

INCOME TAX: TDS ON RENT, INSURANCE PREMIUM CUT BY 25%

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Public Finance, Taxation & Black Money incl. Government Budgeting

NEW DELHI : Following announcements by finance minister Nirmala Sitharaman, the income tax department has cut TDS or tax deducted at source on payment of dividend, insurance policy, rent, professional fee and on the acquisition of immovable property by 25% for the rest of the current financial year.

The Central Board of Direct Taxes (CBDT) has issued the revised TDS and TCS rates that is applicable from today till March 31, 2021.

In the notification, the CBDT said while TCS on sale of the motor vehicle above 10 lakh has been cut to 0.75 per cent from 1 per cent earlier, TDS on 23 items has been reduced.

The CBDT said TDS on payment for life insurance policy has been reduced to 3.75 per cent from 5 per cent, while that on dividend and interest as well as rent for immovable property has been cut to 7.5 per cent from 10 per cent earlier.

The 1 per cent TDS charged on payment made for the acquisition of immovable property has now been reduced to 0.75 per cent. Payment of rent by individual or HUF has been cut to 3.75 per cent from 5 per cent earlier.

TDS on e-commerce participants has also been reduced to 0.75 per cent from 1 per cent.

Similarly, tax on professional fee has been reduced to 1.5 per cent from 2 per cent.

TDS on payments in respect of deposits under National Savings Scheme has been reduced to 7.5 per cent from 10 per cent and that on payments for re-purchase of units by Mutual Funds to 15 per cent from 20 per cent.

The same on insurance commission and brokerage have been cut to 3.75 per cent from 5 per cent.

TDS on payment of dividend by mutual funds has been reduced to 7.5 per cent from 10 per cent.

TCS on sale of tendu leaves, scrap, timber, forest produce, and minerals such as coal, lignite or iron ore has also been reduced.

The CBDT said there shall be no reduction in rates of TDS or TCS where the tax is required to be deducted or collected at a higher rate due to the non-furnishing of PAN/Aadhaar.

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