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Short Notes of TDS

TAX DEDUCTED AT SOURCE

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Introduction to TDS (TAX DEDUCTED AT SOURCE)

Tax Deducted at Source (TDS) is a system introduced by the Government of India to collect taxes at the very point where income is generated. Instead of you paying tax later, the person making the payment (the "Deductor") subtracts a small percentage and pays it directly to the government on your behalf.

टैक्स डिडक्टेड एट सोर्स (TDS) भारत सरकार द्वारा शुरू किया गया एक सिस्टम है, जिससे इनकम जनरेट होने की जगह पर ही टैक्स इकट्ठा किया जाता है। आपके बाद में टैक्स देने के बजाय, पेमेंट करने वाला व्यक्ति ("डिडक्टर") एक छोटा सा परसेंटेज काटकर आपकी तरफ से सीधे सरकार को पेमेंट कर देता है।

Think of it as a "pay-as-you-earn" mechanism that ensures a steady flow of revenue for the government and reduces tax evasion.

इसे एक "कमाओ और चुकाओ" मैकेनिज्म की तरह समझें जो सरकार के लिए रेवेन्यू का लगातार फ्लो सुनिश्चित करता है और टैक्स चोरी को कम करता है।

How TDS Works

- **The Deductor:** The entity (Employer, Bank, or Client) making the payment. They are responsible for deducting the tax and depositing it with the government.
- **The Deductee:** The person (you) receiving the payment after the tax has been cut.
- **TDS Certificate:** The deductor must issue a certificate (Form 16 for salary, Form 16A for others) as proof that they have paid the tax on your behalf.
- **Form 26AS:** This is your consolidated tax credit statement. You can download it from the Income Tax portal to see every bit of TDS deducted against your PAN.



Common TDS Rates (FY 2024-25 & 2025-26)

Effective October 1, 2024.

Nature of Payment	Section	Threshold Limit	TDS Rate
Salary	192	Basic exemption limit	Normal Slab Rates
Bank Interest (FD/RD)	194A	₹40,000 (₹50k for Sr. Citizens)	10%
Rent (Property)	194-I	₹2,40,000 per year	10%
Professional Fees	194J	₹30,000	10% (2% for technical)
Commission/Brokerage	194H	₹15,000	2% (Reduced from 5%)
Insurance Commission	194D	₹15,000	2% (Individuals)
Sale of Property	194-IA	₹50 Lakhs	1%
E-commerce Participants	194-O	₹5 Lakhs	0.1% (Reduced from 1%)

Note: If you do not provide your **PAN**, the TDS rate is usually much higher (typically **20%**).

Important Deadlines

- **TDS Deposit:** Must be paid to the government by the **7th of the next month** (except for March, which is April 30th).
- **Return Filing (Quarterly):** Deductors must file quarterly returns by:
 - **Q1 (Apr–Jun):** July 31st
 - **Q2 (Jul–Sep):** October 31st
 - **Q3 (Oct–Dec):** January 31st
 - **Q4 (Jan–Mar):** May 31st



How to Claim a TDS Refund

If your total tax liability at the end of the year is less than the total TDS deducted (e.g., your income is below the taxable limit but the bank still cut TDS), you can get that money back.

1. File your ITR: The only way to get a refund is by filing your Income Tax Return.
2. Verify Bank Details: Ensure your bank account is pre-validated on the e-filing portal.
3. Automatic Credit: Once the Income Tax Department processes your return and confirms the excess payment, the refund is credited directly to your bank account.

New Tax Regime Slab Rates (FY 2025-26)

Income Slab (Taxable)	Tax Rate	Notes
₹0 - ₹4,00,000	Nil	No Tax
₹4,00,001 - ₹8,00,000	5%	Tax: ₹20,000 "Tax Rebate" (Section 87A)
₹8,00,001 - ₹12,00,000	10%	Tax: ₹40,000 "Tax Rebate" (Section 87A)
₹12,00,001 - ₹16,00,000	15%	No Rebate above ₹12L
₹16,00,001 - ₹20,00,000	20%	-
₹20,00,001 - ₹24,00,000	25%	-
Above ₹24,00,001	30%	-



Is saal (Budget 2025) ke baad slabs aur rebate dono badh gaye hain, jisse ₹12.75 Lakh tak ki salary effectively tax-free ho gayi hai.

Salary TDS Calculation (Practical Formula)

Employer TDS kaise nikaalta hai:

1. **Gross Salary** (Basic + HRA + Allowances + Bonus).
2. Minus karein **Standard Deduction** (₹75,000).
3. Minus karein **Exemptions** (HRA, LTA - agar Old Regime hai).
4. Jo **Net Taxable Income** aayegi, us par diye gaye slab rate se saal bhar ka tax nikaalein.
5. Ab us tax mein **4% Health & Education Cess** add kare.
6. Ab total tax ko **12** se divide kar dein. Wahi aapka monthly TDS amount hoga.

Chaliye, hum ₹15,00,000 (15 Lakh) ki annual salary par New Tax Regime (FY 2025-26) ke hisaab se TDS calculate karke dekhte hain.

Is calculation se aapko samajh aa jayega ki har mahine kitna TDS deduct hona chahiye.

Salary TDS Calculation (Step-by-Step)

Step	Particulars	Amount (₹)
1	Gross Annual Salary	15,00,000
2	Standard Deduction (Sabhi ke liye fixed)	(-) 75,000
3	Net Taxable Income (1 - 2)	14,25,000

Tax Calculation on ₹14,25,000 (As per New Slabs)

Ab hum slabs ke hisaab se tax nikalenge:

- **0 se 4 Lakh:** Nil = ₹0
- **4 Lakh se 8 Lakh:** 5% of 4 Lakh = ₹20,000
- **8 Lakh se 12 Lakh:** 10% of 4 Lakh = ₹40,000

- **12 Lakh se 14.25 Lakh:** 15% of ₹2,25,000 = ₹33,750

Total Basic Tax = 0 + 20,000 + 40,000 + 33,750 = **₹93,750**

Final Tax & Monthly TDS

Detail	Calculation	Amount (₹)
Basic Tax	From Step 4	93,750
Health & Education Cess	4% of 93,750	3,750
Total Annual Tax	(93,750 + 3,750)	97,500
Monthly TDS Deduction	97,500 ÷ 12	8,125

Result: Agar aapki salary ₹15 Lakh saal ki hai, toh aapka employer har mahine aapki salary se **₹8,125** TDS ke roop mein kaatega.

₹12,75,000 par Tax Zero kaise hota hai?

New Tax Regime (FY 2025-26) mein:

- **Gross Salary:** ₹12,75,000
- **Standard Deduction:** (-) ₹75,000
- **Net Taxable Income:** ₹12,00,000

Ab, slabs ke hisab se calculate karein:

- ₹0 - ₹4 Lakh: Nil
- ₹4 - ₹8 Lakh (5%): ₹20,000
- ₹8 - ₹12 Lakh (10%): ₹40,000
- **Total Tax: ₹60,000**

Lekin... Sarkar kehti hai ki agar aapki income ₹12 Lakh (Standard deduction ke baad) tak hai, toh hum aapko **₹60,000 ki पूरी छहूत (Rebate)** de denge.

- **Final Tax:** ₹60,000 - ₹60,000 (Rebate) = **₹0**



As a Deductor

1. Mr. Kapoor Started a Universal Business Solution by bringing in cash of Rs. 3,000,000. And deposit 25,00,000 in to SBI bank (TAN- PDES03028F)
2. Mr. Kapoor Purchase service from info tech of Rs. 90,000. (GSTIN- 29AAACC1206D2ZB)
3. Mr. Kapoor Paid Rent (building) Rs.25,000 to Mohan Sharma. (PAN- AAAPH1506D)
4. Mr. Kapoor paid salary Rs. 125000 to Arvind Mishra. (AWAPH1877C)
5. Mr. Kapoor paid salary Rs. 90,000 to Rahul Raj. (AWAPH1877C)
6. Mr. Kapoor paid brokerage fee Rs. 25000 to Vipin Kumar. (AWAPH1877C)
7. Mr. Kapoor Paid info tech full settlement by cheque.
8. Mr. Kapoor paid to Mohan Sharma after deducting tax. By cheque.
9. Mr. Kapoor paid to Arvind Mishra & Rahul Raj after deducting tax. By cheque.
10. Mr. Kapoor paid Vipin Kumar full settlement by cheque.
11. Mr. Kapoor paid TDS Tax by cheque.

As a Deductee

12. Mr. Kapoor received Bank Interest Rs. 55000 in SBI Bank.
13. Mr. Kapoor winning lottery tickets of Rs. 85000 in SBI Bank.



(A lot of effort went into making these notes. If you like them, you can voluntarily contribute 50, 100, or 200 rupees.)

Thank you...

इन नोट्स को बनाने में बहुत मेहनत लगी है। अगर आपको ये पसंद आए तो आप स्वेच्छा से 50, 100 या 200 रुपये का योगदान कर सकते हैं।

धन्यवाद ।



Jitendra Kumar

Account Number

17000100008177

IFSC Code

BARB0KAFARA

UPI ID

Jitendraupciss@okicici

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