

Tds 194 N Cash Withdrawal Lecture-18

Here's a concise overview of TDS Section 194N:

Section 194N - TDS on Cash Withdrawals:

1. Applicability:

- Section 194N of the Income Tax Act, 1961, deals with TDS on cash withdrawals from banks, cooperative banks, and post offices.
- It applies to individuals, Hindu Undivided Families (HUFs), and other entities making specified cash withdrawals.

2. Threshold Limit:

- TDS under this section is applicable when the aggregate cash withdrawal exceeds Rs. 1 crore in a financial year.
- The threshold applies to withdrawals made from one or more accounts maintained by the same person with the same bank or cooperative bank or post office.

3. Rate of TDS:

- The prescribed TDS rate for cash withdrawals under Section 194N is 2%.
- However, if the individual has not filed their income tax returns for the three preceding assessment years and the aggregate cash withdrawal exceeds Rs. 20 lakhs but does not exceed Rs. 1 crore, the TDS rate is 2%.

4. Time of Deduction:

- TDS is to be deducted at the time of cash withdrawal exceeding the specified threshold.

5. Exemptions:

- Certain exemptions may apply under specific circumstances, subject to the provisions of the Income Tax Act.

6. Compliance:

- Banks, cooperative banks, and post offices are responsible for deducting TDS and depositing it with the government.
- Individuals need to ensure proper compliance with TDS regulations and provide necessary details to banks as required.

Understanding the provisions of Section 194N is crucial for individuals and entities involved in cash transactions to ensure compliance with TDS regulations and avoid penalties.