

Decoding the Revised TDS & TCS Framework under the Income-tax Act, 2025

A Practical Ready Reckoner for Tax Year 2026-27

The enactment of the Income-tax Act, 2025 marks a significant legislative transition in India's direct tax framework. One of the most notable changes introduced by the new law is the comprehensive re-numbering and restructuring of withholding tax provisions relating to Tax Deducted at Source ("TDS") and Tax Collected at Source ("TCS").

Although the substantive rates and thresholds have largely been retained, the migration from the earlier section references under the Income-tax Act, 1961 to the newly codified provisions under the Income-tax Act, 2025 necessitates immediate attention from tax professionals, corporates, consultants, deductors, and compliance teams.

1. Key Highlights of the Revised TDS/TCS Regime

- Re-numbering of TDS/TCS provisions under the Income-tax Act, 2025.
- Substantial continuity in withholding rates and threshold limits.
- Continued focus on digital transactions, e-commerce, luxury goods, and virtual digital assets.
- Need for updation of ERP systems, TDS masters, and return filing utilities.

2. Section 397(2) [Earlier Sections 206AA & 206CC]– Higher Rate of

Deduction: The revised law continues the higher deduction/collection mechanism where PAN is not furnished.

(A) TDS: Tax shall be deducted at the higher of:

- Rate specified under the Act;
- Rate/rates in force; or
- 5% / 20%, as applicable.

(B) TCS: Tax shall be collected at the higher of:

- Twice the specified rate; or
- 5% (subject to maximum 20%).

Team Edukating

Mobile: +91-8178908220; +91-8920931648, **Email:** contact@edukating.com

Decoding the Revised TDS & TCS Framework under the Income-tax Act, 2025

A Practical Ready Reckoner for Tax Year 2026-27

3. Major TDS Provisions – Resident Payments

Return Code	Old Section	Nature of Payment	New Section	Rate	Threshold
1001	192	Payment to government employees other than union government employees	392(1)	-	-
1002	192	Payment to employees other than government employees	392(1)	-	-
1004	192A	Payment of Accumulated PF balance due to an employee	392(7)	-	-
1005	194D	Insurance commission	393(1) [Table: Sl. No. 1(i)]	2% / 10%	₹20,000
1006	194H	Commission/Brokerage	393(1) [Table: Sl. No. 1(ii)]	2%	₹20,000
1008	194I(a)	Rent on machinery etc.	393(1) [Table: Sl. No. 2(ii).D(a)]	2%	₹50,000 p.m.

Team Edukating

Mobile: +91-8178908220; +91-8920931648, **Email:** contact@edukating.com

Decoding the Revised TDS & TCS Framework under the Income-tax Act, 2025

A Practical Ready Reckoner for Tax Year 2026-27

1009	194I(b)	Rent other than machinery	393(1) [Table: Sl. No. 2(ii).D(b)]	10%	₹50,000 p.m.
1011	194IC	Payment under JDA	393(1) [Table: Sl. No. 3(ii)]	10%	-
1012	194IA	Acquisition of immovable property	393(1) [Table: Sl. No. 3(iii)]	10%	₹5 lakh
1013	194K	Mutual fund income	393(1) [Table: Sl. No. 4(i)]	10%	₹10,000
1014	194LBA	Interest from business trust	393(1) [Table: Sl. No. 4(ii)]	10%	-
1015	194LBA	Dividend from business trust	393(1) [Table: Sl. No. 4(ii)]	10%	-
1017	194LBB	Investment fund income	393(1) [Table: Sl. No. 4(iii)]	10%	-
1018	194LBC	Securitisation trust income	393(1) [Table: Sl. No. 4(iv)]	10%	-
1019	193	Interest on securities	393(1) [Table: Sl. No. 5(i)]	10%	₹10,000
1020	194A	Interest – Senior Citizen	393(1) [Table: Sl. No. 5(ii).D(a)]	10%	₹1,00,000
1021	194A	Interest – Others	393(1) [Table: Sl. No. 5(ii).D(b)]	10%	₹50,000

Team Edukating

Mobile: +91-8178908220; +91-8920931648, **Email:** contact@edukating.com

Decoding the Revised TDS & TCS Framework under the Income-tax Act, 2025

A Practical Ready Reckoner for Tax Year 2026-27

1022	194A	Other interest payments	393(1) [Table: Sl. No. 5(iii)]	10%	₹10,000
1023	194C	Contractor – Individual/HUF	393(1) [Table: Sl. No. 6(i).D(a)]	1% / 2%	₹30,000 / ₹1 lakh
1024	194C	Contractor – Others	393(1) [Table: Sl. No. 6(i).D(b)]	1% / 2%	₹30,000 / ₹1 lakh
1026	194J(a)	Technical services	393(1) [Table: Sl. No. 6(iii).D(a)]	2%	₹50,000
1027	194J(b)	Professional services	393(1) [Table: Sl. No. 6(iii).D(b)]	10%	₹50,000
1028	194J(b)	Director remuneration	393(1) [Table: Sl. No. 6(iii).D(b)]	10%	-
1029	194	Dividend	393(1) [Table: Sl. No. 7]	10%	₹10,000
1030	194DA	Life insurance policy	393(1) [Table: Sl. No. 8(i)]	2%	₹1 lakh
1031	194Q	Purchase of goods	393(1) [Table: Sl. No. 8(ii)]	0.1%	₹50 lakh
1033	194R	Benefit/perquisite	393(1) [Table: Sl. No. 8(iv)]	10%	₹20,000

Team Edukating

Mobile: +91-8178908220; +91-8920931648, **Email:** contact@edukating.com

Decoding the Revised TDS & TCS Framework under the Income-tax Act, 2025

A Practical Ready Reckoner for Tax Year 2026-27

1034	194R	Perquisite in kind	393(1) [Table: Sl. No. 8(iv)]	10%	₹20,000
1035	194O	E-commerce transactions	393(1) [Table: Sl. No. 8(v)]	0.1%	₹5 lakh
1037	194S	Transfer of VDA	393(1) [Table: Sl. No. 8(vi)]	1%	₹10,000
1038	194SP	VDA transfer in cash/kind	393(1) [Table: Sl. No. 8(vi)]	1%	₹10,000
1058	194B	Lottery/gambling winnings	393(3) [Table: Sl. No. 1]	30%	₹10,000
1059	194B	Lottery winnings in kind	393(3) [Table: Sl. No. 1]	30%	₹10,000
1060	194BA	Online gaming winnings	393(3) [Table: Sl. No. 2]	30%	-
1061	194BA	Online gaming winnings in kind	393(3) [Table: Sl. No. 2]	30%	₹10,000
1062	194BB	Horse race winnings	393(3) [Table: Sl. No. 3]	30%	₹10,000
1063	194G	Lottery ticket commission	393(3) [Table: Sl. No. 4]	2%	₹20,000
1064	194N	Cash withdrawal – Co-op society	393(3) [Table: Sl. No. 5.D(a)]	2%	₹3 crore
1065	194N	Cash withdrawal – Others	393(3) [Table: Sl. No. 5.D(b)]	2%	₹1 crore

Team Edukating

Mobile: +91-8178908220; +91-8920931648, **Email:** contact@edukating.com

Decoding the Revised TDS & TCS Framework under the Income-tax Act, 2025

A Practical Ready Reckoner for Tax Year 2026-27

1066	194EE	NSS withdrawals	393(3) [Table: Sl. No. 6]	10%	₹2,500
1067	194T	Partner remuneration/interest	393(3) [Table: Sl. No. 7]	10%	₹20,000

4. Major TDS Provisions – Non-Resident / Foreign Payments

Return Code	Old Section	Nature of Payment	New Section	Rate
1039	194E	Income to non-resident sportsman/association	393(2) [Table: Sl. No. 1]	20%
1040	194LC	Foreign currency borrowing interest	393(2) [Table: Sl. No. 2]	5%
1041	194LD	Interest on rupee denominated bonds	393(2) [Table: Sl. No. 3]	5%
1042	194LC	IFSC listed long-term bonds	393(2) [Table: Sl. No. 4.E(a)]	4%
1043	194LC	Specified IFSC bonds	393(2) [Table: Sl. No. 4.E(b)]	9%

Team Edukating

Mobile: +91-8178908220; +91-8920931648, **Email:** contact@edukating.com

Decoding the Revised TDS & TCS Framework under the Income-tax Act, 2025

A Practical Ready Reckoner for Tax Year 2026-27

1044	194LB	Infrastructure debt fund interest	393(2) [Table: Sl. No. 5]	5%
1045	194LBA(a)	Distributed income by business trust	393(2) [Table: Sl. No. 6.E(a)]	5%
1046	194LBA(b)	Distributed income by business trust	393(2) [Table: Sl. No. 6.E(b)]	10%
1047	194LBC	Income from securitisation trust	393(2) [Table: Sl. No. 7]	30% / 35%
1048	194LBB	Investment fund income	393(2) [Table: Sl. No. 8]	10% / 30% / 35%
1049	194LBC	Securitisation trust income	393(2) [Table: Sl. No. 9]	10% / 30% / 35%
1050	195	MF/specified company income	393(2) [Table: Sl. No. 10]	20% or DTAA
1051	196B	Income from units	393(2) [Table: Sl. No. 11]	10%
1052	196B	LTCG on units	393(2) [Table: Sl. No. 12]	12.5%

Team Edukating

Mobile: +91-8178908220; +91-8920931648, **Email:** contact@edukating.com

Decoding the Revised TDS & TCS Framework under the Income-tax Act, 2025

A Practical Ready Reckoner for Tax Year 2026-27

1053	196C	Interest/dividend on GDR/Bonds	393(2) [Table: Sl. No. 13]	10%
1054	196C	LTCCG on GDR/Bonds	393(2) [Table: Sl. No. 14]	12.5%
1055	196D	Income from securities	393(2) [Table: Sl. No. 15]	20%
1056	196D	Certain FII income	393(2) [Table: Sl. No. 16]	10%
1057	195	Other sums chargeable to tax	393(2) [Table: Sl. No. 17]	Average rate

5. Major TCS Provisions – FY 2026-27

Return Code	Old Section	Nature of Collection	New Section	Rate
1068	206C-A	Alcoholic liquor	394(1) [Table: Sl. No. 1]	2%
1069	206C-I	Tendu leaves	394(1) [Table: Sl. No. 2]	2%

Team Edukating

Mobile: +91-8178908220; +91-8920931648, **Email:** contact@edukating.com

Decoding the Revised TDS & TCS Framework under the Income-tax Act, 2025

A Practical Ready Reckoner for Tax Year 2026-27

1070	206C-B	Timber under forest lease	394(1) [Table: Sl. No. 3]	2%
1071	206C-C	Timber other than forest lease	394(1) [Table: Sl. No. 3]	2%
1072	206C-D	Other forest produce	394(1) [Table: Sl. No. 3]	2%
1073	206C-E	Scrap	394(1) [Table: Sl. No. 4]	2%
1074	206C-J	Coal/Lignite/Iron Ore	394(1) [Table: Sl. No. 5]	2%
1075	206C-L	Motor vehicle	394(1) [Table: Sl. No. 6.D(a)]	1%
1076	206C-MA	Wrist watch	394(1) [Table: Sl. No. 6.D(b)]	1%
1077	206C-MB	Art piece/antique	394(1) [Table: Sl. No. 6.D(b)]	1%
1078	206C-MC	Collectibles	394(1) [Table: Sl. No. 6.D(b)]	1%

Team Edukating

Mobile: +91-8178908220; +91-8920931648, **Email:** contact@edukating.com

Decoding the Revised TDS & TCS Framework under the Income-tax Act, 2025

A Practical Ready Reckoner for Tax Year 2026-27

1079	206C-MD	Yacht/helicopter	394(1) [Table: Sl. No. 6.D(b)]	1%
1080	206C-ME	Sunglasses	394(1) [Table: Sl. No. 6.D(b)]	1%
1081	206C-MF	Handbag/purse	394(1) [Table: Sl. No. 6.D(b)]	1%
1082	206C-MG	Shoes	394(1) [Table: Sl. No. 6.D(b)]	1%
1083	206C-MH	Sportswear/equipment	394(1) [Table: Sl. No. 6.D(b)]	1%
1084	206C-MI	Home theatre	394(1) [Table: Sl. No. 6.D(b)]	1%
1085	206C-MJ	Horse for racing/polo	394(1) [Table: Sl. No. 6.D(b)]	1%
1086	206C-T	LRS – Education/Medical	394(1) [Table: Sl. No. 7.D(a)]	2%
1087	206C-Q	LRS – Other purposes	394(1) [Table: Sl. No. 7.D(b)]	20%

Team Edukating

Mobile: +91-8178908220; +91-8920931648, **Email:** contact@edukating.com

Decoding the Revised TDS & TCS Framework under the Income-tax Act, 2025

A Practical Ready Reckoner for Tax Year 2026-27

1088	206C-O	Overseas tour package ≤ ₹10 lakh	394(1) [Table: Sl. No. 8.D(a)]	2%
1089	206C-O	Overseas tour package > ₹10 lakh	394(1) [Table: Sl. No. 8.D(b)]	2%
1090	206C-F	Parking lot rights	394(1) [Table: Sl. No. 9]	2%
1091	206C-G	Toll plaza rights	394(1) [Table: Sl. No. 9]	2%
1092	206C-H	Mining/quarry rights	394(1) [Table: Sl. No. 9]	2%

6. New Form Names Under the Income Tax Rules, 2026

Along with the revised section references under the Income-tax Act, 2025, the Income Tax Rules, 2026 have also introduced completely new form names and numbering structures. Accordingly, usage of old form references for Tax Year 2026-27 transactions may render certificates, statements and compliance filings technically non-compliant. Professionals, deductors and compliance teams should therefore update internal documentation, ERP systems, templates and reporting mechanisms to align with the revised forms.

Team Edukating

Mobile: +91-8178908220; +91-8920931648, **Email:** contact@edukating.com

Decoding the Revised TDS & TCS Framework under the Income-tax Act, 2025

A Practical Ready Reckoner for Tax Year 2026-27

Purpose	Old Form (1961 Act)	New Form (2025 Act)
Annual TDS certificate for salary	Form 16	Form 130
TDS certificate for non-salary payments	Form 16A	Form 131
TCS certificate	Form 27D	Form 133
Quarterly TDS return - Salary	Form 24Q	Form 138
Quarterly TDS return - Non-salary (Residents)	Form 26Q	Form 140
Quarterly TCS return	Form 27EQ	Form 143
PAN-based TDS (property, rent, VDA, contractors)	Forms 26QB / 26QC / 26QD / 26QE	Form 141
Annual Information Statement (AIS)	Form 26AS	Form 168
Nil / Lower deduction application	Form 15G / 15H	Form 121
Tax Audit Report	Form 3CA / 3CB / 3CD	Form 26

Team Edukating

Mobile: +91-8178908220; +91-8920931648, **Email:** contact@edukating.com

Decoding the Revised TDS & TCS Framework under the Income-tax Act, 2025

A Practical Ready Reckoner for Tax Year 2026-27

7. Conclusion

The TDS and TCS regime under the Income-tax Act, 2025 represents a structural re-organisation rather than a substantive overhaul of withholding tax provisions. While the rates and thresholds remain largely unchanged, the revised statutory references and compliance mapping require immediate adaptation by businesses and professionals alike.

The transition to the revised form numbering framework is expected to have substantial implications for TDS compliance utilities, return preparation software, audit documentation, and tax reporting practices. Stakeholders should ensure timely updation of formats and compliance processes to avoid procedural defects and mismatches during filing and verification.

Join Annual Membership of GST: <https://www.edukating.com/membership>

A large, stylized logo of a bird or wing shape in blue, pink, and yellow, centered above the word "Edukating" in a large, bold, grey, sans-serif font.

Edukating

Team Edukating

Mobile: +91-8178908220; +91-8920931648, **Email:** contact@edukating.com