

FAQs ON TAX DEDUCTION AT SOURCE

1. What is TDS?

TDS means Tax Deducted at Source. It is the amount withheld from payments of various kinds such as salary, contract payment, commission etc. This withheld amount can be adjusted against your tax due.

2. Is TDS relevant for me as a businessman?

Yes. Payments may be made to you after TDS. You can adjust this against your final tax liability. You are also required to effect TDS while making business payments. Failure to do so will result in the entire of expenditure being disallowed as your business expenditure and taxed as income.

3. I have made some deposits with a bank on which annual interest is around Rs.15000. My income is below taxable limit. The banker wants to deduct tax. What do I do?

You can file a self-declaration to the banker in form 15H stating that your income is below taxable limit. The form is available with your banker, the local Income-Tax office and can be downloaded from the website <http://www.incometaxindia.gov.in/>. This form should be filed before the interests begin to accrue in the fixed deposit account, since the declaration has no retrospective effect.

4. I have let out a property for Rs.20,000 per month. The tenant is deducting tax that is more than my tax liability. What can I do under this circumstance?

If you compute your tax liability and find it to be lower than the tax being deducted, you may approach your assessing officer by filing Form 13. He will issue a certificate directing the tenant to make TDS at a lesser rate. This form is available with the local Income tax office or can be downloaded from the website www.incometaxindia.gov.in.

5. I have deducted tax from payments disbursed but used the same for some urgent financial needs. What are the consequences?

It is an offence to misuse the tax deducted at source. It should have been remitted to government account within the time allowed. The failure attracts tax, interest, penalty and also rigorous imprisonment up to seven years

6. What can I do if I am unable to get the TDS certificate [form-16 or 16A]?

It is the duty of every person deducting tax to issue TDS certificate. In spite of your asking if you are denied the certificate then there is a chance that the tax deducted has not been deposited by the deductor to the government account. Please inform the department [PRO or TDS section] which will then do the needful.

7. I have not received TDS certificate from my employer. Can I claim TDS deducted from my salary?

Yes. The claim can be made in your return. Department however will raise a demand which will not be enforced on you but on your employer.

8. If the employer does not deduct tax and employee also does not pay his due tax, who will be held responsible for tax payment?

The ultimate responsibility to pay tax rests on the person who has earned income. If the employee deposits such tax then the employer will be liable for interest and penalty for failure to deduct tax.

9. I am buying a property from a person residing in USA. Should I deduct tax while making payment?

Yes u/s 195. In case you have any doubt regarding the amount on which TDS is to be made, you may file an application with the officer handling non-resident taxation who will pass an order determining the TDS to be made. Alternatively, if the recipient feels that the TDS is more he may file an application with his Assessing officer for non-deduction.

10. Can I use PAN to pay the TDS deducted into government account?

No. You are required to take a separate Tax Deduction Account Number [TAN] by making an application in form 49B with the Tin facilitation center of NSDL.

11. In case the deductee comes back stating that the original TDS certificate is lost, whether a duplicate certificate can be issued?

Yes. The deductor will have to issue the certificate in a plain paper giving necessary details of deduction and remittance.