



Unveiling TDS

Demystifying Tax
Deducted at Source —●



What is TDS?

A Streamlined Tax Collection System

TDS stands for **Tax Deducted at Source**.

It's a mechanism where **a portion of tax is withheld at the source of certain income payments, such as salaries, interest, rent, or professional fees.**

This deducted tax is **deposited with the government by the payer (deductor) on behalf of the payee (recipient).**



Remember: The ultimate tax liability remains with the payee, and TDS serves as an advance tax paid for the payee.

Who Deducts TDS & Who Pays It?

The Deductor

Certain entities like employers, banks, companies making specified payments, etc., are responsible for deducting TDS.

The Payee

The recipient of the income (salary, interest, etc.) from which TDS is deducted and the net amount is paid to the beneficiary, being the payee



TDS Rates & Applicability: When Does TDS Apply?

01. TDS applies to various income sources as mandated by the **Income Tax Act, 1961**.
02. Different rates are applicable to different types of payments.
03. Common examples include:
 - Salaries exceeding a specific limit
 - Interest on investments
 - Rent payments
 - Professional fees



Accurate and timely filing ensures compliance and avoids penalties.

TDS Forms & Filing Procedures: Ensuring Compliance

TDS Deduction: Deduct TDS at the applicable rates from payments made to vendors, employees, contractors, etc.

TDS Payment: Deposit the TDS amount deducted into the government's account within the prescribed due dates.

TDS Return Filing: File TDS returns accurately and on time, providing details of TDS deductions made during the relevant period.

Issuance of TDS Certificates: Issue TDS certificates to the payees providing details of TDS deducted.



Additionally, TDS reflects in your Form 16, simplifying tax return filing.

Benefits of TDS: A Win-Win for Government & Taxpayers

Government Benefits

TDS facilitates a steady inflow of tax revenue throughout the year.

Taxpayer Benefits

TDS reduces the burden of paying a large tax sum at once during tax filing.



Maintaining accurate TDS records, timely deposits, and filing ensures a smooth tax process.

Avoiding TDS Penalties & Mistakes: Importance of Compliance

- Non-compliance with TDS provisions can attract interest and penalties and late filing of TDS returns attracts late filing fees of Rs. 200 per day
- Interest is charged on delayed TDS payments @1.5% per month or part thereof
- Non-compliance with TDS provisions may result in penalties, including fines and prosecution in severe cases.



Avoid penalties and ensure peace of mind with our expert TDS services!

Next Steps: Consult a Treelife expert to streamline your Tax Compliance

At Treelife

TDS Compliance Audit: Identify and rectify any TDS discrepancies.

TDS Deduction, Calculation & Payment: TDS applicability, calculate the correct amount, and streamline deductions and payments.

TDS Return Filing: Timely preparation, and filing of your TDS returns.

Contact Us

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