

Enhanced Threshold Limits for TDS and TCS

Introduction

- Overview of TDS and TCS applicability based on transaction threshold limits.
- Recent amendments effective from April 1, 2025.
- Key changes to various sections.

Enhanced Threshold Limits for TDS

Section	Before 1st April 2025	From 1st April 2025
193 - Interest on Securities	NIL	10,000
194A - Interest other than Interest on Securities	(i) 50,000/- for senior citizens; (ii) 40,000/- for others (bank, co-op, post office); (iii) 5,000/- in other cases	(i) 1,00,000/- for senior citizens; (ii) 50,000/- for others (bank, co-op, post office); (iii) 10,000/- in other cases
194 - Dividend for individual shareholder	5,000	10,000
194K - Income from Mutual Funds	5,000	10,000
194B & 194BB - Lottery, Crossword, Horse Race Winnings	Aggregate exceeding 10,000 in FY	10,000 per single transaction
194D - Insurance Commission	15,000	20,000
194G - Lottery Ticket Commission	15,000	20,000
194H - Commission or Brokerage	15,000	20,000
194-I - Rent	2,40,000 per year	50,000 per month
194J - Professional or Technical Fees	30,000	50,000
194LA - Enhanced Compensation	2,50,000	5,00,000

Enhanced Threshold Limit for TCS

Section	Before 1st April 2025	From 1st April 2025
206C(1G) - Remittance under LRS & Tour Packages	7,00,000	10,00,000
206C(1G) - LRS for Education (Loan Financed)	7,00,000	NIL (No TCS Applicable)
206C(1H) - Purchase of Goods	50,00,000	NIL (No TCS Applicable)

New Section - TDS on Partner's Remuneration (194T)

- Introduced in Budget 2024 to expand tax compliance for firms and LLPs.
- Requires 10% TDS deduction for payments exceeding Rs. 20,000 in a financial year.

Payment Type	TDS Rate	Threshold Limit
Remuneration, Interest, Commission paid to Partners	10%	Exceeds Rs. 20,000 in a financial year

Removal of TCS on Sale of Goods

- Section 206C(1H) is removed from April 1, 2025.
- Eliminates compliance conflicts with section 194Q.

Omission of Sections 206AB & 206CCA

- These sections imposed higher TDS/TCS rates for non-filers.
- Effective April 1, 2025, businesses are no longer required to check taxpayer filing status.
- Simplifies compliance and reduces administrative burden.

Reduced TCS Rates for Forest Produce

- Section 206C(1) revised TCS rate from 2.5% to 2%.
- Definition of forest produce aligns with the Indian Forest Act, 1927.

Introduction of New Tax Regime Slabs

The Finance Act 2025 has revised income tax slabs for individuals opting for the new tax regime:

Income Range Old Slabs (₹)	Income Range NEW Slabs (₹)	New Tax Rate (%)
Up to 3,00,000	Up to 4,00,000	Nil
3,00,001 – 7,00,000	4,00,001 – 8,00,000	5%
7,00,001 – 10,00,000	8,00,001 – 12,00,000	10%
10,00,001 – 12,00,000	12,00,001 – 16,00,000	15%
12,00,001 – 15,00,000	16,00,001 – 20,00,000	20%
–	20,00,001 – 24,00,000	25%
Above 15,00,000	Above 24,00,000	30%

87A Rebate on income-tax: It is proposed to increase the rebate for the resident individual under the new regime so that they do not pay tax if their total income is up to 12,00,000. Hence the limit of rebate in clause (a) of first proviso to section 87A stands increase from Rs. 25,000 to Rs. 60,000.

Conclusion

- TDS and TCS compliance remains essential to avoid penalties.
- Revised thresholds, new sections, and removals simplify taxation for businesses and individuals.