

Rate of TDS under Section 195:

Rates prescribed under the Act has to be increased by surcharge and education cess at the prescribed rate. If the payment is being made as per DTAA rates, then there is no need to add surcharge and [education cess](#). The rates are as follows:

| Particulars | TDS rates |
|---|-----------|
| Income in respect of investment made by a NRI | 20% |
| Income by the way of long term capital gains in Section 115E in case of a NRI | 10% |
| Income by way of long-term capital gains | 10% |
| Short Term Capital gains under section 111A | 15% |
| Any other income by way of long-term capital gains | 20% |
| Interest payable on money borrowed in Foreign Currency | 20% |
| Income by way of royalty payable by Government or an Indian concern | 10% |
| Income by way of royalty, not being royalty of the nature referred to be payable by Government or an Indian concern | 10% |
| Income by way of fees for technical services payable by Government or an Indian concern | 10% |
| Any other income | 30% |

The following are the ways to be followed to deduct TDS under Section 195:

- [TAN](#) (Tax Deduction Account Number): Buyer should first obtain TAN under section 203A of the Income Tax Act, 1961 before deducting [TDS](#). TAN can be obtained by applying buy filling up the Form 49B. This form is also available online. Buyer should also have his own PAN number and PAN number of the NRI seller.
- TDS must be deducted at the time of making the payment to the NRI. The information about the TDS being deducted and the rate at which it was deducted should be mentioned in the sale deed between the NRI seller and the buyer.
- The TDS deducted by the buyer should be deposited through Form number or challan for TDS payment on or before the 7th of next month in which the TDS is deducted.
- The TDS can be deposited through banks that are authorised by government of India or the Income Tax Department to collect [Direct Taxes](#). The deposit has to be made by the buyer.
- After the TDS has been deposited, the buyer has to electronically file TDS return by submitting Form 27Q. TDS returns are filed quarterly. TDS deducted during the first quarter from 1st April to 30th June must be filed on 15th July. TDS deducted during the second quarter from 1st July to 30th September must be filed on 15th October. TDS deducted during the third quarter from 1st October to 31st December must be filed on 15th January. TDS deducted during the fourth quarter from 1st January to 31st March must be filed on 15th May.
- After the TDS returns have been filed, buyer can issue TDS certificate or Certificate of Deduction of Tax which is Form 16A to NRI seller. This certificate should be issued to the seller within 15 days from the due date of TDS returns for the quarter.