

Income Tax for NGOs (Part II)

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Section 12A

Conditions for Applicability of Section 11 & 12

The provisions of section 11 and section 12 shall not apply in relation to the income of any trust or institution unless the organization is registered under section 12AB.

Books of accounts of the organization have been maintained and audited by the Chartered Accountant.

Income derived from property held under Trust has furnished the return of income for the previous year in accordance with the provisions of sub-section (4A) of section 139, within the time allowed under that section.

Section 13

Section 13(1)

Section 11 not to apply when:

- Trust for private religious purposes which does not ensure for the benefit of the public.
- Trust for charitable purposes where income for the benefit of any particular religious community or caste.
- If any part of income or any property of a charitable or religious trust or institution (whenever created or established) is during the previous year used or applied, directly or indirectly, for the benefit of any person referred to in sub-section (3).
- Non-compliance of Section 11(5) - permitted modes of investment.

Section 13(6)

The exemption under section 11 or section 12 shall not be denied in relation to any income, other than the income referred to in sub-section (2) of section 12, by reason only that such trust has provided educational or medical facilities to persons referred to in sub-section 3.

S. 115BBI - Tax @30% on denied income for 13(1)(c) and 13(1)(d) violations. Penalty for providing unreasonable benefits to specified persons - s 271AAE penalty equal to amount of benefit in first year and twice for subsequent year.

Section 13(3)

List of persons:

- The author of the trust or the founder of the institution.
- Any person who has made a substantial contribution to the trust or institution, i.e., total contribution up to the relevant previous year exceeds fifty thousand rupees.
 - Increased to Rs. 1 lakh in that PY and aggregate Rs. 10 lakhs during the lifetime of the institution by Finance Act 2025.
- Where such author, founder, or person is a Hindu undivided family, a member of the family.
- Any trustee of the trust or manager (by whatever name called) of the institution.
- Any relative of any such author, founder, person (deleted through Finance Act 2025), member, trustee or manager as aforesaid.
- Any concern in which any of the persons referred to in clauses (a), (b) - deleted in Finance Act 2025, (c), (cc) and (d) has a substantial interest.

"Relative", in relation to an individual, means:

- Spouse of the individual.
- Brother or sister of the individual.
- Brother or sister of the spouse of the individual.
- Any lineal ascendant or descendant of the individual.
- Any lineal ascendant or descendant of the spouse of the individual.
- Spouse of a person referred to in sub-clause (b), sub-clause (c), sub-clause (d) or sub-clause (e).
- Any lineal descendant of a brother or sister of either the individual or of the spouse of the individual.

Section 13(2)

The income or the property of a trust deemed to have been used or applied for the benefit of a person referred to in 13(3):

- If any part of the income or property of the trust or institution is, or continues to be, lent to any person referred to in sub-section (3) for any period during the previous year without either adequate security or adequate interest or both.
- If any land, building or other property of the trust or institution is, or continues to be, made available for the use of any person referred to in sub-section (3), for any period during the previous year without charging adequate rent or other compensation.
- If any amount is paid by way of salary, allowance or otherwise during the previous year to any person referred to in sub-section (3) out of the resources of the trust or institution for services rendered by that person to such trust or institution and the amount so paid is in excess of what may be reasonably paid for such services.
- If the services of the trust or institution are made available to any person referred to in sub-section (3) during the previous year without adequate remuneration or other compensation.
- If any share, security or other property is purchased by or on behalf of the trust or institution from any person referred to in sub-section (3) during the previous year for consideration which is more than adequate.
- If any share, security or other property is sold by or on behalf of the trust or institution to any person referred to in sub-section (3) during the previous year for consideration which

is less than adequate.

- If any income or property of the trust or institution is diverted during the previous year in favor of any person referred to in sub-section (3).

Computation for exemption:

- Determine Income - commercial sense/book income as per books of accounts, not as per heads of income.
- Reduce Application of income for charitable and religious purpose based on commercial sense.
- Reduce 15% of remaining income.
- In case of surplus of income over expenditure, then:
 - Opt to spend income in subsequent year.
 - Opt to accumulate income up to 5 years.
- Applicability of incidental business income and proviso to section 2(15).
- Tax attracted if option in a and b not fulfilled.
- Benefit to specified persons.
- Funds put in specified modes of investment - corpus and Accumulation.
- Provision cannot be claimed as application, actual spend/payment only.
- Use of corpus funds or loans and borrowings application only if replenished/repaid within 5 years.
- Inter charity donations of local funds - 85% of amount as application.
- Carry forward of previous years deficit not allowed.

Maintaining Books of accounts for NGOs

- There was no regulation regarding books of accounts for NGOs up to FY 21-22.
- Section 12A(1)(b)(i) inserted for maintaining of books of accounts and other documents wef AY 23-24.
- Not applicable if total income is below threshold chargeable to tax.
- Rule 17AA inserted from 10.8.2022 providing for four sub-rules.

1. Books of accounts & other documents

The specified books of accounts shall include:

- Cash book
- Ledger
- Journal
- Copies of serially numbered receipts, original copy of invoices, etc.

Other documents include:

- Record of all the projects and institutions run by the organization.
- Record of income of the organization during the previous year:
 - Voluntary contribution containing details of name of the donor, address, permanent account number (if available) and Aadhaar number (if available).
 - Income from property held under trust referred to under section 11 of the Act along with list of such properties.
 - Income of trust other than the contribution referred in items (I) and (II).
- Record of application out of the income during the year:
 - Application of income in India, containing details of amount, name and address of the person and the object for application.
 - Application of income outside India, containing details of amount of application, name and address of the person and the object for which such application is made.
 - Deemed application of income referred in section 11(1) of the Act containing details of the reason for availing such deemed application.
 - Income accumulated or set apart as per section 11(2) containing details of the purpose for which such income has been accumulated.
 - Money invested or deposited in modes specified in 11(5).
 - Money invested or deposited in the forms and modes other than those specified in 11(5).
- Record of specified application out of the income of preceding years.
- Record of voluntary contribution with a specific direction to form Corpus:
 - Details of name of the donor, address, permanent account number and Aadhaar number.
 - Application out of such voluntary contribution referred to in item (I) containing details of amount of application, name and address of the person to whom payment made and the object for which such application is made.
 - Amount credited or paid towards corpus to 12AB or 10(23C) institution.

- The modes specified in section 11(5) of the Act in which such voluntary contribution received is invested or deposited.
- Money invested or deposited in the forms and modes other than those specified in 11(5).
- Record of contribution received under 80G(2)(b) being treated as corpus.
- Record of Loans and Borrowings:
 - Amount and date of loan or borrowing, amount and date of repayment, name of the person from whom loan taken, address of lender, permanent account number and Aadhaar number (if available) of the lender.
 - Application out of such loan or borrowing containing details of amount of application, name and address of the person to whom any credit or payment is made and the object for which such application is made.
 - Application out of such loan or borrowing, received during any previous year preceding the previous year, containing details of amount of application, name and address of the person to whom any credit or payment is made.
 - Repayment of such loan or borrowing (which was applied during any preceding previous year and not claimed as application) during the previous year.
- Record of properties held by the assessee:
 - Immovable properties containing details of (i) nature, address of the properties, cost of acquisition, registration documents; (ii) transfer of such properties, the net consideration utilized in acquiring the new capital asset.
 - Movable properties including details of the nature and cost of acquisition of the asset.
- Record of specified persons, as per section 13(3) of the Act:
 - Containing details of name, address, PAN and Aadhaar number (if available).
 - Transactions undertaken with specified persons under 13(3) containing details of date and amount of such transaction, nature of the transaction and documents to the effect that such transaction is, directly or indirectly, not for the benefit of such specified person.
 - Any other document.
- Form of keeping books of accounts and documents: Kept in written form or electronic form or digital form or print-outs of data stored in electronic form or in digital form or any other form of electromagnetic data storage device.

- Place of maintaining books of accounts and other documents: Shall be kept and maintained at its "registered office".
- If the accounts are maintained other than the registered office or at various project locations, intimate Assessing Officer in writing, giving full address of the other places supported by resolution of the board.
- Period for which books of accounts & other documents should be kept: Kept and maintained for a period of ten years from the end of the relevant assessment year.
 - Organisation having income subject to section 11(4) and 11(4)(A) to maintain separate set of books of account of such income in line with the provision under Income Tax Act.

Implication of Non-Maintenance of Books of Account:

- Section 13(10) and (11) inserted wef AY 22-23 stating that income chargeable to tax shall be computed after allowing a deduction for expenditure incurred for the objects of the institution subject to fulfillment of the following conditions, namely:
 - Such expenditure is not from the corpus standing to the credit of such trust or institution.
 - Such expenditure is not from any loan or borrowing.
 - Claim of depreciation is not in respect of an asset, acquisition of which has been claimed as an application of income.
 - Such expenditure is not in the form of any contribution or donation to any person.
- Such expenditure violating section 40(3) and 40(a)(ia) disallowed.
- Expenditure not allowed except under section 11-13.

Income Tax Bill 2025

Provision for Charitable institutions

1. The Bill introduces the term "Registered Nonprofit Organization" (Registered NPO) to define all charitable entities i.e. society, Trust, S8, Univ etc.
2. Consolidation of Provisions for NPOs into a Single Chapter: Chapter 17B - Special Provisions for Registered NPOs - (Clause 332-355). This chapter is divided into seven structured subparts:

- Registration – Application timelines, conditions for approval and validity of registration.
 - Income Computation – Rules regarding taxability and accumulation of income.
 - Commercial Activities – Limitations on NPOs engaging in profit-generating activities.
 - Compliance Requirements – Filing of tax returns, audit requirements and disclosures.
 - Penalties and Violations – Consequences for non-compliance.
 - Deductions for donations under Section 133 (erstwhile 80G) – Regulations governing tax deductions on donations to NPOs.
3. Changes in Taxability and Compliance Requirements: Under the current tax law, provisions related to the taxability of NPOs' income are spread across multiple sections, such as:
- 80G
 - Section 115BBC – Taxability of anonymous donations.
 - Section 115BBI – Taxability of certain specified income etc.
 - Section 115TD – Exit Tax etc. The Bill consolidates these provisions under a single framework.
4. Simplified Application of Income Provisions:
- The Existing Section 11 provisions regarding the application of income are complex due to multiple explanations and cross-references.
 - The new bill consolidates all application-related provisions in one section, making it easier to determine:
 - What qualifies as an eligible application of income.
 - The conditions required for the application of income to be tax-exempt.
 - Treatment of funds applied from corpus and their replenishment.
5. Elimination of Deemed Application Concept: The new bill removes the deemed application concept for shortfall in 85% application out of income.
6. Enhanced Accumulation Provisions: Bill eliminates restrictions on the purpose of accumulation for five-year accumulation. Nonprofits can now accumulate funds for any objective within their registered mandate.
7. Anonymous donation provision not applicable now only to religious institutions.
8. 15% income set apart is now called Deemed accumulated income and is to be invested in specified modes of investment.
9. Regular income has been defined to include receipts for charitable activity, voluntary contribution, incidental business income.

10. Application from corpus, loans and borrowings, deemed accumulated income etc. not application.
11. Delay in Audit report is not specified non-compliance.

Session II layout

- Forms, Returns & Proceedings
- TDS provisions
- Other miscellaneous provisions in Income Tax law applicable to NGOs

Income Tax Returns Forms:

In the following sequence to file:

1. Form 9A/Form 10 (Deemed application/Accumulation - 31 Aug)
2. Form 10B/10BB (Audit Report - 30 Sep)
3. ITR-7 (Income Tax Return - 31 Oct)

Form 9A & Form 10:

Section 11 of the Income Tax Act 1961 provides two options when the threshold of 85% application is not met by a charitable institution:

- Section 11(1): Be accumulated for application in the year of receipt/next year.
 - {Form 9A}
 - Form 9A can be filled in two situations:
 - For non-receipt of the income.
 - Any other reason (the reason for shortfall needs to be communicated in writing in form).
- Section 11(2): Accumulated or set apart for specific purpose for a maximum period of 5 years.
 - {Form No. 10}. Pass Board resolution for the purpose and period of accumulation and deposited in 11(5) investment mode.
- Both Forms to be filed Online in prescribed application format.

- Due date as per Finance Act 2023 - 2 months before due date for ITR filing i.e. by 31st August although CBDT circular of May 2023 has relaxed it as on or before due date of ITR filing for FY 2022-23.

Audit Report Form 10B/10BB:

As per IT Rules 2023 change from AY 23-24, Audit Report in 10B:

- If the total income exceeds Rs. 5 crore during the previous fiscal year.
- In case institution receives foreign contribution.
- In case any institution has used its income outside India in the previous year.
- Applicable uniformly for 12A and 10(23C) entities. Prior to change 10B was for 12A entity and Form 10BB was for 10(23C) entity.
- Determine applicability of 10B or 10BB.
- Very elaborate form specially 10B (49 clauses and 28 schedules) as against simple form earlier.
- It also casts responsibility on auditor to provide true and correct opinion in the report.
- Form 10BB has 32 clauses and 5 Schedules.
- Due date - 30th September.

Income Tax Return (Form-ITR 7):

- Charitable institutions u/s 11 have three types of income: AI (Aggregate Income), VC (Voluntary Contribution) and CG (Capital Gains) not as per 5 heads of income.
- ITR 7 covers all types of charitable institutions - charitable and religious, political parties, scientific research institutions, Univ, colleges.
- S.139(4A) for 12A entities.
- 2 parts - Part A - General; Part B - Total income and tax computation.
- Details of registration or approval under Income Tax Act and other registration (80G and FCRA), Auditor, Board etc.
- Schedule I/IA: amount set aside/accumulated and taxed.
- Schedule D/DA - deemed application and taxed.
- Schedule J: Details of corpus investments and loans/borrowings and Schedule R for reconciliation of corpus with BS.
- Schedule VC: Voluntary Contribution (grants/donations/corpus).

- Schedule AI: Aggregate of Income excluding Voluntary Contribution (All incidental income from activities and interest income).
- Schedule ER: Revenue Expenses and sources to meet ER (Establishment & Objects).
- Schedule EC: Capital Expenses and sources to meet EC.
- Total of “Source of Funds” under ER and EC Schedule match with the total expenditure.
- Schedule TI and TTI - Computation of income and computation of taxes.
- Details of all bank accounts to be reported.
- Expenditure incurred outside India, Provisions to be excluded.
- The Registered Email ID and Phone Number updated on Income Tax Portal should be of organization.
- Check status and proceedings on Income Tax Portal from time to time.

26AS, Annual Information Statement (AIS) and Taxpayer Information Summary (TIS):

- 26AS is tax related information associated with a PAN.
- Form 26AS displays details of property purchases, high-value investments, and TDS/TCS transactions.
- AIS (June 2020) is consolidated statement of financial transactions and is extension of Form 26AS.
- AIS additionally includes savings account interest, dividend, rent received, purchase and sale transactions of securities/immovable properties, SFT, foreign remittances, interest on deposits, GST turnover etc.
- AIS has facility for providing feedback.
- TIS is derived from AIS and reflects the processed values and derived (accepted) values separately for different income sources - salary, interest, dividend, etc. Processed value is the value generated after deduplication of information based on pre-defined rules.
- Derived value is the value derived after considering the taxpayer’s feedback and processed value.
- The derived value is used for pre-filling of ITR.

IT proceedings:

- Notice u/s 142(1) - filed return but AO needs more docs/info or return not filed.
- Intimation u/s 143(1) - assessment of ITR by CPC to determine demand/refund.

- Notice u/s 143(1A) - Based on ITR filed, intimation for adjustment for mismatch identified during centralized processing in Form 26AS.
- Notice u/s 143(2) - when there is discrepancy, notice for scrutiny assessment but processing of return u/s 143(1) mandatory.
- Notice u/s 143(3) - Income Tax Assessment - Scrutiny.
- Notice under Section 148A - income escaping assessment (3 years from end of AY in case of income up to 50 lakhs and up to 10 years if income more than 50 lakhs).
- Notice u/s 245 - set off of current year refund against previous demand.
- Penalty u/s 270(A) for concealment/under reporting of income ranging from 50-200% in addition to tax.
- Intimation u/s 154 for rectification of mistakes in records by AO.

Objectives of TDS:

- Regular Inflow of Revenue for Government
- Checking of TAX EVASION
- Widening of TAX Base

Tax deducted at source (TDS) and Tax Collected at source (TCS): TDS deducted from income:

- Deducted by payer.
- Imposed when payment crosses threshold.
- TDS return - 24Q/26Q.

TCS is collected from sale:

- Collected by seller.
- Collected on specific goods under section 206C.
- TDS return - 27EQ.

TDS Sections:

- Section 192 (Salary)
- Section 194 C (Contractual Payment)
- Section 194 J (Fees for Professional & Technical Payment)

- Section 194 I (Rent)

Income Tax Slab and Tax Rate (General)

Income Tax Slab	Tax Rate
Up to ₹2,50,000*	Nil
₹2,50,001 to ₹5,00,000	5% of total income exceeding ₹2,50,000
₹5,00,001 to ₹10,00,000	₹12,500 + 20% of total income exceeding ₹5,00,000
Above ₹10,00,000	₹1,12,500 + 30% of total income exceeding ₹10,00,000

On Salary:

- Deduct at rate of Income Tax computed on the basis of rates in force.
- Rates in force for person other than Senior Citizens:

Income Tax Slab FY 25-26:

Income Tax Slab	Tax Rate
Up to Rs 4 lakh	Nil
Rs 4 lakh to Rs 8 lakh	5%
Rs 8 lakh to Rs 12 lakh	10%
Rs 12 lakh to Rs 16 lakh	15%
Rs 16 lakh to Rs 20 lakh	20%
Rs. 20 lakhs to Rs. 24 lakhs	25%
Rs 24 lakh and above	30%

Rates in force:

- Any individual opting to be taxed under the new tax regime from FY.
- Chapter VI-A deduction (80C, 80D), Interest on housing loan etc.

- Standard deduction and 80CCD(2) allowed.

Example Tax Calculation:

Particulars	Amount
Salary	
Less: Standard Deduction	
Gross Total Income	
Income Tax (@ 5% Rs.4-8 lakhs and 10% from Rs 8 to 12 lakh)	
Less: Rebate u/s 87A	
Net Tax Payable	

- ₹75,000 in new regime and Rs. 50,000 in old regime for salaried.
- And Rs. 5 lakhs in Old regime.

194 C – Payments to Contractors:

- On the invoice value excluding the value of material, if such value is mentioned separately in the invoice.
- Or, on the whole of the invoice value, if the value of the material is not mentioned separately in the invoice.

TDS Rate:

- 1% where payment is to an individual / HUF.
- 2% where recipient is any other person.

Limit:

- If the credit or payment in pursuance of the single contract does not exceed Rs. 30,000 in FY, no deduction shall be made at source.
- However, if the aggregate of all amount paid / credited or likely to be credited exceeds in F.Y. Rs. 1,00,000 then tax at source is to be deducted.

Section 194 C includes:

- Advertisement.
- Broadcasting and telecasting including production of programmes for such broadcasting and telecasting.
- Catering.
- Manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from such customer.
- Engagement of manpower on contract.
- Carriage of goods or passengers by any mode of transport other than by railways, - NO TDS if PAN is provided and vehicles up to 10.

194 J – TDS on Fees for Professional or Technical Services:

Particulars	TDS Rate
Professional Fees	10%
Technical Fees	2%
Payment to call center operator (Domestic Co. only)	2%

Threshold Exemption Limit: In Finance Act, increased to Rs. 50,000 in a FY.

Professional & Technical services:

- “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 notified by the Board for the purposes of section 44AA or of this section.
- “Fees for technical services” means any consideration (including any lump sum consideration) for the rendering of any managerial (running or management of business), technical (technical expertise) or consultancy (advisory) services (including the provision of services of technical or other personnel) but does not include consideration for any construction, assembly, mining or like project undertaken by the recipient or which would be income chargeable under the head “Salaries”.

194 I – Rent:

Particulars	Rate of TDS
Renting of machinery /plant / equipment	2%
Renting of land or building (including factory building) or land appurtenant to a building (including factory building) or furniture or fittings	10%

- In Finance Act 2025, increased to Rs. 6 lakh in aggregate and not more than Rs. 50k per month.

Section 165:

- Payment made to non-resident Indian is taxable for applicable income like fee for technical services, royalty, dividend etc subject to checking DTAA with that country.
- No threshold.
- Section defines Indian resident - stay in India for min 182 day in a FY or min 60 days in a FY and min 365 days in past 4 Fys.
- If not, Section 185 applies.
- Declaration on information of foreign payments and TDS - Form 15CA (remittance less than Rs. 5 lakhs) and/or 15CB (Certificate by CA for more than Rs. 5 lakhs and check on DTAA) with Department and provided to bank for remittance.
- Report in TDS return Form 27Q.

TDS - Points to remember:

- In case of salary, TDS is on estimated Income until formalized in final month of FY.
- Section 206 AA: Deductee furnish PAN number to the deductor and mention in correspondence, bills, vouchers and other documents.
- TDS deducted at 20% if PAN is not provided by deductee.
- Inoperative PAN:
 - PAN Aadhaar linkage mandatory for assesses to avail services.
 - Post 1.6.2024, if PAN Aadhaar linking is not done, PAN will be inoperative.
 - Rate as provided in 206AA - 20%.

Monthly Deposit of TDS:

- In case of TDS Deducted for Q4 – to be deposited by 30th April.

TAN – Tax Deduction & Collection Account Number:

- Source has to apply for TAN in FORM NO 49B within one month from the end of the month in which tax is deducted for the first time.

Interest on late deduction/deposit of TDS:

- Interest for Late Deduction of TDS is 1% every month or part of a month till the date of deduction.
- Interest for Late Deposit of TDS is 1.5% every month or part of a month till the date of deposit.

Issue of Form 16/16A - TDS certificate:

- Deductors shall issue TDS certificate in Form No 16 / 16A generated through TIN central system and downloaded from TRACES with a unique TDS certificate number in respect of sums deducted under provision of Chapter XVII-B.

Filling of Quarterly TDS Return:

Period	Form 26Q (Non Salary)	Form 24Q (Salary)	
April – June	Yes	Yes	31s
July – September	Yes	Yes	31s
October - December	Yes	Yes	31s
January – March	Yes	Yes	31s

Penalty in respect of Non-filing or incorrect filing of quarterly TDS return:

- Rs. 200 Per day till the time failure continues or total amount of TDS deducted during the quarter (Whichever is less).
- Section 271H: Penalty for Incorrect information or failure to furnish quarterly return etc.

- Penalty u/s 271H: The penalty shall be a minimum of Rs. 10,000/- and it can be extended up to Rs. 1,00,000/-.
- This penalty is mandatory in nature and cannot be waived.

Section 269ST: Receipt of cash donation:

- Finance Act 2017 restricts person receiving Rs. 2 lakh or more in cash from a person in aggregate in a day or in respect of a single transaction or in respect of transactions relating to one event or occasion from a person.
- The contravention of such provision shall attract penalty under section 271DA i.e. equivalent to the amount so received by the recipient.
- In case of receipt of cash donations by a trust (may be charitable or religious) in contravention of section 269ST, then relevant trust shall attract penal consequences.

Section 206AB of IT Act wef 1.7.2021:

- Deleted by Finance Act 2025.
- TDS rate if the amount is paid/credited to a specified person, being higher of the below rates:
 - At twice the rate specified in the relevant provision of the Act; or
 - Twice the rate/rates in force; or
 - At the rate of 5%.
- Specified Person is one who has not filed the Income Tax Return (ITR) for preceding year immediately before the previous year in which tax is required to be deducted and the aggregate TDS/TCS is Rs. 50,000 or more in each of the previous year.
- The time limit of ITR filing under sub-section (1) of Section 139 is expired for calculating non-filing for previous year.
- Not applicable for certain sections - mainly Section 192 and others.
- Compliance check functionality created by Department through Reporting Portal.

194 Q - TDS on purchase of goods wef 1st July 2021:

Applicable to	Buyer/Purchaser
With effect from	01-07-2021

Applicable to	Buyer/Purchaser
When Deducted or collected	Payment or credit, whichever is earlier including for advance payment made
Rate of TDS/TCS	0.10%
If PAN not available	5%
Triggering point	Turnover/Gross Receipts/Sales from the business of BUYER should exceed Rs. 10 cr during previous year (Excluding GST)
	Purchase of goods of aggregate value exceeding Rs. 50 Lakhs in P.Y. (The value of goods includes GST)
When to deposit/collect	Tax so deducted shall be deposited with government by 7th day of subsequent month
Quarterly statement to be filed	26Q

Section 206C(1) - TCS on NTFP items:

- Seller collects from buyer tax on purchase value of specified goods:
 - Tendu leaves - 5%.
 - Timber under or other than lease: 2.5%.
 - Any other forest produce other than a and b: 2.5%.
- TCS u/s 206C(1) shall not be required to be collected from a resident buyer, if the goods are to be utilized for the purpose of manufacturing, processing or producing articles or for generation of power and not for trading purposes.

Section 194R - TDS on perquisites/benefits made to service provider:

- A person, who is responsible for providing any benefit or perquisite to a resident, to deduct tax at source @ 10% of the value or aggregate of value of such benefit or perquisite.
- The benefit or perquisite may or may not be convertible into money but should arise either from carrying out of business or profession, by such resident.
- If the perquisite/benefit is estimated to be less than Rs. 20k in a FY, no TDS is to be deducted.

Please note:

- If the Invoice of expenses incurred is in the name of ultimate service recipient – No TDS u/s 194R.
- If the Invoice of expenses incurred is in the name of Service Provider – TDS to be deducted u/s 194R.
- Effective from 1st July 2022.

Lower Tax deduction Certificate (LTDC):

197. (1) Where income-tax is required to be deducted at time of credit or payment under the provisions of sections 192, 193, 194, 194A, 194C, 194D, 194G, 194H, 194-I, 194J, 194K, 194LA and 195, if Assessing Officer is satisfied that the total income of the recipient justifies the deduction of income-tax at any lower rates or no deduction of income-tax, the Assessing Officer shall, on an application made by the assessee in this behalf, give to him such certificate as may be appropriate.
- (2) Where any such certificate is given, the person responsible for paying the income shall, until such certificate is cancelled by the Assessing Officer, deduct income-tax at the rates specified in such certificate or deduct no tax, as the case may be.