

# INDIA LEGAL UPDATE

April 4, 2024

## Effective Rates of TDS for AY 2025-26

<b>Notification Date:</b>
February 1, 2024
<b>Effective Date:</b>
April 1, 2024
<b>Legal Framework:</b>
Income tax Act, 1961
<b>Government Authority:</b>
Central Board of Direct Taxes (CBDT)
<b>Weblink:</b>
<a href="#">TDS Rates</a>

### LEGAL UPDATE

The table highlights differences in TDS Rates Percentage for AY 2024-25 vis-à-vis AY 2025-26.

Section No.	Deductee	Nature of Transaction	TDS Rates (in %) for AY 2024-25	TDS Rates (in %) for AY 2025-26
Section 194D	Resident	Insurance Commission	Domestic Company – 10 Other than Companies – 5	5
Section 194-LC	Non-Resident and Foreign Company	Payment of interest by an Indian Company or a business trust in respect of money borrowed in foreign currency under a loan agreement or by way of issue of long-term bonds (including long-term infrastructure bond)	5 or 4	5 or 4* or 9** * In case where interest is payable in respect of Long term Bond or Rupee Denominated Bond listed on recognised stock exchange located in IFSC ** Where money borrowed from a source outside India by issuing a long-term bond or rupee-denominated bond on or after 01-04-2023, which is listed only on a recognised stock exchange located in an IFSC

The concept of TDS was introduced to collect tax from the very source of income. As per this concept, a person (deductor) who is liable to make a payment of a specified nature to any other person (deductee) shall deduct tax at source and remit the same into the account of the Central Government.

The deductee from whose income tax has been deducted at source would be entitled to get the credit of the amount so deducted based on Form 26AS or TDS certificate issued by the deductor.

Taxes shall be deducted at the rates specified in the relevant provisions of the Act or the First Schedule to the Finance Act.

The [Complete Table](#) lists the various TDS rates applicable to resident and non-resident payments as well as TDS rates on domestic and foreign companies in India for the AY 2025-26. Any person paying income is responsible for deducting tax at source and depositing TDS within the stipulated due date.

## Queries?

If you have any queries about this article, please reach out to our experts:

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