Twitter Thread by Sambhav Daga



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Are you planning to buy any property in India? If yes, you must know these TDS rules.

A thread ■

If you're buying a property in India and the consideration exceeds Rs. 50 lakhs, you need to deduct TDS i.e. (Tax deducted at source) at the rate of 1% and then, remit 99% amount to the seller.

TDS is attracted at the time of payment of consideration.

But, deducting TDS requires one to obtain a tax account deduction number i.e. TAN. Although, in this case, it is not applicable as it is a special situation and the government does not intend to burden taxpayers with all compliances related to TDS.

Therefore, in this case, a buyer can deduct TDS with his/her PAN (Permanent account number) itself.

PAN of buyer and seller is mandatory. If either of them does not have PAN, he/she can apply for the same before tax is deducted and deposited.

The TDS amount so deducted needs to be deposited within 30 days from the last date of the month in which TDS was deducted.

For example: if the deduction was made on 10th June, it needs to be deposited by 31st July.

Let us understand the whole situation with an EXAMPLE.

Mr. Buyer bought a property of Rs. 70 lakhs from Mr. Seller, with below Payment Details:

1. Rs. 5L @ agreement to sell on 15th FEB
2. Rs. 25L advance on 20th March
3. Rs. 40L on 15th April upon Property Registration

Mr. Buyer needs to:

1. On 15th FEB - Deduct Rs. 5,000 & pay 4.95L to Mr. Seller
2. On 20th March - Deduct Rs. 25,000 & pay 24.75L to Mr. Seller
2. On 15th April - Deduct Rs. 40,000 & pay 39.60L to Mr. Seller

Mr. Buyer, will be required to deposit the TDS amount in following manner:-

1. Rs. 5,000 by 30th March
2. Rs. 25,000 by 30th April
3. Rs. 40,000 by 31st May

and

Along with this, Mr. Buyer shall file TDS return in Form 26QB for each installment (i.e. Total 3 TDS returns)

After filing Form 26QB, Mr. Buyer will issue a certificate in Form 16B within 15 days from the due date of filing 26QB, i.e. in the following tranches:

1. For Rs. 5K - by 15th April
2. For Rs. 25K - by 15th May
3. For Rs. 40K - by 15th June

Mr. seller can also verify the TDS credit through his / her tax credit statement Form 26AS.

CONTENTS OF FORM 26QB

Form 26QB contains all details like Name, PAN, address of buyers and sellers, address of property transferred, agreement date, total consideration agreed, installment paid and amount to be paid as TDS i.e. 1% of the installment.

MULTIPLE BUYER-SELLER IN SINGLE PROPERTY

Form 26QB has to be filled in by each buyer for a unique buyer-seller combination for their respective shares.

Hence, If:
a. 1 buyer and 2 sellers, 2 form 26QBs will be filled
b. 2 buyers and 2 sellers, 4 form 26QBs will be filled.

CONSEQUENCES OF NOT PAYING TDS ON TIME

INTEREST
The buyer would be required to pay 1% interest p.m. on the amount not deducted.
In case, the TDS has been deducted but has not been paid, Interest @ 1.5% p.m. would be applicable.

PENALTY
The officer may levy up to Rs. 1 Lakh

CONSEQUENCES OF NOT FILING FORM 26QB ON TIME

PENALTY
Rs. 200 per day till the date of default (maximum up to the amount of TDS payable)

Ex: Where TDS of Rs. 20,000 was required to be paid & a delay of 210 days was there, penalty payable shall be 20k only & not 42k (210*200)

Share it with someone who is looking to buy a house or land soon and they will know they need to comply with these rules.

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