

New Age TDS:
Key Changes in TDS Provisions from
01/04/2020

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Obligation TDS/TCS: WEF 01/04/2020

Provision	Prior to 1 st April 2020	From 1 April 2020	Sections affected
Business turnover	Linked to limits in Section 44AB (varied, subject to presumptive taxation, etc.)	TDS/TCS liability applies if turnover > ₹1Cr	194A (Interest), 194C (Contracts), 194H (Commission), 194I (Rent), 194J (Professional fees), 206C (TCS)
Professional receipts		TDS/TCS liability applies if receipts > ₹ 50lakh.	

Section 192(1C): 01/04/2020

- When employees receive ESOPs (specified securities or sweat equity shares) from their employer, the value is treated as a taxable perquisite.
- Normally, the employer has responsibility to deduct TDS at the time the employee exercises the option.
- However the start ups may face a problem to attract and retain the talent.
- In order to overcome this situation, a **Relief for Start-Ups (u/s 80-IAC)** has been provided by introducing this section

Section 192(1C): 01/04/2020

- **To reduce the burden on employees of eligible start-ups, TDS on ESOPs is deferred. The employer deducts tax within 14 days of the earliest of these events:**
 - 48 months after the end of the relevant assessment year,
 - The date of sale of the ESOP shares by the employee, or
 - The date the employee leaves the company.
- **Tax Rate:** The rate applicable will be the one in force during the financial year when the ESOPs were allotted or transferred.
- Employees of start-ups don't pay tax on ESOPs immediately. Their tax liability is postponed until sale, exit, or 48 months—whichever comes first.

Event	When it Happens	Employer's Duty (TDS Deduction)	Tax Rate Applicable
Event	Allotment of ESOPs in FY 2024-25	NA	NA
Sale of ESOP shares	Employee sells allotted ESOP shares	Deduct TDS within 14 days of sale	Tax Rate Applicable for the year 2024-25
Employee exits company	Employee resigns or ceases employment	Deduct TDS within 14 days of exit	Same as above
48 months expiry	48 months after end of relevant AY (AY 2025-26 → ends March 2026, so 48 months = March 2030)	Deduct TDS within 14 days after expiry	Same as above

192(2B) -2024

- Employers, while deducting tax from salary, has authority to increase/decrease the TDS amount on salary based on
 - Other income of the employee (except losses),
 - Loss from house property.
 - Plus, any TDS already deducted on such income.
- 🙌 However there was not specific provision whereby the employer can consider TCS of the employee. TCS instances may arise due to
 - **Foreign Remittances:**
 - **Overseas Tour Packages:**
 - **High-value purchases:** (motor vehicle or certain luxury goods)
 - **WEF 1/10/2024, section 192(2B) has been amended, whereby an employer has been authorized to consider such TDS if employee submits such information to employer in form 12BAA ,**

Section 10(12)- 01.04.2022.

Aspect	Before 1 April 2020 (Old Rule)	After 1 April 2020 (New Rule)
Provident Fund Interest (from 1 April 2022)	Entire PF interest was tax-free.	Interest on employee contributions above ₹2.5 lakh/year is taxable. PF Trusts must maintain a “Taxable Contribution Account.”
TDS on PF Interest (Rule 9D & Circular, 2022)	Not applicable.	TDS @ 10% (if PAN linked), 20% (if PAN not linked). No TDS if interest ≤ ₹500/year. Deducted by PF Trustees at credit/payment. Circular No. WSU/6(1) 2019/Income tax / Part I (E – 33306) dated 5th April, 2022.

193- 01/10/2024

- Under section 193, tax is required to be deducted at source (TDS) on any income received by way of interest on securities.
- However, this provision does not apply to interest payable on securities issued by the Central or State Government.
- With effect from 1st October, 2024, the Floating Rate Savings Bonds, 2020 has been brought under exception category and therefore, interest > 10,000/- from FRSB also came of ambit of TDS

194 -01/04/2020

Aspect	Up to 31 March 2020	From 1 April 2020 (Finance Act 2020)
Who paid tax?	Company (via DDT under Sec. 115-O)	Shareholder (company deducts TDS)
Rate / TDS	15% + surcharge + cess	10%/ 20% if dividend > ₹ 10,000 for R/ NR
Treatment for shareholders	Dividend income exempt (Sec. 10(34))	Dividend income taxable
Exemptions / Special rules	No TDS on dividends No TDS if dividend paid to Business Trusts (InvITs/REITs) or notified persons	Threshold of ₹10,000 for residents

Why Business Trusts are exempt?

- A Business Trust is a specialized, SEBI-registered investment vehicle, primarily in the form of Real Estate Investment Trusts (REITs) or Infrastructure Investment Trusts (InvITs).
- These trusts pool capital from investors to invest in income-generating real estate.
- Instead of Section 194, income distributed by a business trust to its unit holders is subject to TDS under Section 194LBA (10% for residents, 5% for non-residents)

194A(3) clause (v) or (viia) -01/04/2020

Aspect	Before 1 April 2020 (Old Rule)	After 1 April 2020 (New Rule)
Co-operative societies	No TDS required on interest in certain cases (members, other co-op societies, deposits with PACS/Primary Credit Societies/Co-op Land Mortgage Banks, and non-time deposits with co-op banks).	Must deduct TDS if turnover > ₹50 crore in the preceding year and interest paid exceeds threshold.
Threshold for deduction	Not applicable (exempt).	₹1,00,000 / ₹50,000 (for senior citizens/ others).

194BA: Winning Online Games: 01/04/2023


- From 1 April 2023, online gaming platforms must deduct TDS on Net winnings of players.
- Net winnings = Withdrawals – (non-taxable deposits + opening balance).
- TDS applies at time of withdrawal and also at end of financial year if balance remains.
- Rate: As per income-tax law (generally 30%).
- Important Circular 5/2023 dated 1/4/2023

Component	Amount (₹)	Type	TDS Impact
Opening balance (start of year)	1,000	Non-taxable	NA
Deposit	10,000	Non-taxable deposit	NA
Bonus from platform	2,000	Taxable deposit	Included in winnings, TDS applies
Game winnings	15,000	Net gain	Included in winnings, TDS applies
Total account balance	28,000		
Amount withdrawn	20,000	Withdrawal	Triggers TDS calculation
Net winnings = 20,000 – (10,000 + 1,000)	9,000	Taxable	TDS @30% = ₹2,700
Final payout	17,300	After TDS	Credited to bank account


194C(7)(iv) – 01/10/2024

- Section 194C requires **TDS (Tax Deducted at Source)** on payments made to contractors for carrying out “work.”
- Definition of “Work” has been provided in S. 194C(7).
- This subsection has been amended to exclude the payment towards
- **Any sum covered under Section 194J(1)** (i.e.fees for professional services, technical services, royalty, etc.).


194C(7)(iv) – 01/10/2024

-  Why this change?
- There was overlapping of provisions of S. 194C and 194J.
- Many deductors were deducting tax as per rate provided in S. **194C** (contractor TDS) though the payments were actually for **professional/technical services** within the ambit of S. **194J**.
- To avoid this overlap, amendment has been made whereby the TDS is required for such services even if these services are utilized under a “work contract.”

194C(7)(iv) – 01/10/2024

-  The Complication
- Section 194C defines “work” to include advertising (**# S. 194(7)(iv)(a)**), and simultaneously excludes services covered under Section 194J.
- Section 194J, **by its Explanation**, includes advertising within the scope of “professional services.”
- Thus, advertising stands included under Section 194C and excluded therefrom, as it falls within Section 194J.
- This contradiction creates scope for litigation on whether advertising contracts are liable to tax under Section 194C or Section 194J

194C(7)(iv) – 01/10/2024

-  Practical Impact
- From **1 Oct 2024**, if a payment looks like **professional/technical services** (e.g., consultancy, IT services, advertising agencies), it should be covered under **194J**, not 194C.
- Deductors must carefully classify payments to avoid disputes.
- While TDS rates have been reduced in many sections to simplify compliance, this amendment may **increase complexity** because of overlaps and contradictions.

194IA -01/04/2022

- **Who deducts TDS**
 - The **buyer** of property
 - Applies to **immovable property other than agricultural land**.
 - Does **not** apply to compulsory acquisition cases (covered under Section 194LA).
- **When to deduct TDS**
 - At the time of **credit** OR At the time of **payment** **Rate of TDS**
 - **1%** of the **higher of sale consideration OR The stamp duty value (SDV)** of the property.
- **No TDS if :**
- Sale consideration < ₹50 lakh, AND
- Stamp duty value < ₹50 lakh.

194IA -01/04/2024

- Earlier, some taxpayers argued that the ₹50 lakh limit applied **per buyer** rather than **per property**.
- Now the **aggregate consideration** (all buyers to all sellers) must be considered.
- Example: If two buyers purchase a property for ₹30 lakh each (total ₹60 lakh), TDS applies because aggregate > ₹50 lakh.

194N -01/04/2020

- Banks, co-operative societies, and post offices must deduct **2% TDS** if a person withdraws **cash above ₹1 crore** in a financial year (from one or more accounts).
- **First Proviso – Non-filers of ITR**
- **2% TDS** if cash withdrawal is **₹20 lakh – ₹1 crore**.
- **5% TDS** if cash withdrawal is **above ₹1 crore**.
- **Second Proviso – Govt Notification (limited) :**
- The Central Government (with RBI consultation) may notify cases where the **first proviso does not apply or applies at reduced rate**. Currently, **no such notification issued**.

194N -01/04/2020

- **Third Proviso – Exemptions**
- Government. Banks, co-operative societies, or post offices White-label ATM operators (authorized by RBI).
- **Fourth Proviso – Broader Exemption**
- Govt (with RBI consultation) may notify recipients where **Section 194N itself will not apply or will apply at reduced rate.**
- In connection with amended provision, CBDT issued Circular No. 14/2020 (dated 20th July 2020), clarifying that exception carved out for this section prior to amendment vide Notification 68/2019 (18.09.2019), Notification 70/2019 (20.09.2019), Notification 80/2019 (15.10.2019) will continue to be valid.

S.194N vs S. 198

- As per S. 198, the tax deducted under the TDS provisions will be considered as income of the assessee.
- So initially there was a confusion that how this TDS would qualify as income of the assessee & if the same is not income, whether credit for tax deducted at source u/s 194N would be available to the assessee.
- However vide 10th amendment in Rule 37BA, it has been clarified that such credit is available to the assessee.

1940- 01/10/2020

- E-commerce operators must deduct **TDS** on the gross sales/services made through their platform, at the time of credit or payment (whichever is earlier) to e-commerce **Participants**
- **TDS Rate : 0.1% (After 1/10/2024)**
- If PAN not provided → **5%** (Section 206AA).
- **Exemption for Small Sellers (Individuals/HUFs):** No TDS if: Annual payment \leq ₹5,00,000 **AND** they have provided PAN/Adhar to Operator

1940- 01/10/2020

- **E-commerce operator:** A person who owns/operates/manages a digital platform for online commerce. e.g. (Amazon, Flipkart, Zomato, Uber)
- **E-commerce participant:** A resident in India who sells goods or provides services (including professional/technical services and digital products) through such platforms. (e.g., restaurants on Zomato, shops on Flipkart, drivers on Ola).

Circular No. 20/2023

Situation / Aspect	Rule / Clarification	TDS Basis
Multiple ECOs in one transaction	The seller-side ECO (who pays the seller) must deduct TDS.	On gross amount of sales/services.
Seller-side ECO is also the seller	The ECO making payment (ECO-2) deducts TDS.	On gross amount of sales/services.
Gross amount includes	Price of goods/services + packing + shipping + delivery + convenience fees.	TDS on full invoice value (e.g., ₹118 if ₹100 goods + ₹18 fees).
Commissions/fees charged by ECOs	Already covered in gross invoice; no separate TDS under other sections (like 194H).	Deducted once under 194-O.

Circular No. 20/2023

Situation / Aspect	Rule / Clarification	TDS Basis
GST/State taxes shown separately	If GST/VAT/Excise is separately shown in invoice → exclude from TDS (on credit basis).	TDS on net of GST/taxes.
Purchase returns	If goods returned after TDS deduction → adjust against next transaction with same seller in same FY.	Credit allowed to seller.
Discount by seller	Invoice reduced → TDS on reduced amount (e.g., ₹90 if ₹10 discount).	On discounted invoice value.
Discount by ECO (buyer/seller side)	Invoice still for full value (e.g., ₹100), ECO funds the discount.	TDS on full invoice value.


194P-01/04/2021

- Senior citizens aged 75 years or more, who are residents, need not file ITR if:
 - They have only pension and interest income (**interest from the same bank where pension is credited**).
 - They submit a declaration (Form 12BBA) with details of income, deductions, and rebate.
 - The bank is a specified bank notified by the government. (**As per Notification No. S.O. 3595(E), dated September 2, 2021, “specified bank” means a banking company which is a scheduled bank and has been appointed as agents of RBI under section 45 of the Reserve Bank of India Act.**)

194P-01/04/2021

- The **bank calculates total income**, applies deductions/rebate, and **deducts TDS**.
- Once TDS is deducted, the senior citizen is **exempt from filing returns**.
- Banks must maintain records; failure to comply can attract penalties.
- 👉 In short: **Section 194P exempts senior citizens (75+) with only pension + interest income from filing ITR. The bank deducts TDS after declaration.**

194R – Deduction on benefits – Business or profession -01/04/2022

- If a business or professional **gives any benefit or perquisite** (may be in the form of extra advantage, gift, or incentive) to someone in India, they must deduct **10% TDS** before giving it.
- This applies whether the benefit is in **cash, kind (goods/services), or a mix of both**. Applies only if the **total value of benefits in a year is > ₹20,000**.
-  Examples where TDS applies
- **Cash incentive:** A company gives a dealer ₹50,000 cash for achieving sales targets → Deduct 10% TDS (₹5,000).
- **Gift vouchers / prepaid cards:** A pharma company gives doctors Amazon gift cards worth ₹25,000 → Deduct 10% TDS (₹2,500).
- **Free trips:** A company sponsors a holiday trip for its top distributors → Deduct 10% TDS on the trip's value.
- **Free samples :** A medical company gives free medicine samples to doctors → Deduct 10% TDS on the sample value.





194R –01/04/2022

- **✗** Examples where TDS does *not* apply
- **Sales discounts:**
“Buy 10 items, get 2 free” → This is just a reduced sale price, no TDS.
- **Cash rebates:**
Seller gives ₹5,000 rebate on bulk purchase → No TDS.
- **Conferences:**
A company holds a training session to explain new products → No TDS.
(But if the conference includes leisure trips or family expenses, then TDS applies).

194R –01/04/2022


Type of Benefit/Perquisite	TDS @ 10% Applicable?	Notes
Cash benefits	✓ Yes	Deduct before giving.
Benefits in kind (gifts, cars, land, shares, etc.)	✓ Yes	Even if capital asset, treated as perquisite.
Partly cash + partly kind	✓ Yes	Provider must ensure tax is paid before release.
Sales discount / cash discount / rebates	✗ No	Treated as reduced sale price, not perquisite.
“Buy 10 get 2 free” trade offers	✗ No	Considered reduced price, not free benefit.
Free samples (e.g., medicines to doctors)	✓ Yes	Tax must be deducted.


194R -01/04/2022

Type of Benefit/Perquisite	TDS @ 10% Applicable?	Notes
Incentives (cars, TVs, gold coins, trips, etc.)	 Yes	Covered as perquisites.
Sponsored trips / event tickets	 Yes	Treated as benefit.
Dealer conferences (educational/product training)	 No	Allowed if purely educational/business purpose.
Dealer conferences (leisure trips, family expenses, extra stay)	 Yes	Treated as benefit.

Type of Benefit/Perquisite	TDS @ 10% Applicable?	Notes
Social media influencer products (returned after use)	✗ No	Not a benefit if returned.
Social media influencer products (retained)	✓ Yes	Treated as benefit.
Reimbursement of expenses (invoice in company's name)	✗ No	Not a benefit.
Reimbursement of expenses (invoice in consultant's name)	✓ Yes	Treated as benefit.
Government entities (not carrying on business/profession)	✗ No	Section 194R not applicable.

194R –01/04/2022 Grey Areas

-  Bad debts / loan write-offs
- Applicability of S. 194R When a company writes off a **bad debt**,
- Whether there is an issue of “granting” a benefit.
- ???

-  Loan waivers
- If a bank **waives a loan**, it looks like a benefit to the borrower.
- But CBDT (Circular 18/2022) said: **Banks don't need to deduct TDS** under 194R for loan waivers.
- However, **other lenders** (like NBFCs, private companies, or even parent-subsidiary loans) don't have this exemption.
- This has created an **unequal situation**.

194S – 01/07/2022

- Section 194S applies when the payment for a VDA is made to a seller who is a resident of India. The seller, in this case, is the deductee. This rule is specifically for transactions with residents.
- If the seller is a non-resident, other sections of the Income Tax Act, such as Section 195, might apply.
- Section 194S will not be applicable for Specified Person

194S - Specified person

- “Specified Person” means any person
- (i) being an
- Individual or a HUF, whose total sales, gross receipts or turnover from business or profession does not exceed Rs 1 Cr. in case of business or Rs 50 Lakhs in the case of profession, during the immediately preceding financial year in which such VDA is transferred or
- (ii) being an Individual or a HUF who does not have income under the head “Profits and Gains of Business or Profession”.

Transactions under 194S

- **Scenario 1** – Direct P2P (Buyer → Seller, INR payment) :
Buyer deducts 1% TDS if value exceeds threshold.
- **Scenario 2** – Through Exchange (Exchange not owner of VDA): **Exchange deducts** 1% TDS when processing payment.
If broker involved, responsibility shared/agreed
- **Scenario 3** – Through Exchange (Exchange is owner of VDA)
Buyer responsible for 1% TDS, but can agree in writing for exchange to handle deduction and filing.

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Transactions under 194S

- **Scenario 4** – Payment in Kind (VDA for VDA / Barter)
Both parties deduct 1% TDS on fair value of VDA received
- Tax must be paid before exchange
- **Scenario 5** – Part Cash + Part Kind
- **TDS on total value of transaction.**
- Payer ensures tax on in-kind portion is covered; if cash is insufficient, balance tax must be paid before completion

Section 194T-01/04/2025

- Effective from 1st April 2025,
- Payments such as **salary, remuneration, interest, commission, or bonus** made by firms and LLPs to their partners will be subject to TDS.
- Under this provision, firms and LLPs must deduct TDS at 10% if the total payment to a partner exceeds Rs.20,000 in a financial year.

Section 194T-01/04/2025

- **Issue 1:**
- Section 194T does not define the terms such as ‘salary,’ ‘remuneration,’ ‘bonus,’ and ‘commission.’
- These terms are generally understood in the context of an employer-employee relationship, which is conspicuously absent between a partner and the firm.
- In the absence of clear legislative definition, there is a risk differences of opinion from both the sides and may lead to litigations.
- To avoid any ambiguity, the partnership deed must spell out the nature of different payments that shall be made to the partners.

Section 194T-01/04/2025

- **Issue 2:**

Whether certain credits to a partner's capital account which are on account of revaluation of assets, recognition of goodwill, restructuring of the firm or other notional allocations, would also fall within the ambit of Section 194T?

Section 194T-01/04/2025

- **Issue 3:**
- **Timing of TDS on interim withdrawals**
- Practical issues/challenge
- Normally partners withdraw funds periodically throughout the financial year **without any immediate classification as to the nature of such withdrawals.**
- When a partner withdraws money at the **beginning of the year as a loan and the loan amount is adjusted at the end of the year towards remuneration.**
- The determination of nature of these withdrawals as capital withdrawals, remuneration, commission, interest or otherwise, is only determined upon finalisation of accounts.
- What would be the timing for TDS?

Section 194T-01/04/2025

- **Issue 4:**
- Section 194T requires to deduct TDS on payments made to partners at the time of credit or payment, whichever is earlier, even if no actual cash is paid.
- This means that even book entries such as crediting remuneration or interest to a partner's capital account attract TDS compliance, creating a situation where partners must report such credited amounts as income and pay tax on them despite not receiving cash.
- As a result, both firms and partners may face a not only on timing mismatch on tax liability and receipt but it may also lead to potential financial strain when the firm is having liquidity issues.

Section 194T-01/04/2025

- **Issue 5:**
- When a partner retires, the final settlement usually encompasses multiple components such as capital contributed, accumulated profits, interest accrued on capital, and in some cases, a share of the firm's goodwill or intangible assets. The complexity arises when these elements are not clearly delineated in the partnership deed, leading to ambiguity in how each component should be treated for tax purposes.

2061(G)-2025

Foreign Remittances	Prior to 01/04/2025	Post 01/04/2025
Under LRS / Education/ Medical Treatment	No TCS if total LRS remittance < ₹7 lakh in FY.	No TCS if total LRS remittance < ₹10 lakh in FY.
Under LRS / other than Education/ Medical Treatment Remittances	TCS @ 5% ; If total LRS remittance > ₹7 lakh in FY.	TCS @ 20% ; If total LRS remittance > ₹10 lakh in FY.
For Education/ Medical Treatment Remittances	TCS @ 5% ; If total LRS remittance > ₹7 lakh in FY.	TCS @ 5 % ; If total LRS remittance > ₹10 lakh in FY.
LRS for education funded by loan (80E)	TCS @ 0.5% on amount exceeding ₹7 lakh,	No TCS (0%) regardless of amount.

- **Issue 6:**
- Section 40(b) limits the deductibility of remuneration and interest paid by a firm to its partners, while Section 28(v) taxes only the amount allowed under Section 40(b) as business income in the hands of the partner.
- Section 194T requires TDS on the entire amount credited or paid, irrespective of its allowability under Section 40(b).
- For example, if a firm credits ₹3,00,000 as remuneration but only ₹2,00,000 is allowable, TDS must still be deducted on ₹3,00,000, though the partner is taxed only on ₹2,00,000, leading to discrepancies between Form 26AS and the partner's return.


206C(1F) - 2023

- Seller must collect 1% TCS on sale of a motor vehicle worth more than ₹10 lakh.
- This provision will also apply to other goods (to be notified by CBDT) if their value exceeds ₹10 lakh., in the category of “luxury goods.”
- Exact list of goods is notified vide **Notification No. 36/2025, dated 22nd April 2025**

- Wrist watches
- Art pieces such as antiques, paintings, and sculptures
- Collectibles such as coins and stamps
- Yachts, rowing boats, canoes, and helicopters
- Sunglasses
- Bags such as handbags and purses
- Shoes
- Sportswear and equipment such as golf kit and ski-wear
- Home theatre systems
- Horses for horse racing in race clubs and polo.

- There was some overlap between S. 194Q and S. 206C1(F)
- 194Q : Deduction of tax at source on payment of certain sum for purchase of goods.
- Amendment has been made from 01/04/2025 in 194Q section as under:
- *The provisions of this section shall not apply to a transaction on which—*
- *(a) tax is deductible under any of the provisions of this Act; and*
- *(b) tax is collectible under the provisions of section 206C*

271H

- Section 271H – Penalty for Late Filing of TDS/TCS Returns
- **Current rule (till 31 Mar 2025):**
No penalty if TDS/TCS returns are filed **within 1 year** of the due date, after paying tax, fees, and interest.
- **New rule (from 1 Apr 2025):**
The relief window is reduced to **1 month**.
 Returns must be filed within **1 month of the due date** to avoid penalty.
- **Exception:**
Even if returns are filed **after 1 month**, no penalty will apply if there is a **reasonable cause** (covered under Section 273B).

2024

Section	Nature of Payment	Existing Rate	New Rate
194DA	Life insurance policy payments	5%	2%
194G	Commission on lottery ticket sales	5%	2%
194H	Commission or brokerage	5%	2%
194-IB	Rent paid by individuals/HUF	5%	2%
194M	Certain payments by individuals/HUF	5%	2%
194-O	Payments by e-commerce operator	1%	0.1%
194F	Repurchase of units by Mutual Fund/UTI	20%	Omitted

Amendment in 2025

Provision	Old Rule	New Rule (from 1 Apr 2025)
Sec 194-I TDS on Rent on land, buildings, machinery, and furniture.)	Threshold: ₹2.4 lakh per year	Threshold: ₹50,000 per month
Sec 194 J TDS on Fees :	₹ 30,000	₹ 50,000
Sec 194 J TDS on Commission	₹15,000	₹20,000

Section	Nature of Payment	Old Rate of TDS	New Rate of TDS
194A	Interest (other than securities)	10%	5%
194C	Payment to contractors/sub-contractors	1% (Indl/HUF), 2% (others)	0.75% (Indl/HUF) 1.5% (others)
194H	Commission or brokerage	5%	3%
194-I	Rent (land, building, furniture, fittings)	10%	5%
194J	Fees for professional/technical services	10%	5%
194K	Income from units	10%	5%
194LA	Compensation on compulsory acquisition of immovable property	10%	5%
194-O	Payment by e-commerce operators	1%	0.75%

- TDS PROVISIONS
- INCOME TAX ACT 2025 VS INCOME TAX ACT 1961

OLD	New	Changes
Uses “previous year” / “financial year” for threshold tests and timing.	Uses tax year terminology consistently for thresholds and timing of deduction.	Terminology aligned with new Code; conceptually same assessment cycle.

Defined Term	Old Act (Relevant Section)	New Act (Sec. 402)	Comparison / Difference
Administrator	Sec. 194K, Exp. 1(a)	402(1)	No significant difference..
Agricultural Land	Sec. 194LA, Exp. (i); Sec. 194-IA, Exp. (a)	402(2)	Consolidated.
Incorrect Claim (in statement)	Sec. 200A(1), Explanation	402(3)-	Same.
Authorised Dealer	Sec. 206C(1G), Exp. (i)	402(4)	Same.
Banking Company	Sec. 194A(3)(i)(a); Sec. 194N(i)	402(5)	Consolidated.
Buyer	Sec. 194Q, Explanation; Sec. 206C Expl. (aa)	402(6)	Consolidated.

Contract	Sec. 194C, Exp. (iii); Sec. 194M, Exp. (a)	402(10)	Same. Specifies that contract includes sub-contract.
Designated Person	Sec. 194C, Exp. (i) "Specified Person"	402(11)	Terminology Change. The list of payers (Govt, Corporations, etc.) for works contracts is called "Specified Person" in the Old Act. The New Act renames this "Designated Person".
E-Com	Sec. 194-O, Exp. (a)	402(12)	Same.
E-commerce Operator	Sec. 194-O, Exp. (b)	402(13)	Same.
E-commerce Participant	Sec. 194-O, Exp. (c)	402(14)	Same.
FTS	Sec. 194J, Exp. (b)	402(15)	Same.
Foreign Exchange Asset	Sec. 204, Exp. (a)	402(16)	Same.

Foreign Institutional Investor	Sec. 194LD, Exp. (a)	402(17)	Same.
Goods Carriage	Sec. 194C, Exp. (ii)	402(18)	Same.
Immovable Property	Sec. 194-IA, Exp. (b); Sec. 194LA, Exp. (ii)	402(19)	Consolidated. Defines land/building (excluding agricultural land).
Investor	Sec. 194LBC, Exp. (a)	402(20)	Same.
Licensee or Lessee	Sec. 206C(1C)	402(21)	Defined Term. Previously part of the substantive text of 206C(1C).
Licensor or Lessor	Sec. 206C(1C)	402(22)	Defined Term. Previously implied/part of the substantive text of 206C.
Non-resident Indian	Sec. 204, Exp. (a); Sec. 115C	402(23)	Same.
Offshore Banking Unit	Sec. 197A(1D), Explanation	402(24)	Same. Refers to SEZ Act, 2005.

Online Gaming Intermediary	Sec. 194BA, Explanation	402(25)	Same.
Overseas tour programme package	Sec. 206C(1G), Exp. (ii)	402(26)	Same.
Person Responsible for Paying	Section 204	402(27)	Consolidated. The definition is largely identical, listing who is responsible (employer, principal officer, etc.) for various types of payments.
Professional Services	Sec. 194J, Exp. (a); Sec. 194H, Exp. (ii)	402(28)	Same. Includes legal, medical, engineering, etc.
Rent	Sec. 194-I, Exp. (i); Sec. 194-IB, Exp.	402(29)	Same. Covers lease/tenancy of land, building, machinery, etc.
Royalty	Sec. 194J, Exp. (ba)	402(30)	Same. Refers to Section 9 definition.
Scrap	Sec. 206C, Explanation (b)	402(31)	Same. Waste/scrap from manufacture not usable as such.

Securities	Sec. 194H, Exp. (iii)	402(32)	Same. Refers to Securities Contracts (Regulation) Act.
Specified Person	Provisos in Sec. 194A, 194C, 194H, 194I, 194J,,	402(37)	Major Shift. In the Old Act, Individuals/HUFs were required to deduct tax if their turnover exceeded 1 Cr (Business) or 50 Lakh (Profession); this requirement was repeated in the proviso of every section. The New Act defines this class of payers specifically as "Specified Person".
Specified Senior Citizen	Sec. 194P, Exp. (b)	402(39)	Same.

Securities	Sec. 194H, Exp. (iii)	402(32)	Same. Refers to Securities Contracts (Regulation) Act.
Seller	Sec. 194Q, Explanation; Sec. 206C, Explanations	402(33)	Consolidated.
Services (for e-commerce)	Sec. 194-O, Exp. (d)	402(34)	Same. Includes professional and technical services.
Specified Bank	Sec. 194P, Exp. (a)	402(35)	Same.
Specified Company	Sec. 194K, Exp. 1(b)	402(36)	Same. Refers to UTI Act.

Defined Term	Old Act (Relevant Section)	New Act (Sec. 402)	Comparison / Difference
Specified Undertaking	Sec. 194K, Exp. 1(c)	402(40)	Same.
Time Deposits	Sec. 194A, Exp. 1	402(41)	Same.
Unit	Sec. 194LBB, Exp. (a)	402(42)	Same.
Unit Trust of India	Sec. 196A, Exp. (c)	402(43)	Same.
University	Sec. 192(2A), Explanation	402(44)	Same.
Work	Sec. 194C, Exp. (iv)	402(47)	Same. Includes advertising, broadcasting, catering, etc.

OLD Provisions	New Provisions	Changes
<p>Chapter XVII-B: Sections 192 to S. 197</p>	<p>Specific salary provision (e.g. s.392)</p> <p>For Other sections: Three master TDS Tables Resident (Table under s.393(1)) Non-resident (Table under s.393(2)) Any person (Table under s.393(3)); common “no TDS” conditions, declarations, grossing-up, deeming of credit etc.</p>	<p>Structural consolidation; rate and threshold content of multiple old sections is folded into a few comprehensive Tables, classified by payee-status rather than by many section numbers.</p>

Old Act Section	New Act Section	Differences & Changes
<p>Sec. 190, 191- Provides the general requirement that tax must be deducted or collected at source or paid as advance tax. If not deducted, it must be paid directly by the assessee,.</p>	<p>Sec. 390, 391- Mandates tax payment via TDS, TCS, or advance tax. Specifies that if tax is not deducted/collected, it is payable directly by the assessee, including specific provisions for ESOPs,.</p>	<p>Consolidation: The New Act mirrors the Old Act's structure but simplifies the language. It explicitly links direct payment obligations for ESOPs (start-ups) to the new section references (Sec 289(3)).</p>
<p>Sec. 192, 192A- Sec 192 mandates TDS on Salary at average rates. Sec 192A mandates TDS at 10% on accumulated Provident Fund balance withdrawals if not exempt,.</p>	<p>Sec. 392 - Consolidates TDS on Salaries. Sub-section (7) specifically incorporates the provision for deducting tax on accumulated Provident Fund balances, previously in a separate section,.</p>	<p>Merger of Sections: The New Act merges the separate section for Provident Fund (Old Sec 192A) into the main Salary section (New Sec 392(7)). It also retains the provision for employers to pay tax on non-monetary perquisites.</p>

Old Act Section	New Act Section	Differences & Changes
<p>Sec. 193 to 194Q, 194R, 194S-Numerous individual sections defining TDS for Residents: Interest (193, 194A), Contractors (194C), Rent (194-I), Professional Fees (194J), Goods Purchase (194Q), etc.</p>	<p>Sec. 393(1) [Table]- A single section containing a master Table (Columns A-D). It lists nature of income (e.g., Rent, Contracts, Professional fees), the Payer, Rate, and Threshold limit for Residents.</p>	<p>Structural Overhaul: The New Act abolishes dozens of separate sections. All TDS rates, thresholds, and payer definitions for residents are consolidated into one table under Sec 393(1). For example, Contractors (Old 194C) are now Sl. No. 6, and Rent (Old 194-I) is Sl. No. 2,.</p>
<p>Sec. 195, 196A to 196D, 194LB-LD - Separate sections for TDS on Non-Residents, covering interest, units, foreign currency bonds, and general payments to non-residents.</p>	<p>Sec. 393(2) [Table]- Consolidates all TDS provisions for Non-Residents into a single Table. Covers sports, interest, units, and general "any other sum" (Sl. No. 17)</p>	<p>Consolidation: Similar to residents, all non-resident TDS is unified. "Rates in force" applies generally, with specific rates for bonds/units listed in the table rows. The general "catch-all" for non-residents (Old 195) is now Sl. No. 17.</p>

Old Act Section	New Act Section	Differences & Changes
<p>Sec. 194B, 194BB, 194BA - Separate sections for Winnings from Lotteries (194B), Horse Races (194BB), and Online Games (194BA),,.</p>	<p>Sec. 393(3) [Table]- A unified Table for "Payments to Any Person" covering winnings. Sl. No. 2 specifically covers Online Games,.</p>	<p>Consolidation: All "winnings" sections are grouped under Sec 393(3). The distinction for "Net Winnings" for online games is retained in Note 1 of the table.</p>
<p>Sec. 197, 197A Sec 197 allows application for a certificate for lower/nil deduction. Sec 197A allows self-declaration (Forms 15G/15H) for nil deduction,.</p>	<p>Sec. 395, 393(6) Sec 395 governs applications for lower deduction certificates. Sec 393(6) governs self-declarations for nil tax,.</p>	<p>Streamlining: The "Lower Deduction" application (Old 197) covers both TDS and TCS in New Sec 395,. The list of eligible payments for self-declaration is now in a Table under Sec 393(6) rather than scattered subsections.</p>

Old Act Section	New Act Section	Differences & Changes
<p>Sec. 206C - Governs Tax Collection at Source (TCS) on scrap, timber, liquor, motor vehicles, LRS remittances, and overseas tour packages.</p>	<p>Sec. 394 [Table] - Consolidates TCS into a single table. Sl. Nos. 1-5 cover traditional goods (scrap, timber). Sl. Nos. 7-8 cover LRS and Tour Packages,.</p>	<p>Formatting: The substantive provisions remain largely similar (e.g., 5% TCS on LRS over 7 Lakhs is implied via "rates in force" or specific threshold mentions), but the layout is now a cleaner Table. "Buyer" definitions are moved to Sec 402(6).</p>
<p>Sec. 200, 203, 203A, 206- Separate duties: Pay tax (200), Furnish Certificate (203), Obtain TAN (203A), File Returns (206),,,.</p>	<p>Sec. 397 -Combines all compliance duties: Obtaining TAN number, furnishing PAN, paying tax, and filing statements (returns) are all subsections of one section.</p>	<p>Integration: New Sec 397 is a comprehensive compliance section. It mandates TAN, furnishing PAN (failure leads to higher rates—Old 206AA), and filing statements.</p>

Old Act Section	New Act Section	Differences & Changes
<p>Sec. 201, 206C(7) - Deems a person an "assessee in default" for failure to deduct/pay. Prescribes interest rates (1% / 1.5%) for delay,.</p>	<p>Sec. 398 - Unified "Assessee in Default" section for both TDS and TCS. Prescribes the same interest rates (1% for delay in deduction, 1.5% for delay in payment),.</p>	<p>Unified Default: The Old Act had separate default sections for TDS (Sec 201) and TCS (Sec 206C(6A)/(7)). The New Act combines consequences for both deduction and collection failures into Sec 398.</p>
<p>Sec. 200A, 206CB - Procedures for processing TDS and TCS statements respectively,.</p>	<p>Sec. 399 - Unified processing section for all statements (TDS and TCS), covering adjustments for errors and interest calculation.</p>	<p>Single Processing Mechanism: Instead of separate sections for processing TDS vs. TCS returns, Sec 399 handles processing for "All statements".</p>

Old Act Section	New Act Section	Differences & Changes
<p>Sec. 207 to 219 - Liability and computation of Advance Tax. Threshold is ₹10,000,.</p>	<p>Sec. 403, 404, 405 - Liability to pay advance tax if tax payable is ₹10,000 or more. Senior citizens (60+) without business income are exempt,.</p>	<p>Simplification: The provisions are identical in substance (₹10,000 threshold, senior citizen exemption), but the New Act condenses the calculation method (A = B - C) into Sec 405.</p>
<p>Sec. 2(Definitions) - Definitions were often in Section 2 or "Explanations" attached to specific sections (e.g., "Work" in 194C, "Professional Services" in 194J).</p>	<p>Sec. 402 - A dedicated "Interpretation" section for the whole Chapter. Defines "Work", "Professional Services", "Contract", "Specified Person", etc..</p>	<p>Centralized Definitions: Key terms like "Work" (Old 194C) and "Professional Services" (Old 194J) are moved to Sec 402(47) and 402(28) respectively,. The list of payers (Govt, Co, etc.) in Old 194C is now defined as "Designated Person</p>

- **THANK YOU.**