

TDS Interest
Late Fees
Penalty

TDS Interest

TDS Interest is to be paid under section 201 when there is failure to deduct or pay TDS.

Types of TDS Interest



Interest for
Late Deduction



Interest for
Late Deposit

Interest for Late Deduction

Due Date of
Deduction

Actual Date of
Deduction



Interest @ 1% per month

Interest for Late Deduction

- Interest for late deduction of TDS is applicable at the rate of **1% per month**.
- It is applicable from the **date** on which **tax was deductible** to the **date of actual deduction**.
- The calculation of interest is on **per month basic** not on number of days basis i.e. part of month to be considered as full month.

Example

Professional service	: ₹ 50000
TDS	: ₹ 5000
Date of Bill	: 28/01/2020
Date of Payment	: 10/02/2020
Earlier of Bill/Payment	: 28/01/2020
TDS deducted on	: 10/02/2020

Solution

Interest applicable from 28 January to 10 February @
1% for late deduction of TDS for two months

$$₹ 5000 * 1\% * 2$$

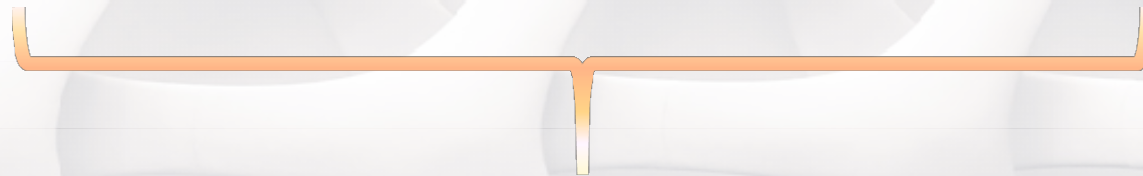
Interest payable: ₹ 100

Interest for Late Deposit

Actual Date
of Deduction

Due date
of Challan

Actual Date
of Deposit



Interest @ 1.5% per month

Interest for Late Deposit

- Interest for late deposit of TDS is applicable at the **rate of 1.5% per month**.
- It is applicable from **the date on which tax was deducted** to the **date of actual payment** of TDS.
- The calculation of interest is on per month basic not on number of days basis i.e. part of month to be considered as full month.
- The Payment of interest should be from the date on which TDS was deducted, not from the date on which TDS Challan is due.

Example

Professional service	: ₹ 50000
TDS	: ₹ 5000
Date of Bill	: 28/01/2020
Date of Payment	: 10/02/2020
Earlier of Bill/Payment	: 28/01/2020
TDS deducted on	: 10/02/2020
Due date of deposit	: 07/03/2020
Actual date of deposit	: 16/03/2020

Solution

- **Interest for Late Deduction**

Interest applicable from 28 January to 10 February @ 1% for late deduction of TDS for two months

$$₹ 5000 * 1\% * 2$$

Interest payable: ₹ 100

- **Interest for Late Deposit**

Interest applicable from 10 February to 16 March @ 1.5% for late deposit of TDS for two months

$$₹ 5000 * 1.5\% * 2$$

Interest payable: ₹ 150

**TDS Late Fees-
For delay in filing
TDS Return**

Late Fees for Delay in Filing Quarterly Return U/S 234E

Any delay in furnishing the e-TDS statement will result in a mandatory fee of ₹ 200 per day until the filing of the return.

The total fees should not exceed the total amount of TDS deducted for the quarter/period

How to calculate late fees ?

We know that due date of quarterly TDS Return is as follows:

Quarter No.	Quarter	Due Date(Other than Salary)	Due Date (Salary)
1	April-June	31st July	31st May
2	July - September	31st October	
3	October - December	31st January	
4	January-March	31st May	

Any delay in return filing from the due date Late fees minimum of following is charged:

1. ₹ 200 per day
2. Maximum amount of TDS

**TDS Penalty-
For late filing of
TDS Return**

Penalty for Late Filing of TDS Return U/S 271H

Assessing officer may direct a person who fails to file the statement of TDS within due date to pay penalty minimum of ₹10,000 which may be extended to ₹ 1,00,000.

The penalty under this section is in addition to the penalty u/s 234E.

This section will also cover the cases of incorrect filing of TDS return.

When Penalty u/s 271H not levied ?

1. The tax deducted/collected at source is paid to the credit of the Government.
2. Late filing fees and interest (if any) is paid to the credit of the Government.
3. The TDS/TCS return is filed before the expiry of a period of one year from the due date specified in this behalf.

**TDS Penalty-
For delay in issuing of
TDS Certificate**

Penalty for Delay In Issue Of TDS Certificate U/S 272A

Any delay in furnishing the TDS certificate will result in a mandatory fee of ₹ 100 per day until the filing of the return.

Quarter No.	Quarter	Due Date(Other than Salary)	Due Date (Salary)
1	April-June	15th August	15th June
2	July - September	15th November	
3	October - December	15th February	
4	January-March	15th June	