

Tds 194 C Part A Lecture-11

Certainly, here are short notes on TDS Section 194C Part A:

Section 194C Part A: TDS on Payments to Contractors/Sub-contractors

- **Scope:** Section 194C of the Income Tax Act, 1961, governs Tax Deducted at Source (TDS) on payments made to contractors and sub-contractors for various types of work contracts.
- **Applicability:** TDS under Section 194C applies to payments made to contractors and sub-contractors for work contracts including advertising, broadcasting, telecasting, carriage of goods, and catering services among others.
- **Threshold:** TDS is applicable when the aggregate payment to a contractor or sub-contractor exceeds ₹30,000 in a single payment or ₹1,00,000 in a financial year.
- **TDS Rate:** The TDS rate under Section 194C Part A is 1% for payments made to an individual or Hindu Undivided Family (HUF), and 2% for payments made to other entities like companies or partnerships.
- **Nature of Payment:** TDS is deducted at the time of credit or payment, whichever is earlier.
- **Exemptions:** Payments to specified individuals or entities as per Section 194C(6) are exempt from TDS.
- **Responsibility:** The person responsible for making the payment is required to deduct TDS and deposit it with the government within the specified timeline.
- **TDS Certificate:** A TDS certificate is issued to the deductee by the deductor, providing details of TDS deducted.
- **Tax Compliance:** Contractors and sub-contractors can claim credit for the TDS deducted while filing their income tax returns.

In summary, Section 194C Part A ensures tax compliance by regulating TDS on payments made to contractors and sub-contractors, covering various types of work contracts.