

FS-10/1/2022-FS-DOP
Government of India
Ministry of Communications
Department of Posts
(Financial Services Division)

Dak Bhawan, New Delhi – 110001

Dated: 04.04.2025

To

All Heads of Circle/Region

Subject: Amendments related to Tax Deduction at Source (TDS) deductions under various sections of Income Tax Act 1961 notified in the Finance Act 2025 w.e.f. 01 April, 2025 – Reg.

Madam / Sir,

This is with reference to amendments made vide **Finance Act, 2025**, published on the **29th March 2025**.

2. In accordance with the **Finance Act, 2025**, provisions related to TDS deduction under various sections of Income Tax Act 1961 have been amended as under:

2.1 ***"In section 194A of the Income-tax Act, in sub-section (3),– (a) in clause (i),–***

- i. *for the words "forty thousand rupees", wherever they occur, the words "fifty thousand rupees" shall be substituted;*
- ii. *in sub-clause (d), for the words "five thousand rupees", the words "ten thousand rupees" shall be substituted;*
- iii. *in the third proviso,–*

(A) for the words "forty thousand rupees", the words "fifty thousand rupees" shall be substituted;

(B) for the words "fifty thousand rupees", the words "one lakh rupees" shall be substituted;

2.2. ***"In section 80CCA of the Income-tax Act, in sub-section (2), after the first proviso, the following proviso shall be inserted and shall be deemed to have been inserted with effect from the 29th August, 2024, namely:– "Provided further that the amount referred to in clause (a) which is withdrawn on or after the 29th August, 2024, shall not be charged to tax in the case of an assessee, being an individual"***

2.3 ***"In section 194H of the Income-tax Act, in the first proviso, for the words "fifteen thousand rupees", the words "twenty thousand rupees" shall be substituted"***

3. It is requested to circulate it to all concerned for information and necessary guidance. This may also be placed on the notice board of all Post Offices in public area.
4. This issues with the approval of the Competent Authority.

Encl. As above.


(Devender Kumar Sharma)
Assistant Director (SB-II)

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2. PS to Director General Postal Services
3. PPS/ PS to Member (Financial Services)/Member (O)/Member (P)/ Member (HRD)/ Member (Tech)/ Member (Service Quality and Marketing), Member (Infrastructure), AS & FA
4. Addl. Director General, APS, New Delhi
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6. CGM, CEPT for kind information and necessary action.
7. Sr. Deputy Director General (Vig) & CVO) / Sr. Deputy Director General (PAF)
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12. The Joint Director & HOD, National Savings Institute, ICCW Building, 4 Deendayal Upadhyay Marg, New Delhi-110002
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(Devender Kumar Sharma)
Assistant Director (SB-II)



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असाधारण

EXTRAORDINARY

भाग II — खण्ड 1

PART II — Section 1

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

सं० 7] नई दिल्ली, शनिवार, मार्च 29, 2025/चैत्र 8, 1947 (शक)
No. 7] NEW DELHI, SATURDAY, MARCH 29, 2025/CHAITRA 8, 1947 (Saka)

इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।
Separate paging is given to this Part in order that it may be filed as a separate compilation.

MINISTRY OF LAW AND JUSTICE (Legislative Department)

New Delhi, the 29th March, 2025/Chaitra 8, 1947 (Saka)

The following Act of Parliament received the assent of the President on the 29th March, 2025 and is hereby published for general information:—

THE FINANCE ACT, 2025

No. 7 OF 2025

[29th March, 2025.]

An Act to give effect to the financial proposals of the Central Government for the financial year 2025-2026.

BE it enacted by Parliament in the Seventy-sixth Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

1. (1) This Act may be called the Finance Act, 2025.

(2) Save as otherwise provided in this Act,—

(a) sections 2 to 91, 104 to 120, 125 and 136 shall come into force on the 1st day of April, 2025;

(b) sections 121 to 124 and sections 126 to 134 shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

Short title and
commencement.

(i) fifty lakh rupees but does not exceed one crore rupees, the total amount payable as income-tax on such income and surcharge thereon shall not exceed the total amount payable as income-tax on a total income of fifty lakh rupees by more than the amount of income that exceeds fifty lakh rupees;

(ii) one crore rupees but does not exceed two crore rupees, the total amount payable as income-tax on such income and surcharge thereon shall not exceed the total amount payable as income-tax and surcharge on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees;

(iii) two crore rupees, the total amount payable as income-tax on such income and surcharge thereon shall not exceed the total amount payable as income-tax and surcharge on a total income of two crore rupees by more than the amount of income that exceeds two crore rupees:

Provided also that in case of every co-operative society resident in India, whose income is chargeable to tax under section 115BAD or section 115BAE of the Income-tax Act, the income-tax computed under this sub-section shall be increased by a surcharge, for the purposes of the Union, calculated at the rate of ten per cent. of such income-tax:

Provided also that in the case of a specified fund, referred to in clause (c) of the *Explanation* to clause (4D) of section 10 of the Income-tax Act, whose income includes any income under clause (a) of sub-section (1) of section 115AD of the Income-tax Act, the income-tax computed on that part of income shall not be increased by any surcharge.

(4) In cases in which tax has to be charged and paid under sub-section (2A) of section 92CE or section 115QA or section 115TD of the Income-tax Act, the tax shall be charged and paid at the rates as specified in those sections and shall be increased by a surcharge, for the purposes of the Union, calculated at the rate of twelve per cent. of such tax.

(5) In cases in which tax has to be deducted under sections 193, 194A, 194B, 194BA, 194BB, 194D, 194LBA, 194LBB, 194LBC and 195 of the Income-tax Act, at the rates in force, the deductions shall be made at the rates specified in Part II of the First Schedule and shall be increased by a surcharge, for the purposes of the Union, calculated in cases wherever prescribed, in the manner provided therein.

(6) In cases in which tax has to be deducted under sections 192A, 194, 194C, 194DA, 194E, 194EE, 194G, 194H, 194-I, 194-IA, 194-IB, 194-IC, 194J, 194LA, 194LB, 194LBA, 194LBB, 194LBC, 194LC, 194LD, 194K, 194M, 194N, 194-O, 194Q, 194R, 194S, 194T, 196A, 196B, 196C and 196D of the Income-tax Act, the deductions shall be made at the rates specified in those sections and shall be increased by a surcharge, for the purposes of the Union,—

(a) in the case of every individual or Hindu undivided family or association of persons, except in case of an association of persons consisting of only companies as its members, or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, being a non-resident except in case of deduction on income by way of dividend under section 196D of the Income-tax Act, calculated,—

(i) at the rate of ten per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds fifty lakh rupees but does not exceed one crore rupees;

(ii) at the rate of fifteen per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees but does not exceed two crore rupees;

Amendment of
section 72AA.

15. In section 72AA of the Income-tax Act, with effect from the 1st April, 2026,—

(i) the following proviso shall be inserted, namely:—

“Provided that where any scheme of such amalgamation is brought into force on or after the 1st April, 2025, any loss forming part of the accumulated loss of the predecessor entity, being—

(a) the banking company or companies; or

(b) the amalgamating corresponding new bank or banks; or

(c) the amalgamating Government company or companies,

as the case may be, which is deemed to be the loss of the successor entity, being—

(i) the banking institution or company; or

(ii) the amalgamated corresponding new bank or banks; or

(iii) the amalgamated Government company or companies,

as the case may be, shall be carried forward in the hands of the successor entity for not more than eight assessment years immediately succeeding the assessment year for which such loss was first computed for original predecessor entity.”;

(ii) in the *Explanation*, after clause (vii), the following clause shall be inserted, namely:—

‘(viii) “original predecessor entity” means predecessor entity in respect of the first amalgamation.’

Amendment of
section 80CCA.

16. In section 80CCA of the Income-tax Act, in sub-section (2), after the first proviso, the following proviso shall be inserted and shall be deemed to have been inserted with effect from the 29th August, 2024, namely:—

“Provided further that the amount referred to in clause (a) which is withdrawn on or after the 29th August, 2024, shall not be charged to tax in the case of an assessee, being an individual.”

Amendment of
section 80CCD.

17. In section 80CCD of the Income-tax Act, with effect from the 1st April, 2026,—

(a) in sub-section (1B), after the proviso, the following proviso shall be inserted, namely:—

“Provided further that the deduction under this sub-section shall also be allowed, where any payment or deposit is made to the account of a minor under the pension scheme referred to in the said sub-section, by the assessee, being the parent or guardian of such minor, subject to the condition that the aggregate amount of deduction under this sub-section shall not exceed fifty thousand rupees.”;

(b) in sub-section (3),—

(i) in the opening portion, for the words “in his account”, the words “or a minor, in his account or the account of a minor, as the case may be,” shall be substituted;

(ii) after the proviso, the following proviso shall be inserted, namely:—

“Provided further that the amount received by a person, being the parent or guardian or nominee of a minor, on account of closure of the pension scheme referred to in sub-section (1B) due to the death of the minor, shall not be deemed to be the income of such person.”;

(c) in sub-section (4), in the opening portion, after the words “Where any amount paid or deposited by the assessee”, the words “in his account or the account of a minor” shall be inserted.

- 54.** In section 158BFA of the Income-tax Act, with effect from the 1st day of September, 2024,—
- Amendment of section 158BFA.
- (a) in sub-section (1), for the words “total income including undisclosed income”, the words “undisclosed income” shall be substituted and shall be deemed to have been substituted;
- (b) in sub-section (4), for clause (ii), the following clause shall be substituted and shall be deemed to have been substituted, namely:—
- “(ii) the period commencing on the date on which stay on the proceeding under sub-section (2) was granted by an order or injunction of any court and ending on the date on which certified copy of the order vacating the stay was received by the jurisdictional Principal Commissioner or Commissioner.”.
- 55.** Section 158BI of the Income-tax Act shall be omitted and shall be deemed to have been omitted with effect from the 1st day of September, 2024.
- Omission of section 158BI.
- 56.** In section 193 of the Income-tax Act,—
- Amendment of section 193.
- (a) after the words “whichever is earlier,”, the words “being the amount or the aggregate of amounts exceeding ten thousand rupees during the financial year,” shall be inserted;
- (b) in the proviso, in clause (v), in sub-clause (a), for the words “five thousand rupees”, the words “ten thousand rupees” shall be substituted.
- 57.** In section 194 of the Income-tax Act, in the first proviso, in clause (b), for the words “five thousand rupees”, the words “ten thousand rupees” shall be substituted.
- Amendment of section 194.
- 58.** In section 194A of the Income-tax Act, in sub-section (3),—
- Amendment of section 194A.
- (a) in clause (i),—
- (i) for the words “forty thousand rupees”, wherever they occur, the words “fifty thousand rupees” shall be substituted;
- (ii) in sub-clause (d), for the words “five thousand rupees”, the words “ten thousand rupees” shall be substituted;
- (iii) in the third proviso,—
- (A) for the words “forty thousand rupees”, the words “fifty thousand rupees” shall be substituted;
- (B) for the words “fifty thousand rupees”, the words “one lakh rupees” shall be substituted;
- (b) in the proviso occurring after clause (xi), in clause (b),—
- (i) for the words “fifty thousand rupees”, the words “one lakh rupees” shall be substituted;
- (ii) for the words “forty thousand rupees”, the words “fifty thousand rupees” shall be substituted.
- 59.** In section 194B of the Income-tax Act,—
- Amendment of section 194B.
- (a) for the words “or the aggregate of amounts”, the words “in respect of a single transaction” shall be substituted;
- (b) the words “during the financial year” shall be omitted.
- 60.** In section 194BB of the Income-tax Act,—
- Amendment of section 194BB.
- (a) for the words “or aggregate of amounts”, the words “in respect of a single transaction” shall be substituted;
- (b) the words “during the financial year” shall be omitted.

Amendment of section 194D.

61. In section 194D of the Income-tax Act, in the second proviso, for the words “fifteen thousand rupees”, the words “twenty thousand rupees” shall be substituted.

Amendment of section 194G.

62. In section 194G of the Income-tax Act, in sub-section (1), for the words “fifteen thousand rupees”, the words “twenty thousand rupees” shall be substituted.

Amendment of section 194H.

63. In section 194H of the Income-tax Act, in the first proviso, for the words “fifteen thousand rupees”, the words “twenty thousand rupees” shall be substituted.

Amendment of section 194-I.

64. In section 194-I of the Income-tax Act, for the first proviso, the following proviso shall be substituted, namely:—

“Provided that no deduction shall be made under this section, where the income by way of rent credited or paid for a month or part of a month by such person to the account of, or to, the payee, does not exceed fifty thousand rupees:”.

Amendment of section 194J.

65. In section 194J of the Income-tax Act, in sub-section (1), in the first proviso, in clause (B), for the words “thirty thousand rupees” wherever they occur, the words “fifty thousand rupees” shall be substituted.

Amendment of section 194K.

66. In section 194K of the Income-tax Act, in the proviso, in clause (i), for the words “five thousand rupees”, the words “ten thousand rupees” shall be substituted.

Amendment of section 194LA.

67. In section 194LA of the Income-tax Act, in the first proviso, for the words “two lakh and fifty thousand rupees”, the words “five lakh rupees” shall be substituted.

Amendment of section 194LBC.

68. In section 194LBC of the Income-tax Act, in sub-section (1), for the portion beginning with the words “at the rate of” and ending with the words “payee is any other person”, the words “at the rate of ten per cent.” shall be substituted.

Amendment of section 194Q.

69. In section 194Q of the Income-tax Act, in sub-section (5), in clause (b), the words, brackets, figures and letters “other than a transaction to which sub-section (1H) of section 206C applies” shall be omitted.

Amendment of section 194S.

70. In section 194S of the Income-tax Act, in sub-section (2), for the words, figures and letters “sections 203A and 206AB”, the word, figures and letter “section 203A” shall be substituted.

Omission of section 206AB.

71. Section 206AB of the Income-tax Act shall be omitted.

Amendment of section 206C.

72. In section 206C of the Income-tax Act,—

(a) in sub-section (1),—

(i) in the Table,—

(A) against serial number (iii),—

(I) in column (2), for the word “Timber”, the words and brackets “Timber or any other forest produce (not being tendu leaves)” shall be substituted;

(II) in column (3), for the words “two and one-half per cent.”, the words “two per cent.” shall be substituted;

(B) against serial number (iv), in column (3), for the words “two and one-half per cent.”, the words “two per cent.” shall be substituted;

(C) serial number (v) and the entries relating thereto shall be omitted;

(ii) after the proviso, the following *Explanation* shall be inserted, namely:—

(ii) in the case of every company other than a domestic company,—

(a) having a total income exceeding one crore rupees but not exceeding ten crore rupees, at the rate of two per cent. of such income-tax; and

(b) having a total income exceeding ten crore rupees, at the rate of five per cent. of such income-tax:

Provided that in the case of every company having a total income exceeding one crore rupees but not exceeding ten crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees:

Provided further that in the case of every company having a total income exceeding ten crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax and surcharge on a total income of ten crore rupees by more than the amount of income that exceeds ten crore rupees.

PART II

RATES FOR DEDUCTION OF TAX AT SOURCE IN CERTAIN CASES

In every case in which under the provisions of sections 193, 194A, 194B, 194BA, 194BB, 194D, 194LBA, 194LBB, 194LBC and 195 of the Income-tax Act, tax is to be deducted at the rates in force, deduction shall be made from the income subject to the deduction at the following rates:—

	Rate of income-tax
1. In the case of a person other than a company—	
(a) where the person is resident in India—	
(i) on income by way of interest other than “Interest on securities”	10 per cent.;
(ii) on income by way of winnings from lotteries, puzzles, card games and other games of any sort (other than winnings from online games)	30 per cent.;
(iii) on income by way of winnings from horse races	30 per cent.;
(iv) on income by way of net winnings from online games	30 per cent.;
(v) on income by way of insurance commission	2 per cent.;
(vi) on income by way of interest payable on—	10 per cent.;
(A) any debentures or securities for money issued by or on behalf of any local authority or a corporation established by a Central Act, State Act or Provincial Act;	
(B) any debentures issued by a company where such debentures are listed on a recognised stock exchange in India as per the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and the rules made thereunder;	
(C) any security of the Central Government or State Government;	
(vii) on any other income	10 per cent.;
(b) where the person is not resident in India—	
(i) in the case of a non-resident Indian—	