

TDS & TCS Reloaded:
What's New in Forms,
Returns & Compliance
from April 1st 2026

TDS
TCS

EFFECTIVE FY 2026-27

TABLE OF CONTENTS

TDS Return & Form 4

TCS Return & Form 17

Amendments in TDS Provisions 19

TDS Challan Payment Process under Income-tax Act 2025 (Practical Guide) 21

FAQ 27

TDS & TCS at a Glance: Navigating the Changes Under the Income Tax Bill 2025

With the Income Tax Bill 2025 now in motion, one of the most immediate compliance shifts for businesses and individuals alike is the renumbering of TDS and TCS sections effective FY 2026-27.

While the rates and thresholds largely remain familiar, the new section references - moving from the existing 192, 194 series and 206C framework to the revised 392, 393 and 394 series - will require a careful update to your internal processes, accounting systems, and return filings.

To help you stay ahead of the curve, we have put together a ready reckoner covering all major TDS and TCS categories - from salary and rent to professional fees, NRI payments, virtual digital assets, and lottery winnings - mapped side by side with both the old and new section numbers, applicable thresholds, deduction rates, and the updated return form numbers (Forms 138, 140, 141, 143 and 144 replacing the familiar 24Q, 26Q, 27Q series).

Whether you are a deductor managing payroll, a business making vendor payments, or an individual navigating rent and property transactions, this table is designed to be your go-to compliance reference for the year ahead.

TDS Return & Form under Income Tax Act, 2025

TDS on Salary and Dividend Income

TDS Section FY 25-26	TDS Section FY 26-27	Nature of Transaction	Threshold Limit	Rate w.e.f. 01.04.2026	Old Return Form No.	New Return Form No.	Payment Code
192	392	Government employee (other than union)	As per Income Tax rates	As per Income Tax rates	Form 24Q	Form 138	1001
192	392	Private employee			Form 24Q	Form 138	1002
192	392	Indian government employee			Form 24Q	Form 138	1003
192A	392	PF Withdrawal Payment	₹ 50,000	10%	Form 26Q	Form 140	1004
194	393(1)	Dividend from Domestic Company	No Limit	10%	Form 26Q	Form 140	1029

TDS on Commission

TDS Section FY 25-26	TDS Section FY 26-27	Nature of Transaction	ThresholdLimit	Rate w.e.f. 01.04.2026	Old Return Form No.	New Return Form No.	Payment Code
194D	393(1)	Insurance Commission	₹ 20,000	2%	Form 26Q	Form 140	1005
194H	393(1)	Other Than Insurance	₹ 20,000	2%	Form 26Q	Form 140	1006

Tax Deduction on Income from Mutual Fund Units

TDS Section FY 25-26	TDS Section FY 26-27	Nature of Transaction	ThresholdLimit	Rate w.e.f. 01.04.2026	Old Return Form No.	New Return Form No.	Payment Code
194K	393(1)	Specified Mutual Fund	₹ 10,000	10%	Form 26Q	Form 140	1013

TDS on Payment by Partnership Firm to Partners

TDS Section FY 25-26	TDS Section FY 26-27	Nature of Transaction	Threshold Limit	Rate w.e.f. 01.04.2026	Old Return Form No.	New Return Form No.	Payment Code
194T	393(3)	Payment to Partner	₹ 20,000	10%	Form 26Q Form 27Q	R - Form140 NRI - Form144	1067

TDS on Transfer of Immovable Property, Joint Development Agreement

TDS Section FY 25-26	TDS Section FY 26-27	Nature of Transaction	Threshold Limit	Rate w.e.f. 01.04.2026	Old Return Form No.	New Return Form No.	Payment Code
194-IA	393(1)	Transfer of Immovable Property (Other than agriculture)	₹ 50 Lakh	1%	Form 26QB	Form 141	1010
194-IC	393(1)	Joint Development Agreement	Nil	10%	Form 26Q	Form 140	1012

TDS on Cash Withdrawal, National Savings Scheme Withdrawal

TDS Section FY 25-26	TDS Section FY 26-27	Nature of Transaction	Threshold Limit	Rate w.e.f. 01.04.2026	Old Return Form No.	New Return Form No.	Payment Code
194N	393(3)	TDS on Cash Withdrawal (Co-operative Society)	3 Crore	2%	Form 26Q Form 27Q	R - Form 140	1064
194N	393(3)	TDS on Cash Withdrawal (other than co-operative Society)	1 Crore	2%		NRI - Form 144	1065
194EE	393(3)	NSS Withdrawal	₹ 2,500	10%			1066

TDS on Rent

TDS Section FY 25-26	TDS Section FY 26-27	Nature of Transaction	Threshold Limit	Rate w.e.f. 01.04.2026	Old Return Form No.	New Return Form No.	Payment Code
194-IB	393(1)	Rent by Individual/HUF	₹ 50,000 pm	2%	Form 26QC	Form 141	
194-I(a)	393(1)	Plant & Machinery	₹ 50,000 pm	2%	Form 26Q	Form 140	
194-I(b)	393(1)	Land & Building	₹ 50,000 pm	10%	Form 26Q	Form 140	1009

Certain income from units of a business trust and Capital Market

TDS Section FY 25-26	TDS Section FY 26-27	Nature of Transaction	Threshold Limit	Rate w.e.f. 01.04.2026	Old Return Form No.	New Return Form No.	Payment Code
194LBA	393(1)	Interest	No Limit	10%	Form 26Q	Form 140	1014
194LBA	393(1)	Dividend	No Limit	10%	Form 26Q	Form 140	1015
194LBA	393(1)	Rent	No Limit	10%	Form 26Q	Form 140	1016
194LBA	393(1)	REIT	No Limit	10%	Form 26Q	Form 140	1017
194LBC	393(1)	Securitisation Trust	No Limit	10%	Form 26Q	Form 140	1018

TDS on Interest Income

TDS Section FY 25-26	TDS Section FY 26-27	Nature of Transaction	Threshold Limit	Rate w.e.f. 01.04.2026	Old Return Form No.	New Return Form No.	Payment Code
193	393(1)	Interest on Securities	₹ 10,000	10%	Form 26Q	Form 140	1019
194A	393(1)	Interest from Banks/Post Office/ Co-op Senior Citizen	₹ 1,00,000	10%	Form 26Q	Form 140	1020
194A	393(1)	Interest from Banks/Post Office/ Co-op other than senior citizen	₹ 50,000	10%	Form 26Q	Form 140	1021
194A	393(1)	Interest other than banks	₹ 10,000	10%	Form 26Q	Form 140	1022

TDS on Contract, Professional & Technical Services

TDS Section FY 25-26	TDS Section FY 26-27	Nature of Transaction	Threshold Limit	Rate w.e.f. 01.04.2026	Old Return Form No.	New Return Form No.	Payment Code
194C	393(1)	Contract - Individual/HUF	₹ 30k (Single) / ₹ 1 Lakh (FY)	1%	Form 26Q	Form 140	1023
194C	393(1)	Contract - Other than Individual/HUF	₹ 30k (Single) / ₹ 1 Lakh (FY)	2%	Form 26Q	Form 140	1024
194M	393(1)	Any sum for Contract/Professional/Commission (not covered otherwise)	₹ 50,00,000	2%	Form 26Q	Form 140	1025
194JA	393(1)	Technical Service/Royalty/Film Distribution/Call Center	₹ 50,000	2%	Form 26Q	Form 140	1026
194JB	393(1)	Professional Service (Other)	₹ 50,000	10%	Form 26Q	Form 140	1027
194J	393(1)	Director Remuneration	No Limit	10%	Form 26Q	Form 140	1028

TDS on Lottery, Puzzle, Card Game, Gambling (Cash), Online Gaming, Horse Race Winnings

TDS Section FY 25-26	TDS Section FY 26-27	Nature of Transaction	Threshold Limit	Rate w.e.f. 01.04.2026	Old Return Form No.	New Return Form No.	Payment Code
194B	393(3)	Lottery, Puzzle, Card Game, Gambling (Cash)	₹ 10,000	30%	Form 26Q	Form 140	1058
194B	393(3)	Lottery, Puzzle, Card Game, Gambling (Kind)	₹ 10,000	30%	Form 26Q	Form 140	1059
194BA	393(3)	Online Gaming - Net Winnings (Cash)	No Limit	30%	Form 26Q	Form 140	1060
194BA	393(3)	Online Gaming - Net Winnings (Kind)	No Limit	30%	Form 26Q	Form 140	1061
194BB	393(3)	Horse Race Winnings	₹ 10,000	30%	Form 26Q	Form 140	1062
194G	393(3)	Commission on Lottery Sale	₹ 20,000	2%	Form 26Q	Form 140	1063

TDS on Other Transactions

TDS Section FY 25-26	TDS Section FY 26-27	Nature of Transaction	Threshold Limit	Rate w.e.f. 01.04.2026	Old Return Form No.	New Return Form No.	Payment Code
194Q	393(1)	Purchase of Goods	50,00,000	0.10%	Form 26Q	Form 140	1031
194P	393(1)	Specified Senior citizen	No Limit	Slab rate	Form 24Q	Form 138	1032
194R	393(1)	Perquisite & benefit (Cash)	20,000	10%	Form 26Q	Form 140	1033
194R	393(1)	Perquisite & benefit (Kind)	20000	10%	Form 26Q	Form 140	1034
194O	393(1)	TDS by ECO	5,00,000 for individual & HUF only	0.10%	Form 26Q	Form 140	1035
194DA	393(1)	LIC payment	100000	2%	Form 26Q	Form 140	1030

TDS on Virtual Digital Assets

TDS Section FY 25-26	TDS Section FY 26-27	Nature of Transaction	Threshold Limit	Rate w.e.f. 01.04.2026	Old Return Form No.	New Return Form No.	Payment Code
194S	393(1)	VDA - individual or HUF (Cash or Kind)	No Limit	1%	Form 26EQ	Form 141	1036
194S	393(1)	VDA- Other than individual (Cash)	No Limit	1%	Form 26Q	Form 140	1037
194S	393(1)	VDA-Other than individual (Kind)	No Limit	1%	Form 26Q	Form 140	1038

TDS on NRI Payments (1/2)

TDS Section FY 25-26	TDS Section FY 26-27	Nature of Transaction	Threshold limit	Rate	Old Return Form No.	New Return Form No.	Payment Code
194E	393(2)	Payment to Sportsperson/Sports Association(NRI)	No Limit	20%	Form 27Q	Form 144	1039
196A	393(2)	Income in respect of units of non-resident	No Limit	30%	Form 27Q	Form 144	1053
196B	393(2)	Long-term capital gains - Bonds/GDR (Sec 209)	No Limit	12.50%	Form 27Q	Form 144	1054
196C	393(2)	Income (interest or dividends) or long-term capital gains (LTCG) payable to a non-resident in respect of bonds or Global Depository Receipts (GDRs) of an Indian company referred to in section 115AC.	No Limit	10%	Form 27Q	Form 144	1055

TDS on NRI Payments (2/2)

TDS Section FY 25-26	TDS Section FY 26-27	Nature of Transaction	Threshold Limit	Rate w.e.f. 01.04.2026	Old Return Form No.	New Return Form No.	Payment Code
196D	393(2)	Income payable to a Foreign Institutional Investor (FII) or Foreign Portfolio Investor (FPI) in respect of securities	No Limit	20%	Form 27Q	Form 144	1056
195	393(2)	Interest(not under Serial 2-5) or other sum (not being Salary)	No Limit	30%	Form 27Q	Form 144	1057
194LC	393(2)	Interest on money borrowed in foreign currency	No Limit	5%	Form 27Q	Form 144	1040

TCS Return & Form under Income Tax Act, 2025

Tax Collected at Source (1/2)

TCS Section FY 25-26	TCS Section FY 26-27	Nature of Transaction	Threshold limit	Rate	Old Return Form No.	New Return Form No.	Payment Code
206C(1)	394	Sale of Alcoholic Liquor for Human Consumption	No Limit	2%	Form 27EQ	Form 143	1068
		Sale of Tendu Leaves	No Limit	2%			1069
		Timber obtained under forest lease	No Limit	2%			1070
		Timber obtained other than forest lease	No Limit	2%			1071
		Other Forest Product	No Limit	2%			1072
		Sale of Scrap	No Limit	2%			1073
		Sale of Minerals (Coal, Lignite, Iron Ore)	No Limit	2%			1074

TCS Section FY 25-26	TCS Section FY 26-27	Nature of Transaction	Threshold limit	Rate	Old Return Form No.	New Return Form No.	Payment Code
206C(1F)	394	Motor Vehicle (Value > ₹10 Lakh)	> ₹ 10 Lakh	1%	Form 27EQ	Form 143	1075
206C(1G)	394	Remittance under LRS - Education/Medical	> ₹ 10 Lakh	2%			1086
	394	Remittance under LRS - Other Purposes	> ₹ 10 Lakh	20%			1087
	394	Overseas Tour Package	No Limit	2%			1088
206C(1C)	394	Parking Lot	No Limit	2%			1090
206C(1C)	394	Toll Plaza	No Limit	2%			1091
206C(1C)	394	Mine or Quarry (except oil mining)	No Limit	2%			1092

Amendments to TDS Provisions

Interest other than on securities

Income Tax Act 1961	Income Tax Act 2025	Impact
<p>Section 194A requires deduction of tax at source (TDS) on interest other than on securities. However, TDS is not applicable where such income is credited or paid to:</p> <ul style="list-style-type: none"> • any banking company to which the Banking Regulation Act, 1949 applies, or any co-operative society engaged in the business of banking (including a co-operative land mortgage bank); • any financial corporation established by or under a Central, State or Provincial Act.etc.. 	<p>As per Section 393(4), TDS is not required to be deducted on interest credited or paid to:</p> <ul style="list-style-type: none"> • any banking company; or • any financial corporation established by or under a Central, State or Provincial Act.etc 	<p>The exemption from TDS for co-operative banks has been omitted under the new Act, thereby making such entities subject to TDS provisions on interest income.</p>

Interest on Compensation Awarded by the Motor Accidents Claims Tribunal

Income Tax Act 1961	Income Tax Act 2025	Impact
<p>As per Section 194A(3)(ix) & (ixa), TDS on interest is required to be deducted only at the time of payment, provided the amount exceeds Rs. 50,000. No TDS is required at the time of credit</p>	<p>As per Section 393(1) [Table: Sl. No. 5(i)], TDS is required to be deducted at the time of credit or payment, whichever is earlier, where the interest exceeds Rs. 50,000</p>	<ul style="list-style-type: none"> • Under the new Act, TDS will be triggered at the time of credit itself, even if the amount is not actually received. • This may result in a timing mismatch, as the interest income continues to be taxable only on receipt basis under Section 277, leading to carry forward of TDS credit until the year of actual receipt.

TDS Challan Payment Process under Income-tax Act 2025 (Practical Guide)

1. Login to Income-tax Portal (TAN Login)

1. Visit the Income-tax e-Filing Portal.
2. Click Login.
3. Select TAN Login (Tax Deduction and Collection Account Number).
4. Enter:
 - TAN
 - Password
 - Captcha Code
5. Complete authentication (OTP if applicable).
6. After login, navigate to:
e-Pay Tax → New Payment

Select Applicable Income Tax Act

- Income-tax Act, 2025
TDS/TCS payments for Tax Year 2026-27 and onwards.
- Income-tax Act, 1961
TDS/TCS payments for Assessment Year 2026-27 or earlier AYs.

2. Selection of Applicable Law – Income-tax Act 2025

For TDS payments relating to periods on or after 1 April 2026:

1. Select “Income-tax Act 2025” in the payment module.

3. Selecting Payment Type

1. After choosing the applicable Act:
2. Select TDS/TCS Payment.
3. Select Tax Applicable (Major Head) - Other than company / company
4. Select the residential status of the deductee(s)

4. Understanding the Dropdown List (Nature of Payment)

The Nature of Payment dropdown is the most important part of challan payment.

Each dropdown option contains:

- Description of payment
- Corresponding section under Income-tax Act 2025
- Unique Payment Code (used by CPC-TDS system)

Example structure:

Nature of Payment – Section – Payment Code

5. Logic Behind Construction of Dropdown Options

The dropdown list is not arranged purely by section numbers. It is constructed based on TDS reporting architecture used by the Income-tax system.

The logic followed by the portal:

1. Payments are grouped by type of transaction, not by chapter sequence.

2. Similar deductions are clubbed under master

reporting categories like:

i. Salary payments

ii. Contract payments

iii. Professional/technical fees

1. Each category is assigned a unique payment code.

2. These codes help automatic reconciliation between:

i. Challan payment

ii. TDS Return (24Q / 26Q / 27Q)

iii. TRACES processing system

iv. Form 26AS / AIS reporting

Category	Code	Residential Status
Payment to Government employees other than Union Government employees	392 - 1001	Resident Deductee(s)
Payment of Employees other than Government Employees	392 - 1002	Resident Deductee(s)
Payment of accumulated balance due to an employee	392(7) - 1004	
Commission or brokerage - insurance	393(1) [Table: Sl. No. 1(i)] - 1005	
Commission or brokerage - others	393(1) [Table: Sl. No. 1(ii)] - 1006	

Select or start typing...

Total (a + b + c) ₹ 0
words Rupees Zero only

Cancel Add

6. Single Challan Concept (Important Practical Aspect)

In Income tax Act 1961- separate challans are required for each TDS section.

Whereas in Income tax Act 2025 - portal changes

One challan is sufficient for multiple TDS sections provided:

- Same TAN
- Same Assessment Year
- Same payment type (TDS)

How to Add Multiple Sections in One Challan

- Select first Nature of Payment.
- Enter tax amount.
- Click “Add” option below.
- Select another Nature of Payment.
- Enter respective amount.
- Repeat for all sections.

The portal consolidates all entries into one challan.

Total (a + b + c)

In words

₹ 2000

Rupees 2,000 only

Cancel
Add

Edit
Delete

	S.no	Description	Section	Code	Tax
<input type="checkbox"/>	1	Commission or brokerage - others - 393(1) [Table: Sl. No. 1(ii)]	393(1) [Table: Sl. No. 1(ii)]	1006	200
<input type="checkbox"/>	2	Rent other than machinery etc. - specified person - 393(1) [Table: Sl. No. 2(ii).D(b)]	393(1) [Table: Sl. No. 2(ii).D(b)]	1009	200
Total (in ₹)					400

7.Details of Payment

Entering Amount Details

Amounts must be entered under appropriate fields:

- Tax
- Interest (if delay applicable)
- Late Fee
- Penalty
- Others (if applicable)

The system automatically calculates total payable amount.

Details of Other payments

(d) Interest	₹	0
(e) Late Fee under section 427	₹	0
(f) Penalty	₹	0
(g) Others	₹	0

Total (d + e + f + g) ₹ 0
In words Rupees Zero only

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TDS Transition 2026: Determining the Applicable Act

The Act governing TDS depends on when the “**earlier of the event of credit or payment**” occurs.

Earlier event occurs on or before 31st March, 2026  Income-tax Act, 1961 will be applicable.

Earlier event occurs on or after 1st April, 2026  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.

TDS Transition for Ongoing Contracts

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) of the new Act. Rates and thresholds remain the same under both the Acts.

FAQ - 2 : What Are the Applicable TDS Forms and Due Dates Across the 2026 Transition?

With the transition to the Income-tax Act, 2025, it is essential for deductors to determine the applicable provisions based on the relevant period. The prescribed TDS forms and corresponding due dates differ under the Income-tax Act, 1961 and the Income-tax Act, 2025. The table below provides a concise comparison for ease of reference.

Particulars	TDS on Salary		TDS on payments other than Salary	
	IT Act, 1961	IT Act, 2025	IT Act, 1961	IT Act, 2025
Period	FY 2025-26	TY 2026-27	Jan - Mar 2026	Apr - jun 2026
Form No	Form 16 under the old Act	Form No. 130 under the new Act	Form 16A under the old Act	Form No. 131 under the new Act
Due Date	15th June 2026	15th June 2027	15th June, 2026 (15 days from due date of TDS return)	15th August 2026

FAQ - 3: What Are the Timelines for TDS Deposit and Compliance?

The due dates for deposit of Tax Deducted at Source (TDS) remain largely unchanged under both the **IT Act, 1961** and the proposed **IT Act, 2025**, providing **continuity** and ease of compliance for taxpayers.

Period of Deduction of Tax at Source	IT Act, 1961	IT Act, 2025
January 2026 to February 2026	7th of next month	7th of next month
March 2026	30th April, 2026	30th April, 2026
April 2026 onwards	7th of next month	7th of next month
March 2027	30th April, 2027	30th April, 2027

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