



# Income Tax Department

Ministry of Finance, Government of India

## Fees for professional or technical services.

**194J.** (1) Any person, not being an individual or a Hindu undivided family, who is responsible for paying to a resident any sum by way of—

- (a) fees for professional services, or
- (b) fees for technical services, or
- (ba) any remuneration or fees or commission by whatever name called, other than those on which tax is deductible under section 192, to a director of a company, or
- (c) royalty, or
- (d) any sum referred to in clause (va) of section 28,

shall, at the time of credit of such sum 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, deduct an amount equal to two per cent of such sum in case of fees for technical services (not being a professional services), or royalty where such royalty is in the nature of consideration for sale, distribution or exhibition of cinematographic films and ten per cent of such sum in other cases, as income-tax on income comprised therein :

**Provided** that no deduction shall be made under this section—

- (A) from any sums as aforesaid credited or paid before the 1st day of July, 1995; or
- (B) where the amount of such sum or, as the case may be, the aggregate of the amounts of such sums credited or paid or likely to be credited or paid during the financial year by the aforesaid person to the account of, or to, the payee, does not exceed—
  - (i) <sup>91</sup>[fifty] thousand rupees, in the case of fees for professional services referred to in clause (a), or
  - (ii) <sup>91</sup>[fifty] thousand rupees, in the case of fees for technical services referred to in clause (b), or
  - (iii) <sup>91</sup>[fifty] thousand rupees, in the case of royalty referred to in clause (c), or
  - (iv) <sup>91</sup>[fifty] thousand rupees, in the case of sum referred to in clause (d) :

**Provided further** that an individual or a Hindu undivided family, whose total sales, gross receipts or turnover from the business or profession carried on by him exceed one crore rupees in case of business or fifty lakh rupees in case of profession during the financial year immediately preceding the financial year in which such sum by way of fees for professional services or technical services is credited or paid, shall be liable to deduct income-tax under this section :

**Provided also** that no individual or a Hindu undivided family referred to in the second proviso shall be liable to deduct income-tax on the sum by way of fees for professional services in case such sum is credited or paid exclusively for personal purposes of such individual or any member of Hindu undivided family:

**Provided also** that the provisions of this section shall have effect, as if for the words "ten per cent", the words "two per cent" had been substituted in the case of a payee, engaged only in the business of operation of call centre.

(2) [\*\*\*]

(3) [\*\*\*]

**Explanation.**—For the purposes of this section,—

- (a) "professional services" means services rendered by a person in the course of carrying on legal, medical, engineering or architectural profession or the profession of accountancy or technical consultancy or interior decoration or advertising or such other profession as is notified by the Board for the purposes of section 44AA or of this section;
- (b) "fees for technical services" shall have the same meaning as in *Explanation 2* to clause (vii) of sub-section (1) of section 9;
- (ba) "royalty" shall have the same meaning as in *Explanation 2* to clause (vi) of sub-section (1) of section 9;
- (c) where any sum referred to in sub-section (1) is credited to any account, whether called "suspense account" or by any other name, in the books of account of the person liable to pay such sum, such crediting shall be deemed to be credit of such sum to the account of the payee and the provisions of this section shall apply accordingly.