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Sec 194

This query is : Resolved



Abhisek Konar
(Querist)

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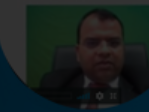
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S N KEDIA

(Expert)

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No. Section 194C deals with Works Contracts and section deals with rent for land/buildings. Car hire charges neither comes in the definition of works contracts nor in land/buildings.



Abhisek Konar

(Querist)

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05 June 2007

well as far as i know 194I also deals with rent on machineries and what i want to know is that will cars taken on hire will fall under the definition of machineries.

If not then this will obviously attract 194C as there exists a contract between the two parties.

I also feel that cars will fall under the defn of machines correct me if i am wrong



amit (Expert)

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08 June 2007

As per the explanation to section 194 I - "(i) "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 any building (including factory building), together with furniture, fittings and the land appurtenant thereto, whether or not such building is owned by the payee"

... as such car hire charges doesnot attract section 194 I for sure.

... Sec 194 C deals only with works contract and as such care hire charges dosnot fit in there also.

... Thus 194 I & C would not be attracted

08 June 2007

i hate to disagree, but the definition given by Mr. Amit has been substituted by the taxation laws (amendment) act, 2006 w.e.f 1

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3.07.06.The new definition of rent also includes machineries, plant and equipment.
Moreover w.e.f 01.06.07 the TDS rate is be 10% irrespective of the nature of the payee.
Correct me if i am wrong

Abhisek Konar

(Querist)

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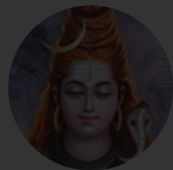
08 June 2007

would be waiting for a reply

Abhisek Konar

(Querist)

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09 June 2007

Mr. Abhishek, you are absoulty right about TDS rate & Definati on. but the main matter is car taken on hire can be included in t he defination of Machineries.

Sanjeev Mittal

(Expert)

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10 June 2007

Mr. Sanjeev, according to me car will fall under the definition of machineries.

Abhisek Konar

(Querist)

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10 June 2007

if we refer to singhania's ready reckoner, para 48.3 which talks about block of assets, sec 2(11) we will see that cars used in the business of running them on hire will fall under Plant and Machinery Block 7

Abhisek Konar

(Querist)

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10 June 2007

Mr abhisek u r 100% in correct position Sec. 194 I would attract on hiring of car i.e. car is treated as machinery because car is the combination of mechanical part.

PR Choudahry

(Expert)

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06 September 2007

The matter has been settled by now in a recent case by Bombay High Court.

Motor car is plant only for the purpose of section 28 to 41 and should not be stretched beyond that.

Shyam Lal Naik

(Expert)

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You may refer to : http://www.caclubindia.com/experts/experts_message_display.asp?group_id=4821



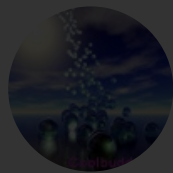
06 September 2007

can i please get the case details

Abhisek Konar

(Querist)

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Tds Deptt (Expert)

+ Follow

🕒 07 September 2007

Mr. Abhishek I read your query i thought that if the car is hired on full mode like the driver & all is maintenance is paid by us then we deduct the TDS as Rent rate (194I) but when we hire car & the driver is also given by car owner & maintenance is also paid by him he is only received one payment from us then this is a contract case and we deduct the TDS as contract rate (194 C) so please check this

ok

regards

sachin kumar sharma



Shyam Lal Naik

(Expert)

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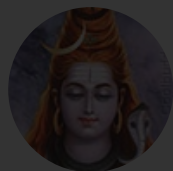
🕒 08 September 2007

Dear Mr. Abhishek,

Please check the following link for the case details.

<http://www.thehindubusinessline.com/2007/08/04/stories/2007080450160900.htm>

The judgement relates to chartering of ships. However, the ratio of the case squarely applies to hiring of other vehicles also.



DURVI (Expert)

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🕒 25 November 2007

Very useful input.

🕒 27 November 2009

neither 194I nor 194C



**CMA Ankur
Pandey** (Expert)

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**CA BHARATH
KUMAR** (Expert)

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🕒 16 July 2012

mr ABHishek correct answer

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