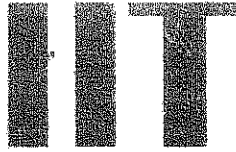




भारतीय
प्रौद्योगिकी
संस्थान
काशी हिन्दू विश्वविद्यालय



INDIAN
INSTITUTE OF
TECHNOLOGY
BANARAS HINDU UNIVERSITY

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Office of the Registrar

(Annual Accounts & Balance Sheet)

कुलसचिव कार्यालय

(वार्षिक लेखा एवं तुलन पत्र)

Ref. No.:- IIT(BHU)/ Annual A/cs./2018-19/ 5874

Date:- 09.07.2018

Circular

TDS on payment to contractors / sub contractors u/s 194C and TDS on payment made towards fees for professional services / technical services etc. u/s 194J of Income Tax Act, 1961 as amended by Finance Act, 2018.

This is to bring into notice to all concerned that during processing of bills, it has been observed that proper adjustment challan for Income Tax deductions are not being enclosed with respective bills (Form - 5). Further it has also been observed that in various cases no Income Tax/ TDS has been deducted from concerned bill and bill passing sections i.e. R&D Section and Trade Bill Section send objections memo for correcting the same which causes unwarranted delay in processing of bill and delay in payment to the suppliers.

Considering the above, provisions related to deduction of TDS u/s 194C, which are related to payment to contractors/ Sub-contractors, are attached on annexure A and provisions related to deduction of TDS u/s 194J which are related to payment made towards fees for professional services / technical services / royalty etc. are attached on annexure B, for information and necessary compliance so that proper TDS is deducted by the Institute and is timely deposited with Income Tax department. All bill drawing authorities are requested to make necessary arrangements to ensure proper deduction of TDS and adjustment challan for TDS may be attached with respective bills.

Dy. Registrar (Accounts)

Date:- 09.07.2018

Ref. No.:- IIT(BHU)/ Annual A/cs./2018-19/ 5874

Copy forwarded to following for information and necessary action:-

1. All the Deans
2. All the Prof. In-charge
3. All the Heads/Coordinators/Departments/Schools/Centres
4. The Chairman, IWC
5. The Chairman, Senate Library Committee
6. The Chairman, IIT-Cafeteria
7. The Chairman, Council of Wardens
8. The Chairman, Web Management & E-mail Services Committee with request to kindly place this notice on the Institute Website
9. The Chief Councillor - Gymkhana
10. The Coordinator, GTAC
11. All Admin. Wardens/Wardens -- Hostels
12. The In-charge UGD/IDD/IMD PT-I
13. All the Joint Registrars/ Deputy Registrar/ Assistant Registrars
14. P.S to the Director
15. P.A to the Registrar

Indian Institute of Technology (Banaras Hindu University)

Dy. Registrar (Accounts)

10/7/18

TAX DEDUCTION AT SOURCE UNDER SECTION 194C FROM PAYMENT MADE TO CONTRACTORS/SUB CONTRACTORS:

Any person or institute responsible for paying any sum to any resident contractor or sub contractor *for carrying out any work (including supply of labour for carrying out any work)* in pursuance of a contract between the contractor and a specified person shall, at the time of credit of such sum to the account of the contractor or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct TDS as per the rates prescribed in the Income Tax Act.

The expression, "work" shall include-

- a. Advertising
- b. Broadcasting and telecasting including production of programs for such broadcasting or telecasting
- c. Carriage of goods and passengers by any mode of transportation, other than railways
- d. Catering
- e. Manufacturing or supplying of a product according to the requirement or specification of a customer by using the materials purchased from such customer, but does not include manufacturing or supplying a product according to the requirements or specifications of a customer by using the materials purchased from a person, other than such a customer.

Rate of TDS u/s 194C of IT Act 1961

S. No	Nature of Payment	TDS Rate if PAN available	TDS Rate if PAN not available
1	Payment / Credit to resident individual or HUF	1%	20%
2	Payment/Credit to any resident person other than individual / HUF	2%	20%
3	Payment/ credit to Transporters	NIL	20%

Note: No Surcharge, Education Cess, and SHEC shall be added. Hence, TDS shall be deductible at basic rates.

Circumstances under which TDS u/s 194C is not deductible:

No tax is required to be deducted in the following cases:

1. Where the sum paid or credited in pursuance of any contract does not exceed Rs. 30,000 /- **provided that** where the aggregate of the amounts of such sums credited or

paid or likely to be credited or paid during the financial year does not exceed Rs. 1,00,000 the person responsible for paying such sums will not deduct TDS under this section

2. No deduction shall be made from any sum credited or paid or likely to be credited or paid during the previous year to the account of a contractor during the course of business of plying, hiring or leasing goods carriages, where such contractor owns ten or less goods carriages at any time during the previous year and furnishes a declaration to that effect along with his Permanent Account Number, to the person paying or crediting such sum on furnishing of his PAN, to the person paying or crediting such amount.

Time Limit within which Tax is to Deposited:

- A. Where the payment is made by or on behalf of the Government – **On the same day.**
- B. Where the payment is made in any other case than the government
 - (i) If the amount is credited/paid in the month of March – **On or before April 30th**
 - (ii) In other months – **Within 7 days from the end of the month in which the deduction is made.**

Note: The payer is the person responsible for TDS deduction.

TAX DEDUCTION AT SOURCE UNDER SECTION 194J FROM PAYMENT MADE TOWARDS FEES FOR PROFESSIONAL SERVICES OR TECHNICAL SERVICES ETC.

Any person, who is responsible for paying to a resident any sum by way of fees for professional services, fees for technical services, royalty, non-compete fee as referred to in section 28(va) or director's fee, shall deduct tax at source at the time of credit of such sum to the account of the payee or at the time of payment thereof by issue of a cheque or draft or any other mode whichever is earlier.

Professional Services means services rendered by a person in the course of carrying on legal, medical, engineering or architectural profession or the profession of accountancy or technical consultancy or interior decoration or advertising or such other profession as is notified by the Board for the purposes of Section 44AA (i.e. authorised representation film artist or company secretary or information technology) or of this section.

Royalty includes consideration for the *transfer of* any right in respect of a patent, invention, model, design, secret formula, or process or trademark or similar property and also includes consideration for the *use of* any patent, invention model, design secret formula or process or trade mark or similar property.

Rate of TDS u/s 194J of IT Act 1961

S. No	Nature of Payment	TDS Rate if PAN available	TDS Rate if PAN not available
1	Payment / Credit to resident	10%	20%

Circumstances under which TDS u/s 194J is not deductible:

Where the amount of such sum or, as the case may be, the aggregate of the amount of such sums credited or paid or likely to be credited and paid during the financial year by the aforesaid person to the account of, or to, the payee, does not exceed Rs 30,000 in case of fees for professional services or Rs. 30,000 in the case of fees for technical services, or Rs. 30,000 in the case of royalty or Rs. 30,000 in the case of any sum referred to in section 28(va), tax is not deductible. No threshold limit is provided in the case of director's fees.

Time Limit within which Tax is to Deposited:

- A. Where the payment is made by or on behalf of the Government – **On the same day.**
- B. Where the payment is made in any other case than the government
- (i) If the amount is credited/paid in the month of March – **On or before April 30th**
- (ii) In other months – **Within 7 days from the end of the month in which the deduction is made.**

Note: The payer is the person responsible for TDS deduction.