

Making TDS less tedious

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TDS (Tax deducted at source) is a method of periodic collection and recovery of taxes based on 'Pay as you Earn' principle. The requirements under TDS provisions are many and the consequences of delay/nondeduction are tedious and detrimental. This Column aims at providing a few tips based on which TDS will be less TEDIOUS :

- Form no. 15G is a declaration in writing by the recipient to a payer, stating that tax on his estimated total income for the respective previous year will be NIL.
- On the basis of this Form 15G, the person responsible for paying income need not deduct the tax at source.
- Form no 15G should be furnished in duplicate by the recipient.
- Person responsible for deducting TDS will furnish one copy of 15G to the Chief Commissioner/ Commissioner.It should be submitted on or before the seventh of the month following the month in which declaration is furnished.
- Who can use Form no 15G and for what purpose:
 - **In case of resident individual**
Only for dividend income and payment in respect of deposits under NSS scheme .
 - **In case of other persons resident/non residents, not being a Company or firm**
Only for Interest on securities, Interest other than Interest on securities and income in respect of Units of specified Mutual fund or Unit trust of India .
- Tax exempt entities such as Trusts ,Superannuation fund ,Provident fund and gratuity fund can receive above mentioned income without deducting TDS by using Form 15G.
- Form no 15G will not apply where the amount or the aggregate of the amounts of such incomes credited or paid or likely to be credited during the previous year in which such income is to be included exceeds:
 - Rs. 100000 in case of man below 65 years of age
 - Rs. 135000 in case of resident woman below 65 years of age and
 - Rs. 185000 in case of resident senior citizen
- For giving relief to Senior citizens from the rigmarole of filing a return to claim refund of tds when the tax on his/her estimated income is Nil; a Form no 15 H is prescribed .
This would mean that even if the gross income exceeds Rs. 185000/- but still no tax is payable on the estimated Income ,due to adjustments/savings , TDS may not be deducted on furnishing of Form 15H.

- Nonresident senior citizen cannot submit Form no. 15H.
- No declaration is required in case of income of a minor ,if the income of the minor is to be clubbed in the income of the payee (parent) and that payee is liable to pay tax on his total income.
- Tax is required to be deducted from remuneration payable by a firm to its non resident partners.
- Tax is not required to be deducted from remuneration payable by a firm to its resident partners.
- In case of pensioners who receive their pension from a nationalized bank TDS will be deducted and all the provisions of SALARY will apply for that purpose.
- Tax shall not be deducted on any sum credited or paid or likely to be credited or paid during the course of business of plying ,hiring or leasing goods carriage to a Subcontractor being an individual and not owning more then two goods carriage at any time during the previous year .
- Contract for carrying out any work of publication of periodicals would come within the scope of deduction of TDS.
- An Individual/Sole proprietor should deduct TDS from the salaries paid to its employees .
- Individuals and HUF's whose accounts are not subject to tax audit are not required to deduct tax at source from the payment of rent , payment to Sub contractor, payment of commission and brokerage, payment of interest other then interest on securities and on payment of professional or technical services.
- No TDS is required to be deducted in case where the amount of rent credited or paid during the financial year to the payee landlord or lessee does not exceeds Rs. 120000/-