

Sale
of Immovable
Property by a Resident-

TDS
AT A GLANCE



U/s
194IA

Value
 \geq 50 lakh

@1%



Income Tax Department

www.incometaxindia.gov.in

Income Tax needs to be deducted at source by the purchaser on payment against purchase of an immovable property following the guideline as below:

(Section 194 IA of the Income Tax Act ,1961)

1. Who is responsible to deduct?

Ans. Any person, being a transferee/purchaser, who pays to a resident transferor for transfer of any immovable property (other than agricultural land).

Note :-

- (i) No deduction is required where consideration of transfer is less than ₹50 lakhs.
- (ii) Agricultural Land: Agricultural land means any agricultural lands in India, other than a land :
 - a) situated within jurisdiction of Municipality or Cantonment Board which has a population of not less than 10,000; or
 - b) situated in any area within below given distance measured aerially:

| Population of the Municipality | Distance from Municipal limit or Cantonment Board |
|--|---|
| More than 10,000 but does not exceed 1,00,000 | Within 2 kms. |
| More than 1,00,000 but does not exceed 10,00,000 | Within 6 kms. |
| Exceeding 10,00,000 | Within 8 kms. |

- (iii) Immovable property means any land or any building or part of building.

2. When to deduct tax at source?

Ans. At the time of credit or payment to the transferor (seller) whichever is earlier.

3. What is the tax rate?

Ans. 1% of amount paid / payable to transferor.

Note: The transferor must furnish a valid PAN to the purchaser. In case of no PAN/wrong PAN/Invalid PAN, tax has to be deducted @20%.

4. How to deposit tax deducted in govt. A/c?

Ans. Tax so deducted needs to be deposited electronically in Central Govt. A/c within 30 days from the end of the month of deduction along with Form 26QB (a challan-cum-statement).



5. How to furnish TDS statement to the Income tax Department?

Ans. The payer/deductor needs to furnish a challan-cum-statement electronically in Form 26QB within 30 days from end of the month of deduction. (the due date)

6. How to issue TDS Certificate /statement to deductee?

Ans. TDS certificate in Form No. 16B must be generated from web portal (TRACES) and needs to be furnished to the seller within 15 days from due date of filing 26QB.

7. Whether buyer is required to obtain Tax deduction Account No. (TAN) ?

Ans. TAN is not required for filing 26QB.

8. Whether, tax is to be deducted from the whole amount of property purchased or the amount exceeding ₹ 50 Lakhs?

Ans. TDS is to be deducted on the whole amount paid/credited to the seller. For example, if amount paid for the property purchased is 70 Lakhs, the deduction will be on whole amount i.e. on 70 Lakhs.

9. How will transactions of joint parties (more than one buyer/seller) be filed in Form 26QB?

Ans. Online statement cum challan Form/ Form 26QB is to be filed in by each buyer for unique buyer-seller combination for respective share. E.g. in case of one buyer and two sellers, two forms have to be filed in and for two buyers and two seller, four forms have to be filed in for respective property shares.

10. Can seller claim credit for the TDS so made?

Ans. Yes, the seller can even claim a refund by filing an Income Tax Return, if he claims exemption from long term capital gain, or if he has incurred a capital loss on sale of the property.

STEPS TO BE FOLLOWED

- (i) PAN of both transferor & transferee is required.
- (ii) Transferee/purchaser (deductor) needs to register himself in TRACES (tdscpc.gov.in) with PAN.
- (iii) On deduction of tax u/s 194IA, the deductor(purchaser) needs to generate 26QB online.
- (iv) Tax Payment needs to be made online within due date.
- (v) On payment of tax, 26QB needs to be filed online within due date.
- (vi) On successful filing of 26QB, TDS certificate in F16B can be generated online and needs to be issued to the deductee within due date.



(vii) In case of mistake, the following fields of Form no. 26QB can be rectified online at Traces

- PAN of Buyer
- PAN of seller
- Amount Paid/Credited
- Date of Payment/Credit
- Date of Tax
- Financial Year
- Property details

Note:

- *Please refer to the FAQ's and e-tutorials ([ww.tdscpc.gov.in](http://www.tdscpc.gov.in)) on 26QB corrections for any assistance.*

(viii) Successful completion of all the above steps will show the tax credit in 26AS (annual tax credit statement) of the deductee.

In case immovable property is purchased from a non-resident then separate provisions as provided in section 195 of Income tax Act, 1961 are applicable and compliances are to be made accordingly (For details see brochure on "Sale of Immovable Property by a Non-resident-TDS at a glance").

In case of payment received as compensation/ enhanced compensation for compulsory acquisition of land (other than agricultural land), TDS is to be made @10%, where the aggregate amount of payment is more than Rs. 2,50,00/-.

DIRECTORATE OF INCOME TAX

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This brochure should not be construed as an exhaustive statement of the law. For details - reference should always be made to the relevant provisions in the Acts and the Rules.