



No. CWC/FD-Taxation/Misc.

16.05.2020

CIRCULAR NO.#38

Sub: Reduction in rates of Tax Deduction at Source (TDS) (14.05.2020-31.03.2021)

Finance Minister made certain announcements on 13.05.2020 in view of giving financial relief at the time when India is struggling with COVID 19 pandemic.

In this regard the relevant changes impacting CWC are as listed below:

TDS rates for the FY 2020-21 (14.05.2020 to 31.03.2021) reduced by 25%

- a) It has been proposed that the rates of Tax Deduction at Source (TDS) for non-salaried specified payments made to residents shall be reduced by 25% of the existing rates. Accordingly, TDS shall be required to be deducted at the rate of 75% of the TDS rates provided under the Act as against the normal TDS rate. The reduced TDS rates to be followed are attached as Annexure A to the Circular.
- b) TDS rate in respect of payments in the nature of salary shall continue to be the same i.e. the average rate of income tax computed based on slab rates prescribed in the Finance Act.
- c) TDS on only the amount paid or credited during the period from 14th May, 2020 to 31st March, 2021 shall be deducted at the reduced rates and if the credit took place prior to 14.05.2020 whereas the payment is yet to be made, CWC shall be liable to deduct and deposit TDS at the normal rate prescribed in the Act and not at the concessional TDS rate as per Annexure A.
- d) It is further stated that there shall be no reduction in rates of TDS, where the tax is required to be deducted at higher rate due to non-furnishing of PAN/Aadhaar. For example, if the tax is required to be deducted at 20% under section 206AA of the Income-tax Act due to non-furnishing of PAN/Aadhaar, it shall be deducted at the rate of 20% and not at the rate of 15%.
- e) Further, TDS @ 7.5 % shall only now be deducted by the Customers making the payments to CWC instead of the rate of 10%.

All concerned are advised to follow the above instructions both while making payments to vendors or receiving payments from customers.

(Deepti Shukla)
Manager (Tax)

Distribution to:

1. All Regional Managers of CWC.
2. All DGMs/AGMs/Managers/ (Sr.) Asstt. Managers in-charge of the Finance, Accounts & Internal Audit Wings of all ROs.

Copies for information to:

1. Sr. PA to Managing Director, CWC, CO, New Delhi, SAM to Director (Fin), CWC, CO, New Delhi, PS to Dir.(Pers.), CWC, CO, New Delhi
2. PPS to CVO/PPS to GGM (F&A), CWC, CO, New Delhi.
3. Sr PA to GM(Tax & CA)
4. All HoDs at CWC, CO, New Delhi
5. SAM(Payments), CO, New Delhi
6. PPS to GGM (Systems), CWC, CO, New Delhi with a request to place this Circular on CWC's Website.
7. Manager (Rajbhasha), CWC, CO, New Delhi with a request to arrange Hindi Version of this Circular.

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TABLE

Reduced TDS rates under sections relevant to CWC

Section of the Income-tax Act	Nature of Payment	Existing Rate of TDS	Reduced rate from 14/05/2020 to 31/03/2021
194C	Payment of Contractors and sub-contractors	1% (individual/HUF) 2% (others)	0.75% (individual/HUF) 1.5% (others)
194-I(a)	Rent for plant and machinery	2%	1.5%
194-I(b)	Rent for immovable property	10%	7.5%
194-IA	Payment for acquisition of immovable property	1%	0.75%
194-IB	Payment of rent by individual or HUF	5%	3.75%
194-IC	Payment for Joint Development Agreements	10%	7.5%
194J	Fee for Professional or Technical Services (FTS), Royalty, etc.	2% (FTS, certain royalties, call centre) 10% (others)	1.5% (FTS, certain royalties, call centre) 7.5% (others)
194LA	Payment of Compensation on acquisition of immovable property	10%	7.5%
194M	Payment to commission, brokerage etc. by Individual and HUF	5%	3.75%
194-O	TDS on e-commerce participants	1% (w.e.f. 1.10.2020)	0.75%