

Figment Global Solutions Pvt. Ltd.

**Comparative Analysis of TDS & TCS Provisions**

**Income Tax Act, 1961 vs Income Tax Act, 2025 (Finance Bill, 2026 updates)**

**1. Purpose of this Document**

This note presents a **complete section-wise comparison** of all **Tax Deducted at Source (TDS)** and **Tax Collected at Source (TCS)** provisions between:

- Income Tax Act, 1961 (Existing law)
- Income Tax Act, 2025 (New consolidated framework)

The new Act restructures withholding tax provisions primarily into:

- **Section 392 – Salary**
- **Section 393 – TDS (all domestic & specified payments)**
- **Section 394 – TCS**
- **Section 397 – Higher rate for non-compliance (PAN cases)**

This consolidation improves clarity, automation readiness, and system-based compliance.

**PART A – TDS PROVISIONS**

**A. Salary & Employee Related**

Nature	Old Sec	New Sec	Rate	Threshold	Remarks
Salary	192	392	Slab rates	NA	“Previous Year” replaced by “Tax Year”
PF accumulated balance	192A	392(7)	10%	₹50,000	No structural change

### B. Commission / Brokerage / Rent

Nature	Old	New	Rate	Threshold	Remarks
Insurance commission	194D	393(1)(1)(i)	2% / 10%	₹20,000	—
Commission/Brokerage	194H	393(1)(1)(ii)	2%	₹20,000	Exemption list 393(4)(1)
Rent – Individual/HUF (non-audit)	194IB	393(1)(2)(i)	2%	₹50,000 per month	Simplified compliance
Rent – Plant & machinery	194I(a)	393(1)(2)(ii)(a)	2%	₹50,000 per month	—
Rent – Land/building/furniture	194I(b)	393(1)(2)(ii)(b)	10%	₹50,000 per month	—

### C. Property / Capital Asset / Trust Income

Nature	Old	New	Rate	Threshold
Immovable property transfer	194-IA	393(1)(3)(i)	1%	₹50 lakh
Compensation – compulsory acquisition	194LA	393(1)(3)(iii)	10%	Nil
Mutual fund income	194K	393(1)(4)(i)	10%	₹10,000
Business trust income	194LBA	393(1)(4)(ii)	10%	Nil
Investment trust income	194LBB	393(1)(4)(iii)	10%	Nil
Securitisation trust	194LBC	393(1)(4)(iv)	10%	Nil

### D. Interest

Nature	Old	New	Rate	Threshold
Interest on securities	193	393(1)(5)(i)	10%	₹10,000
Interest (others)	194A	393(1)(5)(ii)/(iii)	10%	₹50,000 / ₹1,00,000 (senior citizen)

### E. Contractors / Professional / Technical

Nature	Old	New	Rate	Threshold
Contractor payments	194C	393(1)(6)(i)	1% (Ind/HUF), 2% (others)	₹30k per contract / ₹1L aggregate
Technical services	194J(a)	393(1)(6)(iii)(b)	2%	₹50,000
Professional fees	194J(b)	393(1)(6)(iii)(a)	10%	₹50,000

### F. Dividends / Insurance / Goods / Benefits

Nature	Old	New	Rate	Threshold
Dividend	194	393(1)(7)	10%	₹10,000 (individuals)
Life insurance payout	194DA	393(1)(8)(i)	2%	₹1,00,000
Purchase of goods (buyer TDS)	194Q	393(1)(8)(ii)	0.1%	₹50 lakh
Specified senior citizen	194P	393(1)(8)(iii)	Rates in force	NA
Benefits/perquisites	194R	393(1)(8)(iv)	10%	₹20,000

### G. Digital / Gaming / Cash / E-commerce

Nature	Old	New	Rate	Threshold
E-commerce operator	194-O	393(1)(8)(v)	0.1%	—
Virtual Digital Assets	194S	393(1)(8)(vi)	1%	—
Online game winnings	194BA	393(3)(2)	30%	Nil
Lottery / horse race	194B / 194BB	393(3)(1)/(3)	30%	₹10,000 per transaction
Cash withdrawal	194N	393(3)(5)	2%	₹1Cr / ₹3Cr

## H. Non-Resident Payments

Nature	Old	New	Rate
Interest / Royalty / FTS	195	393(2)	Rates in force / DTAA
Units to offshore funds	196A	393(2)(10)	20% or treaty rate
Long term capital gains (foreign bonds/GDR)	196B	393(2)(13)/(14)	12.5%
Foreign currency bonds/GDR dividend	196C	393(2)	10%
FII income	196D	393(2)(15)	20%
Specified fund income	—	393(2)(16)	10%

## I. Higher Deduction (No PAN / non-compliance)

Provision	Old	New	Rule
No PAN cases	206AA	397(2)	Higher of 5% / 20% / twice rate

## PART B – TCS PROVISIONS (SECTION 394)

Nature	Old	New	Rate	Change
Alcoholic liquor	206C(1)(a)	394(1)(1)	2%	Increased
Tendu leaves	206C(1)(b)	394(1)(2)	2%	Reduced
Timber/forest produce	206C(1)(c)/(d)	394(1)(3)	2%	No change
Scrap	206C(1)(d)	394(1)(4)	2%	Increased
Minerals	206C(1)(e)	394(1)(5)	2%	Increased
Motor vehicle > ₹10L	206C(1F)	394(1)(6)	1%	No change
LRS – education/medical	206C(1G)	394(1)(7)	2%	Reduced
LRS – others	206C(1G)	394(1)(7)	20%	No change
Overseas tour packages	206C(1G)(a)	394(1)(8)	2%	Reduced significantly
No PAN	206CC	397(2)	Higher of 5% or twice rate	No change

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