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NEWSLETTER

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Compiled By: **CA. DIVYA MADAN**

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Government of India
Ministry of Finance Department of
Revenue Central Board of
Direct Taxes

New Delhi, 13th May, 2020

PRESS RELEASE

Reduction in rate of Tax Deduction at Source (TDS) & Tax Collection at Source (TCS)

In order to provide more funds at the disposal of the taxpayers for dealing with the economic situation arising out of COVID-19 pandemic, the rates of Tax Deduction at Source (TDS) for the following non-salaried specified payments made to residents has been reduced by 25% for the period from 14th May, 2020 to 31st March, 2021:-

S. No	Section of the Income-tax Act	Nature of Payment	Existing Rate of TDS	Reduced rate from 14/05/2020 to 31/03/2021
1	193	Interest on Securities	10%	7.5%
2	194	Dividend	10%	7.5%
3	194A	Interest other than interest on securities	10%	7.5%
4	194C	Payment of Contractors and sub-contractors	1% (individual/HUF) 2% (others)	0.75% (individual/HUF) 1.5% (others)
5	194D	Insurance Commission	5%	3.75%
6	194DA	Payment in respect of life insurance policy	5%	3.75%

7	194EE	Payments in respect of deposits under National Savings Scheme	10%	7.5%
8	194F	Payments on account of re-purchase of Units by Mutual Funds or UTI	20%	15%
9	194G	Commission, prize etc., on sale of lottery tickets	5%	3.75%
10	194H	Commission or brokerage	5%	3.75%
11	194-I(a)	Rent for plant and machinery	2%	1.5%
12	194-I(b)	Rent for immovable property	10%	7.5%
13	194-IA	Payment for acquisition of immovable property	1%	0.75%
14	194-IB	Payment of rent by individual or HUF	5%	3.75%
15	194-IC	Payment for Joint Development Agreements	10%	7.5%
16	194J	Fee for Professional or Technical Services (FTS), Royalty, etc.	2% (FTS, certain royalties, call centre) 10% (others)	1.5% (FTS, certain royalties, call centre) 7.5% (others)
17	194K	Payment of dividend by Mutual Funds	10%	7.5%
18	194LA	Payment of Compensation on acquisition of immovable property	10%	7.5%
19	194LBA	Payment of income by	10%	7.5%

	(1)	Business trust		
20	194LBB(i)	Payment of income by Investment fund	10%	7.5%
21	194LBC(1)	Income by securitisation trust	25% (Individual/HUF) 30% (Others)	18.75% (Individual/HUF) 22.5% (Others)
22	194M	Payment to commission, brokerage etc. by Individual and HUF	5%	3.75%
23	194-O	TDS on e-commerce participants	1% (w.e.f. 1.10.2020)	0.75%

2. Further, the rate of Tax Collection at Source (TCS) for the following specified receipts has also been reduced by 25% for the Period from 14th May, 2020 to 31st March, 2021:-

S. No	Section of the Income-tax Act	Nature of Receipts	Existing Rate of TCS	Reduced rate from 14/05/2020 to 31/03/2021
1	206C(1)	Sale of		
		(a) Tendu Leaves	5%	3.75%
		(b) Timber obtained under a forest lease	2.5%	1.875%
		(c) timber obtained by any other mode	2.5%	1.875%
		(d) Any other forest produce not being timber/tendu leaves	2.5%	1.875%
		(e) scrap	1%	0.75%
		(f) Minerals, being coal or lignite or iron ore	1%	0.75%



2	206C(1C)	Grant of license, lease, etc. of (a) Parking lot	2%	1.5%
		(b) Toll Plaza	2%	1.5%
		(c) Mining and quarrying	2%	1.5%
3	206C(1F)	Sale of motor vehicle above 10 lakhs	1%	0.75%
4	206C(1H)	Sale of any other goods	0.1% (w.e.f 01.10.2020)	0.75%

3. Therefore, TDS on the amount paid or credited during the period from 14th May, 2020 to 31st March, 2021 shall be deducted at the reduced rates specified in the table in para 1 above. Similarly, the tax on the amount received or debited during the period from 14th May, 2020 to 31st March, 2021 shall be collected at the reduced rates specified in the table in para 2 above.
4. It is further stated that there shall be no reduction in rates of TDS or TCS, where the tax is required to be deducted or collected at higher rate due to non-furnishing of PAN/Aadhaar. For example, if the tax is required to be deducted at 20% under section 206AA of the Income-tax Act due to non-furnishing of PAN/Aadhaar, it shall be deducted at the rate of 20% and not at the rate of 15%.
5. Legislative amendments in this regard shall be proposed in due course.

(Surabhi Ahluwalia)

*Commissioner of Income
Tax (Media & Technical
Policy) Official Spokesperson,
CBD*

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Rates of TD Applicable from 14th May, 2020 to 31st March, 2020

S.No	Section	Nature of Payment	Monitory Limit	Individual/ HUF (Rate %)	Others (Rate %)
1	192	Salaries	Slab Rate	Slab Rate after deductions declared by employee	Slab Rate after deductions declared by employee
2	194-A	Interest other than interest on securities – Others	40,000(For individual)	7.5	7.5
3	194-A	Interest on Saving Account/ deposits in Bank	40,000 (for individual) 50,000 (for Senior Citizens only)	7.5	7.5
4	194-C	Payment to Contractor - Single Transaction	30,000	0.75	1.5
5	194-C	Payment to Contractor - Aggregate During the Financial year	100,000	0.75	1.5



6	194-C	Contract - Transporter not covered under 44AE	30,000/ 75,000	0.75	1.5
7	194-C	Contract - Transporter covered under 44AE & submit declaration on prescribed form with PAN	-	-	-
8	194-D	Insurance Commission	15,000	3.75	3.75
9	194-DA	Payment in respect of life insurance policy	100,000	0.75	0.75
10	194-H	Commission / Brokerage	15,000	3.75	3.75
11	194-I	Rent - Land and Building - furniture – fittings	240,000	7.5	7.5
12	194-I	Rent - Plant / Machinery / equipment	240,000	1.5	1.5
13	194-IA	Transfer of certain immovable property other than agriculture land	5,000,000	0.75	0.75
14	194-IB	Rent – Land or building or both by an Individual	50,000 Per Month	3.75	-



		or a HUF who are not liable to deduct TDS under section 194I			
15	194-J	Professional Fees for Technical services (w.e.f. from 1.4.2020)	30,000	1.5	1.5
16	194-J	Professional Fees in all other cases	30,000	7.5	7.5
17	194-LA	TDS on compensation for compulsory acquisition of immovable Property	250,000	7.5	7.5
18	194-M	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.	5,000,000	3.75	3.75
		Cash withdrawal in excess of Rs. 1			



19	194-N	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.	10,000,000	1.5	1.5
20	194-D	Applicable for Ecommerce operator for sale of goods or provision of service facilitated by it through its digital or electronic facility or platform.	-	0.75	0.75

Disclaimer

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KEY TEAM



CA. Mukesh Aggarwal
(Senior Advisor)



Adv. Vivek Aggarwal
(Senior Partner)



CS. Kumkum Gupta
(Senior Partner)



Adv. Ritika Sharma
(Senior Associate)



CA. Sachin Singhal
(Advisor)



CA. Divya Madan
(Advisor)



CA. Vinit Agarwal
(Advisor)



CA. Arun Bhargav
(Advisor)

OUR SYNERGISTIC NETWORK



KSMC & ASSOCIATES
Chartered Accountants

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www.aalawcorp.com



Email: aalawcorp@gmail.com

CONTACT US

Registered Office

G-5, Vikas House, 34/1,
East Punjabi Bagh,
New Delhi-110026

T: 011-41440483, 42440483

Delhi Branch Office

E-16/391, Sector-8, Rohini,
Delhi - 110085

T: 011- 47506498

M: +91 9811770164

Singapore Office

10, Anson Road,
International Plaza, #33-13,
Singapore - 079903

T: +65 62243466

M: +65 83141339

