

TDS and TCS Income-tax Act, 2025

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Scheme of the New Act

TDS and TCS – A comparative		
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Scheme of the New Act

TDS and TCS – A comparative		
Particulars	ITA, 2025	ITA, 1961
Assessee-in-default	Section 398	201/206C
Processing	Section 399	Section 200A and 206CB

Section 392 – TDS on salaries

- (1) Any person responsible for paying any income chargeable under the head “Salaries” shall deduct income-tax on the amount payable and this deduction shall be made at the time of such payment at the average rate of income-tax computed on the basis of the rates in force for the tax year in which the payment is made, on the estimated income of the assessee under this head for such year.
- (2) (a) Without prejudice to the provisions of sub-section (1), the person responsible for paying any income in the nature of a non-monetary perquisite chargeable to tax under section 17(1), may pay, at his option, tax on the whole or part of such income without making any deduction therefrom, at the time when such tax was deductible under sub-section (1) at the average rate of tax;
- (3) Any person, being an eligible start-up referred to in section 140, responsible for paying any income of the nature specified in section 17(1)(d) in any tax year, shall deduct or pay, as the case may be, tax on such income, on the basis of rates in force for the tax year in which the specified security or sweat equity share is allotted or transferred, within the time as specified for the payee in section 289(3).
- (4) (a) The person responsible for making payment under sub-section (1), shall take into account the following particulars furnished by the assessee, at his option, in such form and verified in such manner as may be prescribed, for the purpose of making deduction under the said sub-section and such particulars shall have an effect of increasing or decreasing the tax to be deducted:—
 - (i) any income under the head “Salaries” due or received by the assessee, from any other employer or employers during the tax year;
 - (ii) any relief allowable under section 157, where the assessee being a Government servant, or an employee in a company, co-operative society, local authority, university, institution, association or body is entitled for such relief;
 - (iii) any loss under the head “Income from house property” for the same tax year;
 - (iv) any income chargeable under any other head of income, not being a loss under any such head other than the loss specified in sub-clause (iii) for the same tax year;
 - (v) any tax deducted or collected at source under this Chapter for the same tax year;
 - (b) the tax deductible from income under the head “Salaries” shall not be reduced in any case, except on account of—
 - (i) loss under the head “Income from house property”; and
 - (ii) the tax deducted and collected as per other provisions of this Chapter.

Section 392 – TDS on salaries

- (1) The trustees of a recognised provident fund, or any person authorised by the regulations of the fund to make payment of the accumulated balances due to employees shall, in cases where paragraph 9 of Part A of Schedule XI applies, at the time an accumulated balance due to an employee is paid, make therefrom the deduction provided in paragraph 10 of Part A of Schedule XI;
- (2) any person authorised under such scheme to make payment of accumulated balance due to employees, shall at the time of payment of accumulated balance due to the employee participating in a recognised provident fund, deduct income-tax thereon at the rate of 10%, where the aggregate amount of such payment is ₹ 50000 or more, and such accumulated balance is includible in his total income owing to the provisions of paragraph 8 of Part A of Schedule XI not being applicable.

Section 393 – Payment to Residents

1. Commission/brokerage [Defined in Section 402]

Nature of income/sum	ITA,1961	Payer	Rate & Threshold	Exclusions Table 4
Any income by way of remuneration or reward, whether by way of commission or otherwise, for soliciting or procuring insurance business (including business relating to the continuance, renewal or revival of insurance policies).	194D	Any person	Rate: Rates in force. Threshold: Rs.20,000	
Any other commission or brokerage	194H	Specified Person [Defined in Section 402]	Rate: 2% Threshold: Rs.20,000	Commission or brokerage payable by BSNLor MTNL to their public call office franchisees.

“commission or brokerage” includes any payment received or receivable, directly or indirectly, by a person acting on behalf of another person,—

- (a) for services rendered (not being professional services); or
- (b) for any services in the course of buying or selling of goods; or
- (c) in relation to any transaction relating to any asset, valuable article or thing, not being securities

Section 393 – Payment to Residents

2. Rent [Defined in Section 402]				
Nature of income/sum	ITA,1961	Payer	Rate & Threshold	Exclusions Table 4
(i) Rent.	194-IB	Person other than specified person.	Rate: 2% Threshold: 50,000 for a month or part of a month. Tax shall be deducted on such income at the time of— (a) credit or (b) payment whichever is earlier, for the last month of the tax year or the last month of tenancy.	In case of non-furnishing of PAN, higher rate applicable. However, shall not exceed rent of last month
(ii) Rent.	194-I	specified person.	Rate: (a) 2%, for the use of any machinery or plant or equipment; and (b) 10%, for the use of any land, or building (including factory building), or land appurtenant to a building or furniture, or fittings. Threshold: 50,000 for a month or part of a month.	
“rent” means any payment, by whatever name called, under any lease, sub-lease, tenancy or any other agreement or arrangement for the use of (either separately or together) any (a) land; or (b) building (including factory building); or (c) land appurtenant to a building (including factory building); or (d) machinery; or (e) plant; or (f) equipment; or (g) furniture; or (h) fittings				

Section 393 – Payment to Residents

3. Payment on transfer of certain immovable property other than agricultural land

Nature of income/sum	ITA,1961	Payer	Rate & Threshold	Exclusions Table 4
(i)Any consideration for transfer of any immovable property (other than agricultural land).	194-IA	Person other than specified person.	Rate: 1% of consideration or SDV [Higher] Threshold: 50 lakhs Note 1: Consideration shall be the aggregate of the amounts paid or payable by all the transferees to all the transferors	Rent credited or paid to real estate investment trust, in respect of any real estate asset
(ii) Cash consideration for JDA	194-IC	Any person.	Rate: 10%	
(iii) Any sum, being in the nature of (a) compensation or the enhanced compensation; or (b) consideration or the enhanced consideration, on account of compulsory acquisition of any immovable property (other than agricultural land).	194LA	Any person	Rate: 10% Threshold: Rs.5 Lakhs	

“consideration for transfer of any immovable property” shall include all charges of the nature of,—
(a) club membership fee; or (b) car parking fee; or (c) electricity or water facility fee; or (d) maintenance fee; or (e) advance fee; or (f) or any other charges of similar nature, which are incidental to transfer of the immovable property;

Section 393 – Payment to Residents

4. Income from capital market				
Nature of income/sum	ITA,1961	Payer	Rate & Threshold	Exclusions Table 4
i) Any income in respect of units of a Mutual Fund	194K	Any person	Rate: 10% Threshold: Rs.10,000	
(ii) Any distributed income payable to a unitholder of a Business Trust.	194LBA	REIT	Rate: 10%	If SPV has not exercised the option under section 200.
(iii) Any distributed income payable to a unitholder of a AIF	194LBB	AIF	Rate: 10%	
(iv) Any income, in respect of an investment in a securitisation trust	194LBC	securitisati on trust	Rate: 10%	
(v) Dividend	194	Any domestic company	Rate: 10%	Dividend income credited or paid to— (a) LIC or (b) GIC or c) a “business trust”, by a SPV (d) a shareholder, being an individual, if (I) the dividend is paid other than cash; and (II) dividend < ₹ 10,000.

Section 393 – Payment to Residents

5. Interest Income				
Nature of income/sum	ITA,1961	Payer	Rate & Threshold	Exclusions Table 4
i) Interest on securities	193	Any person	Rate: Rates in force Threshold: Rs.10,000	i) Interest on NDB, Notified Debentures, notified G-Sec ii) Interest payable to LIC, GIC iii) Interest payable to business trust by a SPV
(ii) Any other interest	194A	(a) Bank; or (b) a co-operative bank; (c) a post office	Rate: Rates in force Threshold: (a) ₹ 1,00,000 – a senior citizen; (b) ₹ 50,000 others.	i) Interest paid to banks, LIC, Financial Corp, Insurance cos, ii) Interest paid by a co-operative society to members iii) Interest paid by co-operative society to another co-op society iv) Interest on co-operative bank saving deposits [Exception: T/o of co-op bank > Rs.50 Cr in preceding tax year and interest > threshold] v) Interest on saving deposits vi) Interest paid to partner by a firm
(iii) Any other interest	194A	Specified Person	Rate: Rates in force Threshold: Rs.10,000	

Section 393 – Payment to Residents

6. Payments to contractors, fees for professional and technical services, etc.

Nature of income/sum	ITA,1961	Payer	Rate & Threshold	Exclusions Table 4
i) Any sum for carrying out any work (including supply of labour for carrying out any work) in pursuance of a contract between the contractor and a designated person.	194C	Any designated person	Rate: i)1% if contractor is individual or HUF ii) 2% if contractor is other person Threshold: (a)₹ 30,000; for any such sum; and (b) ₹ 1,00,000 in case of aggregate of such sums	(a) Where— (i) any sum paid to the account of a contractor during the course of business of plying, hiring or leasing goods carriages; and (ii)owns <= 10 goods carriages at any time during the tax year; and (iii) furnishes a declaration to that effect along with his Permanent Account Number to the person paying or crediting the sum; and (b) where such sum is credited or paid by individual or HUF exclusively for personal purposes

- a) “contract” shall include sub-contract;
- b) “work” shall include— (a) advertising; (b) broadcasting and telecasting including production of programmes for such broadcasting or telecasting; (c) carriage of goods or passengers by any mode of transport other than by railways; (d) catering; (e) manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from— (i) such customer; or (ii) its associate but does not include (A) manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from a person, other than such customer or associate of such customer; or (B) any sum referred to in section 393(1) [Table: Sl. No. 6(iii)].

Section 393 – Payment to Residents

6. Payments to contractors, fees for professional and technical services, etc.

Nature of income/sum	ITA,1961	Payer	Rate & Threshold	Exclusions Table 4
(ii) Any sum— (a) for carrying out any work (including supply of labour for carrying out any work) in pursuance of a contract; or (b) by way of fees for professional services; (c) by way of commission [not being insurance commission] or brokerage.	194A	Individual/ HUF	Rate: 2% Threshold: Rs.50 Lakhs	
(iii) Any sum by way of— (a) fees for professional services; or (b) FTS; or (c) director’s remuneration; or (d) royalty; or (e) non-compete fees	194A	Specified Person	Rate: Rates in force Threshold: Rs.10,000	where such sum is credited or paid by individual or HUF exclusively for personal purposes

- “fees for technical services” shall have the meaning as assigned to it in section 9(7)(b)
- “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 may be notified by the Board for the purposes of this section, or of section 62
- “royalty” shall have the meaning assigned to it in section 9(6)(b)

Section 393 – Payment to Residents

7. Others				
Nature of income/sum	ITA,1961	Payer	Rate & Threshold	Exclusions Table 4
i) Any sum under a life insurance policy, including the sum allocated as bonus on such policy other than exempt under schedule II	194DA	Any person	Rate: 2% on income comprised in such sum Threshold: ₹ 1,00,000	
(ii) Any sum exceeding fifty lakh rupees for purchase of any goods.	194Q	Buyer	Rate: 0.1%. Threshold:	Buyer= A person whose total sales, gross receipts or turnover from the business carried on by him \geq Rs.10 Crore during the tax year immediately preceding the tax year
(iii) Total income of a specified senior citizen after Chapter VIII deduction and rebate under section 156.	194P	Specified bank	Rate: Rates in force Threshold: As applicable	“specified senior citizen” means an individual, being a resident in India— (a) who is of ≥ 75 years; (b) having pension income and no other income except the interest received or receivable in the same specified bank in which he is receiving his pension income; and (c) has furnished a declaration

Section 393 – Payment to Residents

7. Others				
Nature of income/sum	ITA,196 1	Payer	Rate & Threshold	Exclusions Table 4
<p>(v)Any sum on account of sale of goods or provision of services by an e-commerce participant, facilitated by an e-commerce operator through its digital or electronic facility or platform.</p> <p>any payment made by a purchaser of goods or recipient of services directly to an e-commerce participant for the sale of goods or provision of services or both, facilitated by an e-commerce operator, shall be deemed to be the amount credited or paid by the e-commerce operator to the e-commerce participant and this amount shall be included in the gross amount</p>	194-O	Any e-commerce operator.	<p>Rate: 0.1% of gross amount of such sale or services or both.</p> <p>Threshold limit: Nil.</p>	<p>Where the amount is credited or paid to the account of an e-commerce participant, which is—</p> <p>(a)an individual or HUF; and</p> <p>(b)the gross amount of the sales or services or both during the tax year <= ₹ 500000; and</p> <p>(c)the e-commerce participant has furnished the PAN or Aadhaar number to the e-commerce operator.</p> <p>Shall exclude amount received for (i) hosting advertisements; or</p> <p>(ii)providing any other services,</p>

- “electronic commerce” means the supply of goods or services, or both, including digital products, over digital or electronic network;
- “e-commerce operator” means a person who owns, operates or manages digital or electronic facility or platform for electronic commerce
- “e-commerce participant” means a person resident in India selling goods or providing services, or both, including digital products, through digital or electronic facility or platform for electronic commerce

Section 393 – Payment to Residents

7. Others				
Nature of income/sum	ITA,1961	Payer	Rate & Threshold	Exclusions – Table 4
(vii) Any benefit or perquisite, whether convertible into money or not, arising from business or the exercise of a profession of any resident.	194R	Specified person.	Rate: 10% of value or aggregate of values of such benefit or perquisite. Threshold limit: ₹ 20,000.	
vi) Any sum by way of consideration for transfer of a virtual digital asset.	194S	Any person	Rate: 1%	Where value or aggregate value of such consideration during the tax year does not exceed— (a) ₹ 50000, when payable by an individual or HUF,— (i) whose total sales, gross receipts or turnover from the business carried on by him or profession exercised by him <Rs. 1 Crore in case of business or <Rs.50 Lakhs in case of profession, during the tax year immediately preceding the tax year in which such virtual digital asset is transferred; (ii) not having any income under the head “Profits and gains of business or profession”; [TAN not required] (b) ₹ 10000, when payable by any person other than the person referred to in clause (a).

Section 393- Table 2 – Payment to Non-residents

Nature of income/sum	ITA,1961	Payee	Payer	Rate & Threshold	Exclusions Table 4
Any income referred to in section 211	194E	(a) A non-resident sportsman (including an athlete) or an entertainer, who is not a citizen of India; or (b) a non-resident sports association or institution.	Any person	20%	<p>Where the amount is credited or paid to the account of an e-commerce participant, which is—</p> <p>(a)an individual or HUF; and</p> <p>(b)the gross amount of the sales or services or both during the tax year \leq ₹ 500000; and</p> <p>(c)the e-commerce participant has furnished the PAN or Aadhaar number to the e-commerce operator.</p> <p>Shall exclude amount received for (i) hosting advertisements; or</p> <p>(ii)providing any other services,</p>

Section 393- Table 2 – Payment to Non-residents

Nature of income/sum	ITA,1961	Payee	Payer	Rate & Threshold	Exclusions Table 4
Any income by way of interest payable in respect of moneys borrowed from a source outside India by way of issue of any long-term bond or rupee denominated bond, which is listed only on a recognised stock exchange located in any International Financial Services Centre.	194LC	NR or Foreign Co	Indian Co or REIT	9%, where such bonds are issued on or after the 1st July, 2023.	
Interest	194LB	NR or Foreign Co	Infra Debt Fund	5%	
Interest income distributed by business trust	194LBA	Unit Holder NR or F Co	Business trust	5%	
Dividend income distributed by business trust	194LBA	Unit Holder NR or F Co	Business trust	10%	SPV has not exercised option u/s 200

Section 393- Table 2 – Payment to Non-residents

Nature of income/sum	ITA,1961	Payee	Payer	Rate & Threshold	Exclusions Table 4
Rent income distributed by business trust	194LBA	Unit Holder NR or F Co	Business trust	Rates in force	
Income from AIF	194LBB	Unit Holder NR or F Co	AIF	Rates in force	Income that is not chargeable to tax under the provisions of this Act.
Income from securitization trust	194LBC	Unit Holder NR or F Co	Securitis ation trust	Rates in force	
Income from Mutual Funds	196A	NR or a F Co	Any person	20% or rate under DTAA [payee to furnish TRC and 10F]	Income payable in respect of units of the Unit Trust of India to a non-resident Indian or a non-resident Hindu undivided family

Section 393- Table 2 – Payment to Non-residents

Nature of income/sum	ITA,1961	Payee	Payer	Rate & Threshold	Exclusions Table 4
<ul style="list-style-type: none">LTCG from the transfer of units orany income from units	196B	Offshore Fund	Any person	<ul style="list-style-type: none">10%12.5%	
<ul style="list-style-type: none">Interest or dividends in respect of ADR/GDRLTCG arising from the transfer of ADR/GDR	196C	NR	Any person	<ul style="list-style-type: none">10%12.5%	
Income in respect of securities	196D	FII	Any Person	20% or rate under DTAA [payee to furnish TRC and 10F]	LTCG
Income in respect of securities	196A	Specified fund	Any person	10%	Exempt under Schedule VI

Section 393- Table 2 – Payment to Non-residents

Nature of income/sum	ITA,1961	Payee	Payer	Rate & Threshold	Exclusions Table 4
<ul style="list-style-type: none">Any interest or any other sum chargeable under the provisions of this Act, not being income chargeable under the head “Salaries”.	195	NR or F Co	Any person	Rates in force	
<ul style="list-style-type: none">the obligation to deduct tax at source and comply with the provisions of this serial number extend to all persons resident or non-resident, whether or not, the non-resident person has—(i) a residence or place of business or business connection in India; or(ii) any other presence in any manner whatsoever in India.					

Particulars	Earlier Provision	New Provision
Lower deduction Certificate by Payer	S.195(2)	S.395(2)
Lower deduction certificate by payee	S. 195(3)	S.395
Furnishing info [Form 15CA-CB]	S.195(6)	S. 397
Gross-up	S.195A	S.393(10)

Section 393- Table 3 – Payment to Any Person

Nature of income/sum	ITA,196 1	Payer	Rate & Threshold	Exclusions Table 4
<ul style="list-style-type: none">Any income by way of winnings (other than winnings from online games as referred to in serial number 2) from— (a) any lottery; or (b) crossword puzzle; or (c) card game and other game of any sort; or (d) gambling or betting of any form or nature whatsoever.	194B	Any person	Rates in force Threshold limit: ₹ 10,000 in case of a single transaction.	
Any income by way of winnings from online game.	194BA	Any person.	Rates in force tax shall be deducted— (a) on net winnings in the user account of the payee at the end of the tax year; (b) where there is any withdrawal from user account, the tax shall be deducted at the time of such withdrawal on the net winnings comprised in such withdrawal as well as on the remaining amount of net winnings in user account at the end of the tax year,	

Section 393- Table 3 – Payment to Any Person

Nature of income/sum	ITA,1961	Payer	Rate & Threshold	Exclusions Table 4
<ul style="list-style-type: none">Any income by way of winnings from any horse race.	194BB	Any person, being a bookmaker or a person to whom a licence has been granted by the Government under any law for the time being in force for horse racing in any race course or for arranging for wagering or betting in any race course.	Rates in force Threshold limit: ₹ 10,000 in case of a single transaction.	
Any income, credited or paid to a person, who is or has been stocking, distributing, purchasing or selling lottery tickets, by way of commission, remuneration or prize (by whatever name called) on such tickets.	194G	Any person	Rate: 2% Threshold limit: ₹ 20,000.	
Any amount referred to in section 80CCA(2)(a) of the Income-tax Act, 1961 (43 of 1961).	194EE	Any person.	Rate: 10% Threshold limit: ₹ 2,500.	

Section 393- Table 3 – Payment to Any Person

Nature of income/sum	ITA,1961	Payer	Rate & Threshold	Exclusions Table 4
Any sum, paid in cash, from one or more accounts maintained by any person (herein referred as recipient).	194N	(a) Bank (b)co-operative bank or (c)a post office.	Rate: 2% Threshold limit: (a) Recipient – a co-operative society – Rs. 3 Crores; or (b) Recipient other than a co-operative society- Rs. 1 Crore	Payment made to— (a)Govt; (b) Bank or co-operative bank or a post office; (c)any business correspondent d) any white label ATM
Any sum in the nature of salary, remuneration, commission, bonus or interest paid to a partner of the firm or credited to his account (including capital account).	194T	Firm	Rate: 10% Threshold limit: ₹ 20,000.	

Section 394 – Tax Collected at source

Nature of receipt	Person	TCS
Sale of alcoholic liquor for human consumption.	Seller	1%
Sale of tendu leaves.		5%
Sale of timber whether obtained under a forest lease or otherwise; or any other forest produce (not being timber or tendu leaves) obtained under a forest lease.		2%
Sale of scrap		1%
Sale of minerals, being coal or lignite or iron ore.		1%
Sale consideration exceeding ten lakh rupees in case of— (a) motor vehicle; or (b)any other goods, as may be notified by the Central Government.		1%
NA if the goods utilized for manufacturing, processing or producing articles or things or for generating power and not for trading		

Section 394 – Tax Collected at source

Nature of receipt	Person	TCS
Remittance under LRS> Rs. 10 Lakhs	AD	(a) 5% for purposes of education or medical treatment; (b) 20% for purposes other than education or medical treatment. <ul style="list-style-type: none">No TCS if amount being remitted out is a loan obtained from any financial institution
Sale of “overseas tour programme package” including expenses for travel or hotel stay or boarding or lodging or any such similar or related expenditure.	Seller	(a)5% of amount or aggregate of amounts up to ten lakh rupees; (b) 20% of amount or aggregate of amounts exceeding ten lakh rupees.
Use of parking lot or toll plaza or mine or quarry for the purpose of business, excluding mining and quarrying of mineral oil (including petroleum and natural gas).	Licensor or Lessor.	2%

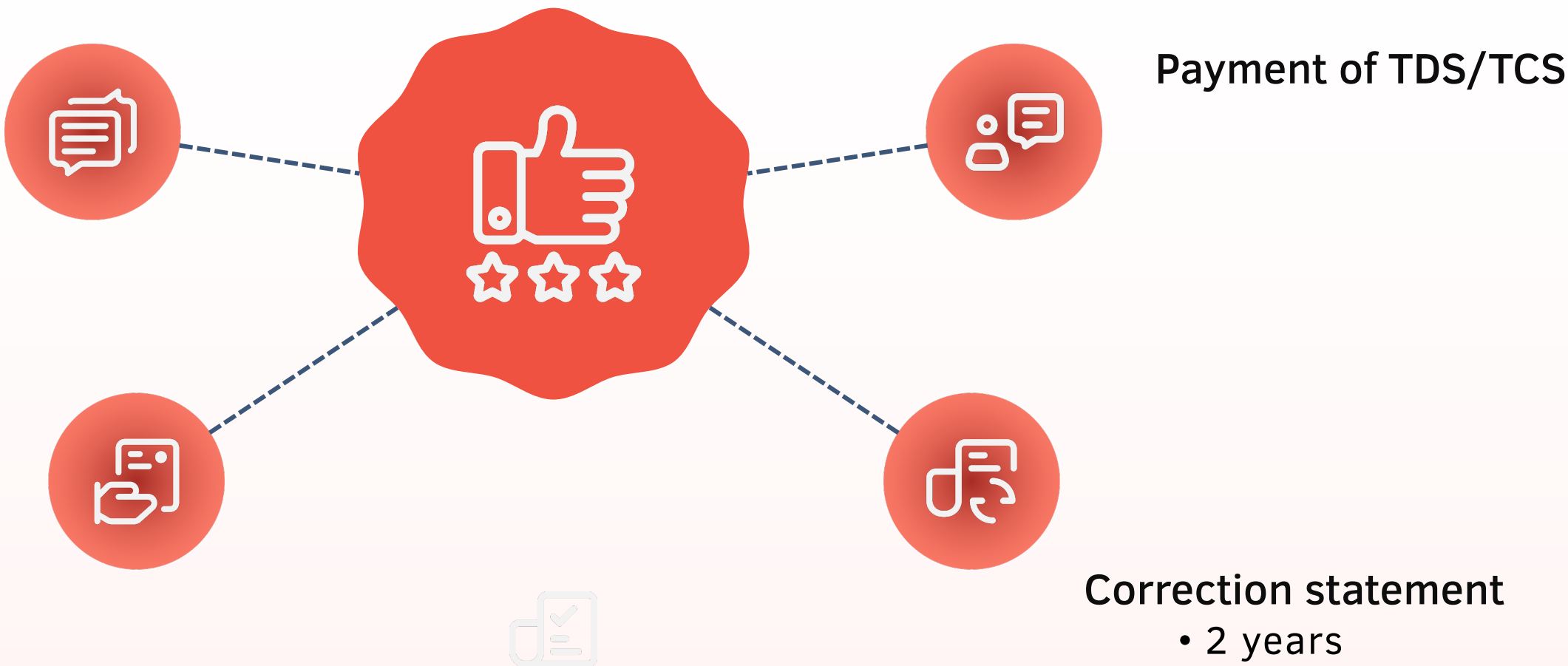
Section 397 – Compliance and Reporting

Non-furnishing of PAN

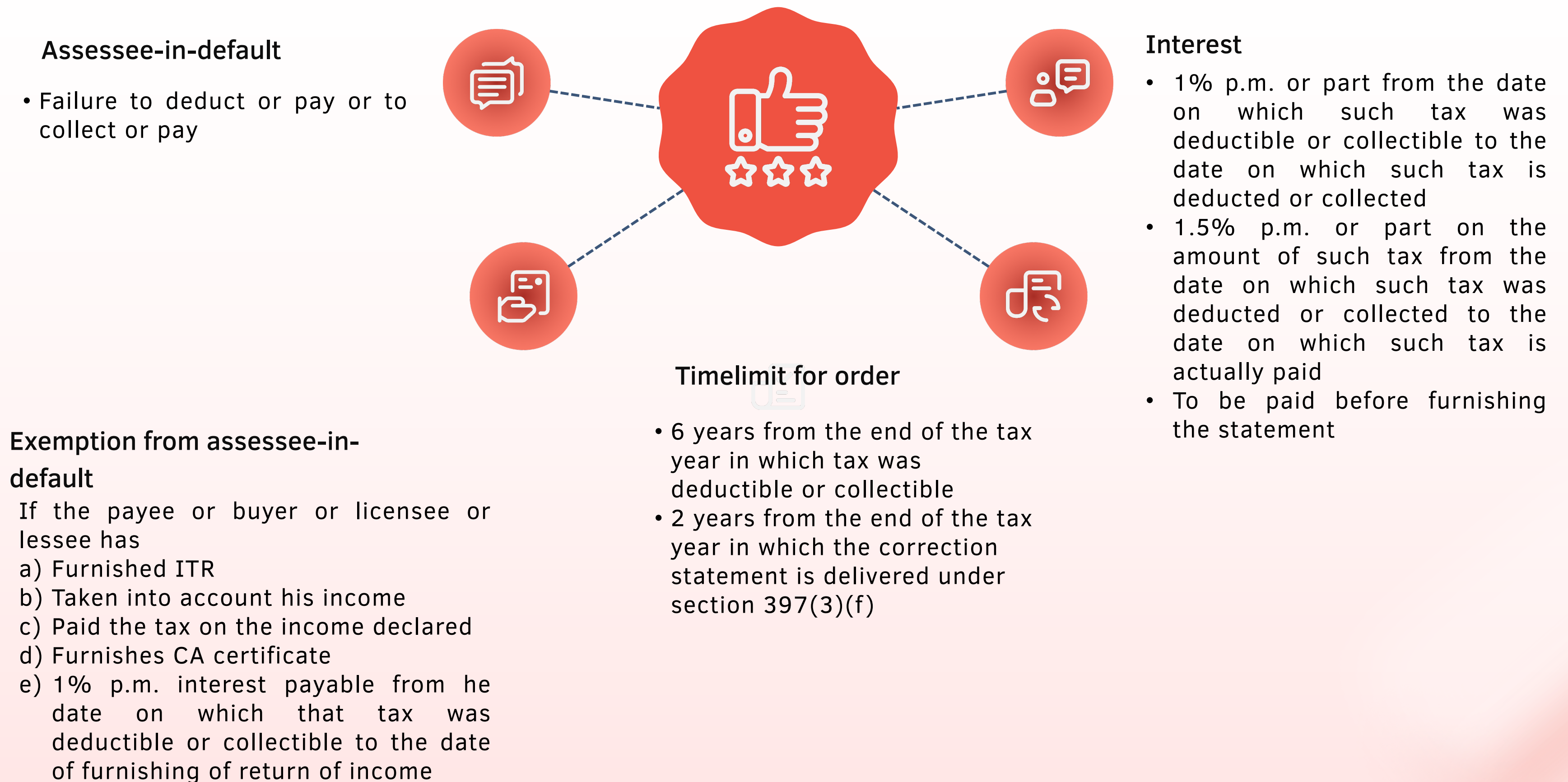
- TDS at higher rate
- Rate under the Act
 - Rates in force
 - 20% or 5%[Purchase of goods/e-commerce operator]

- TCS at higher rate
- 2Xrate under the Act
 - 5%

Furnishing of TDS/TCS Statements



Section 398 – Consequences of failure to deduct or collect or pay



Section 399 – Processing

- (1) All statements of tax deducted at source or tax collected at source including a correction statement shall be processed in the following manner:—
- (a) the amounts deductible or collectible under this Chapter shall be computed after making the following adjustments:—
 - (i) any arithmetical error in the statement; or
 - (ii) an incorrect claim apparent from any information in the statement;
 - (b) the interest, if any, shall be computed on the basis of the amounts deductible or collectible as reflected in the statement;
 - (c) the fee, if any, shall be computed as per the provisions of section 427;
 - (d) (i) the amount payable by; or
(ii) the amount of refund due to, the deductor or collector shall be determined after adjustment of the amount computed under clauses (b) and (c) against any amount paid under section 397(3) or 398 or 427 and any amount paid otherwise by way of tax or interest or fee;
 - (e) an intimation shall be prepared or generated and sent to the deductor or collector specifying the amount determined to be payable by, or the amount of refund due to, him under clause (d);
 - (f) the amount of refund due to a deductor or collector in pursuance of the determination under clause (d) shall be granted to the deductor or collector.
- (2) The intimation under this section shall be sent within one year from the end of the tax year in which the statement is filed.

“an incorrect claim apparent from any information in the statement” shall mean a claim, on the basis of an entry, in the statement—

- (a) of an item, which is inconsistent with another entry of the same or some other item in such statement;
- (b) in respect of rate of deduction of tax at source or rate of collection of tax at source, where such rate is not as per the provisions of the Act;