

TAX DEDUCTED

As part of direct tax measures under Aatmanirbhar Bharat Abhiyaan, Finance Minister Ms. Nirmala Sitharaman has announced Reduction in Rates of Tax Deduction at Source (TDS) and Tax Collected at Source (TCS). Effective from 14 May 2020, TDS/TCS rates for non-salary payments to residents are reduced by 25 percent for the remaining months of the fiscal i.e. from 14.05.2020 to 31.03.2021. This reduction in rate is expected to infuse a liquidity of Rs 50,000 crore.

List of non-salaries specified payments and specified receipts where the rates of TDS/TCS reduced by 25% can be found on this link. However, there is no reduction in rate of TDS/TCS where the tax is required to be deducted or collected at higher rate due to non-furnishing of PAN/ Aadhar.

While this doesn't bring down the tax liability of taxpayers, it leaves more money in their hands during the course of the financial year. The lower rates of TDS and TCS will also help those assesseees where TDS/TCS deducted is higher than the tax liability of the assessee and wait for the tax refunds until their tax returns are filed and processed. Legislative amendments in this regard shall be proposed in due course.

[For any further clarifications or assistance, get in touch with us.](#)

Disclaimer: The information contained in this update is of a general nature. Users of this information are expected to refer to the relevant existing provisions of applicable Laws.

- **BUSINESS SUPPORT SERVICES TEAM**