

CONTENTS

<i>Chapter-heads</i>	PAGE
BOOK ONE : DEDUCTION OF TAX AT SOURCE	
<u>1</u>	
DEDUCTION OF TAX AT SOURCE FROM SALARY	
1.1	Who is responsible to deduct tax at source in case of income from salary 4
1.1-1	Where salary is payable by other employers also 4
1.2	When tax is to be deducted 5
1.2-1	Private arrangement of paying salary tax-free cannot discharge obligation of section 192 5
1.2-2	Tax deduction not required on judgment debt 5
1.2-3	Furlough pay received in foreign currency is taxable as salary 5
1.2-4	Deduction of tax at source is mandatory from salary 5
1.2-5	Correctness of investment 6
1.3	How to compute tax deductible at source 6
1.3-1	When tax payable on perquisites is paid by employer 6
1.3-2	When relief under section 89 is available 6
1.3-3	When income other than salary income is considered by employer 7
1.3-4	Statement of particulars in prescribed form 9
1.3-5	How to make adjustment of excess or deficiency 9
1.3-6	Deduction from provident fund payment 9
1.4	Tax deduction and collection account number 9
1.5	Deposit of tax to the credit of Central Government 10
1.5-1	Where to deposit tax 10

CONTENTS

	PAGE	
1.5-2	Time within which tax is to be deposited	11
1.5-3	Payment through challan	12
1.5-4	Claim for refund	13
1.6	Issue a certificate for tax deducted at source to employee	13
1.6-1	How to prepare Form No. 16	13
1.6-2	Form No. 16 with digital signature	14
1.6-3	Time limit within which the certificate should be given	15
1.6-4	Issue of duplicate certificate	15
1.7	Statement or return of tax deduction to Government	15
1.7-1	Return of tax deduction from contribution paid by the trustees of an approved superannuation fund	15
1.7-2	Annual filing of return	15
1.7-3	Quarterly return	15
1.7-4	By whom return is to be filed	24
1.8	Consequences of failure to deduct or pay tax, furnish return, etc.	26
1.8-1	Failure to deduct and/or pay tax	26
1.8-2	Failure to comply with provision of section 203A regarding tax deduction account number	39
1.8-3	Failure to issue certificate, or submit return, statement, etc.	39
1.8-4	Disallowance of deduction in respect of salary payable to resident	44
1.8-5	Disallowance of deduction in respect of salary payable to non-resident	45

2

HOW TO WORK OUT ESTIMATED SALARY AND QUANTUM OF TAX TO BE DEDUCTED THEREFROM

2.1	What is salary	46
2.1-1	Employer-employee relationship, a pre-requisite	46
2.1-2	Salary and wages are not conceptually different	49
2.1-3	Salary to former/present/prospective employee	49
2.1-4	Salary income must be real and not fictitious	49
2.1-5	When salary is forgone	50
2.1-6	Salary paid tax-free	50

CONTENTS

	PAGE
2.2 Basis for deduction of tax at source	50
2.3 Different forms of salary and its payment subject to tax deduction at source	51
2.3-1 Advance salary	52
2.3-2 Arrears of salary	52
2.3-3 Leave salary	52
2.3-4 Salary to a partner	56
2.3-5 Salary in lieu of notice period	56
2.3-6 Fees and commission	56
2.3-7 Bonus	56
2.3-8 Gratuity	56
2.3-9 Pension	62
2.3-10 Annuity	67
2.3-11 Annual accretion to the credit balance in provident fund	67
2.3-12 Amount transferred from unrecognised provident fund to recognised provident fund	67
2.3-13 Retrenchment compensation	67
2.3-14 Profits in lieu of salary	69
2.3-15 Remuneration in addition to salary on the basis of work done	71
2.3-16 Voluntary payments to employees	71
2.3-17 Compensation received at the time of voluntary retirement or separation	73
2.3-18 Salary received by a teacher/professor from SAARC Member States	75
2.3-19 Contribution to notified pension scheme by the Central Government or any other employer	76
2.3-20 Decretal amount arising from suit for arrears of salary and wrongful termination of appointment	76
2.4 Allowances when subject to tax deduction at source	76
2.4-1 City compensatory allowance	77
2.4-2 House rent allowance	77
2.4-3 Entertainment allowance	80
2.4-4 Special allowance	81
2.4-5 Allowance to Government employees outside India	95
2.4-6 Tiffin allowance	95
2.4-7 Fixed medical allowance	95

CONTENTS

	PAGE
2.4-8	Servant allowance 95
2.4-9	Allowance to High Court 95
2.4-10	Allowance received from United Nations Organisation 95
2.4-11	Allowance to foreign technician 95
2.4-12	Allowance to other foreign citizen 95
2.4-13	Compensatory allowance under article 222(2) of the Constitution 95
2.4-14	Sumptuary allowance 96
2.4-15	Allowances received by a teacher/professor from SAARC Member States 96
2.4-16	Sumptuary allowance to serving chairman/members of UPSC 96
2.4-17	Allowance to retired chairman/members of UPSC 96
2.5	Perquisites, amenability to tax deduction at source 96
2.5-1	What is "perquisite" 96
2.5-2	"Perquisite" as defined by the Act 98
2.5-3	Perquisites chargeable/Not chargeable to tax 99
2.5-4	Valuation of perquisites 102
2.6	Sums related to provident funds, amenability to deduction of tax at source 142
2.6-1	Types of employees' provident funds 142
2.6-2	Statutory provident fund 142
2.6-3	Recognised provident fund 142
2.6-4	Unrecognised provident fund 143
2.6-5	Public provident fund 143
2.6-6	Tax treatment 143
2.7	Contributions to and payment from approved superannuation fund, amenability to tax deduction at source 145
2.8	Approved gratuity fund - Tax treatment of the inflow and outflow 146
2.9	Computation of salary 146
2.9-1	Standard deduction 146
2.9-2	Entertainment allowance 146
2.9-3	Professional tax or tax on employment 146
2.10	Salaries of foreign technicians 147
2.11	Salaries of foreign citizens 147
2.11-1	Diplomatic personnel 147
2.11-2	Foreigners on tour 147
2.11-3	Salary received by a ship's crew 147
2.11-4	Remuneration of a foreign trainee 147

CONTENTS

	PAGE
2.11A Deductions granted under sections 80C to 80U	148
2.12 Deduction in respect of life insurance premia, deferred annuity, contributions to provident fund, subscription to certain equity shares or debentures, etc.	148
2.12-1 Salient features of section 80C	148
2.12-2 Computation of deduction under section 80C	148
<i>Illustrations</i>	154
2.12A Deduction in respect of pension fund	157
2.13 Deduction in respect of contribution to National Pension System of Central Government (NPS)	158
2.13-1 Conditions	158
2.13-2 Consequences if the above conditions are satisfied	158
<i>Illustration</i>	160
2.13A Deduction in respect of subscription to long-term infrastructure bonds	160
2.13B Deduction in respect of investment made under an equity saving scheme	161
2.14 Deduction under section 80D in respect of medical insurance premia	162
2.14-1 Conditions	162
2.14-2 Maximum deductible amount	162
<i>Illustrations</i>	163
2.15 Deduction under section 80DD in respect of medical treatment of handicapped dependents	166
2.15-1 Conditions	166
2.15-2 Amount of deduction	167
2.15-3 If dependent predeceases the taxpayer	167
<i>Illustrations</i>	167
2.16 Deduction in respect of medical treatment under section 80DDB - To what extent available	168
2.16-1 Conditions	168
2.16-2 Amount of deduction	168
2.16-3 Prescribed diseases and certificate from a doctor	169
2.17 Deduction in respect of interest on loan taken for higher education	170
2.17-1 Conditions	170
2.17-2 Amount deductible	170
2.17A Deduction in respect of interest on loan taken for residential house property	170
2.18 Deduction under section 80G in respect of donation to national funds	172

CONTENTS

	PAGE
2.18-1 Maximum limit	174
2.18-2 Other points	174
2.19 Deduction under section 80GG in respect of rent paid	175
2.19-1 Amount of deduction	176
2.19-2 Meaning of total income for the purpose of section 80GG	176
<i>Illustration</i>	176
2.19A Deductions in respect of certain donations for scientific research or rural development	177
2.20 Deduction in respect of interest on deposits in savings accounts	178
2.21 Deduction under section 80U in case of a person with disability	180
2.21-1 Conditions	180
2.21-2 Amount of deduction	181
<i>Illustration</i>	182
2.21-3 Other points	182
2.22 When income other than salary income is considered for tax deduction under section 192	182
2.23 When salary received from other employer is considered	183
2.24 Rate of exchange for deduction of tax at source on income payable in foreign currency	183
2.25 Rates of tax deduction at source during the financial year 2017-18	183
2.25-1 If PAN is not given by employer	184
2.26 Tax rebate under section 87A	185
<i>Illustrations</i>	185
2.27 Tax rebate for senior citizen	186
2.28 Rebate of income-tax in case of women below 65 years	186
2.29 Relief under section 89	186
2.29-1 Computation of relief when salary has been paid in arrears or in advance	186
<i>Illustration</i>	187
2.29-2 Computation of relief in respect of gratuity	187
<i>Illustration</i>	188
2.29-3 Computation of relief in respect of compensation on termination of employment	189
2.29-4 Computation of relief in respect of payment in commutation of pension	189

CONTENTS

	PAGE
2.29-5 Computation of relief in respect of payment of arrears of family pension	190
2.30 When can employee reduce the incidence of tax deduction - Certificate for deduction of tax at lower rates	190
2.30-1 How lower rate is determined	190
2.30-2 Validity of certificate	190
2.30-3 Issued to the payer	191
2.30-4 Retrospective certificate not possible	191
2.30-5 Instruction issued by Board	191
2.30-6 Other points	191
2.31 Rounding off of income	192
2.32 Employee gets credit of tax deducted at source	192
2.32-1 Rules framed by Board	192
2.33 Going through the real exercise - Examples on computation of estimated salary and tax to be deducted therefrom under section 192	193
<i>Illustrations</i>	193

3

TAX DEDUCTION FROM ACCUMULATED BALANCE OF PROVIDENT FUND DUE TO AN EMPLOYEE

3.1 Person responsible for tax deduction from accumulated balance of provident fund	204
3.2 When tax has to be deducted	204
3.2-1 No tax is deductible if payment is less than Rs. 50,000	204
3.2-2 Private arrangement of paying accumulated balance of provident fund tax-free is not relevant	204
3.3 Tax deduction account number	204
3.4 Deposit of tax to the credit of Central Government	204
3.4-1 Where to deposit	204
3.4-2 Time of deposit	205
3.4-3 Payment through challan	205
3.4-4 Claim for refund	205
3.5 Issue of certificate of tax deduction	205
3.5-1 Issue of duplicate certificate	205
3.6 Quarterly return to the Government	205
3.7 Consequences of failure to deduct or pay tax or furnish return	206

CONTENTS

	PAGE
3.7-1 Failure to deduct and/or pay tax	206
3.7-2 Failure to comply with the provisions of section 203A regarding tax-deduction account number	206
3.7-3 Failure to issue certificate or submit return	206

4

HOW TO COMPUTE TAXABLE PREMATURE WITHDRAWAL OF PROVIDENT FUND AND TAX TO BE DEDUCTED THEREFROM

4.1 When withdrawal from provident fund is subject to the tax deduction under section 192A	207
4.2 Rates of tax	208
4.3 Payment without tax deduction or with deduction at lower rates	208
4.4 Tax credit	208
4.4-1 Rules framed by Board	209
<i>Illustration</i>	209

5

DEDUCTION OF TAX AT SOURCE FROM INTEREST ON SECURITIES

5.1 Who is responsible to deduct tax at source in the case of interest on securities	214
5.2 When tax has to be deducted at source	214
5.2-1 Relevance of identity of deductee under TDS provisions	214
5.2-2 Private arrangement of paying interest on securities as tax-free cannot discharge obligation under section 193	216
5.3 How to compute tax deduction at source	216
5.4 Tax deduction account number	216
5.5 Deposit of tax to the credit of the Central Government	216
5.5-1 Where to deposit	216
5.5-2 Time of deposit of TDS/TCS	216
5.5-3 Challans for payment	217
5.5-4 Claim for refund	217
5.6 Issue of certificate for tax deduction from interest on securities	217

CONTENTS

	PAGE
5.6-1 TDS certificate in Form No. 16A	217
5.6-2 Time limit within which the certificate shall be issued	218
5.6-3 Issue of duplicate certificate	218
5.7 Return of tax deduction at source from interest on securities	218
5.7-1 Annual return [Rule 37]	218
5.7-2 Quarterly statement TDS deposited	218
5.8 Consequences of failure to deduct or pay tax, furnish returns, etc.	220
5.8-1 Failure to deduct and/or pay tax	220
5.8-2 Failure to comply with the provision of section 203A regarding tax deduction account number	220
5.8-3 Failure to issue certificates, or submit returns	220
5.8-4 Forfeiture of deduction in respect of interest on securities	220
<i>Illustration</i>	221

6

HOW TO COMPUTE INTEREST ON SECURITIES AND TAX DEDUCTIBLE THEREFROM AT SOURCE

6.1 Interest on securities - How defined	227
6.2 Interest on securities not liable for tax deduction	227
6.2-1 Notified securities	228
6.2-2 TDS on 8 per cent Savings (Taxable) Bonds, 2003	240
6.3 What happens when recipient is Government - Interest on securities payable to the Government and certain Corporations	241
6.4 TDS on interest on securities - A few typical cases	242
6.4-1 When interest is paid to oneself - Interest on own debentures	242
6.4-2 Interest payable to funds established for the benefits of armed forces	242
6.4-3 Interest to provident funds	242
6.4-4 Deep discount bond	242
6.5 Rates for tax deduction at source	243
6.6 When can a security holder reduce the incidence of tax deduction	243

CONTENTS

	PAGE	
6.6-1	Certificate for tax deduction at lower rate or no deduction	243
6.6-2	Declaration under section 197A	245
6.6-3	Payment to certain institution whose income is exempt under section 10(23C)	247
6.7	Tax credit to one who pays	247
6.7-1	Rules to be framed by Board	248
6.7-2	Joint owners	248
6.7-3	Beneficial owner	248

7

DEDUCTION OF TAX AT SOURCE FROM DIVIDEND

7.1	Who is responsible for tax deduction in the case of dividend	251
7.1-1	Who is "principal officer"	251
7.1-2	What makes one an Indian company	251
7.1-3	What amounts to prescribed arrangements for declaration and payment of dividends in India	252
7.2	What is "dividend" for the purpose of tax deduction	252
7.3	When tax is to be deducted	252
7.3-1	Private arrangement of paying dividend tax-free cannot discharge obligation under section 192	252
7.4	Tax deduction account number	252
7.5	Deposit of tax to the credit of Central Government	252
7.5-1	Where to deposit	253
7.5-2	Time within which tax is to be deposited	253
7.5-3	Filing challan for payment	253
7.5-4	Claim for refund	253
7.6	Issue a certificate for tax deducted at source to shareholders	253
7.6-1	TDS certificate in Form No. 16A	253
7.6-2	Time limit within which the certificate should be given	254
7.6-3	Issue of duplicate certificate	254
7.7	Statement/returns to the Government	254
7.7-1	Annual return	254
7.7-2	Quarterly return of TDS deposited	254
7.8	Consequences of failure to deduct or pay tax, furnish returns, etc.	254
7.8-1	Failure to deduct and/or pay tax	254

CONTENTS

	PAGE
7.8-2 Failure to comply with the provisions of section 203A regarding tax deduction account number	254
7.8-3 Failure to issue certificate, or submit return/ statement	254

8

HOW TO COMPUTE DIVIDENDS AND TAX DEDUCTIBLE THEREFROM

8.1	Defining dividends	255
8.2	Deemed dividend under the Income-tax Act	255
8.2-1	Definition under section 2(22)(e)	255
8.2-2	Accumulated profits	255
8.2-3	Distribution of accumulated profits by way of advance or loan	257
8.3/4	Rates for tax deduction at source during the financial year 2017-18	261
8.5	Dividends payable to Government or certain corporation	261
8.6	Deduction of tax at lower rates	261
8.6-1	Certificate for receiving dividend without tax deduction	261
8.6-2	Declaration under section 197A	262
8.7	Who gets credit for tax deducted	263
8.7-1	Rules framed by Board	263

9

DEDUCTION OF TAX AT SOURCE FROM INTEREST OTHER THAN INTEREST ON SECURITIES

9.1	Who is to discharge the responsibility to make tax deduction at source	265
9.2	Which interest qualifies for tax deduction at source under section 194A	265
9.3	When tax has to be deducted at source	266
9.3-1	When interest is credited to "Interest payable account" or "Suspense account"	266
9.3-2	Private arrangement of paying interest tax-free cannot discharge obligation under section 194A	267
9.4	How to compute tax deduction at source	267
9.5	Tax deduction account number	267
9.6	Deposit of tax to the credit of Central Government	267
9.6-1	Where to deposit	267

CONTENTS

	PAGE	
9.6-2	Time of deposit	267
9.6-3	Payment through challan	268
9.6-4	Claim for refund	268
9.7	Issue certificate of tax deduction from interest other than interest on securities	268
9.7-1	Certificates are issued by downloading from TIN website	268
9.7-2	Time limit within which certificate shall be issued	268
9.7-3	Issue of duplicate certificate	269
9.8	Return of tax deduction at source	269
9.8-1	Annual return	269
9.8-2	Quarterly return of TDS deposited	269
9.8-3	Quarterly return for payment without tax deduction	270
9.9	Consequences of failure to deduct or pay tax, furnish return, etc.	271
9.9-1	Failure to deduct and/or pay tax	271
9.9-2	Failure to comply with the provisions of section 203A regarding tax deduction account number	271
9.9-3	Failure to issue certificate or submit return	271
9.9-4	Forfeiture of deduction in respect of interest other than interest on securities	271

10

HOW TO COMPUTE INTEREST (OTHER THAN INTEREST ON SECURITIES) AND TAX DEDUCTIBLE THEREFROM

10.1	When a payment can be regarded as "interest"	272
10.1-1	Conditions	272
10.1-2	When a payment is deemed to be payment of interest for the purpose of tax deduction	272
10.2	Rates for tax deduction at source during the financial year 2017-18	273
10.2-1	When adjustments are called for	274
10.3	Treatment of interest other than interest on securities payable to Government or certain corporation	274
10.4	Interest other than interest on securities not liable to tax deduction under section 194A(3)/197A	274
10.4-1	If interest does not exceed a specified amount	274

CONTENTS

	PAGE
10.4-2 Paid/credited to banks/financial institutions	275
10.4-3 Interest by firm	277
10.4-4 Co-operative society	277
10.4-5 Interest under notified schemes	278
10.4-6 Interest by bank	279
10.4-7 Interest by co-operative society/bank	279
10.4-8 Interest by Government	279
10.4-9 Interest credited on compensation	279
10.4-10 Interest paid on Compensation	279
10.4-11 Zero coupon bonds	280
10.4-12 Interest referred to in section 10(23FC)	280
10.4-13 Interest by offshore banking unit	280
10.4-14 Interest to Tirumala Tirupati Devasthanams	280
10.4-15 Interest to securitisation trust	280
10.5 Interest without tax deduction or with deduction at lower rates	280
10.5-1 Certificate for tax deduction at lower rate under section 197(1)	280
10.5-2 Declaration under section 197A	281
10.5-3 Payment to certain institutions whose income is exempt under section 10(23C)	282
10.6 To deduct or not - Treatment of some typical cases	282
10.6-1 Interest on deposits in joint names - Manner of tax deduction	282
10.6-2 Interest payment under Land Acquisition Act	283
10.6-3 Interest payable on hundi by buyer to supplier in case of outstation sale of goods - Whether tax to be deducted by the buyer	284
10.6-4 Interest payable by consignors to their commission agent	284
10.6-5 Payment under a hire purchase agreement	284
10.6-6 Who is an individual	284
10.6-7 Interest payable by retail finance service company	284
10.6-8 Cheque discounting charges	285
10.6-9 Payment under a hire purchase agreement	285
10.6-10 Interest on delayed payment of insurance compensation	285
10.6-11 Personal loan of directors routed through company	285

CONTENTS

	PAGE
10.6-12 Discounting charges	285
10.6-13 Chit fund	285
10.6-14 Judgment debtor	285
10.6-15 Interest on overdue purchase bills is not 'interest'	285
10.6-16 Loan processing fees	286
10.6-17 Tax deduction on the deposits in banks in the name of the registrar to the Supreme Court/High Court during pendency of litigation	286
10.6-18 Tax deductible even in the case of loss	286
10.7 Giving credit for tax deducted	286
10.7-1 Rules to be framed by Board	286

11

TAX DEDUCTION FROM WINNINGS FROM LOTTERY, CROSSWORD PUZZLE, CARD GAMES OR OTHER GAMES

11.1 Who is responsible for tax deduction in the case of winnings from lottery, crossword puzzle, card game or other game	288
11.2 Payments from which deduction is to be made	288
11.3 When tax has to be deducted	288
11.3-1 Private arrangement of paying income-tax-free cannot discharge obligation under section 194B	288
11.4 Tax deduction account number	288
11.5 Deposit of tax in the credit of Central Government	288
11.5-1 Where to deposit	288
11.5-2 Time of deposit	289
11.5-3 Payment through challan	289
11.5-4 Claim for refund	289
11.6 Issue a certificate for tax deducted at source	289
11.6-1 Certificate is issued by downloading from TIN website	289
11.6-2 Time limit	289
11.6-3 Issue of duplicate certificate	290
11.7 Annual/quarterly return to the Government	290
11.7-1 Annual return	290
11.7-2 Quarterly return	290
11.8 Consequences of failure to deduct or pay tax or furnish return, etc.	291

CONTENTS

	PAGE
11.8-1 Failure to deduct and/or pay tax	291
11.8-2 Failure to comply with the provisions of section 203A regarding tax deduction account number	291
11.8-3 Failure to issue certificate, or submit return	291
11.8-4 Disallowance of expenditure	291

12

WINNINGS FROM LOTTERY, CROSSWORD PUZZLE, CARD GAME OR ANY OTHER GAME AND TAX TO BE DEDUCTED THEREFROM

12.1 What can be termed as winnings from lottery, crossword puzzle and card game	292
12.1-1 One has to fall back on dictionary meanings and judicial pronouncement	292
12.1-2 Preliminary conditions subject to which tax deduction can be made	294
12.1-3 Some typical situations - How to deal with them	295
12.2 Rates for deduction of tax at source during the financial year 2017-18	296
12.3 No deduction at source from payments to Government or certain corporation	297
12.4 Giving credit for tax deducted	298
12.4-1 Rules framed by Board	298

13

TAX DEDUCTION FROM WINNINGS FROM HORSE RACE

13.1 Who is responsible for tax deduction	300
13.1-1 Bookmaker - Meaning of	300
13.2 When winnings from horse racing are subject to tax deduction at source	300
13.3 When tax has to be deducted	301
13.3-1 Private arrangement of making payment tax-free cannot discharge the obligation	301
13.4 Tax deduction account number	301
13.5 Deposit of tax to the credit of Central Government	301
13.5-1 Where to deposit	301
13.5-2 Time of deposit	301

CONTENTS

	PAGE
13.5-3 Payment through challan	302
13.5-4 Claim for refund	302
13.6 Issue of certificate for deduction from winning from horse races	302
13.6-1 Certificates are issued by downloading from TIN website	302
13.6-2 Time limit within which the certificate shall be issued	302
13.6-3 Issue of duplicate certificate	302
13.7 Annual/quarterly return of winning from horse race to the Government	303
13.7-1 Annual return	303
13.7-2 Quarterly return	303
13.8 Consequences of failure to deduct or pay tax, furnish return, etc.	304
13.8-1 Failure to deduct and/or pay tax	304
13.8-2 Failure to comply with the provisions of section 203A regarding tax deduction account number	304
13.8-3 Failure to issue certificate or submit return	304
13.8-4 Disallowance of expenditure	304

14

WINNINGS FROM HORSE RACE AND TAX TO BE DEDUCTED THEREON

14.1 Meaning of horse race	305
14.1-1 When winnings from horse race are subject to tax deduction	305
14.2 Rates at which deduction of tax is to be made at source during the financial year 2017-18	305
14.3 No deduction of tax from winnings payable to the Government/certain corporation	306
14.4 Credit for tax deducted	306
14.4-1 Rules framed by Board	306

15

TAX DEDUCTION FROM PAYMENT TO CONTRACTORS

15.1 Person responsible for making deduction at source under section 194C	308
---	-----

CONTENTS

	PAGE
15.1-1 Payment to a resident contractor	308
15.2 When tax has to be deducted at source	310
15.2-1 When amount is transferred to "Suspense account"	310
15.2-2 Private arrangement of making payment to contractor/sub-contractor without tax deduction cannot discharge the obligation under section 194C	310
15.3 How to compute the amount of tax deduction	310
15.4 Tax deduction account number	310
15.5 Deposit of tax to the credit of Central Government	310
15.5-1 Where to deposit	310
15.5-2 Time of deposit	311
15.5-3 Payment through challan	311
15.5-4 Claim for refund	311
15.6 Issue of certificate of tax deduction	311
15.6-1 Certificates are issued by downloading from TIN website	312
15.6-2 Time limit within which certificate shall be issued	312
15.6-3 Issue of duplicate certificate	312
15.7 Annual and quarterly returns of tax deducted at source	312
15.7-1 Annual return	312
15.7-2 Quarterly return	312
15.8 Consequences of failure to deduct or pay tax, furnish return, etc.	313
15.8-1 Failure to deduct and/or pay tax	313
15.8-2 Failure to comply with the provisions of section 203A regarding tax deduction account number	313
15.8-3 Failure to issue certificate or submit return	313
15.8-4 Forfeiture of deduction in respect of payment to contractors/sub-contractors	313

16

WHAT CONSTITUTES A PAYMENT TO CONTRACTOR/ SUB-CONTRACTOR AND HOW MUCH TAX IS TO BE DEDUCTED THEREFROM

16.1 Payment to contractors/sub-contractors	314
16.1-1 When such payments are subject to tax deduction	314

CONTENTS

	PAGE
16.1-2 When such payments to contractors are not subject to tax deduction at source	314
16.2 “Work contract” and “contract for supply of labour for works contract” - Meaning of	316
16.2-1 “Work” as defined in section 194C	316
16.2-2 Work contract or sale of goods	317
16.2-3 Tests to determine whether a contract is work contract	317
16.2-4 Emerging conclusion	319
16.2-5 Examples of “work contracts” and “contracts for sale of goods”	320
16.3 Judicial pronouncements	326
16.4 Rates for tax deduction at source during the financial year 2017-18	329
16.4-1 Other points	329
16.5 Clarifications from the Board	330
16.5-1 Advertising contract	330
16.5-2 Broadcasting/telecasting contracts	332
16.5-3 Payment made to travel agent/or an airline	332
16.5-4 Does catering include serving food in restaurant	333
16.5-5 Payment of hire charges	333
16.5-6 Payment to an electrician	334
16.5-7 Maintenance contracts	334
16.5-8 Fixed deposit commission	334
16.5-9 Procurement of orders	334
16.5-10 Reimbursement	334
16.5-11 Bidi manufacturing	334
16.5-12 National Rural Employment Programme	334
16.5-13 Bus contractor	334
16.5-14 Road transporters	335
16.5-15 Tax deduction when material is supplied to contractor	335
16.5-16 Contract on piece rate basis	336
16.6 Payment to Government and certain corporations	336
16.7 Certificate for tax deduction at lower rates	337
16.7-1 Time limit for soliciting the favour	337
16.8 Credit for tax deduction	337
16.8-1 Rules framed by Board	337

CONTENTS

PAGE

17

TAX DEDUCTION FROM INSURANCE COMMISSION

17.1	Person responsible for tax deduction from insurance commission	339
17.2	When tax has to be deducted	339
17.2-1	No tax is deductible if payment during a financial year does not exceed Rs. 15,000	339
17.2-2	Private arrangement of paying commission tax-free is not relevant	339
17.3	Tax deduction account number	339
17.4	Deposit of tax to the credit of Central Government	339
17.4-1	Where to deposit	339
17.4-2	Time of deposit	340
17.4-3	Payment through challan	340
17.4-4	Claim for refund	340
17.5	Issue of certificate of tax deduction	340
17.5-1	Certificates are issued by downloading from TIN website	341
17.5-2	Time-limit within which certificate shall be issued	341
17.5-3	Issue of duplicate certificate	341
17.6	Annual and quarterly returns of tax deducted at source	341
17.6-1	Annual return	341
17.6-2	Quarterly return	341
17.7	Consequences of failure to deduct or pay tax, furnish return, etc.	342
17.7-1	Failure to deduct and/or pay tax	342
17.7-2	Failure to comply with the provisions of section 203A regarding tax deduction account number	342
17.7-3	Failure to issue certificates or submit return	342
17.7-4	Disallowance of expenditure	342

18

HOW TO COMPUTE INSURANCE COMMISSION AND TAX TO BE DEDUCTED THEREFROM

18.1	What qualifies as insurance commission for the purpose of tax deduction at source	343
-------------	---	-----

CONTENTS

	PAGE
18.1-1 Conditions to attract section 194D	343
18.2 Rates at which tax is to be deducted at source during the financial year 2017-18	344
18.2-1 No tax deduction when payments are to Government and certain corporation	344
18.3 Circumstances in which no deduction or deduction at lower rate is possible	345
18.3-1 Certificate for tax deduction at lower rate under section 197(1)	345
18.3-2 Declaration under section 197A	345
18.4 Credit given to person on whose behalf tax is deducted	346
18.4-1 Rules framed by Board	346

19

TAX DEDUCTION FROM PAYMENT IN RESPECT OF LIFE INSURANCE POLICY

19.1 Person responsible for tax deduction	348
19.2 When tax has to be deducted	348
19.2-1 No tax is deductible if payment during a financial year is less than Rs. 1,00,000	348
19.2-2 Private arrangement of paying commission tax-free is not relevant	348
19.3 Tax deduction account number	348
19.4 Deposit of tax to the credit of Central Government	348
19.4-1 Where to deposit	348
19.4-2 Time of deposit	349
19.4-3 Payment through challan	349
19.4-4 Claim for refund	349
19.5 Issue of certificate of tax deduction	349
19.5-1 Certificates are issued by downloading from TIN website	349
19.5-2 Time-limit within which certificate shall be issued	349
19.5-3 Issue of duplicate certificate	350
19.6 Annual and quarterly returns of tax deducted at source	350
19.6-1 Annual return	350
19.6-2 Quarterly return	350
19.7 Consequences of failure to deduct or pay tax, furnish return, etc.	351

CONTENTS

	PAGE
19.7-1 Failure to deduct and/or pay tax	351
19.7-2 Failure to comply with the provisions of section 203A regarding tax-deduction account number	351
19.7-3 Failure to issue certificates or submit return	351
19.7-4 Disallowance of expenditure	351

20

HOW TO COMPUTE TAX TO BE DEDUCTED FROM PAYMENT IN RESPECT OF LIFE INSURANCE POLICY

20.1 What qualifies as payment in respect of life insurance policy for the purpose of tax deduction at source under section 194DA	352
20.1-1 When exemption is available under section 10(10D)	352
20.2 Rates at which tax is to be deducted at source during the financial year 2017-18	353
20.3 Circumstances in which no deduction or deduction at lower rate is possible	353
20.4 Credit given to person on whose behalf tax is deducted	353
20.4-1 Rules framed by Board	354

21

DEDUCTION OF TAX AT SOURCE FROM NATIONAL SAVINGS SCHEME

21.1 Who is responsible to deduct tax	356
21.2 When tax is to be deducted	356
21.3 How to compute amount of tax deducted at source	356
21.4 Tax deduction account number	356
21.5 Deposit of tax to the credit of Central Government	356
21.5-1 Where to deposit	356
21.5-2 Time of deposit	356
21.5-3 Payment through challan	357
21.5-4 Claim for refund	357
21.6 Issue of certificate for tax deduction	357
21.6-1 Certificates are issued by downloading from TIN website	357
21.6-2 Time limit within which the certificate shall be issued	357

CONTENTS

	PAGE
21.6-3 Issue of duplicate certificate	357
21.7 Annual and quarterly return to the Government	357
21.7-1 Annual returns	357
21.7-2 Quarterly return	357
21.8 Consequences of failure to deduct or pay tax or furnish return	359
21.8-1 Failure to deduct and/or pay tax	359
21.8-2 Failure to comply with the provisions of section 203A regarding tax deduction account number	359
21.8-3 Failure to issue certificate or submit return	359
21.8-4 Disallowance of expenditure	359

22

HOW TO COMPUTE AMOUNT REFERRED TO IN SECTION 80CCA(2)(a) AND TAX TO BE DEDUCTED THEREFROM

22.1 Payments referred to in section 80CCA(2)(a)	360
22.1-1 What is the scheme of section 80CCA	360
22.1-2 Payments subject to tax deduction under section 194EE	360
22.2 Rate of tax in force during the financial year 2017-18	361
22.3 Payment without tax deduction under section 197A	361
22.3-1 Mode of submission of Form No. 15G/15H by payer of income to income-tax authorities	362
22.4 Tax credit	362
22.4-1 Rules framed by Board	362

23

DEDUCTION OF TAX AT SOURCE ON ACCOUNT OF REPURCHASE OF UNITS BY MUTUAL FUNDS OR UNIT TRUST OF INDIA

23.1 Who is responsible to deduct tax	364
23.2 When tax is to be deducted	364
23.2-1 Private arrangement to pay income free of tax	364
23.3 How to compute amount of tax deducted	364
23.4 Tax deduction account number	364
23.5 Deposit of tax to the credit of the Central Government	364
23.5-1 Where to deposit	364

CONTENTS

	PAGE
23.5-2 Time of deposit	365
23.5-3 Payment through challan	365
23.5-4 Claim for refund	365
23.6 Issue of certificate for tax deduction	365
23.6-1 Certificates are issued by downloading from TIN website	365
23.6-2 Time-limit within which the certificate shall be issued	365
23.6-3 Issue of duplicate certificate	365
23.7 Annual and quarterly returns to the Government	366
23.7-1 Annual return	366
23.7-2 Quarterly returns	366
23.8 Consequences of failure to deduct or pay tax or furnish return	367
23.8-1 Failure to deduct and/or pay tax	367
23.8-2 Failure to comply with the provisions of section 203A regarding tax deduction account number	367
23.8-3 Failure to issue certificate or submit return	367
23.8-4 Disallowance of expenditure	367

24

HOW TO COMPUTE AMOUNT REFERRED TO IN SECTION 80CCB(2) AND TAX TO BE DEDUCTED THEREFROM

24.1 Payments affected by section 194F	368
24.1-1 What is the scheme of section 80CCB	368
24.1-2 Payments subject to tax deduction under section 194F	368
24.1-3 Illustration	368
24.2 Rate of tax in force during the financial year 2017-18	369
24.3 Deduction of tax at lower rate	369
24.4 Tax credit	369
24.4-1 Rules framed by Board	369

CONTENTS

PAGE

25

**DEDUCTION OF TAX AT SOURCE FROM
COMMISSION ON SALE OF
LOTTERY TICKETS**

25.1	Who is responsible to deduct tax at source	371
25.2	When tax is deducted at source	371
25.2-1	When amount is credited to “suspense account”	371
25.2-2	Private arrangement to pay commission free of tax	371
25.3	How to compute tax deduction at source under section 194G	371
25.4	Tax deduction account number	371
25.5	Deposit of tax to the credit of Central Government	371
25.5-1	Where to deposit	371
25.5-2	Time of deposit	372
25.5-3	Payment through challan	372
25.5-4	Claim for refund	372
25.6	Issue of certificate of tax deduction	372
25.6-1	Certificates are issued by downloading from TIN website	372
25.6-2	Time-limit within which certificate shall be issued	372
25.6-3	Issue of duplicate certificate	373
25.7	Annual and quarterly return to the Government	373
25.7-1	Annual return	373
25.7-2	Quarterly return	373
25.8	Consequences of failure to deduct or pay tax or furnish return	374
25.8-1	Failure to deduct and/or pay tax	374
25.8-2	Failure to comply with the provisions of section 203A regarding tax deduction account number	374
25.8-3	Failure to issue certificate or submit return	374
25.8-4	Disallowance of expenditure	374

CONTENTS

PAGE

26

HOW TO COMPUTE COMMISSION ON SALE OF LOTTERY TICKETS AND TAX DEDUCTIBLE THEREFROM

26.1	When a payment is affected by section 194G	375
26.2	Rates for tax deduction	375
26.3	Deduction of tax at lower rate	376
26.4	Tax credited	376
26.4-1	Rules framed by Board	376

27

TAX DEDUCTION FROM COMMISSION OR BROKERAGE

27.1	Person responsible for tax deduction from commission/ brokerage	378
27.2	When tax has to be deducted	378
27.2-1	No tax is deductible if payment during a financial year does not exceed Rs. 15,000	378
27.2-2	Private arrangement of paying commission tax- free is not relevant	379
27.3	Tax deduction account number	379
27.4	Deposit of tax to the credit of Central Government	379
27.4-1	Where to deposit	379
27.4-2	Time of deposit	379
27.4-3	Payment through challan	380
27.4-4	Claim for refund	380
27.5	Issue of certificate of tax deduction	380
27.5-1	Certificates are issued by downloading from TIN website	380
27.5-2	Time limit within which the certificate shall be issued	380
27.5-3	Issue of duplicate certificate	380
27.6	Annual and quarterly return to the Government	380
27.6-1	Annual return	380
27.6-2	Quarterly return	380
27.7	Consequences of failure to deduct or pay tax or furnish return	382

CONTENTS

	PAGE
27.7-1 Failure to deduct and/or pay tax	382
27.7-2 Failure to comply with the provisions of section 203A regarding tax deduction account number	382
27.7-3 Failure to issue certificate or submit return	382
27.7-4 Forfeiture of deduction in respect of commission/ brokerage	382

28

HOW TO COMPUTE COMMISSION OR BROKERAGE AND TAX TO BE DEDUCTED THEREFROM

28.1 When commission/brokerage is subject to the tax deduction under section 194H	383
28.2 Brokerage/commission covered by section 194H	383
28.2-1 Professional services excluded	383
28.2-2 "Commission" judicially defined	384
28.2-3 Brokerage judicially defined	385
28.2-4 Commission and service are two essential elements	386
28.2-5 Commission retained by consignee - Is it subject to tax deduction	389
28.2-6 Turnover commission by RBI	389
28.2-7 Trade discount is different	389
28.2-8 Discount on SIM offered by Cellular telephone network provider to distributors	390
28.2-9 Advertisement Commission paid by Doordarshan	390
28.2-10 Other judicial rulings	390
28.2-11 Conclusions	392
28.3 Rates of tax	392
28.4 No tax deduction when recipient is Government and certain corporations	393
28.5 Payment without tax deduction or with deduction at lower rates	393
28.5-1 Certificate for tax deduction at lower rate under section 197(1)	393
28.5-2 Turnover commission payable by Central Government	394
28.6 Tax credit	394
28.6-1 Rules framed by Board	394

CONTENTS

PAGE

29

TAX DEDUCTION FROM RENT

29.1	Person responsible for tax deduction from rent	396
29.2	When tax has to be deducted	396
29.2-1	No tax is deductible if payment during a financial year does not exceed Rs. 1,80,000	397
29.2-2	Private arrangement of paying rent tax-free is not relevant	397
29.3	Tax deduction account number	397
29.4	Deposit of tax to the credit of Central Government	397
29.4-1	Where to deposit	397
29.4-2	Time of deposit	397
29.4-3	Payment through Challan	398
29.4-4	Claim for refund	398
29.5	Issue of certificate of tax deduction	398
29.5-1	Certificates are issued by downloading from TIN website	398
29.5-2	Time limit within which the certificate shall be issued	398
29.5-3	Issue of duplicate certificate	398
29.6	Annual and quarterly return to the Government	398
29.6-1	Annual return	398
29.6-2	Quarterly return	398
29.7	Consequences of failure to deduct or pay tax or furnish return	400
29.7-1	Failure to deduct and/or pay tax	400
29.7-2	Failure to comply with the provisions of section 203A regarding tax-deduction account number	400
29.7-3	Failure to issue certificate or submit return	400
29.7-4	Forfeiture of deduction in respect of rent	400

30

HOW TO COMPUTE RENT AND TAX TO BE DEDUCTED THEREFROM

30.1	When rent is subject to the tax deduction under section 194-I	401
-------------	---	-----

CONTENTS

	PAGE
30.2 Rent covered by section 194-I	401
30.2-1 Rent as defined in section 194-I	401
30.2-2 Broad inferences	403
30.3 Rates of tax	409
30.4 No tax deduction when recipient is Government and certain corporations	409
30.4-1 No tax deduction if recipient is exempt under section 10(23C)	410
30.4-2 No tax deduction if recipient is real estate investment trust	410
30.5 Deduction of tax at lower rates	410
30.5-1 Certificate for receiving rent without tax deduction	410
30.5-2 Declaration under section 197A	411
30.6 Tax credit	411
30.6-1 Rules framed by Board	411

31

DEDUCTION OF TAX AT SOURCE FROM CONSIDERATION PAYABLE FOR ACQUISITION OF IMMOVABLE PROPERTY OTHER THAN AGRICULTURAL LAND IN RURAL AREA

31.1 Who is responsible for tax deduction at source under section 194-IA	413
31.2 When tax has to be deducted at source	413
31.3 Tax deduction account number	413
31.4 Deposit of tax to the credit of Central Government	413
31.4-1 Where to deposit	413
31.4-2 Time of deposit	413
31.4-3 Payment through challan	413
31.4-4 Claim for refund	414
31.5 Issue a certificate for tax deducted at source	414
31.5-1 Certificates are issued by downloading from TRACES Portal	414
31.5-2 Time limit within which the certificate should be given	414
31.5-3 Issue of duplicate certificate	414
31.6 Annual and quarterly return to the Government	414

CONTENTS

	PAGE
31.7 Consequences of failure to deduct or pay tax, furnish returns, etc.	414
31.7-1 Failure to deduct and/or pay tax	414
31.7-2 Failure to issue certificate, or submit return/ statement	414
31.7-3 Forfeiture of deduction	414

32

HOW TO COMPUTE TAX DEDUCTIBLE FROM PAYMENT OF CONSIDERATION FOR ACQUISITION OF ANY IMMOVABLE PROPERTY

32.1 Income subject to tax deduction under section 194-IA	415
32.1-1 Immovable property	415
32.1-2 Agricultural land	415
32.1-3 Rural area in India	416
32.2 Rate for tax deduction at source during the financial year 2017-18	417
32.3 Consideration payable to Government or certain corporation	419
32.4 Certificate of tax deduction at lower rate	419
32.5 Who gets credit for tax deducted	419
32.5-1 Rules framed by Board	419

33

TAX DEDUCTION FROM PAYMENT OF RENT BY CERTAIN INDIVIDUALS AND HUFs

33.1 Person responsible for tax deduction under section 194-IB	421
33.2 When tax has to be deducted	421
33.2-1 No tax is deductible if rent does not exceed Rs. 50,000 per month	421
33.2-2 Private arrangement of paying tax-free rent is not relevant	421
33.3 Tax deduction account number	421
33.4 Deposit of tax to the credit of Central Government	421
33.4-1 Where to deposit	421
33.4-2 Time of deposit	422
33.4-3 Payment through challan	422
33.4-4 Claim for refund	422

CONTENTS

	PAGE
33.5 Issue of certificate of tax deduction	422
33.5-1 Issue of duplicate certificate	422
33.6 Return to the Government	422
33.7 Consequences of failure to deduct or pay tax or furnish return	422
33.7-1 Failure to deduct and/or pay tax	422
33.7-2 Failure to issue certificate or submit return	422
33.7-3 Forfeiture of deduction	422

34

HOW TO COMPUTE TAX DEDUCTIBLE FROM RENT UNDER SECTION 194-IB

34.1 Rent subject to tax deduction under section 194-IB	423
34.2 Rates of tax deduction during the financial year 2017-18	423
34.3 Payment without tax deduction or with deduction at lower rates	425
34.4 Consideration payable to Government or certain corporation	425
34.5 Tax credit	425
34.5-1 Rules framed by Board	425

35

TAX DEDUCTION FROM PAYMENT UNDER SPECIFIED AGREEMENT

35.1 Person responsible for tax deduction from payment under specified agreement	427
35.2 When tax has to be deducted	427
35.2-1 Private arrangement to pay consideration free of tax	427
35.3 Tax deduction account number	427
35.4 Deposit of tax to the credit of Central Government	427
35.4-1 Where to deposit	427
35.4-2 Time of deposit	427
35.4-3 Payment through challan	428
35.4-4 Claim for refund	428
35.5 Issue of certificate of tax deduction	428
35.5-1 Issue of duplicate certificate	428
35.6 Quarterly return to the Government	428
35.7 Consequences of failure to deduct or pay tax or furnish return	428
35.7-1 Failure to deduct and/or pay tax	428

CONTENTS

	PAGE
35.7-2 Failure to comply with the provisions of section 203A regarding tax-deduction account number	428
35.7-3 Failure to issue certificate or submit return	428

36

HOW TO COMPUTE CONSIDERATION WHICH IS SUBJECT TO TAX DEDUCTION UNDER SECTION 194-IC

36.1 When payment under specified agreement is subject to tax deduction under section 194-IC	429
36.1-1 Specified agreement under section 45(5A)	429
36.2 Rates of tax	430
36.3 Payment without tax deduction or with deduction at lower rates	431
36.4 Tax credit	431
36.4-1 Rules framed by Board	431

37

DEDUCTION OF TAX AT SOURCE FROM FEES FOR TECHNICAL OR PROFESSIONAL SERVICES OR ROYALTY

37.1 Who is responsible for tax deduction in the case of fees for technical or professional services or royalty	433
37.1-1 Director's fees subject to TDS under section 194J from July 1, 2012	433
37.1-2 When payment/credit by an individual/HUF is subject to TDS under section 194J	433
37.2 When tax has to be deducted at source	434
37.2-1 When fees is credited to "suspense account"	434
37.2-2 Private arrangement of paying fees for technical or professional services or royalty tax-free cannot discharge obligation under section 194J	434
37.3 Tax deduction account number	435
37.4 Deposit of tax to the credit of Central Government	435
37.4-1 Where to deposit	435
37.4-2 Time of deposit	435
37.4-3 Payment through challan	435
37.4-4 Claim for refund	435
37.5 Issue a certificate for tax deducted at source	436

CONTENTS

	PAGE
37.5-1 Certificates are issued by downloading from TIN website	436
37.5-2 Time limit within which the certificate should be given	436
37.5-3 Issue of duplicate certificate	436
37.6 Annual and quarterly return to the Government	436
37.6-1 Annual return	436
37.6-2 Quarterly return	436
37.7 Consequences of failure to deduct or pay tax, furnish returns, etc.	438
37.7-1 Failure to deduct and/or pay tax	438
37.7-2 Failure to comply with the provisions of section 203A regarding tax-deduction account number	438
37.7-3 Failure to issue certificate, or submit return/ statement	438
37.7-4 Forfeiture of deduction in respect of technical/ professional fees/royalty	438

38

HOW TO COMPUTE FEES FOR PROFESSIONAL AND TECHNICAL SERVICES AND ROYALTY AND TAX DEDUCTIBLE THEREFROM

38.1 Professional/technical services	439
38.1-1 What is professional services	439
38.1-2 Technical services	440
38.1-3 "Royalty" as defined in <i>Explanation 2</i> to section 9(1)(vi)	441
38.2 When payments for professional/technical fees, royalty, director's fees are covered by section 194J	444
38.2-1 Other points	445
38.3 Rates for tax deduction at source during the financial year 2017-18	448
38.3-1 Reimbursement of expenditure - Whether subject to TDS	448
38.4 Fees for professional services/technical services or royalty payable to Government or certain corporation	449
38.5 Certificate of tax deduction at lower rate	450
38.5-1 Time limit for soliciting the favour	450
38.6 Who gets credit for tax deducted	450
38.6-1 Rules framed by Board	450

CONTENTS

PAGE

39

DEDUCTION OF TAX AT SOURCE FROM PAYMENT OF COMPENSATION ON ACQUISITION OF IMMOVABLE PROPERTY

39.1	Who is responsible for tax deduction at source under section 194LA	452
39.2	When tax has to be deducted at source	452
39.3	Tax deduction account number	452
39.4	Deposit of tax to the credit of Central Government	452
39.4-1	Where to deposit	452
39.4-2	Time within which tax has to be deposited	452
39.4-3	Claim for refund	452
39.5	Issue a certificate for tax deducted at source	452
39.5-1	Certificates are issued by downloading from TIN website	452
39.5-2	Time-limit	452
39.5-3	Issue of duplicate certificate	453
39.6	Statement/return to the Government	453
39.6-1	Annual return	453
39.6-2	Quarterly return	453
39.7	Consequences of failure to deduct or pay tax, etc.	454
39.7-1	Failure to deduct and/or pay tax	454
39.7-2	Failure to comply with the provisions of section 203A regarding tax deduction account number	454

40

HOW TO COMPUTE TAX DEDUCTIBLE FROM PAYMENT OF COMPENSATION ON ACQUISITION OF IMMOVABLE PROPERTY

40.1	Income subject to tax deduction under section 194LA	455
40.2	Rates for tax deduction at source during the financial year 2017-18	456
40.3	Income is payable to Government or certain corporation	456
40.4	Deduction of tax at lower rates	456
40.4-1	Certificate for receiving such without tax deduction or with deduction at lower rate	456
40.5	Who get credit for tax deducted	457
40.5-1	Rules framed by Board	457

CONTENTS

PAGE

41

DEDUCTION OF TAX AT SOURCE FROM INCOME BY WAY OF INTEREST FROM INFRASTRUCTURE DEBT FUND

41.1	Who is responsible for tax deduction at source under section 194LB	459
41.2	When tax has to be deducted at source	459
41.3	Tax deduction account number	459
41.4	Deposit of tax to the credit of Central Government	459
41.4-1	Where to deposit	459
41.4-2	Time within which tax has to be deposited	459
41.4-3	Claim for refund	459
41.5	Issue a certificate for tax deducted at source	459
41.5-1	Certificates are issued by downloading from TIN website	459
41.5-2	Time-limit	459
41.5-3	Issue of duplicate certificate	460
41.6	Statement/return to the Government	460
41.6-1	Annual return	460
41.6-2	Quarterly return	460
41.7	Consequences of failure to deduct or pay tax, etc.	461
41.7-1	Failure to deduct and/or pay tax	461
41.7-2	Failure to comply with the provisions of section 203A regarding tax deduction account number	461

42

HOW TO COMPUTE TAX DEDUCTIBLE FROM PAYMENT OF INTEREST ON INFRASTRUCTURE DEBT FUND

42.1	Income subject to tax deduction under section 194LB	462
42.2	Rates for tax deduction at source during the financial year 2017-18	462
42.3	Deduction of tax at lower rate	462
42.4	Who get credit for tax deducted	462
42.4-1	Rules framed by Board	463

CONTENTS

PAGE

43

DEDUCTION OF TAX AT SOURCE FROM INTEREST ON UNITS OF BUSINESS TRUST

43.1	Who is responsible for tax deduction at source under section 194LBA	465
43.2	When tax has to be deducted at source	465
43.3	Tax deduction account number	465
43.4	Deposit of tax to the credit of Central Government	465
43.4-1	Where to deposit	465
43.4-2	Time within which tax has to be deposited	465
43.4-3	Claim for refund	465
43.5	Issue a certificate for tax deducted at source	465
43.5-1	Certificates are issued by downloading from TIN website	465
43.5-2	Time-limit	465
43.5-3	Issue of duplicate certificate	466
43.6	Statement/return to the Government	466
43.6-1	Annual return	466
43.6-2	Quarterly return	466
43.7	Consequences of failure to deduct or pay tax, etc.	467
43.7-1	Failure to deduct and/or pay tax	467
43.7-2	Failure to comply with the provisions of section 203A regarding tax deduction account number	467
43.7-3	Forfeiture of deduction in respect of payment of interest	467

44

HOW TO COMPUTE TAX DEDUCTIBLE FROM PAYMENT OF INTEREST ON UNITS OF BUSINESS TRUST

44.1	Income subject to tax deduction under section 194LBA	468
44.2	Rates for tax deduction at source during the financial year 2017-18	468
44.3	Deduction of tax at lower rate	469
44.4	Who get credit for tax deducted	469
40.4-1	Rules framed by Board	469

CONTENTS

PAGE

45

**DEDUCTION OF TAX AT SOURCE FROM INCOME
IN RESPECT OF UNITS OF INVESTMENT
FUND/SECURITISATION TRUST**

45.1	Who is responsible for tax deduction at source under section 194LBB/194LBC	471
45.2	When tax has to be deducted at source	471
45.3	Tax deduction account number	471
45.4	Deposit of tax to the credit of Central Government	471
45.4-1	Where to deposit	471
45.4-2	Time within which tax has to be deposited	471
45.4-3	Claim for refund	471
45.5	Issue a certificate for tax deducted at source	471
45.5-1	Certificates are issued by downloading from TIN website	471
45.5-2	Time-limit	471
45.5-3	Issue of duplicate certificate	472
45.6	Statement/return to the Government	472
45.6-1	Annual return	472
45.6-2	Quarterly return	472
45.7	Consequences of failure to deduct or pay tax, etc.	473
45.7-1	Failure to deduct and/or pay tax	473
45.7-2	Failure to comply with the provisions of section 203A regarding tax deduction account number	473
45.7-3	Forfeiture of deduction in respect of payment of interest	473

46

**HOW TO COMPUTE TAX DEDUCTIBLE FROM INCOME
IN RESPECT OF UNITS OF INVESTMENT
TRUST/SECURITISATION TRUST**

46.1	Income subject to tax deduction under section 194LBB/194LBC	474
46.2	Rates for tax deduction at source during the financial year 2017-18	474
46.3	Certificate for tax deduction at lower rate (applicable with effect from June 1, 2016)	475
46.3-1	Time-limit for soliciting the favour	475

CONTENTS

	PAGE
46.3-2 How lower rate is determined	475
46.3-3 Other points	475
46.4 Who get credit for tax deducted	475
46.4-1 Rules framed by Board	476

47

DEDUCTION OF TAX AT SOURCE FROM INCOME BY WAY OF INTEREST FROM INDIAN COMPANY UNDER SECTION 194LC

47.1 Who is responsible for tax deduction at source under section 194LC	478
47.2 When tax has to be deducted at source	478
47.3 Tax deduction account number	478
47.4 Deposit of tax to the credit of Central Government	478
47.4-1 Where to deposit	478
47.4-2 Time within which tax has to be deposited	478
47.4-3 Claim for refund	479
47.5 Issue a certificate for tax deducted at source	479
47.5-1 Certificates are issued by downloading from TIN website	479
47.5-2 Time-limit	479
47.5-3 Issue of duplicate certificate	479
47.6 Statement/return to the Government	479
47.6-1 Annual return	479
47.6-2 Quarterly return	479
47.7 Consequences of failure to deduct or pay tax, etc.	480
47.7-1 Failure to deduct and/or pay tax	480
47.7-2 Failure to comply with the provisions of section 203A regarding tax deduction account number	480

48

HOW TO COMPUTE TAX DEDUCTIBLE FROM INTEREST PAYABLE TO NON-RESIDENT/ FOREIGN COMPANY

48.1 Income subject to tax deduction under section 194LC	481
48.1-1 Approval by Central Government	481
48.2 Time of tax deduction	483
48.3 Rates for tax deduction at source during the financial year 2017-18	483
48.4 Deduction of tax at lower rate	483

CONTENTS

	PAGE
48.5 Who get credit for tax deducted	483
48.5-1 Rules framed by Board	484

49

DEDUCTION OF TAX AT SOURCE FROM INTEREST ON CERTAIN BONDS AND GOVERNMENT SECURITIES UNDER SECTION 194LD

49.1 Who is responsible for tax deduction at source under section 194LD	486
49.2 When tax has to be deducted at source	486
49.3 Tax deduction account number	486
49.4 Deposit of tax to the credit of Central Government	486
49.4-1 Where to deposit	486
49.4-2 Time within which tax has to be deposited	486
49.4-3 Claim for refund	486
49.5 Issue a certificate for tax deducted at source	487
49.5-1 Certificates are issued by downloading from TRACES Portal	487
49.5-2 Time-limit	487
49.5-3 Issue of duplicate certificate	487
49.6 Statement/return to the Government	487
49.6-1 Annual return	487
49.6-2 Quarterly return	487
49.7 Consequences of failure to deduct or pay tax, etc.	488
49.7-1 Failure to deduct and/or pay tax	488
49.7-2 Failure to comply with the provisions of section 203A regarding tax deduction account number	488

50

HOW TO COMPUTE TAX DEDUCTIBLE FROM INTEREST PAYABLE UNDER SECTION 194LD

50.1 Income subject to tax deduction under section 194LD	489
50.2 Time of tax deduction	489
50.3 Rates for tax deduction at source during the financial year 2017-18	489
50.4 Deduction of tax at lower rate	490
50.5 Who get credit for tax deducted	490
50.5-1 Rules framed by Board	490

CONTENTS

PAGE

51

**TAX DEDUCTION FROM PAYMENTS
TO NON-RESIDENTS**

51.1	Who is required to deduct tax under sections 194E and 195	492
51.1-1	Payer/Principal officer is person responsible for tax deduction	492
51.1-2	In case of consideration for transfer of foreign exchange amount	492
51.2	Payment from which deduction has to be made	493
51.3	When tax has to be deducted	493
51.3-1	Payments referred to section 115BBA	493
51.3-2	Any other payments	493
51.3-3	Private arrangement of paying income tax-free cannot discharge obligation under sections 194E, 195 and 196A	494
51.4	Tax deduction account number	494
51.5	Deposit of tax to the credit of Central Government	494
51.5-1	Where to deposit	494
51.5-2	Time of deposit	494
51.5-3	Payment through challan	494
51.5-4	Claim for refund	495
51.6	Issue of certificate for tax deducted at source	495
51.6-1	Certificates are issued by downloading from TIN website	495
51.6-2	Time limit	495
51.6-3	Issue of duplicate certificate	495
51.7	Quarterly return to the Government	495
51.7-1	Quarterly return	495
51.8	Consequences of failure to deduct or pay tax or furnish return	497
51.8-1	Failure to deduct and/or pay tax	497
51.8-2	Failure to comply with the provisions of section 203A regarding tax-deduction account number	497
51.8-3	Failure to issue certificate or submit return	497
51.8-4	Forfeiture of deduction in respect of payment of annual charge, interest, royalty, fees, etc.	497
	<i>Illustration</i>	498

CONTENTS

PAGE

52

**HOW TO COMPUTE AMOUNT PAYABLE
TO NON-RESIDENT AND TAX TO BE
DEDUCTED THEREFROM**

52.1	Payments subject to tax deduction under section 194E	499
52.1-1	Payments covered by section 115BBA	499
52.1-2	Other points pertaining to section 194E	500
52.2	Payment subject to tax deduction under section 196A	500
52.3	“Other sum” subject to tax deduction under section 195	500
52.3-1	Meaning of non-resident	501
52.3-2	Withdrawal of Circular Nos. 23, 163 and 786 and its impact on taxability of export commission in India	501
52.3-3	Payment made to resident agent of a non-resident	502
52.3-4	Advances to ship hirer adjustable against hire charges	503
52.3-5	Constructive payment of commission to non-resident through another non-resident	503
52.3-6	Money paid into Court under decree obtained by non-resident	503
52.3-7	Payment to non-resident for goods resold by it to resident seller	503
52.3-8	Interest on purchase price paid to non-resident in instalments	503
52.3-9	Customary, non-contractual payment to officers of ship by stevedores	504
52.3-10	Payment to foreign firm whose one of the partners is managing firm’s affairs from India	504
52.3-11	Section 195 is applicable even in the case of regular trading operation	504
52.3-12	Payment to foreign shipping companies	504
52.3-13	Payments to non-resident at UAE	505
52.3-14	Payments of interest by a branch office to head office outside India	506
52.3-15	Any other sum chargeable to tax	506
52.3-16	Travelling expenses	506
52.3-17	Payment for data transmission	507
52.3-18	When payee is non-resident at the time of tax deduction but becomes resident at the time of payment	507

CONTENTS

	PAGE
52.3-19 Mere accrual of income is not sufficient	507
52.3-20 Reimbursement of salary or other expenses	507
52.3-21 When income is exempt under DTAA	507
52.3-22 Lead manager of GDR	508
52.3-23 Transfer of controlling interest in a foreign company having assets in India	508
52.3-24 Lease rent, roaming charges, telephone services, uplinking charges, bandwidth network charges, interconnection/port access charges	510
52.3-25 Export contract	510
52.3-26 Remittance from India	510
52.3-27 Subscription charges	510
52.4 Tax deduction only on recipient's chargeable income - Provisions for ascertaining recipient's chargeable income	510
52.4-1 Appropriation is not possible in the case of interest, fees and royalty	512
52.5 Grossing up of amount payable to non-resident stipulated to be paid net of taxes	515
52.5-1 Cases when grossing up is not required	515
52.6 Rates of tax deduction at source for the financial year 2017-18	516
52.6-1 TDS when payment/credit is given to a person in notified jurisdictional area	517
52.6-2 TDS when PAN of deductee is not available	517
52.7 Payments to non-resident without tax deduction in certain cases	519
52.7-1 Qualifying persons and qualifying incomes	519
52.7-2 Conditions to be satisfied	520
52.7-3 Procedure for issue of certificate	520
52.8 Certificate for deduction of tax at lower rate in the case of recipient other than a company	521
52.8-1 Time limit for soliciting the favour	521
52.8-2 How lower rate is determined	521
52.8-3 Validity of the certificate	521
52.8-4 Form of certificate	521
52.8-5 Other points	521
52.9 Furnishing information regarding remittance	521
52.9-1 Other Points	522
52.10 Credit for tax deducted	523
52.10-1 Rules framed by Board	523
52.11 Procedure for refund of tax deducted at source under section 195 to the person deducting tax at source	523

CONTENTS

PAGE

53

DEDUCTION OF TAX AT SOURCE FROM INCOME OF UNITS OF OFFSHORE FUND

53.1	Who is responsible to deduct tax	527
53.2	When tax is to be deducted	527
53.3	How to compute amount of tax deducted	527
53.4	Tax deduction account number	527
53.5	Deposit of tax to the credit of Central Government	527
53.5-1	Where to deposit	527
53.5-2	Time of deposit	527
53.5-3	Payment through Challan	528
53.5-4	Claim for refund	528
53.6	Issue of certificate for tax deduction	528
53.6-1	Certificates are issued by downloading from TIN website	528
53.6-2	Time limit	528
53.7	Quarterly returns to the Government	529
53.8	Consequences of failure to deduct or pay tax or furnish return	529
53.8-1	Failure to deduct and/or pay tax	529
53.8-2	Failure to comply with the provisions of section 203A regarding tax deduction account number	529
53.8-3	Failure to issue certificate or submit return	529

54

HOW TO COMPUTE AMOUNT OF TAX DEDUCTION UNDER SECTION 196B

54.1	Amount covered by section 196B	530
54.1-1	Units referred to in section 115AB	530
54.1-2	Overseas financial organisation	530
54.2	Rate for tax deduction	531
54.3	When tax is deductible at lower rate	531
54.4	Tax credit	531
54.4-1	Rules framed by Board	531

CONTENTS

PAGE

55

DEDUCTION OF TAX AT SOURCE FROM INCOME FROM FOREIGN CURRENCY BOND OR SHARES OF INDIAN COMPANY

55.1	Who is responsible to deduct tax	533
55.2	When tax is to be deducted	533
55.3	How to compute amount of tax deducted	533
55.4	Tax deduction account number	533
55.5	Deposit of tax to the credit of Central Government	533
55.5-1	Where to deposit	533
55.5-2	Time of deposit	533
55.5-3	Payment through challan	534
55.5-4	Claim for refund	534
55.6	Issue of certificate for tax deduction	534
55.6-1	Certificates are issued by downloading from TIN website	534
55.6-2	Time limit	534
55.7	Quarterly returns to the Government	535
55.8	Consequences of failure to deduct or pay tax or furnish return	535
55.8-1	Failure to deduct and/or pay tax	535
55.8-2	Failure to comply with the provisions of section 203A regarding tax-deduction account number	535
55.8-3	Failure to issue certificate or submit return	535

56

HOW TO COMPUTE AMOUNT OF TAX DEDUCTION UNDER SECTION 196C

56.1	Amount covered by section 196C	536
56.1-1	Bonds/shares referred to in section 115AC	536
56.2	Rate for tax deduction	537
56.3	When tax is deductible at lower rate	537
56.4	Tax credit	537
56.4-1	Rules framed by Board	537

CONTENTS

PAGE

57

**DEDUCTION OF TAX AT SOURCE FROM
INCOME OF FOREIGN INSTITUTIONAL
INVESTORS FROM SECURITIES**

57.1	Who is responsible to deduct tax	539
57.2	When tax is to be deducted	539
57.3	How to compute amount of tax deducted	539
57.4	Tax deduction account number	539
57.5	Deposit of tax to the credit of Central Government	539
57.5-1	Where to deposit	539
57.5-2	Time of deposit	539
57.5-3	Payment through challan	540
57.5-4	Claim for refund	540
57.6	Issue of certificate for tax deduction	540
57.6-1	Certificates are issued by downloading from TIN website	540
57.6-2	Time limit	540
57.7	Quarterly returns to the Government	541
57.8	Consequences of failure to deduct or pay tax or furnish return	541
57.8-1	Failure to deduct and/or pay tax	541
57.8-2	Failure to comply with the provisions of section 203A regarding tax-deduction account number	541
57.8-3	Failure to issue certificate or submit return	541

58

**HOW TO COMPUTE AMOUNT OF TAX
DEDUCTION UNDER SECTION 196D**

58.1	Amount covered by section 196D	542
58.1-1	Securities referred to in section 115AD	542
58.1-2	Who is a Foreign Institutional Investor	542
58.2	Rate for tax deduction	562
58.3	When tax is deductible at lower rate	563
58.4	Tax credit	563
58.4-1	Rules framed by Board	563

ANNEXURES TO BOOK ONE

Annexes 1.1 to 1.47	<i>Relevant provisions of the Income-tax Act, 1961</i>	564
Annexes 1.50 to 1.77	<i>Relevant rules of the Income-tax Rules, 1962</i>	601

CONTENTS

		PAGE
Annexes 1.80 to 1.115	<i>Relevant forms</i>	635
Annexes 1.120 to 1.231	<i>Relevant circulars on sections 191 to 206</i>	738
Annex 1.120	Payment of direct taxes, other than tax deducted at source, to be made at the place where taxpayer is assessed to tax	738
Annex 1.121	Recording date of tender of cheque and date of its realisation on challans for payment of direct taxes is to be done by branch of authorised public sector bank where it is tendered for payment	739
Annex 1.122	Facility of payment of direct taxes through all branches of State Bank of India and other authorised banks by cash/cheque/draft	740
Annex 1.123	Section 192 of the Income-tax Act - Deduction of Tax at Source - Salary - Income-tax Deduction from Salaries during the Financial Year 2016-17 under section 192	744
Annex 1.124	Use of computerised challan forms for deposit of tax deducted at source	790
Annex 1.125	Filing of returns relating to Tax Deduction at Source on computer media	791
Annex 1.125A	Issuance of certificate for tax deducted at source in Form No.16	814
Annex 1.126	Clarification regarding deduction of tax from payments of additional pay, allowances and arrears to Central Government employees following the Notification based on recommendations of the Fifth Pay Commission	815
Annex 1.127	Clarifications regarding use of Form No. 16 for pensioners where pensioners are drawing their pensions through banks	816
Annex 1.128	Section 203 of the Income-tax Act, 1961, read with rule 31 of the Income-tax Rules, 1962 - Deduction at source - Certificate for tax deducted - Issuance of certificate for tax deducted at source in Form No.16	817
Annex 1.129	100 per cent deduction to be granted from total income while calculating tax for the purpose of TDS for contributions made to A.P.C.M's Cyclone Relief Fund	818
Annex 1.130	Deduction of tax at source - Certificate for deduction at lower rate - Whether certificate issued under section 197(1)	

CONTENTS

		PAGE
	will be applicable only in respect of credit or payments, as the case may be, subject to tax deduction at source, made on or after date of such certificate	819
Annex 1.131	Deductions - In respect of medical treatment, etc., of handicapped dependants - Whether it would be sufficient if the employee furnishes a medical certificate from a Government Hospital and a declaration in writing duly signed by the claimant certifying the actual amount of expenditure on account of medical treatment (including nursing) training and rehabilitation of the handicapped dependant and receipt/acknowledgement for the amount paid or deposited in the specified schemes of LIC or UTI	819
Annex 1.132	Deductions - In respect of donations to certain funds, charitable institutions, etc. - Submission of certificate for claiming deduction under section 80G in respect of donations made by an employee to the National Defence Fund, the Army Central Welfare Fund, the Indian Naval Benevolent Fund, the Air Force Central Welfare Fund	820
Annex 1.133	Deduction - In respect of donations to certain funds, charitable institutions, etc. - Submission of certificate for claiming deductions in respect of donations made by an employee to the Prime Minister's National Relief Fund, the Chief Minister's Relief Fund and the Lieutenant Governor's Relief Fund	821
Annex 1.134	Employee claiming that salary is not chargeable to tax and no income-tax should be deducted at source - Employer to require employee to obtain certificate under section 197(1)	821
Annex 1.135	Calculation of exempt amount of house rent allowance under section 10(13A) for the purposes of deduction of tax at source under the section - Salary whether includes dearness pay	822
Annex 1.136	Procedure for regulating refund of amounts paid in excess of tax deducted and/or deductible	822

CONTENTS

		PAGE
Annex 1.137	Procedure for deducting tax at source from seamen's wages	823
Annex 1.138	Deduction admissible for deposits made in National Savings Scheme to be allowed while computing income of employees for purpose of deduction of tax at source	824
Annex 1.139	Effect of insertion of sub-sections (2), (2A) and (2B) in section 192 by the Finance Act, 1987 - Relevant rules amended to enable tax deduction at source in situations envisaged in the said sub-sections	825
Annex 1.140	Collection and recovery - Penalty payable when tax in default - Non-initiation of penalty and prosecution proceedings in cases of default under section 192	826
Annex 1.141	Deduction of tax at source - Salary - Whether, where non-residents are deputed to work in India and taxes are borne by employers, in certain cases if an employee to whom refunds are due has already left India and has no bank account here by the time assessment orders are passed, refund can be issued to employer as tax has been borne by it	827
Annex 1.142	Deduction of tax at source - Persons deducting tax to furnish prescribed returns - Clarification regarding filing of returns in respect of tax deducted at source from salary of employees of company working at its headquarters or in other branches	827
Annex 1.143	Instructions regarding deduction of donations made to Chief Minister's Earthquake Relief Fund, Maharashtra under section 80G	828
Annex 1.144	Option to certify TDS certificates by way of Digital Signatures	829
Annex 1.145	Instructions for deduction of tax at source from interest on securities - Rate of deduction from interest on securities during financial year 1994-95	830
Annex 1.146	Procedure for deduction of tax at source from interest on securities registered in the name of bank on behalf of its constituents	836
Annex 1.147	Clarifications regarding tax treatment of deep discount bonds and STRIPS (Sepa-	

CONTENTS

		PAGE
	rate Trading of Registered Interest and Principal of Securities)	840
Annex 1.147A	Acknowledgement by banks at the time of submission of Form 15G/15H	843
Annex 1.148	Sections 193, 194 and 194K, read with section 10(23C)(iv) of the Income-tax Act - Deduction of tax at source - Interest on securities/Interest other than "Interest on securities"/Income in respect of units - Exemption from requirement of deduction of income-tax at source on payment of income to Ramakrishna Math and Ramakrishna Mission whose income is exempt under section 10(23C)(iv)	844
Annex 1.149	Ramakrishna Math and Ramakrishna Mission, Kolkata, whose income is exempt under section 10(23C)(iv) of the Income-tax Act, 1961	844
Annex 1.150	Deduction of income-tax at source under sections 193, 194, 194A and 194K - Payment to Shri Ram Chandra Mission, Chennai, whose income is exempt under section 10(23C)	845
Annex 1.151	Deduction of income-tax at source under sections 193, 194A and 194K - Payment to World Renewal Spiritual Trust, Mumbai	845
Annex 1.152	Rates of tax for deduction at source from dividends during the financial year 1974-75 - Instructions regarding	846
Annex 1.153	Threshold limits for deduction of tax at source from income by way of dividends and income from units	846
Annex 1.154	Rates of tax for deduction at source from interest other than securities during the financial year 1975-76 - Instructions regarding	847
Annex 1.155	Deduction of tax at source - Interest other than "Interest on securities" - Regarding extension of applicability to interest on time deposits with banks	848
Annex 1.156	Section 194A of the Income-tax Act, 1961 - Deduction of tax at source - Interest other than interest on securities - Tax deduction at source on the deposits in banks in the name of the Registrar/Prothonotary and Senior Master attached to the Supreme Court/High Court etc. dur-	

CONTENTS

		PAGE
	ing the pendency of litigation of claim/ compensation	852
Annex 1.157	Applicability of the provisions in respect of income paid or credited to a member of co-operative bank	855
Annex 1.158	Exemption from requirement of deduc- tion of income-tax at source on payment to Sri Sathya Sai Central Trust, Sri Sathya Sai Medical Trust and Sri Sathya Sai Insti- tute of Higher Learning, Bangalore, whose incomes are exempt under section 10(23C) of the Income-tax Act, 1961	855
Annex 1.159	Section 194A of the Income-tax Act, 1961 - Deduction of tax at source - Interest other than interest on securities - Clarifica- tion regarding TDS on payment of inter- est on time deposits by banks following Core-Branch Banking Solutions (CBS) software	856
Annex 1.160	Deduction of tax at source - Interest other than interest on securities - Clarification regarding deduction from interest on time deposits with banks	857
Annex 1.161	Instructions for deduction of tax at source from interest on deposits in joint names	857
Annex 1.162	General instructions for compliance of requirement of deducting tax at source from interest other than interest on secu- rities in terms of the section from October 1, 1967	859
Annex 1.163	Supplier drawing hundi on buyer and routing it through his banker with instructions to charge interest on amount of hundi from date of acceptance to date of actual payment - Whether tax is deductible at source by party retiring hundi from interest at the time of making payment to bank	861
Annex 1.164	Whether tax is to be deducted at source from interest paid by consignor to com- mission agent	862
Annex 1.165	Whether tax is to be deducted at source from interest payable to educational ins- titution/charitable trust whose income is exempt under section 10(22) and under section 11, respectively	863

CONTENTS

		PAGE
Annex 1.166	Whether interest payments under Land Acquisition Act are covered by section 194A	863
Annex 1.167	Clarification regarding deduction from interest on Cumulative Deposits/Debentures/Bonds	866
Annex 1.168	Clarification regarding applicability of provisions of section 194A to commercial papers and certificates of deposits	867
Annex 1.169	Deduction from winnings from lottery, crossword puzzles, horse races or from commission, etc., paid on sale of lottery tickets - Rates of tax applicable during the financial year 1991-92	867
Annex 1.170	Prizes awarded to agents under "lucky dip draws" scheme - Whether they are "lotteries" within the meaning of the section from which tax is required to be deducted at source	870
Annex 1.171	Applicability of TDS provisions of section 194C on contract for fabrication of article or thing as per specifications given by the assessee - Contradiction between two Circulars of CBDT - Resolution thereof	871
Annex 1.172	Applicability of section 194C to service contracts - Clarification regarding Supreme Court judgment in <i>Associated Cement Co. Ltd. v. CIT</i> [1993] 67 Taxman 346/201 ITR 435	871
Annex 1.173	Clarification regarding applicability of section 194C in view of Supreme Court's decision in <i>Associated Cement Co. Ltd. v. CIT</i> [1993] 201 ITR 435	875
Annex 1.174	Section 194C of the Income-tax Act, 1961 - Deduction of tax at source - Payments to contractors & sub-contractors - Deduction of tax at source on payment of gas transportation charges by the purchaser of natural gas to the seller of gas	878
Annex 1.175	Clarifications on various provisions relating to tax deduction at source regarding changes introduced through Finance Act, 1995	879
Annex 1.176	Deduction of tax at source - Payments to contractors and sub-contractors - Clarification regarding applicability of section 194C in case of tickets sold by airlines and travel agents to customers	884

CONTENTS

		PAGE
Annex 1.177	Deduction of tax at source - Payments to contractors and sub-contractors - Clarification regarding applicability of section 194C/194J in case of advertising agency	884
Annex 1.178	Section 194C and section 194J - Double deduction of tax not permissible	885
Annex 1.179	Decision of the Supreme Court in <i>Brij Bhushan's</i> case - Whether permits, in respect of composite works contract, deduction of tax at source at 2 per cent on net payment (after excluding cost of material supplied by Government) - Whether para 1(5) of Circular No. 86, dated 29-5-1972 requires modification	886
Annex 1.180	Scope of provisions of the section requiring deduction of tax at source from payments to contractors and sub-contractors explained	887
Annex 1.181	Tax deduction at source from payments to contractors and sub-contractors in bidi manufacturing industry - Whether munshis are contractors	892
Annex 1.182	Whether provisions of section 194C are applicable to work executed under National Rural Employment Programme (NREP) and Rural Landless Employment Guarantee Programme (RLEGP)	893
Annex 1.183	Clarification regarding hire charges paid to bus owners from the hire of buses	894
Annex 1.184	Deduction of tax at source - Insurance commission, etc. - Rate of tax applicable during financial year 1991-92	896
Annex 1.185	Whether, at the time of deducting tax from insurance commission credited to agent's account, adjustment for debits made earlier is permissible	898
Annex 1.186	Deduction of tax at source - Payments in respect of deposits under NSS, etc. - Instructions regarding	898
Annex 1.187	Deduction of tax at source - Rent - Clarification regarding deduction of tax at source from payment of rent	900
Annex 1.188	Deduction of tax at source - Rent - Whether requirement of deduction of income-tax at source under section 194-I applies in case of payment by way of rent to	

CONTENTS

		PAGE
	Government, statutory authorities referred to in section 10(20A) and local authorities whose income under head "Income from house property" or "Income from other sources" is exempt from income-tax	902
Annex 1.189	Clarification regarding scope of section 194-I	903
Annex 1.190	Clarification regarding TDS under Chapter XVII-B on service tax component comprised of payments made to residents	904
Annex 1.191	Deduction of tax at source - Rent - Applicability of TDS provisions of section 194-I on lump sum lease premium paid for acquisition of long term lease	905
Annex 1.192	Payment on transfer of certain immovable property other than agricultural land - Correction and statement- <i>cum</i> -challan relating to TDS on sale of property under section 194-IA - Withdrawal of Standard Operating Procedure (SOP)	906
Annex 1.193	Section 197A, read with section 194J of the Income-tax Act, 1961 - Deduction of tax at source - No deduction in certain cases - Specified payment under section 197A(1F)	914
Annex 1.194	Section 194J tax deduction in the case of payment by TPAs	914
Annex 1.194A	Section 197A, read with section 194H, of the Income-tax Act, 1961 - Deduction of tax at source - No deduction in certain cases - Notified payments - Supersession of notification No. SO 3069(E), dated 31-12-2012	915
Annex 1.195	Clarification contained in Circular No. 155, dated 21-12-1974 reiterated to ensure proper computation of tax to be deducted at source in the case of non-resident whose tax liability is to be borne by payer	916
Annex 1.195A	Section 195 of the Income-tax Act, 1961 - Deduction at source - Other sums - Procedure for submission of Form 15CC by an authorised dealer in respect of remittances under section 195(6)	918
Annex 1.196	Section 194LC of the Income-tax Act, 1961 - Income by way of interest from	

CONTENTS

		PAGE
	Indian Company - Approval of loan agreements/long-term infrastructure bonds and rate of interest for the purpose of section 194LC	919
Annex 1.196A	Notified rates of interest on rupee denominated bond of an Indian company for the purpose of section 194LD	922
Annex 1.197	Where whole payment would not be income chargeable to tax in the hands of recipient non-resident person responsible for paying such sum may make application for determination of appropriate portion	923
Annex 1.198	Whether non-deduction of tax is only in respect of interest credited to Non-resident (External) Account and not to all types of non-resident accounts	923
Annex 1.199	Remittance to non-residents under section 195	924
Annex 1.199A	Remittances to non-residents	927
Annex 1.200	Remittances by Consular receipts to non-residents	927
Annex 1.201	Procedure for refund of tax deducted at source under section 195	928
Annex 1.201A	Section 244A, read with section 195, of the Income-tax Act, 1961 - Refunds - Interest on - Payment of interest on refund of excess TDS deposited under section 195	930
Annex 1.202	Section 239 of the Income-tax Act, 1961 - Refunds - Procedure for refund of tax deducted at source under section 195 to the person deducting the tax - Amendment in Circular No. 7/2007, dated October 23, 2007	931
Annex 1.203	Taxation of foreign telecasting companies - Guidelines for computation of income-tax, etc.	932
Annex 1.204	Withdrawal of Circular Nos. 23, 163 and 786	933
Annex 1.205	Guidelines regarding taxation of income of artists, entertainers, sportsmen, etc., from international/national/local events	934
Annex 1.206	Income payable 'net of tax' - Issue of certificate for tax deducted at source in respect of payment made 'net of tax'	937

CONTENTS

		PAGE
Annex 1.207	Applicable rates of taxes under the Double Taxation Avoidance Agreement between India and the United Arab Emirates	938
Annex 1.208	Taxability of interest remitted by branches of banks to the head office situated abroad under the Foreign Currency Packing Credit Scheme of Reserve Bank of India	939
Annex 1.209	Effect of <i>non-obstante</i> clause in the section - Whether sections 193, 194 and 194A continue to be in force and facility provided in the section is in addition to facility under the said sections	939
Annex 1.210	Shares belong to one person but they are held in somebody else's name who is registered as shareholder - Whether registered shareholder can be given credit for tax deducted at source	941
Annex 1.211	Form of application for allotment of Tax-deduction Account Number prescribed in Form No. 49B	942
Annex 1.212	Tax deduction at source from payment made to foreign shipping companies	942
Annex 1.213	Clarification regarding payment of income by way of interest on securities and rent made to Regimental Funds or Non-public Fund established by Armed Forces of Union for welfare of past and present members of such forces or their dependants, whose income is exempt under section 10(23AA)	943
Annex 1.214	Clarification regarding applicability of provisions of section 194-I to film distributors and exhibitors	943
Annex 1.215	Discontinuance of requirement of sending quarterly statements in case of payments by foreign companies and law firms to residents in India	944
Annex 1.216	Clarification regarding certificate for deduction of tax made by Central Government Departments who are making payments by book adjustments	944
Annex 1.217	Section 203 of the Income-tax Act, 1961 - Deduction of Tax at Source - Certificate for tax deducted - Issuance of TDS Certificates in Form No. 16A downloaded from TIN website	945

CONTENTS

		PAGE
Annex 1.218	Payment of income by way of interest on securities to Ramakrishna Math and Ramakrishna Mission whose income is exempt under section 10(23C)(iv)	946
Annex 1.219	Whether in case of a provident fund, whose income is exempt under section 10(25)(ii), established under scheme under Employees' Provident Funds and Miscellaneous Provisions Act, 1952, income by way of interest on securities of Central and State Governments may be paid to such provident funds without deduction of income-tax at source	947
Annex 1.220	Clarification regarding payments to persons resident in India by foreign companies or foreign law firms that have no presence in India	947
Annex 1.221	Whether certificate issued under section 197(1) will be applicable only in respect of credit or payments, as the case may be, subject to tax deduction at source, made on or after date of such certificate	948
Annex 1.222	Section 197A of the Income-tax Act, 1961 - No deduction to be made in certain cases	948
Annex 1.223	Scheme for Furnishing of Paper Returns of Tax Deducted at Source, 2005	949
Annex 1.224	Filing of returns of Tax Deduction at Source and Tax Collection at Source on Computer Media for deductions/collections up to 31st March, 2005	951
Annex 1.225	Order under section 119(2)(a) of the Income-tax Act, 1961 regarding extension of due date for Electronic Filing of Annual Return for Tax Deduction at Source for Financial Year 2004-05 by Government Deductors	952
Annex 1.226	Issue of TDS Certificate in cases of Truck/Goods-carriage Operators	953
Annex 1.227	Ex-post facto extension of due date for filing TDS/TCS statements for FYs 2012-13 and 2013-14	953
Annex 1.228	Certificate of lower deduction or non-deduction of tax at source under section 197	954
Annex 1.229	Credit of TDS under section 199 to an assessee when the tax deducted has been	

CONTENTS

	PAGE	
	deposited with revenue by deductor – Direction of Hon'ble Delhi High Court in the case <i>Court on its Own Motion v. Union of India</i> [2013] 31 taxmann.com 31	955
Annex 1.230	Timely issue of TDS certificate to custo- mers	956
Annex 1.231	Guidelines for compounding of offences under Direct Tax Laws, 2014	956
Annex 1.232	Section 197A, read with section 10(15)(viii), of the Income-tax Act, 1961 -Deduction of tax at source - No deduction in certain cases - Clarifications on applicability of section 197A(1D) and section 10(15)(viii) to interest paid by IFSC Banking Units (IBUS) set up in Special Economic Zones	963
Annex 1.233	Section 201, read with section 119, of the Income-tax Act, 1961 - Tax deduction at source - Consequences of failure to de- duct or pay - Guidelines for waiver of interest charged under section 201(1A)(i) of said Act	964

BOOK TWO : ADVANCE TAX

59

INCOME LIABLE TO ADVANCE TAX

59.1	Provisions applicable up to the assessment year 1988-89	970
59.2	All incomes are subject to advance tax from the assessment year 1989-90	970

60

LIABILITY TO ADVANCE TAX - WHEN ARISES

60.1	Who is liable to pay advance tax	971
	<i>Illustration</i>	971

61

DUE DATES OF PAYMENT

61.1	Instalments of advance tax	973
61.2	Due dates	973
	<i>Illustration</i>	973

CONTENTS

	PAGE
61.3 Tax paid after the due dates but within the financial year	974
61.4 Advance fringe benefit tax paid during 2009-10	974
61.5 Due dates when advance tax is payable on notice issued by Assessing Officer	974
<i>Illustrations</i>	974

62

COMPUTATION OF ADVANCE TAX LIABILITY

62.1 Payment of advance tax by the assessee on his own account	976
62.1-1 No need to submit any estimate/statement	976
62.1-2 Revision of second and subsequent instalment	976
62.1-3 Computation of tax	976
62.1-4 Tax rates	976
<i>Illustration</i>	976
62.2 Payment of advance tax in pursuance of order of Assessing Officer	979
62.2-1 Lower/higher estimate by assessee	979
62.2-2 Computation of tax by Assessing Officer	979
<i>Illustration</i>	980
62.3 Payment of advance tax in pursuance of revised order of Assessing Officer	981
62.3-1 Lower/higher estimate by assessee	981
62.3-2 Computation of tax	981
<i>Illustration</i>	981

63

INTEREST PAYABLE BY THE ASSESSEE/GOVERNMENT

63.1 Interest for default in payment of advance tax	983
63.1-1 Assessed tax - Meaning of	983
63.1-2 Adjustment when tax is paid before regular assessment under section 140A	984
63.1-3 Adjustment in the case of reassessment/recompu- tation under section 147 or 153A	984
63.1-4 Adjustment in the case of rectification/revision/ modification under sections 154, 155, 250, 254, 260, 262, 263, 264, 245D(4)	985
63.1-5 Where an application for settlement is made under section 245C(1)	985
63.1-6 Interest under section 234B or 234C in case of MAT	986
63.1-7 Shipping business of non-residents	986
63.1-8 Payment by cheque	986
63.1-9 Specific order	986

CONTENTS

	PAGE
63.1-10 If returned income and assessed income of latest year is <i>nil</i>	987
63.1-11 Collection of interest under sections 234A, 234B and 234C is mandatory	987
63.1-12 Cash seized during search	987
63.1-13 Shortfall because of interpretation of law	987
63.1-14 When advance tax liability arises because of a subsequent court ruling	988
63.1-15 Application of section 234B in the case of settlement of cases	988
63.1-16 Other points	989
63.2 Interest for deferment of advance tax	989
63.2-1 Category A	989
63.2-2 Category B	990
63.2-3 Category C	991
63.2-4 Short payment of advance tax in case of capital gains/casual income	991
63.2-5 What is returned income	992
63.3 Waiver or reduction of interest under sections 234A, 234B and 234C	992
63.3-1 Conditions	992
63.3-2 Period	992
63.3-3 Extent of interest to be reduced or waived	992
63.3-4 Discretion should be exercised in judicial manner	993
63.4 Chief Commissioner/Director General (Investigation) to reduce penal interest in certain cases	993
63.5 Power of CBDT and Settlement Commission to reduce/waive interest	994
63.6 Interest payable to assessee	994
63.6-1 Provisions applicable after amendments by the Finance Act, 2016 and Finance Act, 2017	995
63.6-2 Other points	996
63.7 Procedure to be followed in calculation of interest	997
<i>Illustrations</i>	997

ANNEXURES TO BOOK TWO

Annexes 2.1 to 2.7	<i>Relevant provisions of the Income-tax Act, 1961</i>	1006
Annexes 2.8 to 2.13	<i>Relevant Rule and Forms</i>	1015
Annex 2.11	Reduction or waiver of interest	1020
Annex 2.12	Fringe benefit tax paid during 2009-10 to be treated as advance income-tax for the assessment year 2010-11	1021
Annex 2.13	Date of payment of December instalment of advance tax extended from 15-12-2013 to 17-12-2013	1022

**BOOK THREE : TAX COLLECTION
AT SOURCE**

64

TAX COLLECTION AT SOURCE

64.1	In which case tax has to be collected at source	1026
64.2	Tax collection in Category A	1027
64.2-1	Who is seller in Category A	1027
64.2-2	Who is buyer in Category A	1027
64.2-3	Meaning of “scrap”	1028
64.2-4	When tax has to be collected in Category A	1029
64.2-5	Goods utilised for manufacturing/processing or generation power of in Category A is not subject to tax collection	1030
64.2-6	Other judicial rulings	1031
64.3	Tax collection in Category B	1031
64.4	Tax collection in Category C	1031
64.5	Tax collection in Category D	1031
64.6	Requirement to furnish PAN by collectee	1032
64.7	Tax collection at lower rate	1033
64.8	Tax collection account number	1033
64.9	Deposit of tax	1033
64.9-1	e-Payment of tax	1033
64.10	Issue of certificate	1033
64.10-1	Due date of issuing certificate in Form No. 27D	1033
64.10-2	Duplicate certificate	1034
64.11	Return to the Government	1034
64.11-1	Annual return	1034
64.11-2	Quarterly return	1034
64.11-3	Mode of furnishing quarterly returns	1034
64.11-4	Quarterly return not possible before payment of tax and interest	1035
64.11-5	PAN data of collectee	1035
64.12	Consequences of failure to collect or pay tax, furnish return, etc.	1035
64.13	Tax credit to one who pays	1035
64.13-1	Rules framed by Board	1035
64.14	Consequences if tax is not collected or paid	1036
64.15	There is no ambiguity in the provisions of section 206C	1036

CONTENTS

ANNEXURES TO BOOK THREE		PAGE
Annexes 3.1 & 3.2B	<i>Relevant provisions of the Income-tax Act, 1961</i>	1040
Annexes 3.3 to 3.10	<i>Relevant rules of the Income-tax Rules</i>	1048
Annexes 3.11 to 3.19	<i>Relevant forms</i>	1055
Annexes 3.20 to 3.26	<i>Relevant circulars</i>	1070
Annex 3.20	Section 206C of the Income-tax Act, 1961 - Tax collected at source - Profits and gains from the business of trading in alcoholic liquor, forest produce, scrap, etc. - Rate of tax for financial year 1993-94	1070
Annex 3.21	Deduction of tax at source - Profits and gains from the business of trading in alcoholic liquor, forest produce, etc. - Instructions regarding	1072
Annex 3.22	Section 206C of the Income-tax Act, 1961 - Deduction of tax at source - Profits and gains from the business of trading in alcoholic liquor, forest produce, scrap, etc. - Instruction regarding	1076
Annex 3.23	Section 206C of the Income-tax Act, 1961 - Collection of tax at source - Profits and gains from business of trading in alcoholic liquor, forest produce, scrap, etc. - Filing of half-yearly return	1077
Annex 3.24	Section 206C of the Income-tax Act, 1961 - Collection at source - Profits and gains from business of trading in alcoholic liquor, forest produce, scrap, etc. - Procedure for purpose of furnishing and verification of Form 27BA for removing of default of short collection and/or non-collection of tax at source	1077
Annex 3.25	Section 206C of the Income-tax Act, 1961 - Collection at source - Profits and gains from business of trading in alcoholic liquor, forest produce, scrap, etc. - Clarifications on amendment made in section 206C by Finance Act, 2016	1081
Annex 3.26	Section 200, read with section 206C of the Income-tax Act, 1961 - Collection of tax at source - Procedure for online submission of statement of deduction of tax	

CONTENTS

	PAGE
under section 200(3) and statement of collection of tax under proviso to section 206C(3)	1084

BOOK FOUR : REFUND

65

REFUND FOR EXCESS PAYMENT

65.1	Right to claim refund - When arises	1090
65.2	Who can claim refund	1090
65.3	How to claim refund	1090
	65.3-1 Claim after the statutory time-limit	1090
65.4	Refund on appeal	1091
	65.4-1 In case assessment is set aside or cancelled	1091
	65.4-2 In case assessment is annulled	1092
65.5	Correctness of assessment not to be questioned	1092
65.6	Set off of refunds against the tax remaining payable	1092

66

INTEREST ON REFUND

66.1	Interest on refund on excess payment of advance tax and tax deduction at source	1094
66.2	Interest on refund of tax other than advance tax/tax deducted at source	1094
66.3	Refund which arises out of appeal effect	1094
66.4	Interest along with refund is a must	1094
66.5	Delay attributable to the assessee is not considered	1095
66.6	Automatic revision of interest in case of appeal, reassessment, etc.	1096
66.7	Interest on excess refund	1096
	66.7-1 Interest under section 234D(1)	1096
	66.7-2 Computation of interest	1097
	<i>Illustration</i>	1097

CONTENTS

ANNEXURES TO BOOK FOUR		PAGE
Annexes 4.1 to 4.11	<i>Relevant provisions of the Income-tax Act, 1961</i>	1099
Annex 4.12	<i>Relevant rule of the Income-tax Rules, 1962</i>	1105
Annex 4.13	<i>Relevant form</i>	1106
Annexes 4.14 to 4.20	<i>Relevant circulars</i>	1107
Annex 4.14	Instructions to subordinate authorities - Authorisation regarding condonation of delay in filing refund claim	1107
Annex 4.15	Facility of sending refund, at the request of assessee, by means of money order in case where amount does not exceed Rs. 250	1109
Annex 4.16	Whether Court fees/stamp duty payable on refund vouchers returned by Commissioners for cancellation	1109
Annex 4.17	Modification of procedure regarding discharge by payee in case of income-tax refund orders	1110
Annex 4.18	Payment of interest under section 244A when assessee is not at fault	1110
Annex 4.19	Set off of refunds against tax remaining payable - Past adjustment of refunds against arrears where procedure under section 245 was not followed	1111
Annex 4.20	Section 244A, read with section 195, of the Income-tax Act, 1961 - Refunds - Interest on - Payment of interest on refund of excess TDS deposited under section 195	1112

REFERENCER

<i>Referencer 1 : Tax rates</i>	1117
◆ Tax deduction at source	1117
<i>Referencer 2 : Withholding tax rates</i>	1124
<i>Referencer 3 : Rates for tax collection at source</i>	1130
<i>Referencer 4 : Advance tax rates</i>	1132
<i>Referencer 5 : Calendar for tax deduction/Collection at source and advance payment of tax</i>	1139