

# What is TDS in Income Tax

The Govt. collects Income tax in following ways or methods: -

- ① Deduction of tax at source (TDS)
- ② Collection of tax at source
- ③ Advance of tax / Payment of tax
- ④ Payment of tax on self-assessment
- ⑤ Notice of Demand

We will discuss only TDS: -

F.Y or P.Y (2018-19)  
01/4/2018 to 31/3/2019

A.Y → Assessment year  
From 01/4/2019 to 31/3/2020

P.Y = The year in which income is earned by Assessee

A.Y = The year in which tax is assessed or computed and paid on the income which was earned by Assessee in the P.Y (2018-19).

Example Income = ₹ 100,00,000  
Total Income =

Tax is computed in A.Y

tax on ₹ 100,00,000

tax = 112,500

Add: E.C.A.T. = 4500

total tax = 117,000

Less: T.D.S = 60,000

① Advance tax = 40,000

tax will be = 17,000

paid

Self Assessment

Notice on Demand - sec. 156

Advance tax

Collection of tax

T.D.S

## Meaning of TDS

TDS stands for - Tax deducted at source. It is a method to collect tax which is used from where an individual's income is generated.

→ TDS means that the person responsible for making payment of certain incomes to the income earners, deduct income tax at the prescribed rates on such income before payment is made to them. The amount of tax so deducted at source shall be deposited by the deductor to the Govt. Treasury (Income tax dept.) within in prescribed time limit. The tax so deducted is called deduction of tax at source.

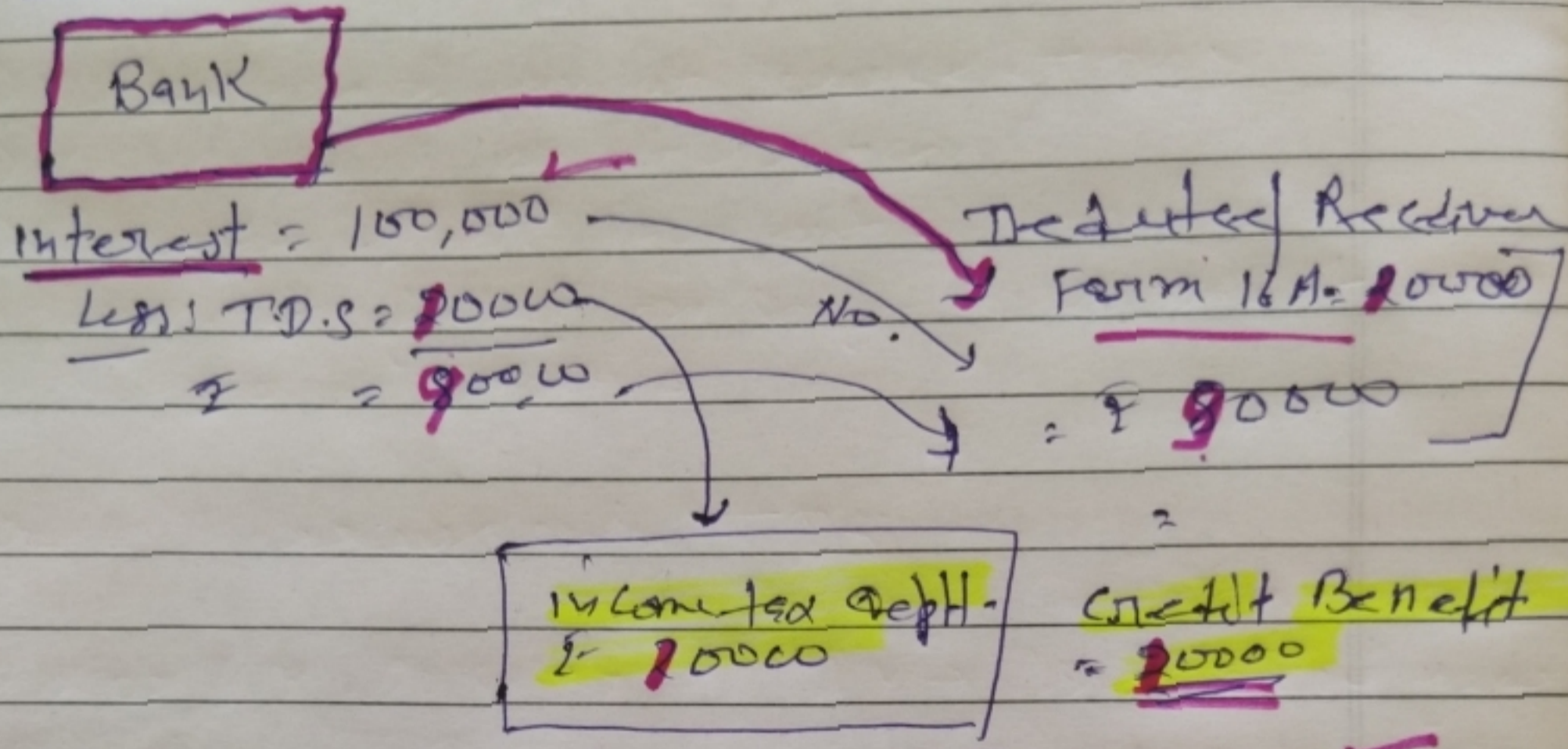
→ TDS is applicable on the various incomes such as salaries, interest, commission etc.

T.D.S. [ Deduction of tax at source ]

P.Y. = (2018-19)

AY = 2019-20

Example:-



P.Y. = 2018-19

AY = (2019-20)

Income

Interest = 1,40,000

+ other income = 90,000

total income = 1,40,000

Tax = 1,17,000

Less: T.D.S. (20,000)

Tax will be paid = 97,000

Income earned in 2019-20

Next video ✓

Rules and Provisions

P.Y. (2019-20)

→ AY = 2020-21

- Income = Salary
- Interest
- House Property
- etc.

T.D.S. - with Advance Rate of 2020-21

= same as 2019-20