



## TAX PLANNING

You might be giving the government an **interest-free loan** every month.

How?

Through **Excess TDS Deduction/blocked Refunds** – and most businesses don't even realize it's happening.

👉 But there's a solution to it

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## THE PROBLEM

# Excess TDS = Your Cash Gets Blocked

### Actual Tax < TDS Deducted

More tax is being deducted at source than what you actually owe – the difference sits with the government.

### Refund Comes Much Later

You don't get that money back immediately. It takes months – sometimes over a year – to receive your refund.

### Business Still Needs Cash

Meanwhile, your operations don't pause. You borrow to meet working capital needs – at a cost.

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HIDDEN COST


# Lending Cheap. **Borrowing Expensive.**

What the Govt pays you

~6% interest on refunds – and only after the year ends.

What you pay to borrow

10–14% interest on loans taken to fund your own working capital gap.

 Refunds can take **18–24 months**. Large refunds trigger risk-based verification – leading to further delays and getting stuck in risk based verification/scrutiny.

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REAL EXAMPLE

## See the **Impact in Numbers**

A typical service firm scenario – and the hidden cost it carries:

₹10 Cr

Turnover

₹1.5 Cr

Net Profit (15%)

₹1 Cr

TDS (10% of Turnover)

₹47 L

Actual Tax

₹53 L

Cash Blocked

Sitting with the government, unavailable to you

📌 The real cost of this blocked cash: ₹5–6 Lakhs over time in borrowing costs and lost opportunity.

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THE FIX

# Apply for a **Lower TDS Certificate**

There's a legal, straightforward solution available under the Income Tax Act. Here's what it unlocks for your business:

## More Cash in Hand

Stop over-paying TDS every month. Keep your money working for you.

## Better Liquidity Control

Manage your cash flow on your terms – not the government's timeline.

## Lower Working Capital Pressure

Reduce the need to borrow just to fund day-to-day operations.

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WHO SHOULD CARE

## Is This Relevant to You?

A Lower TDS Certificate is especially valuable for these categories:

### Low Margin / Cost+ Businesses

TDS is deducted on gross receipts, not profit – making excess deduction a major issue.

### Startups with Losses

Current or carried-forward losses mean your actual tax is low or nil – yet TDS keeps getting deducted.

### Service Firms & Professionals

High expense ratios mean your taxable income is far lower than gross receipts on which TDS is cut.

### NRIs

Rental income and capital gains are subject to high TDS rates that often exceed actual liability.

### Trusts & NGOs

Exempt entities still face TDS deductions – a certificate ensures cash isn't unnecessarily blocked.

# The Process: **Section 395(1) | Form 128**

Under the **Income-tax Act, 2025**, here's exactly what you need and how approval is granted:

## Documents Required

- Projected financials & computation for current year
- Provisional financials/computation for last year (if return not yet filed)
- Last 4 years' ITRs
- No unpaid tax or TDS outstanding

## How Approval Works

- Average tax vs. turnover ratio is analysed
- Current year estimates are considered
- If the officer is satisfied → Lower TDS rate is granted



NEW

**Budget 2026 Update:** Automated, rule-based approvals have been proposed – making this process faster and more accessible than ever before.

Cash blocked is  
cost incurred —  
just not visible in  
your P&L.

Are you **waiting for a  
refund...** or keeping your  
cash today?

Don't let excess TDS silently drain your  
working capital.

A Lower TDS Certificate is a legal tool that  
puts your money back where it belongs —  
in your business!

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