

**Government of India
Ministry of Finance
Department of Revenue
Central Board of Direct Taxes**

PRESS RELEASE

New Delhi, 8th March, 2016

Subject: Issue of clarification on contentious TDS issues-regarding-.

With a view to bring about clarity in the interpretation of certain contentious issues relating to tax deduction at source (TDS) on payments made by television channels, broadcasters and newspapers, Central Board of Direct Taxes has issued two Circulars.

Circular No.4/2016 dated 29.02.2016 deals with TDS on payments by broadcasters or television channels to production houses for production of content or programme for telecasting. It has been clarified in the Circular that in a situation where the content/programme is produced as per the specifications provided by the broadcaster/ telecaster and the copyright of the content/ programme also gets transferred to the telecaster/ broadcaster, such contract is covered by the definition of the term 'work' in section 194C of the Income-tax Act and, therefore, subject to TDS under section 194C at 2%, rather than at a rate of 10% under section 194J as payment for 'professional or technical services'.

Circular No.5/2016 dated 29.02.2016 deals with TDS on payments by television channels and publishing houses to advertisement companies for procuring or canvassing for advertisements. It has been clarified through the Circular that no TDS is attracted on payments made by television channels/ newspaper companies to the advertising agency for booking or procuring of or canvassing for advertisements. This clarification puts at rest the litigious issue as to whether such payments/ discounts are in the nature of 'commission' and so, subject to TDS at the rate of 10% under section 194H.

Both the Circulars are available on the website of the Department www.incometaxindia.gov.in.

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