



TDS AND TCS PROVISIONS UNDER INCOME TAX ACT, 2025

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The Income Tax Act, 2025 represents a structural overhaul of the existing Income Tax Act, 1961, with the objective of simplifying tax provisions, improving compliance, and enhancing clarity. One of the key areas of reform is the rationalization and restructuring of Tax Deducted at Source (TDS) and Tax Collected at Source (TCS) provisions.

This document provides a comparative analysis of TDS and TCS provisions under both Acts, highlighting key changes in thresholds, rates, scope, and compliance requirements.

TDS Rate Chart for FY 2026-27

Section IT Act, 1961	Nature of Payment	Section IT Act, 2025	Threshold	TDS Rate (%)
192	Salaries	392	Slab Rate	Based on Slab Rates
192A	Premature withdrawal from EPF	392(7)	50,000	10%
193	Interest on Securities	393(1) Sr. No. 5(i)	10,000	Rates in force
194	Dividend	393(1) Sr. No. 7	Nil	10%
194A	Interest from Banks, Co-operative societies & Post Offices	393(1) Sr. No. 5(ii)	50,000 [1,00,000 for Sr. Citizens]	Rates in force
194A	Interest from others	393(1) Sr. No. 5(iii)	10,000	Rates in force
194B	Winning from Lotteries	393(3) Sr. No. 1	10,000	30%
194BA	Winnings from online game.	393(3) Sr. No. 2	Nil	30%
194BB	Winning from Horse Race	393(3) Sr. No. 3	10,000	30%
194C	Payments to Contractors: For Single Transaction For Multiple Txns & Transporter with > 10 carriages	393(1) Sr. No. 6(i)	30,000 1,00,000	2% [1%, if contractor is individual/ HUF]
194D	Insurance Commission	393(1) Sr. No. 1(i)	20,000	Rates in force
194DA	Life Insurance Policy	393(1) Sr. No. 8(i)	1,00,000	2%
194E	Non-Resident Sportsmen & Sports Association	393(2) Sr. No. 1	Nil	20%
194EE	Deposit under NSS	393(3) Sr. No. 6	2,500	10%
194G	Commission on Lottery Tickets	392	20,000	2%
194H	Commission/ Brokerage	393(3) Sr. No. 4	20,000	2%

Section IT Act, 1961	Nature of Payment	Section IT Act, 2025	Threshold	TDS Rate (%)
194I	Rent: Plant & Machinery [P&M] Land or Building [L&B]	393(1) Sr. No. 1(i)	50,000 For a month or part of a month	2% [P&M] 10% [L&B]
194IA	Transfer of Immovable Property	393(1) Sr. No. 3(i)	50,00,000	1%
194IB	Rent by Individual/HUF	393(1) Sr. No. 1(i)	50,000 For a month or part of a month	2%
194IC	Monetary Consideration under Jt. Dvpt. Agreement	393(1) Sr. No. 3(ii)	Nil	10%
194J	Fees for Technical Services Royalty (sale, distribution or exhibition of cinematographic films) Payments to Call Centre Operators Professional Fees & others Director's Sitting Fees	393(1) Sr. No. 6(iii)	50,000 50,000 50,000 50,000 Nil	2% 2% 2% 10% 10%
194K	Payments i.r.o. Units of MF, administrator etc.	393(1) Sr. No. 4(i)	10,000	10%
194LA	Compensation on Transfer of immovable property Note: W.E.F. 01-04-2017, no deduction of tax shall be made on any payment which is exempt from levy of income-tax under Right to Fair Compensation Act, 2013.	393(1) Sr. No. 3(iii)	5,00,000	10%
194M	Commission/Brokerage/Contractual Fees by Individual/HUF not liable to tax audit	393(1) Sr. No. 6(ii)	50,00,000	2%
194N	Cash withdrawals from account with Bank, PO etc.	393(3) Sr. No. 5	1,00,00,000 (3 crore for co-op. society)	2%
194O	E-Commerce operator payment to e-commerce participant	393(1) Sr. No. 8(v)	Nil	0.10%
194Q	On purchase of any other goods by purchasers whose total sales in the preceding FY exceeds ₹ 10 crore	393(1) Sr. No. 8(ii)	50,00,000	0.10%
194R	On benefit or perquisite in respect of business or profession	393(1) Sr. No. 8(iv)	20,000	10%
194S	Payment on transfer of virtual digital asset	393(1) Sr. No. 8(vi)	Nil	1%
194T	Payments to partners of firm	393(3) Sr. No. 7	20,000	10%
195	Payments made to Non-Residents	393(3) Sr. No. 17	Nil	Rates in Force

TCS Rate Chart for FY 2026-27 [Comparative Analysis]

Section As per IT Act, 1961	Nature of Payment	Section IT Act, 2025	Threshold	TDS Rate (%)
206C(1)	Sale of the Following:			
	a) Alcoholic Liquor for Human Consumption	394(1) Sr. No. 1	Nil	2%
	b) Tendu Leaves	394(1) Sr. No. 2	Nil	5%
	c) Timber obtained under a Forest Lease or otherwise or any other Forest produce	394(1) Sr. No. 3	Nil	2%
	d) Scrap	394(1) Sr. No. 4	Nil	2%
	e) Minerals being coal, lignite or iron ore	394(1) Sr. No. 5	Nil	2%
206C(1C)	Grant of lease or license of the following:	394(1) Sr. No. 9		
	a) Parking Lot		Nil	2%
	b) Toll Plaza		Nil	2%
	c) Mining & Quarrying		Nil	2%
206C(1F)	Sale of Motor Vehicle of value > 10 Lakh	394(1) Sr. No. 6	10,00,000	1%
206C(1G)(a)	On Foreign remittance through Liberalised Remittance Scheme (LRS)	394(1) Sr. No. 7	10,00,000	20% [2% education or medical treatment]
206C(1G)(b)	On overseas tour package	394(1) Sr. No. 8	Nil	2%

TDS Returns Chart

Description	Form No. as per ITC Act, 1961	Form No. as per ITC Act, 2025	Due Date
Return of Tax Deducted at Source on salary	24Q	138	By end of the month following the end of quarters 1-3. By 31 st May of the following year for quarter-4
Return of Tax Deducted at Source other than on salary	26Q	140	By end of the month following the end of quarters 1-3. By 31 st May of the following year for quarter-4
Return of Tax Deducted at Source on payments made to non-residents	27Q	143	By end of the month following the end of quarters 1-3. By 31 st May of the following year for quarter-4
Return of Tax Collected at Source on payments made to non-residents	27EQ	144	By end of the month following the end of quarters 1-3. By 31 st May of the following year for quarter-4
Return of TDS Deducted on payment made for purchase of immovable properties	26QB	141	Within 30 days from the end of the month in which deduction is made

TDS Certificates

Description	Form No. as per ITC Act, 1961	Form No. as per ITC Act, 2025	Due Date
Certificate of Tax Deducted at Source on Salary	16	130	Within 15 days from the due date of filing of TDS Return for quarter-4
Certificate of Tax Deducted at Source other than on salary	16A	131	Within 15 days from the due date of filing of TDS Return
Certificate of Tax Collected at Source	27D	133	Within 15 days from the due date of filing of TDS Return
Certificate of Tax Deducted at Source as per section 393(1) Sr.	27EQ	144	By end of the month following the end of quarters 1-3. By 31 st May of the following year for quarter-4
Certificate of Tax Deducted on purchase of immovable property	16B	132	Within fifteen days from the due date for furnishing statement of tax collected at source under rule 219.

The Income Tax Act, 2025 marks a progressive shift towards a more streamlined and transparent TDS and TCS framework. While the foundational principles remain intact, the structural simplifications and rationalizations are expected to enhance compliance efficiency and reduce interpretational challenges for taxpayers and professionals alike.

Note: This document is intended for general informational purposes and should not be construed as professional advice. Readers are advised to consult tax professionals for specific situations.

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