

TDS 194 P + 194 Q Lecture-20

Here's a concise overview of TDS Sections 194P and 194Q:

Section 194P - TDS on Payment of Income to Senior Citizens:

1. Applicability:

- Section 194P of the Income Tax Act, 1961, deals with TDS on payment of income to senior citizens.

2. Eligibility:

- This section applies to individuals who are resident senior citizens (aged 75 years or above) and have income from banking or post office savings accounts.

3. Threshold Limit:

- TDS under this section is applicable when the total income of the senior citizen does not exceed the basic exemption limit.

4. Rate of TDS:

- No TDS is applicable under Section 194P if the senior citizen's total income is below the basic exemption limit and they have furnished a declaration to the bank or post office.

5. Time of Deduction:

- TDS is to be deducted at the time of credit of interest to the account of the senior citizen.

Section 194Q - TDS on Purchase of Goods:

1. Applicability:

- Section 194Q of the Income Tax Act, 1961, deals with TDS on purchase of goods.

2. Scope:

- This section applies to buyers who are responsible for making payments to resident sellers for the purchase of goods.

3. Threshold Limit:

- TDS under this section is applicable when the total purchase value from a seller exceeds Rs. 50 lakhs in a financial year.

4. Rate of TDS:

- The prescribed TDS rate for transactions under Section 194Q is 0.1% of the purchase value.

5. Time of Deduction:

- TDS is to be deducted at the time of credit of such sum to the account of the seller or at the time of payment, whichever is earlier.

Understanding the provisions of Sections 194P and 194Q is essential for both senior citizens receiving income and buyers purchasing goods to ensure compliance with TDS regulations and fulfill their tax obligations.