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TDS & TCS 2.0: Navigating the New Income-tax Act, 2025

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Why Unlearn? — The Structural Shift

Income Tax Act 2025 – TDS / TCS Provisions – Consolidated

Income Tax Act 1961 — 60+ sections – Scattered across – Sections / Sub Sections (Section 192 to 194T – 206C)

Into just three sections – Income Tax Act 2025:

- Section 392 (TDS on Salary),
- Section 393 (all other TDS via a structured tables), and
- Section 394 (TCS via a Structured Table).

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Why Unlearn? — The Structural Shift

Corresponding Affect

– Income Tax Rules 1962

– Last Rule No. 134 – Actual with 500+ Rules

648 Pages

Replaced

– Income Tax Rules 2026

— No. of Rules – 333 Rules

— effective 1 April 2026.

410 Pages

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Why Unlearn? — The Structural Shift

Up to March 31, 2026 — FY 2025-26 (AY 2026-27)	From April 1, 2026 — Tax Year 2026-27 onwards
ITA 1961 & ITR 1962 fully applicable	ITA 2025 & ITR 2026 – Applicable
511 Rules & 399 Forms in force	Reduced to 333 Rules & 190 Forms
TDS – Sections 192–196D – TCS – 206	TDS under Chapter XIX — Sections 392–397
Chapter XVII-B – All TDS provisions & XVII-C – All TCS Provisions	No policy changes — only structural reorganisation
Each section – Independent conditions & exemptions	Section numbers & form numbers – Changes

Key principle: No change in TDS policy rates — only renumbering of sections, consolidation of forms, and simplification of language.

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TDS/TCS Structure: ITA 1961 vs ITA 2025

Chapter XVII | Chapter XIX

ITA 1961 — Chapter XVII-B/BB	ITA 2025 — Chapter XIX
Sections 192 to 196D — TDS	Section 392 — TDS on Salary
Section 206C — TCS provisions	Section 393 — TDS other than Salary
Each section self-contained – Applicable conditions & Limits	Section 394 — TCS provisions
Multiple Rules (28, 28AA, 28AB, 29, 37G, 37H…) – Scattered	Section 395 — Certificates for lower/non-deduction
Separate forms: 13, 15C, 15D, 15G, 15H, 49B, etc.	Section 396 — TAN, PAN, due dates, TDS statements
	Section 397 — Consequences of failure (interest/penalty)

Key Change: No policy changes in TDS/TCS rates. Only structural reorganisation for simplification and clarity.

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A.—General

Deduction or collection at source and advance payment.

390. (1) The tax on income shall be payable as per this Chapter by way of—

(*a*) deduction or collection at source; or

(*b*) advance payment; or

(*c*) payment under section 392(2)(*a*).

(2) The tax referred to in sub-section (1) shall be payable as per the provisions of this Chapter, irrespective of the fact that the assessment in respect of such income is to be made in a later tax year.

(3) Nothing contained in this section, shall affect the charge of tax on such income under section 4(1).

(4) The payment of tax referred to in sub-section (1) shall be in addition to any other mode of tax recovery to discharge the liability in respect of income assessed for a tax year.

(5) The tax deducted at source or collected at source or sum referred to in section 392(2)(*a*)under this Chapter and paid to the Central Government shall be treated as payment of tax on behalf of the person—

(*a*) from whose income such tax has been deducted; or

(*b*) from whom such tax has been collected; or

(*c*) in respect of whose income such tax has been paid.

(6) The Board may make rules for—

(*a*) giving credit of tax deducted or collected or paid to a person referred to in sub-section (5) and also a person other than the person referred to in the said sub-section;

(*b*) the tax year for which the credit may be given.

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Section 390(3) Where any person, including the principal officer of the company,—
(*a*) who is required to deduct any sum as per the provisions of this Act; or
(*b*) referred to in section 392(2)(*a*), being an employer,
does not deduct, or after so deducting fails to pay, or does not pay, the whole or any part of the tax, as required under this Act, and where the assessee has also failed to pay such tax directly, then, such person shall, apart from any other consequences that he may incur, be deemed to be an assessee in default within the meaning of section 398(1), in respect of such tax.

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392 (4)(*a*) The person responsible for making payment under sub-section (1), shall take into account the following particulars furnished by the assessee, at his option, in such form and verified in such manner as may be prescribed, for the purpose of making deduction under the said sub-section and such particulars shall have an effect of increasing or decreasing the tax to be deducted:—
(*i*) any income under the head "Salaries" due or received by the assessee, from any other employer or employers during the tax year;
(*ii*) any relief allowable under section 157, where the assessee being a Government servant, or an employee in a company, co-operative society, local authority, university, institution, association or body is entitled for such relief;
(*iii*) any loss under the head "Income from house property" for the same tax year;
(*iv*) any income chargeable under any other head of income, not being a loss under any such head other than the loss specified in sub-clause (*iii*) for the same tax year;
(*v*) any tax deducted or collected at source under this Chapter for the same tax year;
(*b*) the tax deductible from income under the head "Salaries" shall not be reduced in any case, except on account of—
(*i*) loss under the head "Income from house property"; and
(*ii*) the tax deducted and collected as per other provisions of this Chapter.

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TDS Mapping — Salary, Interest, Dividends, Rent & Fees

Part 1 of 3

Nature of Payment	ITA 1961	ITA 2025	Rate	Old Form	New Form	Old Code	New Code
Salary — Govt (non-Union Govt)	192	392(1)	Slab	24Q	138	92A	1001
Salary — Non-Govt employees	192	392(1)	Slab	24Q	138	92B	1002
Salary — Indian Govt employee	192	392(1)	Slab	24Q	138	92C	1003
Interest on securities	193	393(1)(5(i))	Rate in force	26Q	140	193	1019
Dividend — any dividend	194	393(1)(7)	10%	26Q	140	194	1029
Dividend — business trust units	194	393(1)(4(ii))	10%	26Q	140	194	1015
Rent — Plant/Machinery/Equipment	194I	393(1)(2(ii))	2%	26Q	140	4IA	1008
Rent — Land/Building/Furniture	194I	393(1)(2(ii))	10%	26Q	140	4IB	1009
Rent — REIT units (business trust)	194I	393(1)(4(ii))	10%	26Q	140	4IB	1016
Professional services fees	194J	393(1)(6(iii))	10%	26Q	140	4JB	1027
Technical services / call centre	194J	393(1)(6(iii))	2%	26Q	140	4JA	1026
Royalty / Director fees (non-sal)	194J	393(1)(6(iii))	10%	26Q	140	4JB	1026/28

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TDS Mapping — Contractors, Commissions, Interest & Goods

Part 2 of 3

Nature of Payment	ITA 1961	ITA 2025	Rate	Old Form	New Form	Old Code	New Code
Contractor — individual/HUF	194C	393(1)(6)(i)	1%	26Q	140	94C	1023
Contractor — Others	194C	393(1)(6)(i)	2%	26Q	140	94C	1024
Commission/Brokerage — Insurance	194D	393(1)(1)(i)	2%	26Q	140	94D	1005
Commission/Brokerage — Others	194H	393(1)(1)(ii)	2%	26Q	140	94H	1006
Lottery ticket commission	194G	393(3)(4)	2%	26Q	140	94G	1063
Partner payments by firm	194T	393(3)(7)	2%	26Q	140	94T	1067
Interest — Bank (Senior Citizen)	194A	393(1)(5)(ii)	10%	26Q	140	94A	1020
Interest — Bank (Others)	194A	393(1)(5)(iii)	10%	26Q	140	94A	1021
Interest — any (non-securities)	194A	393(1)(5)(iii)	10%	26Q	140	94A	1022
Purchase of goods (buyer)	194Q	393(1)(8)(ii)	0.1%	26Q	140	94Q	1031
Benefit/Perquisite — convertible	194R	393(1)(8)(iv)	10%	26Q	140	94R	1033
Benefit/Perquisite — cash/in-kind	194R	393(1)(8)(iv)	10%	26Q	140	94R-P	1034

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TDS Mapping — Non-Resident Payments (Section 195)

Part 3 of 3

Payments to Non-Residents — 27Q (ITR 1962) → Form 144 (ITR 2026)

Nature of Payment	ITA 1961 Sec	ITA 2025 Sec	Rate	Old Form/ Code	New Form/ Code
Payment of other sums to Non-Resident	195	393(2)[Sl.17]	Finance Act / DTAA	27Q / 195	144 / 1057
Interest by offshore banking unit to NR/RNOR	194LB	393(2)[Sl.5]	5%	26Q / 4LB	140 / 1044
Income from units of offshore fund	196B	393(2)[specific]	10%	27Q	144
Income from foreign currency bonds / GDR	196C	393(2)[specific]	10%	27Q	144
Income of FIIs from securities	196D	393(2)[specific]	20%	27Q	144

Key Notes on Non-Resident TDS (Sec 195 → Sec 393(2))

- Rate: As per Part II of First Schedule of Finance Act or lower DTAA rate (with Form 41 — erstwhile Form 10F)
- Lower deduction: Payee may apply u/s 395 (erstwhile u/s 197) — now using new Form 128 consolidated under Rule 213

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Comparison of Important TDS Rules & Forms

Nature of Form	ITR 1962 Rule	ITR 2026 Rule	ITR 1962 Form	ITR 2026 Form
TDS Return — Salary	31A	219	24Q	138
TDS Return — Resident (non-salary)	31A	219	26Q	140
TDS Return — Non-Resident	31A	219	27Q	144
Statement-cum-Challan — Property purchase	Various	—	26QB	141
Statement-cum-Challan — Rent by Ind/HUF	Various	—	26QC	141 (merged)
Statement-cum-Challan — Contractor by Ind/HUF	Various	—	26QD	141 (merged)
Statement-cum-Challan — Virtual Digital Assets	Various	—	26QE	141 (merged)
TAN Application — Government entity	114A	216	49B (part)	134
TAN Application — Non-Government entity	114A	216	49B	135
Lower/Nil TDS Certificate (u/s 197)	28/28AA/28AB/29/37G/37H	213	Form 13	128
Declaration for no deduction (15G/15H)	29C	211	15G & 15H	121 (merged)
TDS Certificate — Salary	31	215	16	130
TDS Certificate — Non-Salary	31	215	16A	131
TDS Cert — Rent / Property / VDA	31	215	16B, 16C, 16D	132 (merged)
Annual Information Statement	114-I	245	26AS	135
Claim TDS Credit (different FY)	134	178	71	102

Upkeep & Relearn — TDS Compliance | ITA 1961 vs ITA 2025

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TDS Statements — Key Changes in ITR 2026

Rule Changes — Rule 219 (was Rule 31A)	Form-Specific Changes
Separate Rules 31A (TDS) & 31AA (TCS) merged into single Rule 219	Form 138 (24Q): 3 Annexures — quarterly TDS, salary breakup, senior citizen pension
TDS return due dates remain same: Q1–Q3: last day of month after quarter | Q4: 31st May	Form 140 (26Q) & Form 144 (27Q): same Part A/B/Annexure structure as before
Rule 33 (superannuation fund TDS) also merged into Rule 219	Total tax (incl. surcharge+cess) as ONE figure — no separate breakup
New Rule 208 — senior citizen pension/interest TDS declaration	PAN of authorised signatory now mandatory
Paper filing / NSDL (Form 27A) removed — now only DSC or EVC (Rule 332)	Challan Sr. No. only referenced against deductee (not full challan details)
Correction statements for FY 18-19 (Q4) to FY 23-24 (Q3) allowed till 31.03.2026	26QB / 26QC / 26QD / 26QE all merged into single Form 141
Under ITA 2025: correction statements allowed up to 2 years from Tax Year	Form 138 Annexure II: entertainment allowance deduction column removed
	Deductions u/s 80C + 80CCC + 80CCD(1) → single column under Sec 123
	Form 140 (26Q): deductee reference number & deductee code (01/02) removed
	Form 144 (27Q): separate column for grossing up — 'Yes' or 'No'

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Lower/Non-Deduction of TDS — Rule 213

Rules Consolidated under New Single Rule 213 (ITR 2026)

Old Rule (ITR 1962)	Purpose / Coverage
Rule 28	Application seeking certificate of lower / nil deduction of tax
Rule 28AA	Issue of certificate of lower / nil deduction & AO's powers & duties
Rule 28AB	Issue of certificate of Nil deduction — Charitable Trusts / NPOs
Rule 29	Issue of certificate of lower or Nil deduction of tax — Dividend payments
Rule 37G	Application seeking collection of TCS at lower / nil rate
Rule 37H	Issue of Certificate of lower / nil collection of TCS & AO's powers & duties

All 6 rules merged → Single Rule 213 in ITR 2026 | New Form: 128 | Old Form: 13

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Rule 213 — Expanded Coverage & NPO Relaxation

New Payments Now Eligible for Lower/Nil TDS Application

Under ITA 1961, the application was permitted only for specified payments. Under Rule 213, applications can now be filed for ALL payments where TDS applies, including:

- ✓ Purchase of Immovable Property
- ✓ Rent by Individuals / HUF
- ✓ Interest on ECBs & Bonds to Non-Residents (erstwhile s.194LC)
- ✓ Perquisites / Benefits (erstwhile s.194R)
- ✓ Payments to Partners of Firms (erstwhile s.194T)

NPO / Charitable Trust Relaxation

Old Requirement

Trust must have filed ROI for ALL prior years before due date

↑ *Reduced from all years to last 4 years*

New Requirement

Compliance required only for last 4 years — significant relaxation

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New Form 128 vs Old Form 13 — Key Differences

Aspect	Old Form 13 (ITR 1962)	New Form 128 (ITR 2026)
Tax Returns Required	Not clearly specified	Last 4 years — Mandatory
Return Details	Basic filing details	Ack. No., Filing Date, Taxable Income, Tax Liability
Pending Return (due date not expired)	Computation of income to submit	Computation of income to submit (same as before)
Scope of Payments	Specified payments only	All TDS-applicable payments (expanded coverage)
NPO ROI Compliance	ROI for ALL prior years required	Last 4 years only

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TAN Application — New Forms 134 & 135

Old: Form 49B (Single)

All entities — Government & Non-Government in one form
Rule 114A | ITR 1962

→

New: Form 134 — Government

- Separate form for Government entities
- Categories: Central / State / Local Authority
- Divided into Part A & Part B
- Requires Account Office Name & Identification Number

New: Form 135 — Non-Government

- Divided into Part I & Part II
- Registration Number mandatory (Other than Individual)
- Government Entity details removed (separate form notified)
- Authorised Person — PAN & contact number mandatory
- Tax Deduction/Collection Number removed from form
- Proof of date of birth/incorporation mandatory

Rule Change: 'One month' replaced with '30 days' for filing TAN application | New Rule 216 (was Rule 114A)

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Form 15G / 15H → Merged into New Form 121

Rule 211 (new) vs Rule 29C (old) — No substantial change in the rule itself; changes are in the form structure

What Changed — New Requirements

- 15G (general) & 15H (senior citizen) merged into single Form 121
- Part I & Part II of old forms → Part A & Part B in Form 121
- PAN is now MANDATORY — Aadhar no longer valid to file Form 121
- NEW: Last 2 years ITR Acknowledgement number mandatory
- NEW: Details of income for those 2 years also required
- Specific declaration that false statement attracts penalty/prosecution — now embedded in form body
- Unique Identification No. of Form 121 now mandatory in Form 140 (26Q)
- Banks and deductors must quote Form 121 Unique ID in TDS returns — mismatch will be flagged

What Was Removed

- ✕ Declaration specifying 'year in which recipient was last assessed to tax' no longer required
- ✕ Aadhar number as alternative to PAN — completely removed

Practical tip: Existing 15G/15H for FY 2025-26 remain valid. New Form 121 applies from Tax Year 2026-27 (April 1, 2026) onwards.

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TDS Certificates — New Forms 130, 131 & 132

New Form (ITR 2026)	Old Form (ITR 1962)	Certificate Type
Form 130	Form 16	Certificate of TDS on Salary
Form 131	Form 16A	Certificate of TDS on other payments
Form 132	Form 16B	Certificate of TDS on Purchase of Immovable Property
Form 132	Form 16C	Certificate of TDS on Payment of Rent by Individuals
Form 132	Form 16D	Certificate of TDS on Certain Contractual Payments by Individuals

Form 130 (New Form 16 for Salary) — Internal Structure

Part A	Part B	Part C — Annexure I	Part C — Annexure II
Basic details of employer & employee	Quarter-wise details of tax deducted and payment made	Computation of income and tax liability	Computation for specified Senior Citizen

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TDS Certificates — Common Changes (Forms 130 / 131 / 132)

Change
Average rate of deduction of tax for each quarter to be furnished

Removed
Deductee reference number / Employee reference number requirement removed

Change
Rule 215 governs all salary and non-salary TDS certificates (was separate Rules 31 & 37D)

Removed
Option to use Aadhaar in place of PAN — PAN now mandatory

Consolidated
Forms 16B, 16C & 16D (property, rent, contractual) all consolidated into single Form 132

Removed
Jurisdiction details of deductor removed from certificate

No change in Rule 215 vis-à-vis Rules 31 & 37D — structural language simplified only

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Unlearn & Relearn — Practical Takeaways for April 2026

Effective April 1, 2026 — Tax Year 2026-27 — All new TDS forms, section codes & rules kick in simultaneously

Section Numbers Change — Rates Don't

- '194C for contractors' → under ITA 2025 = Sec 393(1)[Sl. No. 6(i)]
- Rate still 1%/2% — but section code in returns changes to 1023/1024
- Unlearn: referencing old section numbers for Tax Year 2026-27 TDS returns
- Relearn: map all payment types to new section codes before April 2026

Forms Are Consolidated — Not Just Renamed

- 26QB + 26QC + 26QD + 26QE → single Form 141
- 15G & 15H → single Form 121 (PAN mandatory, Aadhar removed)
- 16B + 16C + 16D → single Form 132 for TDS certificates
- Unlearn: expecting separate challan-cum-statement for each transaction type

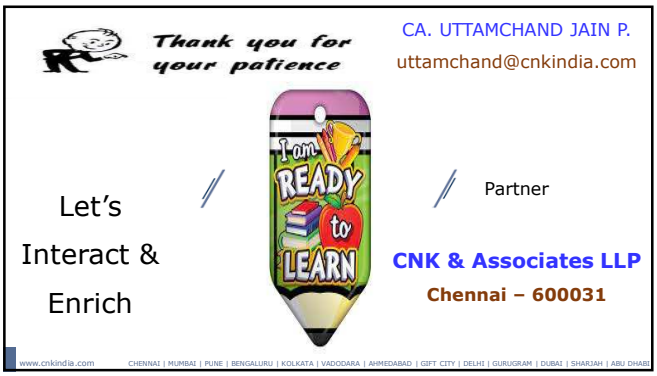
Lower TDS Scope Expanded Under Rule 213

- Unlearn: only specified payments had lower deduction applications
- Relearn: Rule 213 allows applications for property purchase, rent (Ind/HUF), 194R, 194T
- NPOs: compliance condition relaxed — last 4 years only (not all prior years)
- TAN no longer required for 194IB (rent by individuals) — PAN suffices

Form Numbering — Quick Reference

- 24Q → 138 | 26Q → 140 | 27Q → 144
- 16 → 130 | 16A → 131 | 16B/C/D → 132
- 15G/15H → 121 | Form 13 → 128 | Form 49B → 134/135
- 26QB/QC/QD/QE → 141 (single) | 26AS → 135

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