

**TDS Compliance ,Filing and Latest issues –  
Section 194C, 194J and 194T**

# Who is a deductor in Section 194C and 194J

- The Central / State Government
- Local Authority
- Statutory Corporation
- Company
- Co-operative Society
- Statutory authority dealing with housing accommodation / planning, development or improvement of cities / towns / villages
- A registered society / trust
- University established under a Central, State or Provincial Act, or any university declared by the UGC
- A firm
- Government of a foreign state / foreign enterprise

## Who is a deductor u/s 194C and 194J (contd.)

- An individual / HUF / AOP / BOI whose gross turnover from business / profession exceeds Rs 1 cr / Rs 50 lacs respectively during the immediately preceding financial year
  - (a) Applicable for 194C and fee for professional / technical services.
  - (b) Royalty and non compete fee are excluded from applicability.

Example:

If turnover from business crosses Rs 1 crore in FY 2024-25, the section would attract from 01.04.2025.

# Threshold and Applicable Rates – 194C

- Contractor / Sub-Contractor in transport business who has furnished a PAN – **Nil**
- In other cases, if the amount paid / credited or likely to be paid / credited exceeds Rs **30,000 in a single payment** or **Rs 1,00,000 in aggregate during a financial year:**
  - (a) Individual Contractors – 1%
  - (b) Others – 2%

# “Work” for the purpose of Section 194C

Includes:

Advertising ; Broadcasting / Telecasting ; Carriage of goods / passengers (other than by rail) ; catering ; job-work

Exemption:

Payments to a transporter who owns 10 or less goods carriages at any time during the PY, who furnishes a declaration to this effect along with his PAN.

## Payments covered u/s 194J

- Fee for professional services [notified professions u/s 44AA and various sports persons notified by CBDT]
- Fee for technical services – Managerial / Technical / Consultancy Services
- Remuneration / fee / commission to a director of the company, other than payments covered u/s 192
- Royalty
- Non-compete fee

## Threshold and Applicable Rates – 194J

- Fee for technical services / Royalty for sale or distribution of cinematographic film / payments to call centre– 2%
- All other covered payments – 10%
- Remuneration to directors – **No threshold**
- Other payments - If the amount paid / credited or likely to be paid / credited exceeds Rs **50,000 in aggregate during a financial year (amended in Budget 2025)**

# Section 194T: TDS on Certain Payments Made to Partners by Firm

- A firm refers to a partnership firm or an LLP
- Payments which trigger 194T:
  - a. Salary / Remuneration
  - b. Commission
  - c. Interest on capital / loan
- Payments scoped out from 194T:
  - a. Repayment of loan to the partner
  - b. Reimbursement of expenses
  - c. Capital / Share of profit withdrawn by the partner.
- Threshold limit is Rs 20,000 in aggregate during a financial year.
- Rate of deduction is 10% of the aggregate payment



# COMPLIANCE REQUIREMENTS – 194C & 194J

- Ledger Scrutiny to identify payments which trigger Section 194C and 194J (eg – Legal Charges, Professional fee, Advertisement, Repairs & Maintenance)
- Option 1 – Deduct the applicable rate of TDS and remit the same along with interest u/s 201 **before the due date of filing the TDS return.** File a correction return with TRACES to incorporate the additional challans.
- Option 2 – Disallow 30% of the expenditure while computing the total income of the assessee.

# COMPLIANCE REQUIREMENTS – SECTION 194T

- Apply for TAN of the partnership firm / LLP
- Make suitable changes to the partnership deed to incorporate the provisions of TDS on the remuneration
- **Make sure the firm / LLP deducts and remits tax @ 10% on the amount of remuneration / interest paid to each partner.**