Dipen D Shah & Associates
CHARTERED ACCOUNTANTS

WHAT WILL CHANGE IN TDS & TCS WITH EFFECT FROM 1.10.2024

Certain changes in rates for Taxes Deducted at Source and other provisions

(A) For Residents

- TDS rates are rationalized and simplified in respect of certain nature of transactions mentioned in the table below.

Sr No.	Particulars of payment/ Nature of transaction	Section	Present TDS rates	Proposed TDS rates
1	Payment of taxable maturity proceeds to a policy holder of life insurance policy	194DA	5%	2%
2	Payment of Commission etc. on sale of lottery tickets	194G	5%	2%
3	Payment of commission or brokerage	194H	5%	2%
4	Payment of rent by certain individuals or HUF	194-IB	5%	2%
5	Any contractual payments, brokerage, commission, professional fees etc. paid by individuals or HUF	194M	5%	2%
6	Payment of certain sums by e-commerce operator to e-commerce participant	194-O	1%	0.1%

Ease of claiming credit for TCS collected/TDS deducted by salaried employees

- Currently, an employer is required to deduct tax from the salary payable to employee after considering all the other income as declared by the employee (i.e. computing the tax liability of the employee and deducting TDS accordingly). However, any Taxes collected at source (TCS) in the hands of such employees were not being considered as a tax credit of such employee. Hence, a situation would arise where the TDS deducted from the employee would be higher than his actual tax liability, resulting into a case of refund of taxes. Now it is permited to give credit of TCS paid by the employees while calculating the tax liability of the employees and the TDS thereon, which resolves the issue of higher TDS and consequential refunds.

Clarification on deduction of TDS on Sale of Immovable Property

- Currently, TDS is required to be deducted at the rate of 1% on transfer of Immovable properties other than Agricultural Land if the sale value of such a property exceeds Rs. 50 Lacs. The interpretation relied by the tax payers and industry at large was that this limit of Rs. 50 Lacs was to be applied in respect of each individual buyer in case of immovable properties acquired in joint names. Hence even if the value of the immovable property exceeded Rs. 50 lacs but the individual share of a particular buyer did not exceed Rs. 50 Lacs then no TDS was being deducted. Now, Law is amended to clarify that where there is more than one buyer or seller in respect of same immovable property, then for the purpose of deduction of TDS, the limit of Rs. 50 Lacs to be seen as an aggregate of the amounts paid or payable by all the purchasers to all the sellers towards the purchase of such immovable property (i.e. limit of Rs 50 Lacs to be seen as qua the property and not qua the purchaser/seller)

Clarification in case of certain payments to be subjected at 10% TDS

- ·Currently, TDS is required to be deducted @ 1%/2% (under section 194C) for payment for carrying out any work (including supply of labour for carrying out any work) in pursuance of a contract. Whereas TDS is required to be deducted @ 10% (under section 194J) for payments made to certain professionals etc. with whom contracts were entered by the assessee. Certain assessee/tax payers were using the beneficial rate of 1%/2% even for payments made to professionals etc. considering such payments in pursuance to a contract and hence liable to TDS u/s 194C.In order to remove the overlap and misuse of unintended benefit, Section 194C is amended to explicitly exclude payments for services which fall within the ambit of section 194J.

TDS and TCS required to be deducted on purchase and sales of goods/services are eligible for lower rate deduction.

- Currently, certificate for lower rate deduction cannot be obtained for TDS required to be deducted for purchase of goods/services and TCS for sale of goods/services. (Rate @ 0.1%). It is observed that taxpayers that are incurring losses and facing cash flow crunches are required to wait for the refund of tax deducted or collected resulting into financial hardship.Now, provisions are amended to cover TDS and TCS required to be deducted/collected for sale of goods/services eligible for lower tax deduction/collection certificates.

TCS not to be collected from non-tax payers

- Currently, TCS is required to be collected on selling of alcoholic liquor, forest produce, scrap etc. Such TCS is also collected from tax payers whose income is exempt from tax and are not required to file return of income. Now, to provide relief to such assessees, it is provided that no collection of tax shall be made in respect of transactions (to be notified later), from such persons.

Thank you

Dipen D Shah & Associates
CHARTERED ACCOUNTANTS

CONTACT INFO

Personal Phone: +91-9825139661
Office Landline: +91-79-40039647
Email:cadipen@gmail.com
cadipen09@outlook.com
Skype: Cadipen
Linkedin: https://www.linkedin.com/in/ca-dipen-d-shah

ADDRESS

813, Shree Balaji Heights C. G. Road, Ahmedabad,
Gujarat India-380009

Competence Credibility Commitment