

TDS on dividends

As per section 194, the principal officer of an Indian Company, shall before making any mode in respect of any dividend, who is resident in India, as per section 2(22)(f), deduct from the amount of such dividend, income tax at the rate of 10%

Case Study 4:

Mr. Suresh bought 100 shares of Reliance Industries Ltd in January 2020 (RELIANCE) at Rs. 4,000/- per share. During October 2024, Reliance Industries Ltd bought back 20 shares at Rs. 6,000/- per share. Further, during April 2025, sold 50 shares at Rs. 7,000/- per share.

Compute:

- a) **Compute TDS u/s 194 and net amount paid to the shareholder.**

Particulars	Amount (Rs.)
Deemed dividend u/s 2(22)(f)	1,20,000
Less: TDS u/s 194 @ 10%	(12,000)
Paid to shareholders	1,08,000