Each payment > Rs. 30,000. Printing is 'work' since raw material is supplied by Shubh. Catering is also 'work'. But TDS will not be deducted since payments are for personal purpose of Shubh. |
| 13 | 194C | Mr. Jinesh gave a contract to Mr. Vinesh, a resident, in respect of manufacture of machinery spare parts as per his specifications. Mr. Vinesh procured the raw material for such manufacture from Shah & Co, a partnership firm in which Mr. Jinesh held 25% share of profits. Mr. Jinesh paid Rs. 1,20,000 in three equal instalments on 15.4.2021, 15.6.2021 and 15.8.2021. Mr. Jinesh was liable to tax audit for FY 2020-21. | Mr. Jinesh is covered u/s 194C since his TS/GR/TO > Rs. 1 cr for preceding FY (as he was liable to tax audit). Shah & Co is an associate in term of section 40A(2). Manufacture as per specifications using material purchased from associate firm is 'work' u/s 194C. Each payment > Rs. 30,000. TDS applicable @ 1%. |
| 14 | 194C | For transport of its cargo, M&N LLP of Delhi paid Rs. 30,000 to Mr. C, a resident, for carrying the cargo from | <ul style="list-style-type: none"> Payment to Mr. C – No TDS u/s 194C since amount ≤ Rs. 30,000. |

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| | | its factory to the railway station and Rs. 75,000 to Indian Railways for transport of cargo to Chennai. | <ul style="list-style-type: none"> Payment to Railways – Exempt from 194C. |
| 15 | 194C | Suresh, carrying on a business, having turnover of Rs. 1.2 crore for FY 2020-21 and Rs. 95 lakh for FY 2021-22, made contract payment to Harsh, a resident, of Rs. 24,000 on 15.12.2021 in respect of two contracts of Rs. 12,000 each. | Suresh is covered u/s 194C since turnover for preceding FY > Rs. 1 cr. But no TDS since single payment ≤ Rs. 30,000 and aggregate payment for FY ≤ Rs. 1 lakh. |
| 16 | 194C | M/s Z Ltd. made payment of Rs. 2 lakh to Mr. J, a resident transporter. Mr. J owns 9 goods carriages throughout the PY. He has also furnished a declaration to this effect along with his PAN. | No TDS u/s 194C since Mr. J is a goods carriage operator owning ≤ 10 goods carriages at any time during the PY and has furnished declaration along with PAN. |
| 17 | 194J | CA2020(N) – Payment of royalty of Rs. 22,000 and FTS of Rs. 28,000 to Mr. R, who is having PAN, were made during the PY 2021-22 by M/s Z Ltd. | No TDS u/s 194 since amount of royalty and FTS is ≤ Rs. 30,000 for each category of payment. |
| 18 | 194J | CA2020(N) – Z Ltd. paid Rs. 18,000 to one of its directors as sitting fees on 2.2.2022 | TDS u/s 194J @ 10% of Rs. 18,000 if it is not in the nature of salary – there is no threshold. TDS u/s 192 if in the nature of salary. |
| 19 | 194J | CA2019(M) – XYZ Pvt. Ltd. pays the following amounts to Mr. Narayan during the PY 2021-22: (1) Rs. 22,000 towards fee for professional services, (2) Rs. 18,000 towards royalty. | No TDS u/s 194J since sum ≤ Rs. 30,000 limit for FPS as well as royalty. |
| 20 | 194J | CA2019(M) – Talent Pvt. Ltd. pays Rs. 12,000 to Ms. Sudha, its director, on 1.12.2021 towards sitting fee which is not taxable u/s 192. | TDS u/s 194J @ 10% of Rs. 12,000. There is no TDS threshold for director fee. |
| 21 | 194J | CA2019(M) – Radha Ltd is engaged only in the business of operation of call centre. On 18.3.2022, the total amount credited by Shyam Ltd in the ledger account of Radha Ltd is Rs. 70,000 regarding service charges of call centre. The amount is paid through cheque on 28.3.2022 by Shyam Ltd. | TDS u/s 194J @ 2% of Rs. 70,000 to be deducted on 18.3.2022, i.e., earlier of credit or payment. Rate is 2% since Radha Ltd. is engaged only in the business of operation of call centre. |
| 22 | 194J | CA2019(M) – A television company pays Rs. 50,000 to a cameraman for shooting of a documentary film. | TDS u/s 194J @ 10% of Rs. 50,000, since sum > Rs. 30,000. This is FPS since cameraman is a film artist covered u/s 44AA. |
| 23 | 194J | CA2011(N) – Fee paid to Dr. Srivatsan by Sundar (HUF) Rs. 35,000 for surgery performed to a member of the family. | HUF is liable to deduct TDS only if business turnover > Rs. 1 cr for preceding FY. Even then no TDS in this case since payment of FPS made exclusively for personal purposes of member of HUF. |
| 24 | 194J | CA2016(M) – Ashwin, a resident individual carrying on business (turnover for FY 2020-21 Rs. 2.2 crore; for FY 2021-22 Rs. 20 lakh), made payment of fees for technical services to Vivek on 15.4.2021 – Rs. 35,000. | Ashwin is covered since turnover from business in preceding FY > Rs. 1 crore. Amount > Rs. 30,000. TDS u/s 194J @ 10% or 2% of Rs. 35,000 depending on whether FTS is being professional services or not. |
| 25 | 194J | Soft Ltd., an Indian company, purchased business application software for which it made payment after deducting TDS u/s 194J. It sold the software, as it is, to B&C LLP. Soft Ltd. gave a declaration to B&C LLP that it had earlier deducted TDS u/s 194J and also furnished its PAN number. | Payment is in nature of royalty u/s 9(1)(vi). But B&C LLP will not deduct TDS u/s 194J in view of exemption under Notification 21/2012 since all its conditions are fulfilled. |
| 26 | 194J | XYZ Ltd. made payment to Mr. C, a Chartered Accountant, of Rs. 50,000 on 1.6.2021 for professional services rendered. | TDS u/s 194J on FPS @ 10% of Rs. 50,000 since it is > Rs. 30,000. |
| 27 | 194J | Gyan Publishers Pvt. Ltd. made a payment of Rs. 2 lakh to Mr. Writer, a resident, on 15.4.2021, as royalty on sale of books for which Mr. Writer holds the copyright. | TDS u/s 194J @ 10% of Rs. 2 lakh on royalty. |
| 28 | 194J | Mr. K, having business turnover of Rs. 5 crore in PY 2020-21, made a payment of Rs. 40,000 on 15.1.2022 to JK Ltd. for use of certain design templates developed and owned by JK Ltd. | Mr. K is covered u/s 194J since TO for preceding FY > 1 crore, but is not required to deduct TDS on royalty payment. |
| 29 | 194J | M/s Z Ltd. made payment of Rs. 25,000 as fees for technical services and royalty of Rs. 20,000 to Mr. K. Mr. | No TDS u/s 194J since payment ≤ Rs. 30,000 each for FTS and royalty, assuming there were |

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| | | K has furnished PAN to Z Ltd. | no other payments towards FTS or royalty during the PY to Mr. K. |
| 29A | 194M | CA2021(JULY) – Payer: Kale, receiving pension from Central Government. Nature of payment: Contractual payment made to a resident during April 2021 for reconstruction of his residential house in Arunachal Pradesh. Rs. 52,50,000. | Kale is a pensioner, hence, not covered u/s 194C. Payment for 'work' to resident > 50 lakh. TDS u/s 194M = 5% of Rs. 52,50,000 = Rs. 2,62,500. |
| 29B | 194M | CA2021(JULY) – Payer: Golu, an individual carrying on garment trading business with turnover of Rs. 95 lakh in FY 2020-21. Nature of payment: Payment of commission to Vinay, a resident, for securing a contract from a big business house in November 2021. Rs. 1,20,000. | Golu is a non-specified individual as TO of preceding FY ≤ 1 crore. Hence, not covered u/s 194H. No TDS u/s 194M as amount ≤ Rs. 50 lakh. |
| 30 | 194M | CA2020(N) - Sanjay, a resident Indian individual, not deriving any income from business or profession, makes payments of Rs. 12 lakh in January 2022, Rs. 20 lakh in February 2022 and Rs. 20 lakh in March 2022 to Mohan, a contractor, for reconstruction of his residential house. | Sanjay is a non-specified individual, hence, not covered u/s 194C. TDS u/s 194M @ 5% of Rs. 52 lakh since it is > Rs. 50 lakh = Rs. 2,60,000. |
| 30A | 194M | CA2021(JAN) - Mr. Avinash, pays Rs. 55,00,000 during FY 2021-22 to Mr. Harsh for supply of labour for carrying out the construction work of his factory. During the PY 2020-21, Mr. Avinash was not liable for tax audit u/s 44AB. | If TO of Mr. Avinash for PY 2020-21 was > 1 crore (though not liable to tax audit due to 10 Cr limit applicable to him), he will deduct TDS u/s 194C @ 1% of Rs. 55 lakh. If TO of Mr. Avinash for PY 2020-21 was ≤ 1 crore, he will deduct TDS u/s 194M @ 5% of Rs. 55 lakh since the amount > Rs. 50 lakh. |
| 31 | 194M | Suman carries on a business having turnover of Rs. 1.5 crore for FY 2020-21 and Rs. 90 lakh for FY 2021-22. She paid commission to Mr. G of Rs. 15,000 on 1.7.2021. She also paid Rs. 10 lakh to a contractor for renovation of her residential house. | Suman is a specified individual u/s 194H and 194C since turnover of preceding FY > Rs. 1 cr. But no TDS on commission u/s 194H since payment ≤ Rs. 15,000. No TDS u/s 194C since payment made for personal purpose. No TDS u/s 194M as payment to each payee ≤ Rs. 50 lakh. |
| 32 | 194M | Yugal carries on a profession whose gross receipts for FY 2020-21 were Rs. 45 lakh. He got his residential house renewed for which he made payment to the contractor of Rs. 20 lakh on 1.10.2021, Rs. 25 lakh on 1.11.2021 and Rs. 10 lakh on 1.12.2021. | Yugal is not covered u/s 194C since gross receipts in preceding FY ≤ Rs. 50 lakh. TDS liability arises u/s 194M @ 5% since payment for FY > Rs. 50 lakh. Payment for personal purpose is not exempt from TDS u/s 194M. |
| 33 | 194M | Jugal carries on a business whose turnover for FY 2020-21 was Rs. 30 lakh. He paid Rs. 60 lakh to a contractor for manufacture of office furniture as per his specifications. The contractor procured the raw material by himself from the open market. | Since turnover of preceding FY ≤ Rs. 1 cr, Jugal is not covered u/s 194C. Since contractor does not manufacture furniture using material purchased from Jugal or his associate, it is not 'work'. Thus, no TDS u/s 194M. |
| 34 | 194M | Manav, a salaried person, paid Rs. 51 lakh to a lawyer on 5.4.2021 for defending criminal proceedings against him. | Since Manav is a salaried person, section 194J is not applicable. Payment to lawyer is FPS. Since payment > Rs. 50 lakh, TDS will be deducted u/s 194M @ 5% of Rs. 51 lakh. |
| 35 | 194M | Dheeraj, a retired employee drawing pension, made payment of fee for technical services of Rs. 55 lakh to BCD Pvt Ltd on 15.2.2022. | Dheeraj is not covered u/s 194J. FTS is not covered u/s 194M. No TDS. |
| 36 | 194M | Rashi is a professional having gross receipts of Rs. 60 lakh for FY 2020-21. She paid Rs. 25,000 as commission to BK & Co agents on 15.7.2021. | Rashi is covered u/s 194H since gross receipts of preceding FY > Rs. 50 lakh. TDS u/s 194H @ 5% of Rs. 25,000 since payment > Rs. 15,000. Thus, section 194M not applicable. |