

INDIA BUDGET

2025

A SYNOPSIS OF PROPOSALS

TaxCon™

(An ISO 27001:2013 certified company)

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OVERVIEW- DIRECT TAX

1. Finance Minister proposes to Introduce the “New” Income Tax Bill next week.
2. Proposed changes to personal income tax slab rates under Section 115BAC (New Tax Regime).
3. Rebate under section 87A for the new tax regime opters is increased from Rs. 25,000 to Rs. 60,000.
4. It is proposed to increase the limits on the income of the employees for the purpose of calculating the perquisites. Same would be prescribed by the rules.
5. Transactions or activities of a non-resident in India that involve purchasing goods for export purposes do not establish a significant economic presence for that non-resident in India.
6. Unit Linked Insurance Policy (ULIP) is classified as an equity-oriented fund, which is considered a capital asset. Hence any profits and gains from the redemption of ULIPs that do not qualify for exemption under clause (10D) of section 10 will be subject to tax as capital gains.
7. Key amendments introduced to enhance the competitiveness of IFSC-based businesses, including tax reliefs for corporate treasury centres, fund managers, insurance products, and the expansion of tax exemptions to ship leasing units.
8. For Sovereign Wealth Funds and Pension Funds extension of date of making investments till 31.03.2030.
9. Simplification and Rationalisation of tax provisions for charitable trusts/institutions.
10. Annual value of the house property will be considered NIL if the owner is unable to occupy the house property for any reason.
11. Presumptive taxation introduced for non-resident providing services for electronics manufacturing facility.
12. Accumulated losses cannot be carried forward or set off by the amalgamated entity beyond eight assessment years following the assessment year in which the loss was originally computed for the original predecessor entity.
13. Exemption to withdrawals by Individuals from deposits in the National Savings Scheme from taxation.
14. Deduction under section 80CCD for contributions made to NPS Vatsalya (savings-cum pension scheme designed exclusively for minors).
15. Extension of timeline for tax benefits to start-ups i.e. the benefit will be available to eligible start-ups incorporated before 01.04.2030.
16. Tonnage tax scheme applicable to the business of operation of ships extended to vessels operating in Indian inland waters.

17. The Arm's Length Price (ALP), determined for an international or specified domestic transaction will apply to similar transactions for the next two consecutive years, making it applicable for three years in total.
18. The Capital Gain Tax on long-term gains from the transfer of securities held by specified funds or Foreign Institutional Investors will be raised to 12.5% under section 115AD.
19. Extends the time limit for filing updated returns to 48 months, with increased additional tax rates.
20. Block assessment provisions under Chapter XIV-B expand the definition of undisclosed income, revise assessment procedures, and extend the assessment time limit.
21. Rationalization of TDS provision by enhancing the threshold limits for deducting tax under Sections 193, 194, 194A, 194D, 194G, 194H, 194I, 194J, 194K, 194LA.
22. Reduction in rate of tax collection from 2.5% to 2% for certain transactions covered under section 206C(1).
23. No collection of TCS under section 206C(1G) for remitting funds for education purpose out of loans obtained from financial institutions as defined under section 80E.
24. Rationalization of threshold limit for TCS collection under section 206C(1G) by enhancing it from 7 lakhs to 10 lakhs for various transactions.
25. Omission of tax collection on sale of goods under section 206C(1H) from AY 2026-27 onwards.
26. Omission of section 206AB/206CCA containing higher rate of TDS/TCS for non-filers of ITR from AY 2026-27 onwards.
27. Section 270AA of the Act proposes extending the period for the Assessing Officer to process immunity applications from one month to three months.
28. The responsibility of imposing penalties under sections 271C, 271CA, 271D, 271DA, 271DB, and 271E from the Joint Commissioner to the Assessing Officer, with prior approval for higher penalties.
29. The exclusion period for court-ordered stays begins when the stay is granted and ends when the certified copy of the order lifting the stay is received.
30. The time limit for the Assessing Officer to pass a penalty order is set to six months from the end of the quarter in which proceedings are completed or relevant orders or notices are received or issued.
31. Section 276BB of the Income Tax Act will be amended to prevent prosecution for failing to remit TCS if payment is made before the quarterly statement filing deadline.
32. Section 285BAA introduces the obligation for reporting entities to provide transaction details of crypto-assets to income-tax authorities, with provisions for rectifying defects and penalties for non-compliance.

33. The Central Government proposes to remove the 31st March 2025 deadline for notifying faceless schemes under sections 92CA, 144C, 253, and 255 of the Income Tax Act, allowing for future directions as needed.

OVERVIEW- INDIRECT TAX

1. Explicit requirement of reversal of ITC in respect of a credit-note, if availed, by the registered recipient, for the purpose of reduction of tax liability of the supplier in respect of the said credit note.
2. Mandatory 10% pre-deposit of penalty for appeals before appellate authority/tribunal, in cases involving only demand of penalty without any demand for tax.
3. Specific provision for time of supply in respect of vouchers has been deleted.
4. The supply of goods warehoused in SEZ or in FTWZ, to any person before clearance for exports or to DTA shall neither be treated as supply of goods nor services.
5. Introduced new track and trace mechanism for specified goods.

BUDGET HIGHLIGHTS- DIRECT TAX

Changes to personal income tax under Section 115BAC (New Tax Regime)

For the assessment year 2026-27, the following rates under sub-section (1A) of section 115BAC of the Act shall be applicable:

Sl. No.	Total Income	Rate of Tax
1.	Upto Rs. 4,00,000	Nil
2.	From Rs. 4,00,001 to Rs. 8,00,000	5%
3.	From Rs. 8,00,001 to Rs. 12,00,000	10%
4.	From Rs. 12,00,001 to Rs. 16,00,000	15%
5.	From Rs. 16,00,001 to Rs. 20,00,000	20%
6.	From Rs. 20,00,001 to Rs. 24,00,000	25%
7.	Above Rs. 24,00,000	30%

Additionally, it is proposed to increase the total income limit for rebate under clause (a) and (b) of the first proviso in section 87A, where income-tax is calculated according to the rates in sub-section (1A) of section 115BAC, from Rs. 7,00,000/- to Rs. 12,00,000/-. Furthermore, the rebate limit under clause (a) of the first proviso to section 87A will be raised from Rs. 25,000/- to Rs. 60,000/-.

This amendment will take effect from the 1st day of April, 2026 and shall accordingly, apply in relation to the assessment year 2026-27 and subsequent assessment years.

Rationalization of Charitable Trusts and Institutions Provisions:

- Incomplete applications with minor defaults for trust or institution registration will not be treated as specified violations under sub-section (4) of section 12AB.
- To ease compliance for smaller trusts or institutions, the registration validity period is proposed to be extended from 5 years to 10 years. This applies to trusts or institutions that apply under sub-clauses (i) to (v) of clause (ac) of sub-section (1) of section 12A and have a total income (excluding sections 11 and 12) not exceeding Rs. 5 crores in each of the two previous years preceding the application year.
- The threshold for a contribution to be considered "substantial" has been revised from Rs. 50,000 up to the end of the relevant previous year to Rs. 1 lakh during the relevant

previous year or exceeding Rs. 10 lakhs in aggregate up to the end of the relevant previous year.

- Amendments have been made to exclude 'relative' and 'concern in which such person has substantial interest' from the definition of 'specified person' under section 13(3) of the Income Tax Act, 1961.

This amendment will take effect from the 1st day of April, 2026 and shall accordingly, apply in relation to the assessment year 2026-27 and subsequent assessment years.

Scheme of presumptive taxation for non-resident providing services for electronics manufacturing facility

It is proposed, to insert a new section 44BBD, which deems twenty-five per cent of the aggregate amount received/ receivable by, or paid/ payable to, the non-resident, on account of providing services or technology, as profits and gains of such non-resident from this business. This will result in an effective tax payable of less than 10% on gross receipts, by a non-resident company.

This amendment will take effect from the 1st day of April, 2026 and shall accordingly, apply in relation to the assessment year 2026-27 and subsequent assessment years.

Rationalisation of provisions related to carry forward of losses in case of amalgamation

It is proposed to amend sections 72A and 72AA to state that any loss forming part of the accumulated loss of a predecessor entity, which is deemed to be the loss of the successor entity, can be carried forward for no more than eight assessment years following the assessment year in which the loss was initially computed for the original predecessor entity.

This amendment aims to prevent the continuous transfer of losses through successive amalgamations and ensures that no accumulated loss can be carried forward beyond eight assessment years from the year it was first computed for the original predecessor entity.

These amendments will apply to any amalgamation or business re-organization occurring on or after April 1, 2025.

This amendment will take effect from the 1st day of April, 2026 and shall accordingly, apply in relation to the assessment year 2026-27 and subsequent assessment years.

Deduction under section 80CCD for contributions made to NPS Vatsalya (savings-cum pension scheme designed exclusively for minors)

It is proposed to extend the tax benefits of the National Pension Scheme (NPS) under Section 80CCD to contributions made to NPS Vatsalya accounts as follows:

- A deduction up to Rs 50,000/- will be allowed to the parent/guardian's total income for amounts deposited in a minor's NPS account, under sub-section (1B) of section 80CCD.
- The amount for which the deduction was allowed, or any accrued amount, will be taxed upon withdrawal if deposited in a minor's account.
- Any amount received due to the minor's death will not be considered the parent/guardian's income.

Additionally, the NPS Vatsalya Scheme allows partial withdrawals for contingencies like education, treatment of specified illnesses, or severe disability (over 75%) of the minor. A new clause (12BA) in section 10 of the Act will exempt such partial withdrawals from the parent/guardian's total income, provided it does not exceed 25% of the contributions made by them and adheres to the regulations specified under the Pension Fund Regulatory and Development Authority Act, 2013.

This amendment will take effect from the 1st day of April, 2026 and shall accordingly, apply in relation to the assessment year 2026-27 and subsequent assessment years.

New Scheme to ALP on International or specified domestic Transactions for a Block Period of 3 years

It is proposed to amend Transfer Pricing (TP) assessments and are focused on applying the Arm's Length Price (ALP) determined for a specific international or specified domestic transaction to similar transactions in the next two consecutive years. Here is a brief summary of the key points:

- The assessee will be required to exercise an option regarding the application of ALP for the following two years, within a prescribed form and timeframe (new sub-section (3B) in section 92CA).
- The TPO must confirm the validity of the exercised option within one month, and upon confirmation, the ALP for the relevant transaction will apply to the two consecutive previous years (new sub-section (4A) in section 92CA).
- ALP Application and Examination:

- The ALP determined for the international or specified domestic transaction for a given year will apply to similar transactions in the subsequent two years.
- The TPO must examine and determine the ALP for these consecutive years (new sub-section (4A) in section 92CA).
- The AO will recompute the total income for those years as per section 155 (new sub-section (4A) in section 92CA).
- No further reference for ALP computation can be made for these years unless stated otherwise (new provisos to sub-section (1) of section 92CA).
- The option exercise provisions will not apply to any proceedings under Chapter XIV-B of the Income-tax Act (proviso to new sub-section (3B) in section 92CA).
- If there are any difficulties in implementing these provisions, the Board may issue guidelines (with prior approval of the Central Government), which will be binding on both income-tax authorities and the assessee (new sub-section (11) in section 92CA).
- A new sub-section (21) in section 155 will require the AO to recompute the assessee's total income for the two consecutive years, following the ALP determined by the TPO. This recomputation must be done within a specified period (three months after assessment completion). The ALP determined by the TPO will be followed, including any directions under section 144C (sub-section (21) in section 155).

These amendments will take effect from April 1, 2026, applying to assessment year 2026-27 and subsequent years. The amendments aim to streamline and provide certainty regarding the application of ALP over a span of three years for similar international or specified domestic transactions.

Rationalisation of taxation of capital gains on transfer of capital assets by non-residents

Section 115AD of the Income Tax Act previously imposed a 10% tax rate on long-term capital gains from securities (other than units under Section 115AB) for specified funds and Foreign Institutional Investors (FIIs). The Finance (No. 2) Act, 2024, increased the long-term capital gains tax rate to 12.5% for all assessees, both residents and non-residents, effective from July 23, 2024. However, the tax rate for long-term capital gains not covered under Section 112A remained at 10%. To align these provisions, it is now proposed to amend Section 115AD, raising the tax rate on such long-term capital gains to 12.5%.

This change will take effect from April 1, 2026, applicable for the assessment year 2026-27 and beyond.

Extending the time-limit to file the updated return

Sub-section (8A) of section 139 of the Income Tax Act currently allows taxpayers to file an updated return within 24 months from the end of the relevant assessment year. If filed within

12 months, an additional income tax of 25% of the total tax and interest is applicable. For returns filed after 12 months but before 24 months, the additional tax increases to 50%.

The proposed amendment seeks to extend the time limit for filing updated returns from 24 months to 48 months. The additional tax rates will also increase: 60% for returns filed between 24 and 36 months, and 70% for returns filed between 36 and 48 months.

Additionally, taxpayers cannot file an updated return if a notice under section 148A has been issued within 36 months of the relevant assessment year. However, if an order under section 148A(3) determines no notice will be issued, the taxpayer can still file an updated return within 48 months.

These changes will take effect from April 1, 2026.

Amendments proposed in provisions of Block assessment for search and requisition cases under Chapter XIV-B

It is proposed to change block assessment provisions under Chapter XIV-B of the Income Tax Act for search and requisition cases, effective from February 1, 2025. Key amendments include:

- “Virtual digital asset” is added to the definition of undisclosed income (Section 158B).
- Pending assessments, reassessments, or references for years in the block period will be canceled once a search or requisition begins. If annulled in appeals, they can be revived (Section 158BA).
- Changes to clarify that assessments need to be made even if not pending when a subsequent search or requisition happens (Section 158BA).
- Updates to how undisclosed income is reported and taxed, including income declared before a search or requisition (Section 158BB).
- Income from international/domestic transactions will not be included in the block period income (Section 158BB).
- The time limit for completing block assessments is extended to 12 months from the end of the quarter in which the last search or requisition authorisation is executed (Section 158BE).

Increase in threshold limit for deducting TDS in various sections

It is proposed to enhance threshold limit for deducting TDS under Sections 193, 194, 194A, 194D, 194G, 194H, 194I, 194J, 194K, 194LA.

This amendment will take effect from the 1st day of April, 2026.

Reduced rate of TCS on sale of timber wood or any other forest produce (Sec 206C(1))

The proposed reduction in the TDS rate under Section 206C(1) by seller of timber wood or any other forest produce from 2.5% to 2%.

The amendment will take effect from the 1st day of April, 2026.

Exemption from collecting TCS under Section 206C(1G) for remitting funds for education purpose

There will be no requirement to collect tax under section 206C(1G) for remitting funds for the education purpose out of loan obtained from financial institutions as defined under section 80E.

The amendment will take effect from 1st day of April 2026.

Increase in threshold limit for collecting TCS under section 206C(1G)

The threshold limit for collecting TCS on remitting funds for the education purpose other than out of loan obtained from financial institutions has been increased from Rs. 7 lakhs to Rs. 10 lakhs.

Further, for the purchase of overseas tour package, threshold limit to collect TCS at 5% has been enhanced from Rs. 7 lakhs to Rs. 10 lakhs, for purchase of beyond Rs. 10 lakhs TCS rate shall be 20%

For purchase of foreign remittance for any purpose other than those mentioned above, threshold limit has been increased from Rs. 7 lakhs to Rs. 10 lakhs

The amendments will take effect from the 1st day of April 2026.

Omission of section 206C(1H) for tax collection on sale of goods

It is proposed to omit requirement of collecting TCS on sale of goods as per section 206C(1H)

The amendment will take effect from the 1st day of April, 2026.

Omission of section 206AB containing higher rate of TDS for non-return filers

It is proposed to omit section 206AB requiring deduction of tax at higher rate for the assesses who have not filed tax return during previous one year, now higher rate of TDS can be deducted only under section 206AA in no PAN cases.

The amendment will take effect from the 1st day of April, 2026.

Omission of section 206CCA containing higher rate of TCS for non-return filers

It is proposed to omit section 206CCA requiring collection of tax at higher rate for the assesses who have not filed tax return during previous one year.

The amendment will take effect from the 1st day of April, 2026.

Time limit to impose penalties rationalized

Section 275 of the Act is being amended to standardize the time limit for imposing penalties to six months from the end of the quarter when the connected proceedings are completed or the appellate order is received.

This amendment, along with a consequential update to section 246A, will take effect from April 1, 2026.

Exemption from prosecution for delayed payment of TCS in certain cases

Section 276BB of the Income Tax Act prescribes prosecution for failing to remit TCS to the government, with penalties including imprisonment and fines. A proposed amendment will prevent prosecution if the payment is made before the filing deadline for the quarterly statement.

The amendment will take effect from April 1, 2026.

Clarification regarding commencement date and the end date of the period stayed by the Court

The proposed amendment aims to clarify the period during which court-ordered stays are excluded from the time limits for proceedings under various sections (144BA, 153, 153B, 158BE, 158BFA, 263, 264) of the Act. It specifies that the exclusion period begins when the stay is granted and ends when the certified copy of the order lifting the stay is received by the jurisdictional authority.

This change will take effect from April 1, 2026.

Obligation to furnish information in respect of crypto-asset

It is proposed to insertion of Section 285BAA in the Income-tax Act introduces an obligation for reporting entities to furnish details about crypto-asset transactions to the tax authorities. The key provisions include:

- Reporting entities must provide transaction details of crypto-assets in a prescribed manner and within the specified time frame.
- If the income-tax authority identifies defects in the submitted information, they must notify the entity, allowing 30 days (or extended period) to rectify the issue. If not rectified, it is treated as inaccurate information.
- If an entity fails to submit the statement on time, the tax authority can issue a notice, requiring submission within a specified period.
- Entities must inform authorities of any discovered inaccuracies in the statement and provide corrected information within a given period.
- Central Government can establish rules for registration, information maintenance, and due diligence requirements to identify crypto-asset users or owners.
- Section 2(47A) is amended to include crypto-assets as virtual digital assets if they use a cryptographically secured distributed ledger or similar technology.

These amendments will take effect from the 1st day of April, 2026.

BUDGET HIGHLIGHTS - INDIRECT TAX

Amendments effective from the date to be notified, unless specified

1. Section 2(61) and Section 20 of the CGST Act is being amended to explicitly provide for distribution of input tax credit (ITC) by the Input Service Distributor (ISD) in respect of inter-state supplies on which tax has to be paid on reverse charge basis (RMC). *This amendment will be effective from 1st April 2025.*
2. Section 2(69)(c) of CGST Act is being amended to replace "municipal or local fund" with "municipal fund or local fund" and explanation provided for definitions of the terms in order to clarify the scope of the said terms.
3. In Section 12 & 13 of CGST provision relating to time of supply in respect of Vouchers has been deleted.
4. Section 17(5)(d) of CGST is being amended to substitute the words "plant or machinery" with words "plant and machinery". Explanation has also been provided to clarify that notwithstanding anything to the contrary contained in any judgment, decree or order of any court or any other authority, any reference to "plant or Machinery" shall be construed and referred as "plant and machinery". *This amendment will be effective retrospectively from 1st July, 2017.*
5. Proviso to section 34(2) of CGST is being amended to explicitly provide for requirement of reversal of corresponding ITC in respect of a credit-note, if availed, by the registered recipient, for the purpose of reduction of tax liability of the supplier in respect of the said credit note.
6. Section 38 is being amended to omit the expression "auto generated" with respect to statement of ITC and to provide for an enabling clause to prescribe other details to be made available in statement of ITC.
7. Section 39(1) is being amended so as to provide for an enabling clause to prescribe conditions and restriction for filing various periodic GST returns.
8. Section 107(6) and Section 112(8) of CGST are being amended to provide for 10% mandatory predeposit of penalty amount for appeals before Appellate Authority/ Appellate Tribunal, respectively, in cases involving only demand of penalty without any demand for tax.
9. Schedule III of CGST Act is amended by inserting a new clause (aa) in paragraph 8, to provide that the supply of goods warehoused in a Special Economic Zone

(SEZ) or in a Free Trade Warehousing Zone (FTWZ), to any person before clearance for exports or to the Domestic Tariff Area (DTA) shall be treated neither as supply of goods nor as supply of services. *This is effective from July 01, 2017*

However, no refund of tax already paid will be available, due to insertion of this new clause

Track and Trace Mechanism for certain Goods:-

10. New section 148A in CGST is being inserted to provide for an enabling mechanism for Track and Trace Mechanism, to specify:-
 - a) the goods;
 - b) persons or class of persons who are in possession or deal with such goods.

The Govt. may prescribe and provide a system for enabling affixation of Unique Identification Marking and for electronic storage and access of information, etc.

11. New Clause (116A) is inserted in section 2 of CGST to provide definition of Unique Identification Marking for implementation of Track and Trace Mechanism.
12. New section 122B in CGST is being inserted to provide penalty, in addition to any penalty under Chapter XV, equivalent to Rs 1 lakh or 10% of tax payable on such goods, whichever is higher, for contraventions of provisions related to the Track and Trace Mechanism.

Disclaimer: This is for private circulation only. Every effort has been made to provide the correct information for the facility of our clients. Specific advice/clarification should be obtained in case there is any doubt relating to the proposed amendments.

TDS RATE CHART FOR FINANCIAL YEAR 2025-26			Payment made to	
			Resident Individual/HUF	Resident other than Individual/HUF
Section	Nature	Threshold Limits	Rate	Rate
193	Interest on Securities	Payment exceeds Rs. 10,000/- during the financial year& (Rs. 10,000/- in case of debentures as well)	10	10
194	Dividend	Payment exceeds Rs. 10,000/- during the financial year	10	10
194A	Interest from a Banking Company	Payment exceeds Rs. 50,000/- during the financial year except for senior citizens. For Senior Citizens, threshold limit is Rs. 1,00,000/-	10	10
194A	Other Interest	Payment exceeds Rs. 10,000/- during the financial year	10	10
194B	Income from lottery winnings, card games, crossword puzzles, and other games of any type	Aggregate payment in respect of single transaction exceeds Rs.10,000/-	30	30
194BA	Winning from online Gaming (Applicable with effect from 1st July, 2023)	Amount of net winnings comprised in withdrawal	30	30
194BB	Winning from horse race	Aggregate payment in respect of single transaction exceeds Rs. 10,000/-	30	30
194C	Payment to Contractors/Sub-Contractors or Advertisement	Payment exceeds Rs. 30,000/- per contract or aggregate of payments exceeds Rs. 100,000/- during the financial year	1	2
194C	Contractors/Sub- contractors in transport business	A person who is not owning more than 10 goods carriage at any time during the previous year and furnished a declaration to this effect along with his PAN then No TDS otherwise TDS applicable as per prescribed rates	1	2
194D	Insurance Commission*	Payment exceeds Rs. 20,000/- during the financial year	5	10
194H	Commission/ Brokerage	Payment exceeds Rs. 20,000/- during the financial year	2	2
194I	Rent of land, building or furniture	Rent exceeds Rs. 50,000/- per landlord per month or part of the month	10	10
194I	Rent of plant, machinery or equipment	Rent exceeds Rs. 50,000/- per month or part of the month	2	2
194IB	Rent paid by Individual or HUF (other than covered under tax audit)	Rent exceeds Rs. 50,000/- p.m. during the financial year (TDS can be deducted one time at the year-end)	2	N/A
194J	Fees for Professional Services including director fees**/Royalty	Total fees exceed Rs. 50,000/- during the financial year	10	10
194J	Fees for Technical Services	Total fees exceed Rs. 50,000/- during the financial year	2	2
194IA	Transfer of certain immovable properties (other than agricultural land)	Actual Sale consideration or Stamp Duty Value whichever is higher if total payment exceeds Rs. 50 Lacs	1	1
194M	Payment to Contractors/Sub- contractors or for Fees for Professional Services by Individual & HUF.	Total payment exceeds Rs. 50 Lacs	2	2
194O	Payment of certain sums by e-commerce operator to e-commerce participant	On gross amount of sale of goods or provision of services or both (in case of individual/ HUF total sale/ consideration exceeds Rs. 5 Lacs)	0.1	0.1

194Q	Payment for purchases by any person to seller	On Purchases of goods of more than 50 Lakh rupees by person having more than 10 crore turnover/gross receipts/total sales from the business carried on by him during the financial year immediately preceding the financial year in which the purchase of goods is carried out	0.1	0.1
194R	Payment to Resident for any amount of benefit or perquisites arising from business or profession by Responsible person***	On the value or aggregate of value of such benefit or perquisite if the value or aggregate of value of such benefit or perquisite exceeds 20,000 rupees.	10	10
194S	Payment to Resident on transfer of virtual digital assets	On transfer of virtual digital asset to Specified Person exceeding 50,000 rupees/ other than specified person exceeding 10,000 rupees	1	1
194T	Payment to partner by the firm	Payment of salary, remuneration, interest, bonus or commission by partnership firm to partners, if aggregate amount of payments during the financial year exceeds Rs. 20,000/-	10	10
206C(1F) (TCS on purchase of motor vehicles or other luxury goods)	For receiving any consideration for sale of a motor vehicle or any other goods as may be specified by CG in official gazette	Value exceeding 10 lakhs	1	1
206C(1G) (TCS on purchase of foreign remittance)	For the purpose of education, other than through loan from financial institution or for the purpose of medical treatment.	Value exceeding 10 lakhs	5	5
206C(1G) (TCS on purchase of foreign remittance)	For the purpose of overseas tour package	No Threshold	5 percent till Rs 10 lakh, 20 percent thereafter	5 percent till Rs 10 lakh, 20 percent thereafter
206C(1G) (TCS on purchase of foreign remittance)	Any other case	Value exceeding 10 lakhs	20	20
* No TDS on insurance agent if the Form 15G/15H filed.				
** 2% TDS will be applicable instead of 10% on payment to Call Centres				
*** "Person responsible for providing" means the person providing such benefit or perquisite, or in case of a company, the company itself including the principal officer thereof.				
**** Specified person includes: (i) An Individual or a Hindu undivided family, whose total sales, gross receipts or turnover from the business does not exceed one crore rupees or fifty lakh rupees in case of profession during the financial year immediately preceding the financial year in which such virtual digital asset is transferred. (ii) An individual or a Hindu undivided family, not having any income under the head "Profit and gains of business or profession."				
Further in case of a transaction where tax is deductible under section 194-O along with the proposed section 194S, then the tax shall be deducted under section 194S.				
Note 1 The rate of TDS will be applicable @ 20% or the rates specified in the relevant provision of the Act, whichever is higher where the PAN/Aadhar is not quoted by the deductor except for Section 194O wherein TDS will be deducted@5%.				
Note 2 The rate of TDS will be applicable @ 20% or the rates specified in the relevant provision of the Act, whichever is higher where the PAN is not quoted by the deductee except for Section 194Q wherein TDS will be deducted@5%.				
Note 3 In case of non-furnishing of PAN/Aadhar by collectee, TCS will be charged at twice of the normal rate applicable or 1% , whichever is higher				
Note 4 TCS under section 206C(1H) on sale of goods has been scrapped from 1 st April 2025				