

Rachel

One of the
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A woman with dark hair in a bun, wearing glasses and a pink blazer over a pink shirt, smiling. She is holding a small white object in her right hand.A background image featuring a woman in a pink blazer and glasses, smiling. The bottom half of the image is overlaid with a complex financial chart. The chart includes a bar chart with many vertical bars of varying heights, a line graph with multiple lines, and various numerical data points. The chart is set against a dark blue background with a grid of light blue lines. The overall aesthetic is professional and modern, with a focus on data and finance.

Newsflash – Overview of changes in TDS and TCS provisions w.e.f. 1 April 2025

Newsflash

Overview of changes in TDS and TCS provisions w.e.f. 1st April 2025

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16 April 2025

1.0 Background

The Finance Act, 2025 has introduced key amendments to the provisions relating to Tax Deducted at Source (TDS) and Tax Collected at Source (TCS) under the Income-tax Act, 1961 (hereinafter referred to as 'the IT Act'). The revised rates, effective from 1st April 2025, impact a range of payments including professional fees, contractual payments, interest, dividends, and specified foreign remittances, amongst others.

In light of these amendments, it is crucial for corporates, businesses, and deductors /collectors to factor the updated provisions to ensure timely and accurate compliance, avoid penal consequences, and implement necessary changes in their accounting and reporting systems. In this Newsflash, we have highlighted certain key updates to the applicable TDS/TCS rates and their implications for taxpayers and deductors /collectors.

2.0 Changes in TDS and TCS Provisions Effective from 1 April, 2025

2.1 Changes in TDS Provisions and Threshold

Section	Nature of Payment	Previous Threshold (up to 31 March, 2025)	Revised Threshold (From 1 April , 2025)	Rate
193	Interest on Securities	Rs. 5,000 p.a. for interest on debentures by public company to resident individuals	Rs. 10,000 p.a. for interest on debentures by public company to resident individuals	10%
194A	Interest other than interest on securities	Rs. 50,000 p.a. for senior citizens (when the payer is a bank or co-operative society or post office)	Rs. 1,00,000 p.a. for senior citizens (when the payer is a	10%

			bank or co-operative society or post office)	
		Rs. 40,000 p.a. for other than senior citizens (when the payer is a bank or co-operative society or post office)	Rs. 50,000 p.a. for other than senior citizens (when the payer is a bank or co-operative society or post office)	
		Rs. 5,000 p.a. for others (i.e. when the payer is other than a bank or co-operative society or post office)	Rs. 10,000 p.a. for others (i.e. when the payer is other than a bank or co-operative society or post office)	
194	Dividend	Rs. 5,000 p.a. for resident individual taxpayer	Rs.10,000 p.a. for resident individual taxpayer	10%
		No threshold for payment to other resident	No threshold for payment to other resident	
194B & 194BB	Winning from Lottery or Crossword puzzle, etc. & Horse Race	Aggregate > Rs. 10,000 per financial year	Rs.10,000 per transaction	30%
194D	Insurance Commission	Rs. 15,000 p.a.	Rs. 20,000 p.a.	2% (Revised from 5% to 2%)
194G	Commission on sale of Lottery Tickets	Rs. 15,000 p.a.	Rs. 20,000 p.a.	2%
194H	Commission on Brokerage	Rs.15,000 p.a.	Rs. 20,000 p.a.	2%

194-I	Rent	Rs. 2,40,000 p.a.	Rs. 50,000 per month or part of the month	2% (Plant, Machinery or Equipment)
				10% (Land, Building or Furniture)
194J	Fees for Professional or Technical Fees, Royalty, Non-compete fees u/s 28(va)/ Remuneration to Director other than salary	Rs. 30,000 p.a.	Rs. 50,000 p.a.	2% (for Technical services or royalty where such royalty is in the nature of consideration for sale, distribution or exhibition of cinematographic films)
				10% (other cases)
194K	Income from Mutual Fund units	Rs. 5,000 p.a.	Rs. 10,000 p.a.	10%
194LA	Payment of Compensation on acquisition of certain immovable property (other than agricultural land)	Rs. 2,50,000 p.a.	Rs. 5,00,000 p.a.	10%
194T	Remuneration to Partners	Not Applicable	Rs. 20,000 p.a.	10%

2.2 Changes in TCS Provisions and Threshold

Section	Nature of Payment	Previous Threshold (up to 31 March, 2025)	Revised Threshold (From 1 April, 2025)	Rate
206C(1)	Sale of Timber or any other Forest Produce (excluding tendu leaves) obtained under Forest lease	No Threshold	No Threshold	2% (Revised from 2.5% to 2%)
206C(1G)	Remittances under Liberalised Remittance Scheme (LRS) for education loan availed u/s 80E	Above Rs. 7,00,000 p.a.	N.A.	Nil (Revised from 0.5% to Nil)
	Remittances under Liberalised Remittance Scheme (LRS) – other than above	Rs. 7,00,000 p.a.	Rs. 10,00,000 p.a.	20% (Sale of overseas tour package)
				5% (Other cases)
206C(1H)	Sale of Goods	Rs. 50,00,000 p.a.	N.A.	Nil (Revised from 0.1% to Nil)

These amendments aim to simplify tax compliance and reduce the burden on taxpayers by increasing threshold limits and rationalising TDS and TCS provisions.

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This Newsflash provides an overview of changes in TDS and TCS provisions w.e.f. 1 April 2025. It may be noted that nothing contained in this Newsflash should be regarded as our opinion and facts of each case will need to be analyzed to ascertain thereof and appropriate professional advice should be sought for applicability of legal provisions based on specific facts. We are not responsible for any liability arising from any statements or errors contained in this Newsflash.

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