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A STUDY ON CHALLENGES FACED BY EMPLOYEES WORKING IN THE FIELD OF ACCOUNTS, TAX AND FINANCE IN UNDERSTANDING TDS PROVISIONS

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ABSTRACT
The word "TDS" is an abbreviation used for "Tax Deduction at Source". TDS needs to be deducted by the deductor in respect of specified transactions made by them. Every deductor is responsible to deduct TDS on specified transactions and deposit the same with the Income Tax Department within the given period of time failing to which they are liable to pay penal interest. Almost every year there are some changes generally made by the government in TDS provisions be it a threshold limit, rate of TDS, exclusion or inclusion of nature of transactions in the purview of TDS. Those who become defaulter in correctly deducting TDS or depositing the same with the government are liable to be penalized and also not getting full benefit of expense deduction at the time of income computation and payment of taxes. Therefore, deductor and their accounts team should have up to date knowledge of TDS provisions to avoid penal charges and other liabilities on account of becoming a defaulter whether by intentionally or inadvertently. However, constant amendments in TDS provisions by the government make it complex in nature for a layman to understand. This study aims to find out perception of employees working in accounting fields towards constant amendments in TDS provisions and challenges faced by them.

KEYWORDS: *Income Tax, Tds, Tax Deducted At Source.*

INTRODUCTION
Income tax provisions are very important to be understand by every person. Person earning an income should have adequate knowledge of income tax provisions which are affecting income and those spending should have adequate knowledge of income tax provisions which are affecting expenses. Out of many provisions, provisions related to Tax Deduction at Source (TDS) are very important especially to business persons. Tax Deduction at Source (TDS) is a mechanism in which certain specified payment transactions are subject for tax deduction at the source of accrual itself. In this, tax is to be deducted at the time of payment or amount credited in the account whichever is earlier. Deductor (payer) is the person who is liable to deduct tax and deductee (payee) is the person whose tax is being deducted.

In every business there are expenditures incurred which needs to be checked whether covered under purview of TDS or not. If yes, then TDS is to be deducted accurately, deposited with the government and returns giving details of transactions to be furnished within the specified time limit. If any default in computation of TDS, payments, or in return filling is found then the deductor is liable to get penalized for the same such as 18% interest on late payment of TDS, Rs. 200/- per day late filing fees for TDS return etc. Apart from this, if TDS is not deducted correctly or deposited, then such expenses to the same extent as specified are not allowed for deduction from business or profession income earned.

There are separate conditions if the transactions are happening with non-resident of India person. Every nature of transaction is having separate head for TDS and different rate of deduction ranging from 0.10% to 30%. In TDS mechanism, deductor is solely responsible for deduction and payment of taxes in correct section and filing return for the same within the due date. Deductor is also responsible to mention correct PAN of deductee in TDS return so that deductee can avail the benefit of prepaid taxes in form of TDS.

Therefore it is very important for a deductor, generally a business person and their finance / accounts / tax team to have a thorough knowledge and up to date information about TDS provisions. However, vast scope of TDS provisions and constant amendments makes it challenging for people in understanding the same. TDS provisions are covered in various sections of Income Tax Act, 1961 from Section 192 to Section 206AB.

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Followings are a few relevant sections related to Deduction of Tax at Source (TDS) :

Sr. No.	Section	Nature of Transaction	Threshold Limit	TDS Rate
1	192	Salary	-----	Slab Rate
2	194	Dividends	5,000/-	10%
3	194A	Interest other than interest on securities Interest payment / credit other than by Bank Interest payment / credit by Bank (Normal Citizen) Interest payment / credit by Bank (Senior Citizen)	 5,000/- 40,000/- 50,000/-	10%
4	194B	Winnings from lottery or crossword puzzle etc.	10,000/-	30%
5	194BA	Winnings from online games	Net Winnings	30%
6	194C	Payments to Contractors Single Transactions Aggregate Transaction	 30,000/- 1,00,000/-	1% or 2%
7	194H	Commission or Brokerage	15,000/-	5% or 2%
8	194I	Rent	2,40,000/-	2% or 10%
9	194-IA	Payment on transfer of certain immovable property other than agricultural land	< 50,00,000/-	1%
10	194-IB	Payment of rent by certain individuals or Hindu undivided family	50,000/- p.m.	5%
11	194J	Fees for Professional or Technical Services	30,000/-	2% or 10%
12	194N	Payment of certain amounts in cash	1,00,00,000/-	2%
13	194O	Payment of certain sums by e-commerce operator to e-commerce participant	5,00,000/-	0.10%
14	194Q	Deduction of tax at source on payment of certain sum for purchase of goods	50,00,000/-	0.10%
15	194T	Payments to partners of firms	20,000/-	10%
16	195	Other sums (payment to a non-resident)	-----	at the rates prescribed

This study intends to find out the challenges faced by the employees who are working in the field of Accounts, Tax and finance in understanding provisions of Tax Deduction at Source.

LITERATURE REVIEW

Mrs. R. Meera and Swetha. B [2024] in their research "A Study on Tax Deduction at Source (TDS)" studied regulatory framework governing TDS, impact of TDS on taxpayers' compliance and administrative and procedural challenges. The researcher found out that TDS has created burden on cash flows and compliance costs of taxpayers. The researcher suggested for regular training sessions, robust review procedures, automation tools to streamline TDS processes and reducing errors and also creating awareness campaigns for taxpayers.

S.S. Murugan and Dr. S. Sekar [2019] in their research titled "Effectiveness of Tax Deduction at Source (TDS) in India" found in their research paper all purposes for which TDS was introduced are not fulfilled. The researcher identified that TDS was not effective and modifications in TDS mechanism and procedures is to be made to make it effective.

Riddhi Dave, Nili Shah, Krusha Darji [2025] in their research paper titled TDS Decoded: A Study on TDS Awareness for Bridging the Gap between Compliance and Convenience in their research paper found that there is not a high TDS awareness. They also concluded that TDS plays an important role in reducing tax evasion and ensuring tax efficiency.

RESEARCH METHODOLOGY

In this research, the primary data has been collected through well designed structured questionnaire from 40 respondents which includes 18 male and 22 female respondents. Respondents are working in the field of Accounts / Tax and Finance. Responses are collected from Mumbai. The primary data collected is converted into tables & graphs which are analysed statistically. The secondary data is collected from various sources such as websites, research papers, and books.

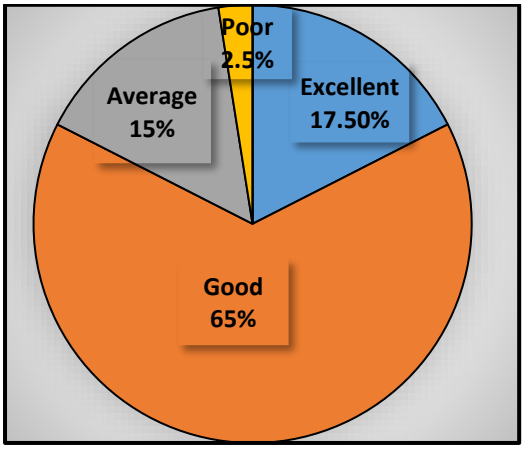
OBJECTIVES OF THE STUDY

1) To study and understand different provisions of TDS as per Income Tax Act, 1961.
2) To find out challenges faced in understanding TDS provisions by employees working in the field of Accounts, Tax and Finance.
3) To study perception of employees working in the field of Accounts, Tax and Finance towards government's efforts in making people aware of TDS provisions.

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DATA ANALYSIS AND FINDINGS OF THE STUDY

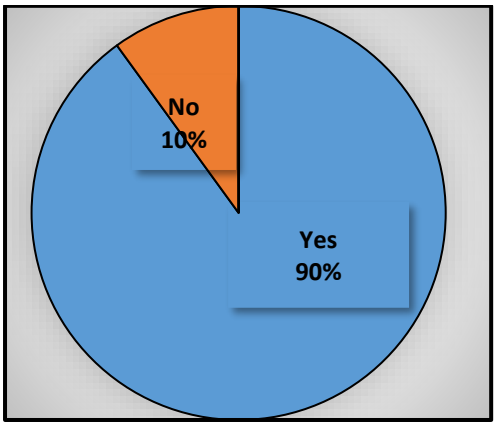
- **Understanding of TDS provisions**



Response	Frequency	Percentage
Excellent	07	17.50%
Good	26	65%
Average	06	15%
Poor	01	02.50%
Very Poor	00	00%
Total	**40**	**100%**

Out of 40 respondents, 07 respondents (17.50%) have excellent understanding, 26 respondents (65%) have good understanding, 06 respondents (15%) have average understanding and 01 respondent (02.50%) has poor understanding of TDS provisions.

- **Easy availability of sources to obtain information regarding TDS provisions**

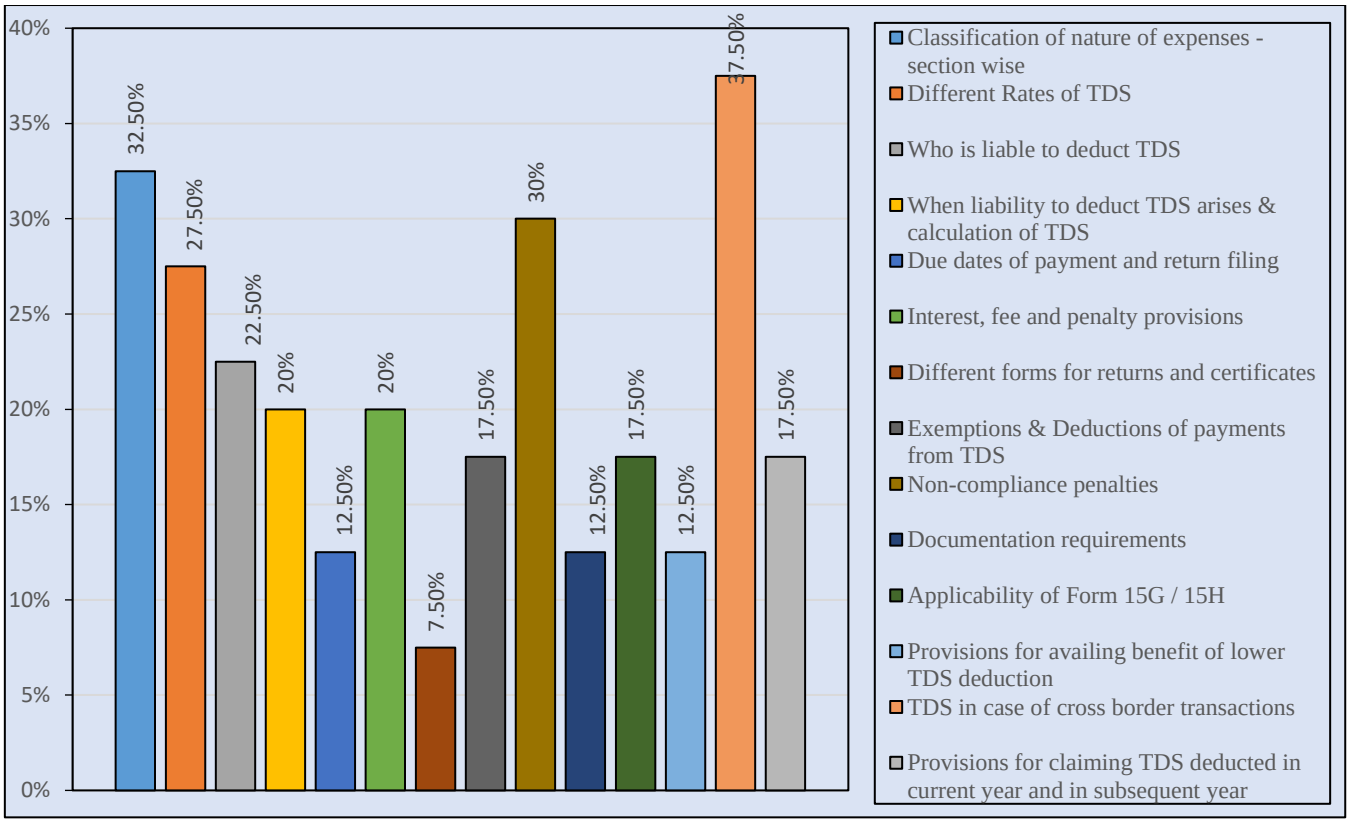


Response	Frequency	Percentage
Yes	36	90%
No	04	10%
Total	**40**	**100%**

Out of 40 respondents, 36 respondents (90%) responded that sources to obtain information regarding TDS provisions are easily available whereas 04 respondents (10%) responded not easily available .

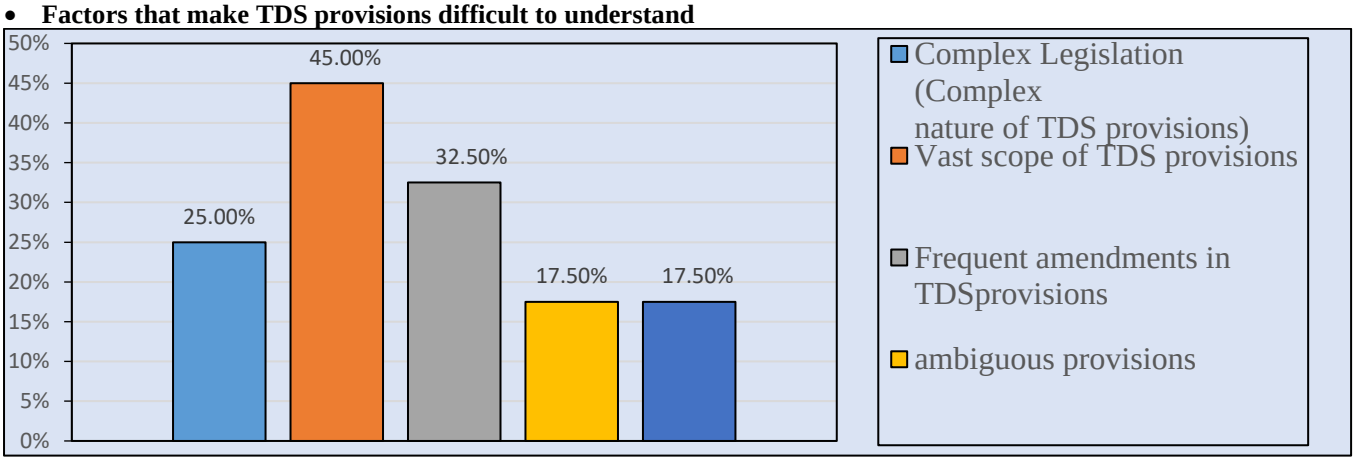
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- **Challenges faced in understanding TDS provisions**



From the above chart, it can be analyzed that 13 respondents (32.50%) find it challenging in understanding TDS provisions due section wise classification of nature expenses, 11 respondents (27.50%) due to different rates of TDS, 09 respondents (22.50%) due to who is liable to deduct, 08 respondents (20%) due to when liability to deduct TDS arises & calculation of TDS, 05 respondents (12.50%) due to due dates of payment and return filing, 08 respondents (20%) due to interest, fee and penalty provisions, 03 respondents (07.50%) due to different forms for returns and certificates, 07 respondents (17.50%) due to exemptions & deductions of payments from TDS, 12 respondents (30%) due to non-compliance penalties, 05 respondents (12.50%) due to documentation requirements, 07 respondents (17.50%) due to applicability of Form 15G / 15H, 05 respondents (12.50%) due to provisions for availing benefit of lower TDS deduction, 15 respondents (37.50%) TDS in case of cross border transactions and 07 respondents (17.50%) due to provisions for claiming TDS deducted in current year and in subsequent year.

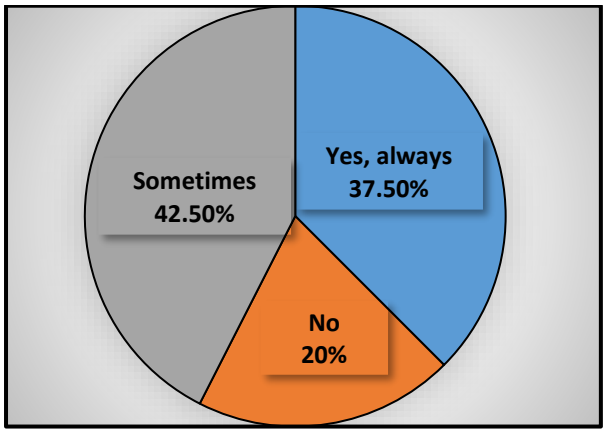
- **Factors that make TDS provisions difficult to understand**



From the above chart, respondents selected following reasons which makes TDS provisions difficult: 10 respondents (25%) respondent for Complex Legislation (Complex nature of TDS provisions), 18 respondents (45%) responded for vast scope of TDS provisions, 13 respondents (32.50%) responded for frequent amendments in TDS provisions, 07 respondents (17.50%) responded for ambiguous provisions and 07 respondents (17.50%) respondent for lack of awareness.

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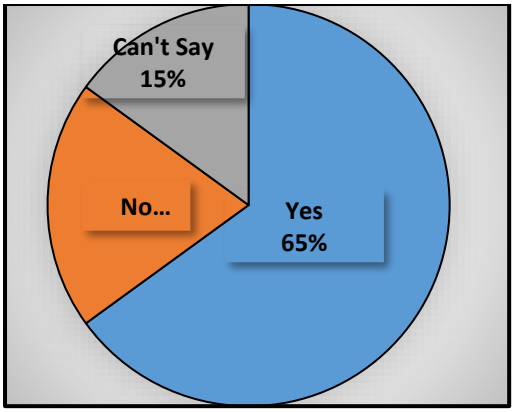
- **Sufficient steps are taken by the government to make people aware about TDS provisions after each amendment :**



Response	Frequency	Percentage
Yes, always	15	37.50%
No	08	20%
Sometimes	17	42.50%
Total	**40**	**100%**

Out of 40 respondents, 15 respondents (37.50%) say that sufficient steps are taken by the government to make people aware about TDS provisions after each amendment, whereas 08 respondents (20%) say no and 17 respondents (42.50%) responded for sometimes.

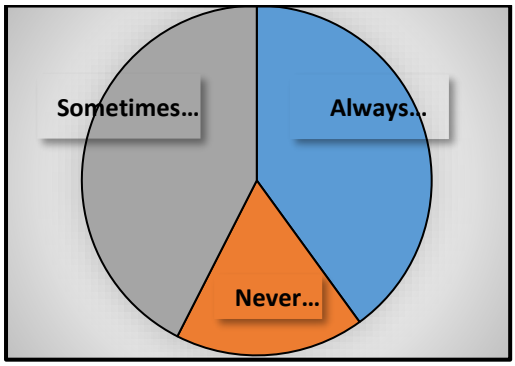
- **Simplicity in TDS returns filing process:**



Response	Frequency	Percentage
Yes	26	65%
No	08	20%
Can't say	06	15%
Total	**40**	**100%**

Out of 40 respondents, 26 respondents (65%) say that TDS returns filing process is simple, 08 respondents (20%) say not simple and 06 respondents (06%) responded for can't say/comment.

- **Ease to file correction statement of TDS return for nullifying demand raised by the department:**

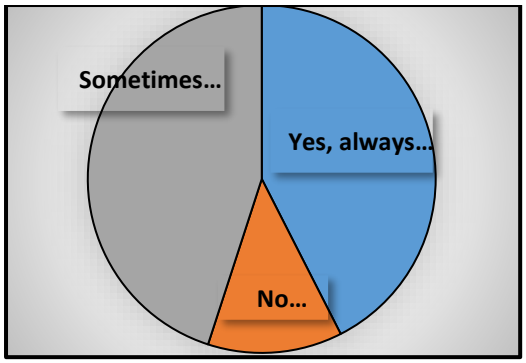


Response	Frequency	Percentage
Always	16	40%
Never	07	17.50%
Sometimes	17	42.50%
Total	**40**	**100%**

Out of the 40 respondents, 16 respondents (40%) always find it easy to file correction statement of TDS returns for nullifying demand raised by the department, 07 respondents (17.50%) responded for never and 17 respondents (42.50%) responded for sometimes.

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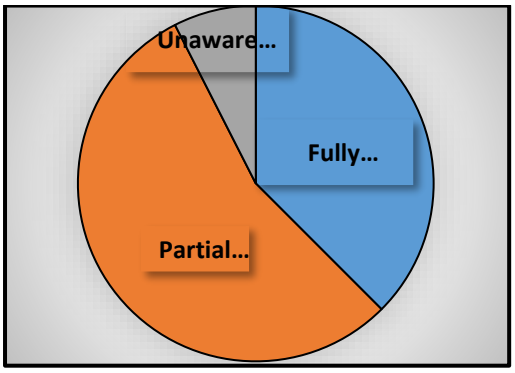
- **Understanding the provisions considered by the department in raising TDS demand against TDS return filed ?**



Response	Frequency	Percentage
Yes, always	17	42.50%
No	05	12.50%
Sometimes	18	45%
Total	**40**	**100%**

Out of 40 respondents, 17 respondents (42.50%) always understand the provisions considered by the department in raising TDS demand against TDS return filed, 05 respondents (12.50%) responded for no and 18 respondents (45%) responded for sometimes.

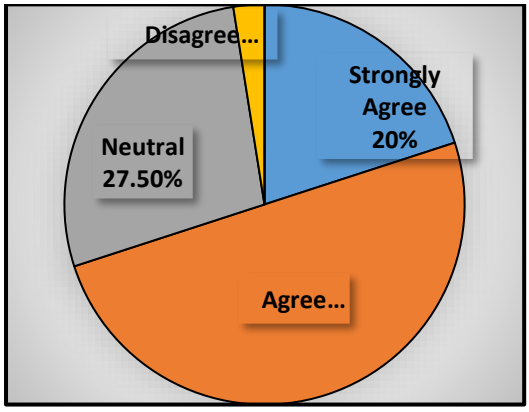
- **Awareness of effects of non-deduction / non-payment of TDS :**



Response	Frequency	Percentage
Fully aware	15	37.50%
Partially aware	22	55%
Unaware	03	7.5%
Total	**40**	**100%**

15 respondents (37.50%) are fully aware of effects of non-deduction / non-payment of TDS, 22 respondents (55%) are partially aware and 03 respondents (7.5%) are unaware amongst the 40 respondents.

- **TDS provisions has improved Tax Assessment in India**

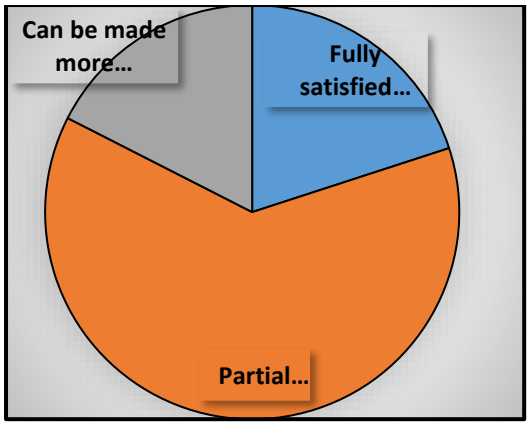


Response	Frequency	Percentage
Strongly Agree	08	20%
Agree	20	50%
Neutral	11	27.50%
Disagree	01	02.50%
Strongly Disagree	00	00
Total	**40**	**100%**

Out of 40 respondents, 08 respondents (20%) are strongly agree that TDS provisions has improved Tax Assessment in India, 20 respondents (50%) are agree, 11 respondents (27.50%) are neutral and 01 respondent (02.50%) is disagree.

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- **Satisfaction level with the current TDS structure.**



Response	Frequency	Percentage
Fully Satisfied	08	20%
Partially Satisfied	25	62.50%
Can Be Made More Simple	07	17.50%
Total	**40**	**100%**

Out of 40 respondents, 08 respondents (20%) are fully satisfied with the current TDS structure, 25 respondents (62.50%) are partially satisfied and 07 respondents (17.50%) say that it can be made simpler.

CONCLUSION

From the analysis of survey conducted, it can be concluded that TDS is a must needed to avoid tax evasion cases, however its structure and provisions need to be made simpler as 62.50% respondents are partially satisfied with the current present TDS structure in the country and only 20% respondents are fully satisfied with it. Working employees (65% of respondents) in the field of Accounts, Tax and Finance have good knowledge of TDS provisions but major challenges faced by them in understanding TDS provisions are TDS in case of cross border transactions, section wise classification of nature of expenses, penalties in case of non-compliances and different rates of TDS. The major reasons identified for these challenges are vast scope of TDS provisions and frequent amendments in TDS provisions. There is also a need to increase the efforts of the government in creating awareness about TDS provisions as only 37.50% respondents are fully satisfied with the efforts of the government and 42.50% respondents think that sometimes government takes sufficient steps.

It is suggested that government should enhance public awareness, make it less complex in nature and frequent amendments should be avoided. On the other part, employees working in the field of accounts, tax and finance needs to keep themselves updated for every changes in legal provisions regarding TDS with the help of government websites, professional books and their tax consultants.

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