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CHARTERED ACCOUNTANTS

LEVEL - 1

Tax Game

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Your Simple Guide to

Income Tax Act, 2025

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- Insights That Create Clarity.
- Compliance Made Simple.
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THE TAX GAME

*The TAX GAME is a journal published by **Krishnan Retna and Associates** with the objective of providing concise, reliable, and up-to-date insights on the evolving framework of Income Tax. The journal brings together significant judicial pronouncements, important notifications, circulars, advance rulings, and key regulatory developments to assist professionals, businesses, and taxpayers in understanding the practical implications of Direct Tax law.*

In a rapidly changing tax environment, staying informed is essential for ensuring compliance and making well-informed decisions. Through simplified analysis and structured presentation, The TAX GAME aims to serve as a valuable reference for readers seeking clarity on recent amendments, interpretational issues, and emerging trends under Direct Tax.

CHAPTER XIX COLLECTION & RECOVERY OF TAX

SECTION 393(1): FOR PAYMENTS TO RESIDENT

1.Commission or Brokerage

As per Income Tax act, 1961	**As per Income Tax act, 2025**
194D	393(1) Sl. No. 1(i)
194H	393(1) Sl. No. 1(ii)

1. **393(1) Sl. No. 1(i): Insurance Commission**
   When any person pays commission to a *resident person* for procuring insurance business (which also includes continuing, renewing, or reviving insurance policies), they shall deduct tax (TDS), at the *prescribed rate* if the annual payments cross the *threshold limit*, on the *deduction date*.

2. **393(1) Sl. No. 1(ii): Commission or Brokerage**
   When any person, other than an Individual or a Hindu Undivided Family (HUF), pays a resident person commission or brokerage [excluding insurance commission covered under 393(1) Sl. No. 1(i)], they shall deduct income tax (TDS), at the *prescribed rate* when the annual payments cross the *threshold limit*, on the *deduction date*.

   NOTE: Individual/HUF is required to deduct TDS, when their last year Turnover is more than Rs 1 Crore in case of business or when their Gross Receipts is more than Rs 50 Lakhs in case of profession.

   Deduction Date: Tax shall be deducted (TDS), at the earlier of:
   (i) credit of the income to the resident person account, or
   (ii) payment by cash, cheque, draft, or any other mode to the resident.

   Threshold limit: For all the above Sections TDS shall not be applicable where the annual amount of such payment/income, during the financial year, does not exceed ₹20,000.

SECTIONS	**PRESCRIBED RATE**
393(1) Sl. No. 1(i)	Individuals/HUF: 5% If Resident is Domestic company: 10%. If Resident has not PAN Provided: 20%
393(1) Sl. No. 1(ii)	2%

2.Rent

As per Income Tax act, 1961	As per Income Tax act, 2025
194-IB	393(1) Sl. No. 2(i)
194-I	393(1) Sl. No. 2(ii)

1. **393(1) Sl. No. 2(i): Rent of Immovable Property**
   When an Individual or Hindu Undivided Family (HUF) other than those specified in *Section 393(1) Sl. No. 2(ii)*, and pays rent to a *resident person* exceeding *threshold limit* during the previous year, he shall deduct income tax (TDS) at the *prescribed rate*.

   - In this Section TDS is required to be deducted only at the time of credit to the resident person or actual payment of last month rent, whichever is earlier. [Here last month of year or tenancy as the case may be]

   - Where the resident person fails to furnish PAN, TDS shall be deducted at the rate of 20%. However, such deduction (TDS) cannot exceed the rent of last month.

2. **393(1) Sl. No. 2(ii): Rent of Plant, Building, Furniture & Land**
   When any person not being an Individual or Hindu Undivided Family (HUF), who pays rent to a *resident* rent exceeding the *Threshold limit* , they shall deduct income tax (TDS) on the *deduction date* at the *prescribed rate*.

   NOTE: In this Section Individual/HUF required to deduct TDS, if last year Turnover is more than Rs 1 Crore in case of business or Gross Receipts more than Rs 50 Lakhs in case of profession.

   Deduction Date: Tax shall be deducted (TDS) at the earlier of:
   (i) credit of the income to the resident person's account, or
   (ii) payment thereof by cash, cheque, draft, or any other mode to the resident person.

   Threshold Limit: For all the above Sections TDS shall not be applicable where the amount of such payment/income, during the financial year, does not exceed ₹50,000 for a month or part of a month.

SECTIONS	PRESCRIBED RATE
393(1) Sl. No. 2(i)	2%
393(1) Sl. No. 2(ii)	(a)-2% for the use of any machinery, plant, or equipment (b)-10% for the use of any land, or building or furniture

3. Payment on transfer of certain immovable property other than agricultural land

As per Income Tax act, 1961	As per Income Tax act, 2025
194-IA	393(1) Sl. No. 3(i)
194-IC	393(1) Sl. No. 3(ii)
194-LA	393(1) Sl. No. 3(iii)

1. **393(1) Sl. No. 3(i): Transfer of Immovable Property**
   When any person, being a buyer, pays [other than the person referred to in Section 393(1) Sl No.3(iii) which discusses compulsory acquisition] to a *resident* seller any amount as consideration for acquiring of any immovable property, exceeding *Threshold limit*, he shall deduct income tax (TDS) on the *deduction date* at the *prescribed rate*.

   - Consideration shall also include all charges: club membership fees, car parking fee, electricity/water facility fee, maintenance fee, advance fee or any other similar charges incidental in acquiring of such immovable property.
   - This section shall not be applicable to an agricultural land.

   Threshold Limit: TDS is applicable only if Consideration or Stamp Duty Value is Rs 50,00,000 or more.

2. **393(1) Sl. No. 3(ii): Consideration Under Joint Development agreement**
   When any person pays to a *resident* any sum by way of consideration, as per Section 67(14), shall deduct income tax (TDS) on the *deduction date* at the *prescribed rate*.

   - TDS applicable only for CASH/MONEY consideration under section 67(14).

Deduction Date for Sl No.3(i) & (ii): Tax shall be deducted at the earlier of:

(i) credit of the income to the payee's account, or

(ii) payment thereof by cash, cheque, draft, or any other mode to the resident person

3. **393(1) Sl. No. 3(iii): Compensation on compulsory acquisition of Immovable Property**

When any person pays to a *resident* any compensation or any enhanced compensation for compulsory acquisition of any immovable property (other than agricultural land) under any law exceeding *Threshold limit*, shall deduct income tax (TDS) on the *deduction date* at the *prescribed rate*.

Threshold Limit: TDS is only applicable if payment is more than Rs.5,00,000

Deduction Date for this Section: Tax shall be deducted only at the Time of Payment.

SECTIONS	**PRESCRIBED RATE**
393(1) Sl. No. 3(i)	**1%** of - (a)-Consideration OR (b)-Stamp Duty Value (whichever is higher)
393(1) Sl. No. 3(ii)	10%
393(1) Sl. No. 3(iii)	10%

Key Definitions

1.Resident Person

Person includes-

- Individual
- Hindu Undivided Family
- Company
- Firm
- Association of Person (AOI) or Body of Individuals (BOI)
- Local Authority
- Artificial Judicial person

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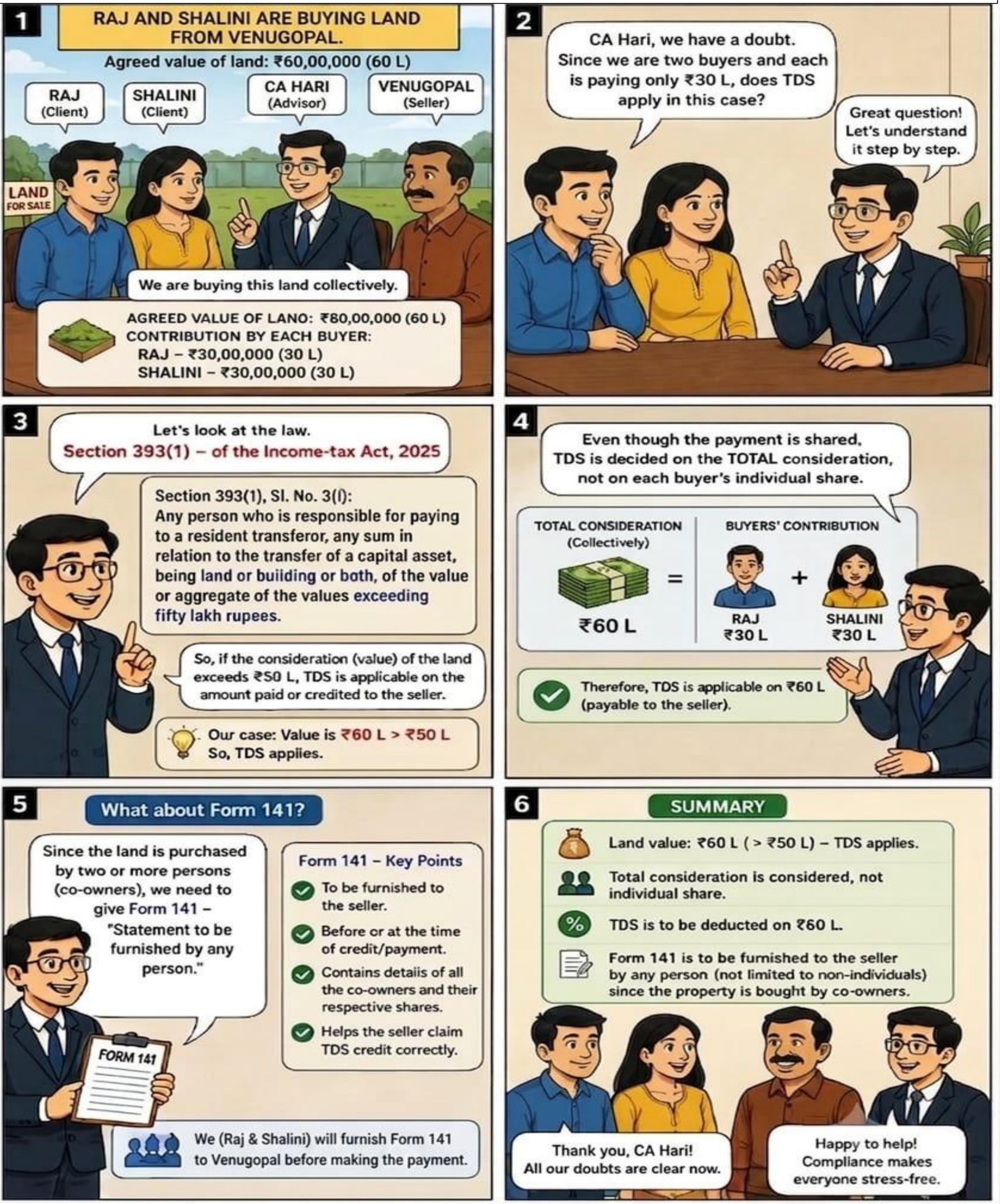

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