

Section 194LBC of the Act requires that where any income is payable by a securitisation trust to an investor, being a resident, in respect of an investment in a securitisation trust as specified therein, the person responsible for making the payment shall, deduct income-tax, at the rate of 25%, if the payee is an individual or a Hindu undivided family and 30%, if the payee is any other person.

2. It is proposed that TDS rate under section 194LBC of the Act be reduced from 25% and 30% to 10% as this sector is sufficiently organized and regulated.
3. This amendment will take effect from the 1st day of April 2025.

[Clause 63]

II. TDS threshold rationalization

TDS provisions have various thresholds of amount of payment or amount of income, beyond which tax is required be deducted. It is proposed to rationalize these thresholds as below –

S. No	Section	Current threshold	Proposed threshold
1.	193 - Interest on securities	Nil	Rs. 10,000/-
2.	194A - Interest other than Interest on securities	(i) Rs. 50,000/- for senior citizen; (ii) Rs. 40,000/- in case of others when payer is bank, cooperative society and post office (iii) Rs. 5,000/- in other cases	(i) Rs. 1,00,000/- for senior citizen (ii) Rs. 50,000/- in case of others when payer is bank, cooperative society and post office (iii) Rs. 10,000/- in other cases
3.	194 - Dividend for an individual shareholder	Rs. 5,000/-	Rs. 10,000/-
4.	194K - Income in respect of units of a mutual fund or specified company or undertaking	Rs. 5,000/-	Rs. 10,000/-
5.	194B - Winnings from lottery, crossword puzzle, etc.	Aggregate of amounts exceeding Rs. 10,000/- during the financial year	Rs. 10,000/- in respect of a single transaction
6.	194BB - Winnings from horse race		

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S. No	Section	Current threshold	Proposed threshold
7.	194D - Insurance commission	Rs. 15,000/-	Rs. 20,000/-
8.	194G - Income by way of commission, prize etc. on lottery tickets	Rs. 15,000/-	Rs. 20,000/-
9.	194H - Commission or brokerage	Rs. 15,000/-	Rs. 20,000/-
10.	194-I Rent	Rs. 2,40,000/- during the financial year	Rs. 50,000/- per month or part of a month
11.	194J - Fee for professional or technical services	Rs. 30,000/-	Rs. 50,000/-
12.	194LA - Income by way of enhanced compensation	Rs. 2,50,000/-	5,00,000/-

Section 193 – Interest on securities

Section 193 of the Act requires that any person responsible for paying to a resident any income by way of interest on securities shall, at the time of credit of such income to the account of the payee or at the time of payment thereof, whichever is earlier, deduct income-tax at the rates in force on the amount of the interest payable. Currently there is no threshold for amount of income by way of interest for deduction of tax at source in this section.

2. Proviso to the section provides for non-deduction of tax at source in certain cases. Clause (v) of the proviso states that no tax is required to be deducted on any interest payable to an individual or a Hindu undivided family, who is resident in India, on any debenture issued by a company in which the public are substantially interested, if the amount of interest or, as the case may be, the aggregate amount of such interest, paid or likely to be paid, through an account payee cheque, on such debenture during the financial year by the company does not exceed Rs. 5,000/-.