



**Income Tax Department**  
**Central Board of Direct Taxes**



**TDS OBLIGATION FOR INDIVIDUALS  
UNDER SECTION 194-IA  
(PURCHASE OF IMMOVABLE PROPERTY)  
& 194-IB (RENT)**



## **194-IA: Payment on transfer of certain immovable property other than agricultural land.**

### **1. Who has to deduct TDS u/s 194-IA:**

Any person, being a buyer, responsible for paying to a **resident seller** any sum by way of consideration for transfer of any immovable property (other than agricultural land) shall be responsible to deduct TDS u/s 194-IA.

### **2. Threshold Limit u/s 194-IA:** No deduction under section 194-IA shall be made where the **consideration** for the transfer of an immovable property and the stamp duty value of such property, are both, **less than fifty lakh rupees**.

### **3. When to Deduct TDS under Section 194-IA:** Tax shall be deducted under this section:

- (a) Either at the time of credit to the account of the payee, or
- (b) At the time of payment thereof, whichever is earlier.

For this purpose, "payment" can be in cash or by issue of a cheque or draft or by any other mode.

### **4. Rate of TDS under Section 194-IA Tax:** 1% of consideration or Stamp Duty Value, whichever is higher. Rate of TDS is 20% if PAN/Aadhaar is not furnished by the deductee as per section 206AA. However, higher rate of TDS as per section 206AB for non-filers of ITR does not apply to deduction u/s 194-IA w.e.f. 01.04.2022. Similarly, when PAN-Aadhaar is not linked, a higher rate of TDS as per section 206AA will apply.

### **5. Other issues:**

- (a) If the Immovable Property is partly financed by Bank/Lender, the TDS will be required to be deducted by the transferee on the entire amount of consideration or Stamp Duty Value, whichever is higher, irrespective of the amount of financing.
- (b) For payment of instalments, TDS to be deducted on each instalment paid.

### **6. Non applicability of section 194-IA:**

If the seller is a NRI, then tax deduction shall be made by the buyer as per section 195 and not section 194-IA.

### **7. Definitions under section 194IA:**

- (a) "Consideration" for transfer of any immovable property" shall include all charges of the nature of club membership fee, car parking fee, electricity or water facility fee, maintenance fee, advance fee or any other charges of similar nature, which are incidental to transfer of the immovable property.
- (b) "Immovable property" means any land (other than agricultural land) or any building or part of a building.
- (c) "Stamp Duty Value" means the value adopted or assessed or assessable by any authority of the Central Government or a State Government for the purpose of payment of stamp duty in respect of an immovable property.

### **8. Failure to Deduct the TDS:** Failure to deduct tax under section 194-IA may result in the person i.e. the transferee being deemed to be treated as an assessee in default. Failure to deduct tax will attract interest and penalty also.

### **9. Time Limits and Procedure of depositing TDS and Issue of TDS Certificate:**

- Both transferee and transferor must have Permanent Account Number (PAN).

- Transferee is not required to hold/obtain TAN for payment of TDS.
- Payment of TDS can be made through online or bank.
- Online payment of challan is available on TIN/NSDL website.
- Any sum deducted under section 194-IA shall be paid to the credit of the Central Government within a period of 30 days from the end of the month in which the deduction is made and shall be accompanied by a challan- cum-statement in Form No. 26QB.
- The person responsible for deduction of tax under section 194-IA shall furnish the certificate of deduction of tax at source in Form No. 16B to the payee within 15 days from the due date for furnishing the challan-cum- statement in Form No. 26QB under rule 31A after generating and downloading the same from the web portal.

#### **I. Steps to fill Form No. 26QB :**

1. Go to TIN NSDL website ([www.tin-nsdl.com](http://www.tin-nsdl.com)).
2. Under 'TDS on sale of property', click on "Online form for furnishing TDS on property (Form 26QB)".
3. Select the applicable challan as "TDS on Sale of Property".
4. Fill the complete form as applicable.

User should be ready with the following information while filling the Form 26QB :

- a) PAN of the seller & buyer,
  - b) Communication details of seller & buyer,
  - c) Property details,
  - d) Amount paid/credited & tax deposit details.
5. Submit the duly filled form to proceed. A confirmation screen appears. After confirming, a screen appears showing two buttons as "Print Form 26QB" and "Submit to the bank". A unique acknowledgement number is also displayed on the screen. It is advisable to save this acknowledgment number for future use.

Click on "Print Form 26QB" to print the form. Then click on "Submit to the bank" to make the required payment online through internet banking. Then proceed to the payment page through internet banking facility of various banks.

6. On successful payment, a challan counterfoil will be displayed containing CIN, payment details and bank name through which e-payment has been made. This counterfoil is proof of payment being made.

**Proceed to TRACES portal ([www.tdscpc.gov.in](http://www.tdscpc.gov.in)) after 5 days to download Form 16B.**

#### **II. Steps to Download Form 16B:**

1. Register & login on TRACES portal ([www.tdscpc.gov.in](http://www.tdscpc.gov.in)) as taxpayer using your PAN.
2. Select "Form 16B (For Buyer)" under "Downloads" menu.
3. Enter the details pertaining to the property transaction for which Form 16B is to be requested. Enter the Assessment Year, Acknowledgment Number, PAN of Seller and click on "Proceed".
4. A confirmation screen will appear. Click on "Submit Request" to proceed.
5. A success message on submission of download request will appear.

Please note the request number to search for the download request.

6. Click on "Requested Downloads" to download the requested files.
7. Search for the request with request number. Select the request row and click on "HTTP download" button.

### **Section 194-IB: Payment of rent by certain individuals and Hindu Undivided Family Provisions of section 194IB applies to:**

Any person, being an individual or a HUF responsible for paying to a resident any income by way of rent exceeding **Rs. Fifty thousand per month or part of a month.**

#### **Meaning of Rent:**

For the purposes of this section, rent means any payment, by whatever name called, under any lease, sub-lease, tenancy or any other agreement or arrangement for the use of any land or building or both.

#### **Threshold Amount:**

Payment of rent exceeding Rs. 50,000/- per month or part of month.

#### **Rate & time of tax deduction u/s 194IB:**

The rate of tax deduction is 5% and if the PAN of the recipient is not available then the rate will be 20% as per Section 206AA. However, higher rate of TDS as per section 206AB for non-filers of ITR does not apply to deduction u/s 194-IB w.e.f. 01.04.2022. Similarly when PAN-Aadhaar is not linked, a higher rate of TDS as per section 206AA will apply.

In case, where the tax is required to be deducted as per the provisions of section 206AA, such deduction shall not exceed the amount of rent payable for the last month of the previous year or the last month of tenancy, as the case may be.

#### **Time of Deduction:**

TDS u/s 194IB is to be deducted at the time of credit of rent, for the last month of the previous year or the last month of tenancy, if the property is vacated during the year, as the case may be, to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier.

#### **Compliance requirements:**

There is no requirement of obtaining TAN for the deductor. She/he can quote PAN/Aadhaar Number.

The sum deducted under section 194IB shall be paid to the credit of the Central Government within a period of thirty days from the end of the month in which the deduction was made and shall be accompanied by a Challan-cum-statement in Form No. 26QC.

TDS certificate is to be issued by the deductor in Form No. 16C by the deductor within 15 days from the due date of furnishing Form 26QC.

#### **Failure to Deduct TDS:**

Failure to deduct tax under section 194IB may result in the person i.e. the tenant being deemed to be treated as an assessee in default. Further, failure to deduct tax will attract interest and penalty also.

#### **Steps to Fill Form 26QC:**

1. Visit the NSDL Website:
  - Go to <https://www.tin-nsdl.com>.
  - Under "Services," select TDS on Property (194IA).
2. Select Form 26QC:
  - Under TDS on Property, choose Online form for furnishing TDS on Property (Form 26QC).

3. Enter Property Buyer and Seller Details:
  - Buyer's PAN: Enter the Permanent Account Number (PAN) of the buyer.
  - Seller's PAN: Enter the PAN of the seller.
  - Ensure PAN details are correct, as incorrect PAN can lead to a rejection.
4. Provide Property Transaction Details:
  - Transaction Date: Date when the sale agreement or property purchase was made.
  - Total Consideration: The total value of the property sale.
  - Payment Type: Choose whether the payment was made in installments or in one go.
  - Property Type: Specify the property type (e.g., residential, commercial).
5. TDS Details:
  - TDS Amount: TDS is 1% of the total property value if it exceeds ₹ 50 lakhs.
  - Ensure the TDS amount is accurately calculated and entered.
6. Payment Details:
  - Challan Payment Mode: Select whether the TDS will be paid through Net Banking or Debit Card.
  - Bank Details: Enter details for making the payment.
7. Buyer and Seller Address:
  - Enter the complete addresses of both the buyer and seller.
8. Verify Details:
  - Review all the information entered.
  - Once verified, click Proceed.
9. Make Payment:
  - After submission, you'll be redirected to a bank payment gateway (if paying online).
  - Complete the payment of the TDS.
10. Acknowledgment:
  - After successful payment, an acknowledgment receipt with a challan number (CIN) is generated.
  - Save or print this acknowledgment for future reference.
  - Both the buyer and seller should keep a copy.
11. Submit Form 16B:
  - After filing Form 26QC, the buyer should download Form 16B (TDS Certificate) and provide it to the seller. You can download it from the TRACES website after 5-7 days of filing.

Form 16C is a TDS (Tax Deducted at Source) certificate issued by a tenant to a landlord for rent payments, under Section 194-IB of the Income Tax Act. The tenant must deduct 5% TDS on rent payments exceeding ₹50,000 per month. This form is filed after submitting Form 26QC and shows the TDS deducted.

#### **Steps to Fill Form 16C (TDS Certificate for Rent):**

1. Ensure Form 26QC is Filed:
  - Before generating Form 16C, ensure that Form 26QC has been successfully filed by the tenant for deducting TDS on rent.

2. Log in to the TRACES Website:
  - Visit the TRACES website: <https://www.tdscpc.gov.in>.
  - Log in with your PAN (used during Form 26QC filing) and password.
  - If you don't have an account, register using your PAN.
3. Navigate to Download Form 16C:
  - Once logged in, go to the Downloads section.
  - Select Form 16C (TDS Certificate on Rent).
4. Enter Acknowledgment Number:
  - You will need the Acknowledgment Number from the 26QC challan.
  - Enter the required details such as PAN of tenant and landlord, Financial Year, and the Acknowledgment Number from Form 26QC filing.
5. Verify the Details:
  - Review the details for accuracy, including the landlord's and tenant's PAN, rental amount, TDS deducted, and other related information.
6. Download Form 16C:
  - Once the verification is complete, generate Form 16C.
  - You can download the PDF format of Form 16C, which will include all the details of the TDS deducted.
7. Provide Form 16C to the Landlord:
  - After downloading, the tenant must give Form 16C to the landlord as proof of the TDS deducted on the rent.

#### Important Notes:

- **Due Date:** The tenant should provide Form 16C to the landlord after the TDS is deducted and Form 26QC is filed (usually within 30 days of the TDS deduction).
- **Non-TAN Requirement:** Tenants do not need a TAN (Tax Deduction Account Number) to file Form 26QC or issue Form 16C.
- This completes the process of generating and issuing Form 16C for rent TDS.



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**Disclaimer:** 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