

BUDGET 2024



Withholding tax amendments at a glance

➤ Rationalisation of TDS rates

Sr. No.	Section	Existing rate	Proposed rate	With effect from
1.	Section 194D- Payment of insurance commission (in case of person other than company)	5%	2%	01.04.2025
2.	Section 194DA - Payment in respect of life insurance policy	5%	2%	01.10.2024
3.	Section 194G – Commission etc. on sale of lottery tickets	5%	2%	01.10.2024
4.	Section 194H- Payment of commission or brokerage	5%	2%	01.10.2024
5.	Section 194M - Payment of certain sums by certain individuals or Hindu undivided family	5%	2%	01.10.2024
6.	Section 194-O - Payment of certain sums by e-commerce operator to e-commerce participant	1%	0.1%	01.10.2024
7.	Section 194F relating to payments on account of repurchase of units by Mutual Fund or Unit Trust of India	Proposed to be omitted		01.10.2024

➤ Section 192(2B) – Ease in claiming credit for TCS/TDS by salaried employees

- It is proposed that section 192(2B) may be amended to expand its scope to include any TCS/TDS, to be taken into account for the purposes of making the deduction under section 192(1) by the employer
- **Applicable from 1st October, 2024**

➤ **Section 206C – Increase in rate of interest for non-payment of TCS**

- It is proposed that the rate of interest for failure of non-payment of TCS to Government account be increased from **1% to 1.5%** for every month or part thereof on the amount of such tax from the date on which such tax was collected to the date on which such tax is actually paid.
- **Applicable from 1st April, 2025**

➤ **Insertion of provision in section 206C to allow TCS of minor in hands of parent**

- Section 206C of the Act proposed to be amended to allow the credit of TCS of minor in the hands of the parent where income of minor is being clubbed in the hands of the parent as per section 64(1A) of the Act.
- **Applicable from 1st January, 2025**

➤ **Insertion of a new section 194T- TDS on payments by partnership firm to partners**

- It is proposed that a new section 194T be inserted to bring payments such as salary, remuneration, commission, bonus and interest to any account (including capital account) of the partner of the firm under the purview of TDS for aggregate amounts more than Rs 20,000 in the financial year.
- **Applicable TDS Rate- 10%**
- **Applicable from 1st April, 2025**

➤ **Widening the scope of TCS to include purchase of luxury goods**

- It is proposed to amend the scope of section 206C (1F) to levy TCS on any other goods of value **exceeding ten lakh rupees**, as may be notified by the Central Government in this behalf.
- It is proposed that such goods would be in the nature of luxury goods
- **Applicable from 1st January, 2025**

➤ **Proposed clarification in section 194-IA**

- It is proposed to amend 194-IA(2) of the Act to clarify that where there are more than one transferors or transferees in respect of an immovable property, then the limit of Rs. 50 lakhs will be considered in respect of amounts paid or payable by all the transferees to the transferor or all the transferors for the applicability of TDS.
- **Applicable from 1st October, 2024**

➤ **Clarification for excluding sums paid under section 194J from section 194C**

- It is proposed to explicitly state that any sum referred to in section 194J(1) does not constitute "work" for the purposes of TDS under section 194C.
- **Applicable from 1st October, 2024**

➤ **Section 276B – Exemption from prosecution proceedings**

- It is proposed to amend section 276B to provide exemption from prosecution proceedings on late payment of TDS if the TDS is duly deposited to the credit of the Government **on or before the due date of filing of TDS returns.**
- **Applicable from 1st October, 2024**

➤ **Extending scope of LDC and LCC in section 197(1) and section 206C(9) respectively**

- It is proposed to extend scope of application for Lower Deduction/Collection Certificates for transactions covered under section 194Q and section 206C(1H)
- **Applicable from 1st October, 2024**

➤ **Time limit to file correction statement in respect of TDS/ TCS statements**

- It is proposed to amend section 200 and 206C (3B) of the Act to provide that no correction statement in respect of any TDS/TCS statement shall be filed after the expiry of 6 years from the end of the financial year in which statements were originally filed.
- **Applicable from 1st April, 2025**

➤ **Penalty for failure to furnish TDS/TCS statements**

- It is proposed to amend section 271H (3) of the Act to provide that no penalty shall be levied for failure to furnish TDS/TCS statements if the person proves that after paying TDS/ TCS along with fees and interest to the credit of the Central Government, he has filed the TDS/TCS statement **before the expiry of period of one month** from the time prescribed for furnishing such statement.
- **Applicable from 1st April, 2025**

THANK YOU



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