TDS Rate Chart for Tax Year (TY) - 2026-27

A. Section 392 – Salary Payments

Nature of Pay	Section as per IT Act 1961	Section as per IT Act 2025	Threshold limit	Payment Code	Rate
Salary – Govt. Employees (Other than Union Govt.)	192	392	-	1001	Slab Rates
Salary – Other than Govt. Employees	192	392	-	1002	Slab Rates
Salary – Govt. Employees (Union Govt.)	192	392	-	1003	Slab Rates
EPF Withdrawal	192A	392(7)	Aggregate 50,000 or more	1004	10%

B. Section 393(1) – Payment to Residents (other than Salary)

Nature of Pay	Section as per IT Act 1961	Section as per IT Act 2025	Threshold limit	Payment Code	Rate
Commission & Brokerage [Sl. No. 1]					
Insurance Commission	194D	393(1) [Sl. No. 1(i)]	20,000	1005	2%
Commission & Brokerage other than insurance [refer **note 2** below]	194H	393(1) [Sl. No. 1(ii)]	20,000	1006	2%
Rent Payments [Sl. No. 2]					
Rent – Individual / HUF (non-audit)	194IB	393(1) [Sl. No. 2(i)]	50,000 p.m.	1007	2%
Rent of Plant, Machinery	194I(a)	393(1) [Sl. No. 2(i). D(a)]	50,000 p.m.	1008	2%
Rent of Land or Building or Furniture/Fittings	194I(b)	393(1) [Sl. No. 2(ii). D(b)]	50,000 p.m.	1009	10%
Immoveable Property [Sl. No. 3]					
Transfer of Immoveable Property (buyer deducts TDS)	194IA	393(1) [Sl. No. 3(i)]	50,00,000	1010	1%
Monetary Consideration under JDA	194IC	393(1) [Sl. No. 3(ii)]	-	1011	10%
Compensation on Compulsory acquisition of immoveable property	194LA	393(1) [Sl. No. 3(iii)]	5,00,000	1012	10%

Nature of Pay	Section as per IT Act 1961	Section as per IT Act 2025	Threshold limit	Payment Code	Rate
Investment Income – Mutual Funds, Business Trusts, AIF's, etc. [Sl. No. 4]					
Income from units of specified MF/Administrator of specified undertaking	194K	393(1) [Sl. No. 4(i)]	10,000	1013	10%
Income from units of business trust – interest	194LBA	393(1) [Sl. No. 4(ii)]	-	1014	10%
Income from units of business trust – dividend	194LBA	393(1) [Sl. No. 4(ii)]	-	1015	10%
Income from units of business trust – rent (REIT)	194LBA	393(1) [Sl. No. 4(ii)]	-	1016	10%
Income from AIF	194LBB	393(1) [Sl. No. 4(iii)]	-	1017	10%
Income from Securitization Trust	194LBC	393(1) [Sl. No. 4(iv)]	-	1018	10%
Interest [Sl. No. 5]					
Interest on Securities	193	393(1) [Sl. No. 5(i)]	10,000	1019	10%
Interest from Bank/ Post Office deposits – Senior Citizen	194A	393(1) [Sl. No. 5(ii). D(a)]	1,00,000	1020	10%
Interest from Bank/ Post Office deposits – Others	194A	393(1) [Sl. No. 5(ii). D(b)]	50,000	1021	10%
Other Interest Income	194A	393(1) [Sl. No. 5(iii)]	10,000	1022	10%
Contract [Sl. No. 6]					
Contract Payments – Individual / HUFs	194C	393(1) [Sl. No. 6(i). D(a)]	Single – 30,000 Aggregate – 1,00,000	1023	1%
Contract Payments – Other than Individual / HUFs	194C	393(1) [Sl. No. 6(i). D(b)]		1024	2%
Payment by Individual/HUF (non-audit) to Contractor, Professional	194M	393(1) [Sl. No. 6(ii)]	50,00,000	1025	2%
Professional / Technical Service [Sl. No. 6 continues…..]					
Fees for technical service or royalty on Cinematography Films, Call Centre operations	194J	393(1) [Sl. No. 6(iii). D(a)]	50,000	1026	2%
Fees for Professional Service [sum referred to in Section 26(2)(h)]	194J	393(1) [Sl. No. 6(iii). D(b)]	50,000	1027	10%
Remuneration, Fees or Commission paid to the director of a company	194J	393(1) [Sl. No. 6(iii). D(b)]	-	1028	10%

Nature of Pay	Section as per IT Act 1961	Section as per IT Act 2025	Threshold limit	Payment Code	Rate
Dividend [Sl. No. 7]					
Dividend declared by Domestic Company	194	393(1) [Sl. No. 7(i)]	-	1029	10%
Other Miscellaneous Payments [Sl. No. 8]					
Life Insurance Policy	194DA	393(1) [Sl. No. 8(i)]	1,00,000	1030	2%
Purchase of Goods	194Q	393(1) [Sl. No. 8(ii)]	50,00,000	1031	0.1%
Any benefit or perquisite whether convertible into money or not arising from business or profession	194R	393(1) [Sl. No. 8(iv)]	20,000	1033	10%
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. – any e commerce operator	194O	393(1) [Sl. No. 8(v)]	-	1035	0.1%
Any sum by way of consideration for transfer of a Virtual Digital Asset (VDA) by any person	194S	393(1) [Sl. No. 8(vi)]	-	1036, 1037, 1038	1%

C. Section 393(2) – Payments to Non-Residents

Nature of Pay	Section as per IT Act 1961	Section as per IT Act 2025	Payment Code	Rate
Income of non-resident sportsman (incl. athlete) or entertainer (not a citizen of India), or non-resident sports association/institution	195	393(2) [Sl. No. 1]	1039	Treaty /DTAA (20%)
Interest on foreign currency borrowing — loan agreement or LT infra bond issued 1 Jul 2012 to 30 Jun 2023	194LC	393(2) [Sl. No. 2]	1040	Treaty /DTAA (5%)
Interest on Rupee Denominated Bond borrowed outside India — issued before 1 Jul 2023	194LC	393(2) [Sl. No. 3]	1041	Treaty /DTAA (5%)
Interest on LT bond/Rupee Denominated Bond listed only on IFSC stock exchange — issued 1 Apr 2020 to 30 Jun 2023	194LC	393(2) [Sl. No. 4. E(a)]	1042	4%
Interest on LT bond/Rupee Denominated Bond listed only on IFSC stock exchange — issued on or after 1 Jul 2023	194LC	393(2) [Sl. No. 4. E(b)]	1043	9%

Nature of Pay	Section as per IT Act 1961	Section as per IT Act 2025	Payment Code	Rate
Interest paid by infrastructure debt fund (Schedule VII, Sl. 46) to a non-resident or foreign company	194LB	393(2) [Sl. No. 5]	1044	5%
Business Trust distributed income — nature per Schedule V [Sl. 3.B(a)] — to non-resident unit holder	194LBA	393(2) [Sl. No. 6. E(a)]	1045	5%
Business Trust distributed income — nature per Schedule V [Sl. 3.B(b)] — to non-resident unit holder	194LBA	393(2) [Sl. No. 6. E(b)]	1046	10%
Business Trust distributed income — nature per Schedule V [Sl. 4] — to non-resident unit holder	194LBA	393(2) [Sl. No. 7]	1047	10%
AIF (Section 224) income to non-resident unit holder — non-exempt portion only	194LBB	393(2) [Sl. No. 8]	1048	10%
Securitisation Trust (Section 221) income to non-resident investor	194LBC	393(2) [Sl. No. 9]	1049	Rates in force
Income from units of specified Mutual Fund or specified company — to non-resident	196A	393(2) [Sl. No. 10]	1050	20%
Income in respect of units of Offshore Fund (Section 208)	196B	393(2) [Sl. No. 11]	1051	10%
LTCG on transfer of Offshore Fund units (Section 208)	196B	393(2) [Sl. No. 12]	1052	12.5%
Interest or Dividends on bonds or Global Depository Receipts (Section 209) — non-resident	196C	393(2) [Sl. No. 13]	1053	10%
LTCG on transfer of bonds or Global Depository Receipts (Section 209) — non-resident	196C	393(2) [Sl. No. 14]	1054	12.5%
Income from securities (Section 210(1) [Sl.1]) — Foreign Institutional Investor	196D	393(2) [Sl. No. 15]	1055	20%
Any interest (other than Sl. 2 to 5 above) or any other sum chargeable under this Act — not salary — to any non-resident or foreign company	195	393(2) [Sl. No. 17]	1057	Rates in force

D. Section 393(3) – Payments to Any Person

Nature of Pay	Section as per IT Act 1961	Section as per IT Act 2025	Threshold Limit	Payment Code	Rate
Winnings from lottery, crossword puzzle, card game, gambling or betting — cash payment	194B	393(3) [Sl. No. 1]	10,000	1058	30%

Nature of Pay	Section as per IT Act 1961	Section as per IT Act 2025	Threshold Limit	Payment Code	Rate
Winnings from lottery/crossword/card game/gambling — consideration in kind; tax paid before release of winnings	194B	393(3) [Sl. No. 1]	10,000	1059	30%
Winnings from online games — in kind or cash or partly in cash; tax paid before release of winnings	194BA	393(3) [Sl. No. 2]	-	1060, 1061	Rates in force
Winnings from horse race (deductor: bookmaker or licensed person)	104BB	393(3) [Sl. No. 3]	10,000	1062	Rates in force
Income in the form of stocking, distributing, purchasing or selling lottery tickets, by way of commission, remuneration or prize on such tickets	194G	393(3) [Sl. No. 4]	20,000	1063	2%
Cash withdrawal from bank/post office/co-operative society — deductee is a **co-operative society**	194N	393(3) [Sl. No. 5]	3,00,00,000	1064	2%
Cash withdrawal from bank/post office/co-operative society — deductee is a **other than a co-operative society**	194N	393(3) [Sl. No. 5]	1,00,00,000	1065	2%
Any amount referred to in section 80CCA(2)(a) of the IT Act 1961	194EE	393(3) [Sl. No. 6]	2,500	1066	10%
Any sum in the nature of remuneration, salary, commission, bonus or interest paid to a partner of the firm or credited to his account (including capital account)	194T	393(3) [Sl. No. 7]	20,000	1067	10%

E. Section 394 – Tax Collection at Source (TCS)

Nature of Receipt	Section as per ITA 1961	Section as per ITA 2025	Threshold Limit	Payment Code	Rate
Traditional Goods [Sl. No. 1 – 5]					
Sale of Alcohol liquor for human consumption	206C(1)	394(1) [Sl. No. 1]	-	1068	2%
Sale of Tendu Leaves	206C(1)	394(1) [Sl. No. 2]	-	1069	2%

Nature of Receipt	Section as per ITA 1961	Section as per ITA 2025	Threshold Limit	Payment Code	Rate
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.	206C(1)	394(1) [Sl. No. 3]	-	1070, 1071	2%
Sale of Scrap	206C(1)	394(1) [Sl. No. 4]	-	1073	2%
Sale of Minerals, being coal or lignite or iron ore	206C(1)	394(1) [Sl. No. 5]	-	1074	2%
Motor Vehicle & Luxury Goods [Sl. No. 6]					
Sale of Motor Vehicle	206C(1F)	394(1) [Sl. No. 6]	10,00,000	1075	1%
Sale of Wristwatch	-	394(1) [Sl. No. 6. D(b)]	10,00,000	1076	1%
Sale of Art piece (antiques, paintings, sculptures)	-	394(1) [Sl. No. 6. D(b)]	10,00,000	1077	1%
Sale of Collectibles (coin, stamp)	-	394(1) [Sl. No. 6. D(b)]	10,00,000	1078	1%
Sale of Yacht, Rowing boat, Canoe or Helicopter	-	394(1) [Sl. No. 6. D(b)]	10,00,000	1079	1%
Sale of pair of sunglasses	-	394(1) [Sl. No. 6. D(b)]	10,00,000	1080	1%
Sale of Bag (handbag, purse)	-	394(1) [Sl. No. 6. D(b)]	10,00,000	1081	1%
Sale of Pair of Shoes	-	394(1) [Sl. No. 6. D(b)]	10,00,000	1082	1%
Sale of sportswear & equipment	-	394(1) [Sl. No. 6. D(b)]	10,00,000	1083	1%
Sale of Home Theatre system	-	394(1) [Sl. No. 6. D(b)]	10,00,000	1084	1%
Horse for horse racing in race clubs or horse for polo	-	394(1) [Sl. No. 6. D(b)]	10,00,000	1085	1%

Nature of Receipt	Section as per ITA 1961	Section as per ITA 2025	Threshold Limit	Payment Code	Rate
LRS Remittance [Sl. No. 7]					
LRS Remittance – Education or Medical Treatment	206C(1G)	394(1) [Sl. No. 7. D(a)]	Above 10,00,000	1086	2%
LRS Remittance – Other than Education or Medical Treatment	206C(1G)	394(1) [Sl. No. 7. D(b)]	Above 10,00,000	1087	20%
Sale of Overseas Tour package [Sl. No. 8]					
Sale of Overseas Tour Package — amount up to prescribed threshold limit	206C(1G)	394(1) [Sl. No. 8. D(a)]	10,00,000	1088	2%
Sale of Overseas Tour Package — amount above prescribed threshold limit	206C(1G)	394(1) [Sl. No. 8. D(b)]	Above 10,00,000	1089	2%
Parking, Toll & Mining [Sl. No. 9]					
Use of Parking Lot for business purposes (excluding mineral oil/petroleum/gas mining)	206C(1)	394(1) [Sl. No. 9]	-	1090	2%
Use of Toll Plaza for business purposes (excluding mineral oil/petroleum/gas mining)	206C(1)	394(1) [Sl. No. 9]	-	1091	2%
Use of Mine or Quarry for business purposes (excluding mineral oil, petroleum and natural gas)	206C(1)	394(1) [Sl. No. 9]	-	1092	2%

Certain key changes in Income Tax Act 2025 vs 1961 – TDS and TCS

1. **Uniform threshold for deduction of tax is introduced for all payments of interest on securities** *[Section 193 of ITA 1961, Table 1 – Section 393(1) of ITA 2025, Sl. No. 5(i)]*

   - **Provision of 1961 Act**
   As per Section 193 of the 1961 Act, every person responsible for paying interest on securities to a resident person shall deduct tax at source from such interest at the rate of 10%. The Finance Act 2025 also introduced a threshold limit of Rs. 10,000 for the deduction of tax in respect to the payment of interest, effective from Assessment Year 2025-26.

     Further, clause (*v*) of *Proviso* to Section 193 provides that no tax was deductible where any interest on debentures (issued by a widely-held company) was payable to a resident individual or HUF and if the amount, or the aggregate amount, of such interest paid (or likely to be paid) during the financial year is by an account payee cheque which does not exceed Rs. 10,000.

- **Analysis of Change in ITA 1961 vs ITA 2025**
  The 2025 Act introduces a uniform threshold limit of Rs. 10,000 for the deduction of tax from interest on securities. Thus, the previous threshold of Rs. 10,000, which was limited to interest payable on debentures to a resident individual and HUF, has been merged with the uniform threshold of Rs. 10,000 for all recipients of interest.

2. Exemption from Deduction of Tax from Interest payable to a Co-operative Bank is omitted *[Section 194A(3)(iii) of ITA 1961 Act, Table 4 – Section 393(1) of ITA 2025, Sl. No. 5(ii)]*

- **Provisions of 1961 Act**
  Section 194A of the 1961 Act requires the deduction of tax from the payment of interest other than on securities. Clause (*iii*) of Section 194A(3) provides that TDS provisions shall not apply to interest income credited or paid to:
  (a) Any banking company to which the Banking Regulation Act, 1949, applies, or
  (b) Any co-operative society engaged in carrying on the business of banking (including a co-operative land mortgage bank).

- **Analysis of Change in ITA 1961 vs ITA 2025**
  Under the 2025 Act, the exemption is limited to 'any banking company' only. **The expression 'any co-operative society engaged in carrying on the business of banking (including a co-operative land mortgage bank)' has been omitted.**

  Section 402(5) of the 2025 Act defines "banking company" as a banking company to which the Banking Regulation Act, 1949, applies. As per Section 5 of the Banking Regulation Act, 1949, "banking company" means any company which transacts the business of banking in India.

  Thus, this omission in the 2025 Act **removes the exemptions available to a co-operative bank under the 1961 Act**, even if it is subject to the same provisions as applicable to a "banking company"

3. A New provision is introduced to empower the CBDT to issue Guidelines for the Removal of difficulties in Giving Effect to the entire chapter of collection and recovery of tax *[Section 400 of ITA 2025]*

- A **new section 400 has been introduced in the 2025 Act**, which empowers the Board to issue guidelines with the previous approval of the Central Government, to remove any difficulty arising in giving effect to the provisions of this Chapter, and these guidelines shall be laid before each House of Parliament. The 2025 Act extends the powers to issue guidelines in respect of the entire Chapter XIX, which includes all provisions of TDS, TCS, advance tax, collection & recovery and interest for defaults. Further, the provision contained in the 1961 Act, which required that these guidelines shall be binding on the person responsible for deducting income tax or on the income-tax authorities subordinate to the CBDT, has been removed.

- With the binding nature now removed, CBDT's guidelines may be viewed more as clarificatory.

4. **Minor change in the threshold for TDS on payment in respect of Life Insurance Policy** *[Section 194DA of the ITA 1961, Table 1 – Section 393(1) of ITA 2025, Sl. No. 8(i)]*

- **Provisions of 1961 Act**
  Under the 1961 Act, any payment in respect of a life insurance policy to a resident person shall be subject to deduction of tax at source at the rate of 2% on the income component comprised within the amount payable by the insurance company. The tax shall be deducted at the time of payment if the gross amount of payment made in respect of a life insurance policy is Rs. 1,00,000 or more.

- **Analysis of Change in ITA 1961 vs ITA 2025**
  Under the 2025 Act, the provisions preserve the substance and intent of the earlier section, but with a minor change in the threshold's applicability. Section 393 states that tax shall be deducted only if the amount, or the aggregate of amounts, exceeds the threshold limit of Rs. 1,00,000. This means that under the 2025 Act, no tax is required to be deducted if the sum is exactly Rs. 1,00,000. In contrast, under the 1961 Act, the TDS liability arose even when the amount was Rs. 1,00,000. **However**, as a conservative view, it is better to deduct it.

5. **Expanding the Definition of 'Rent' for the Purpose of TDS on Payments Made by Certain Individuals or HUFs** *[Section 194-IB of ITA 1961 Act, Table 1 - Section 393(1) and Section 402(29), Sl. No. 2(i)]*

- **Provisions of 1961 Act**
  As per Section 194-IB, every individual and HUF, whose turnover or gross receipts from business or profession does not exceed Rs. 1 crore in case of business and Rs. 50 lakhs in case of a profession in the immediately preceding financial year, is required to deduct tax at the rate of 2% from the payment of rent.

  "Rent", for the purpose of this provision, means any payment, by whatever name called, under any lease, sub-lease, tenancy or any other agreement or arrangement for the use of any land or building or both.

- **Analysis of Change in ITA 1961 vs ITA 2025**
  Under the 2025 Act, the definition of rent has been expanded to include 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)

  The words marked in bold are the new insertions
  Under the 1961 Act, the term rent has been defined differently under Section 194-I and Section 194-IB for the purpose of TDS. While Section 194-I adopts a wider meaning covering rent paid for land, buildings, machinery, plant, equipment, furniture, etc. Section 194-IB restricts its scope to rent paid for land or buildings only. Further, in the context of land or buildings, Section 194-I specifically includes rent for land appurtenant to a building and factory buildings. These were not covered under Section 194-IB. To bring uniformity in the treatment of TDS on rent for land and buildings, the definition of rent under Section 194-IB has now been expanded to

include factory buildings and land appurtenant to a building (including factory buildings).

Accordingly, every **individual or HUF whose turnover or gross receipts do not exceed Rs. 1 crore in case of business or Rs. 50 lakhs in case of profession** in the immediately preceding financial year, **is liable to deduct tax on rent payments** made in respect to factory buildings and land appurtenant to a building (including factory building)

6. No Higher TDS Rate & Lower Threshold on Cash Withdrawal for Return Defaulters *[Section 194N of ITA 1961, Table 3 – Section 393(3) of ITA 2025, Sl. No. 5]*

- **Provision of 1961 Act**
  Section 194N requires every bank, co-operative bank or post-office to deduct tax at source from any sum paid in cash from one or more accounts maintained by the recipient. TDS at the rate of 2% applies if the aggregate of cash withdrawal exceeds Rs. 1 crore (Rs. 3 crores, where the recipient is a co-operative society). However, if a person has not filed a return of income for all of three assessment years immediately preceding the previous year in which cash is withdrawn, and the due date for filing the return under section 139(1) has expired, the tax shall be deducted at the rates specified in following sub-clauses (a) and (b):
  (a) At the rate of 2% of the sum, if the aggregate of the amount withdrawn exceeds Rs. 20 lakhs during the previous year but does not exceed Rs. 1 crore (Rs. 3 crores where the recipient is a co-operative society)
  (b) At the rate of 5% of the sum, if the aggregate of the amount withdrawn exceeds Rs. 1 crore (Rs. 3 crores where the recipient is a co-operative society) during the previous year

- **Analysis of Change in ITA 1961 vs ITA 2025**
  Section 393(3) of the 2025 Act retains the provisions of Section 194N of the 1961 Act. **However, it removed the provisions** requiring TDS on cash withdrawals above Rs. 20 lakhs, and an enhanced TDS on withdrawals exceeding Rs. 1 crore. The reason for such removal is the practical difficulty for banks, co-operative banks, and post offices in verifying whether a person has filed their income-tax return.

  The change is consistent with the Finance Act, 2025, which also omitted Sections 206AB and 206CCA. These sections had earlier imposed higher TDS and TCS on non-filers of returns. The government recognised that this compliance burden on deductors and collectors created operational hurdles and increased the risk of errors.

7. Certificate for deduction of TDS at lower rates extended to all TDS Provisions *[Section 197(1) of ITA 1961 – Section 395(1) of ITA 2025]*

- **Provision of 1961 Act**
  Under the 1961 Act, the facility of obtaining a certificate for deduction of tax at a lower rate was available only in respect of certain specified provisions, such as Section 192 (salary), Section 193 (interest on securities), Section 194 (dividends), and Section 194A (interest other than securities). This meant that taxpayers whose income was subject to deduction under other provisions had limited recourse, even if their overall tax liability was lower than the standard rate of deduction.

- **Analysis of Change in ITA 1961 vs ITA 2025**
  The 2025 Act has addressed this limitation by significantly broadening the scope of the lower deduction/collection certificate. Now, such certificates can be issued for any income or sum on which TDS is required to be deducted under Chapter XIX-B. This expansion ensures uniformity by removing inconsistencies, where certain types of income qualified for lower deduction certificates while others did not

Few Important FAQs with regards TDS Compliances

FAQ 1

What is the fundamental rule for determining which Act governs TDS obligations during the transition?

Ans: The Act governing TDS depends on when the “earlier of the event of credit or payment” occurs. If the earlier event occurs on or before 31st March, 2026, the Income-tax Act, 1961 will be applicable. However, if the earlier event occurs on or after 1st April, 2026, the provisions of the Income-tax Act, 2025 shall be applicable.

Example: Professional fees credited in March 2026 in books. However, payment is made in April 2026. In this situation, provisions of the Income-Tax Act, 1961 will be applicable and TDS must be deducted in March 2026.

Advance payment made in March 2026. However, it is credited in books in April 2026. In this situation, provisions of the Income-tax Act, 1961 will be applicable and TDS must be deducted in March 2026.

FAQ 2

If a deductor has an ongoing contract with monthly payments, how does the deductor handle the switch from the old Act to the new Act?

Ans: The deductor applies the old Act for all payments/credits up to and including 31st March 2026 and will apply the new Act for payments/credits from 1st April 2026 onwards. There is no need to amend the contract merely because the new Act is commencing on 1st April 2026. The deductor is required to apply the applicable TDS provision based on the date of credit or payment, whichever is earlier.

Example: M/s. XYZ Ltd. has a monthly housekeeping contract with M/s. ABC Cleaning Services. Payments for March 2026 (credited on 31.03.2026) → TDS obligation shall be under Section 194C of old Act. Payment for April 2026 (credited on 30.04.2026) → TDS obligations shall be under Section 393(1) [Table: Sl. No. 6(i)] of the new Act. Rates and thresholds remain the same under both the Acts.

FAQ 3

Has there been any change in the rates of TDS under the new Act?

Ans: No. The TDS rates and monetary thresholds for all categories of payments have been retained as they are under the Income-tax Act, 1961. The consolidation of TDS provisions under Section 393 is a simplified tabular presentation and not a change in TDS rates or tax policy.

FAQ 4

What happens if a deductor erroneously deducts TDS quoting the old Act section number for a payment made after 01.04.2026?

Ans: Although the substantive provisions—such as the applicable rate and threshold—remain unchanged, citing the old section number (for example, Section 194C instead of Section 393(1) [Table: Sl. No. 6(i)]) may lead to processing errors at the time of filing the TDS return. In such cases, the deductor may be required to submit a correction statement to rectify the section reference.

FAQ 5

Interest income is credited in the account of payee on 31 March 2026 but paid in April 2026. Which Act will govern the TDS on such interest payments?

Ans: The TDS provisions of the Income-tax Act, 1961 shall apply, since the triggering event—being the payment or credit of income, whichever is earlier—occurred prior to 1 April 2026. The subsequent date of deposit of TDS or payment of interest does not alter the governing law once the triggering event has occurred.

FAQ 6

Are tax deductors required to modify their ERP and payroll systems after commencement of Income Tax Act, 2025?

Ans: Systems are required to be updated to reflect new section numbering, terminology, and reporting requirements under the Income Tax Act, 2025.

FAQ 7

What are the due dates for depositing TDS with the Government during the transition year i.e. FY 2026-27?

Ans: The due dates for depositing the TDS for non-government deductors remain the same under both the Acts. For the transition phase, the due dates for depositing TDS are tabulated as under:

Period of Deduction of TDS	Due Date for Deposit	Governed By
January 2026 – February 2026	7th of next month	IT Act, 1961 (Rule 30)
March 2026	30th April, 2026	IT Act, 1961 (Rule 30)
April 2026	7th of next month	IT Act, 2025

FAQ 8

If tax was deducted in March 2026 but the deposit is made in May 2026, will there be a late deposit consequence?

Ans: Yes. The due date for depositing the tax deducted in the month of March 2026 is 30th April 2026. In this situation, the TDS is deposited in May 2026, and this delay will attract interest liability @ 1.5% per month from the date of deduction to the date of actual payment.

FAQ 9

How should employers handle TDS on salary during the transition from FY 2025-26 to Tax Year 2026-27?

Ans: Employers must handle salary TDS as follows:

(i) **For salary pertaining to FY 2025-26** (paid up to March 2026): TDS obligations shall be in accordance with Section 192 of the old Act;
(ii) **For salary pertaining to Tax Year 2026-27** (paid from April 2026 onwards): TDS obligations shall be in accordance with Section 392(1) of the new Act.
(iii) The employer must reset the TDS computation from 1st April 2026 for the new tax year, considering projected income, deductions, and tax regime for TY 2026-27.

FAQ 10

If an employee submits an investment declaration for TY 2026-27, should it reference old Act or new Act provisions?

Ans: The investment declaration for Tax Year 2026-27 should reference the provisions of the Income-tax Act, 2025. For instance, deductions under Section 80C of the old Act will now be referenced as the Schedule XV read with section 123 of the Income Tax Act, 2025. The employer's payroll system should be updated to reflect the new section numbering from April 2026.

FAQ 11

Which TDS returns must be filed during the transition year, and under which Act?

Ans: During FY 2026-27, a deductor may need to file TDS returns under both the Acts:

Quarter	Period of TDS	Governed Act	Form	Due Date of filing
Q4 – FY 2025-26	Jan – March	ITA 1961	Form 26Q, 24Q, 27Q, 27EQ	31 May 2026
Q1 – TY 2026-27	April – June	ITA 2025	Salary TDS Return: Form 138 (in place of 24Q under Old Act) Non-Salary TDS Return: Form 140 (in place of 26Q under Old Act) Non-Resident TDS Return: Form 144 (in place of 27Q under Old Act) TCS Return: Form143 (in place of 27EQ under Old Act)	31 July 2026
Q2 – TY 2026-27	July – Sept	ITA 2025	New TDS Forms	31 Oct 2026