

e. F.No.FS-79/2/2020-FS
Government of India
Ministry of Communications
Department of Posts
(Financial Services Division)

Dak Bhawan, New Delhi-110001

Dated: - 26 /06/2020

To,
 All Head of Circles/Regions,

Subject:- Reduction in rate of Tax Deducted at Source (TDS) in POSB schemes regarding.

Sir/Madam,

I am directed to say that Central Board of Direct Taxes, Department of Revenue, Ministry of Finance has issued a press release dated 13.05.2020 (Copy enclosed) as "In order to provide more funds at the disposal of the taxpayers for dealing with the economic situation arising out of COVID-19 pandemic, the rates of Tax Deduction at Source(TDS) for the following non-salaried specified payments made to residents has been reduced by 25% for the period from 14th May, 2020 to 31st March, 2021".

Accordingly revised rates of TDS in respect of POSB schemes are as under:-

Sl. No.	Section of Income Tax	Nature of Payment	Existing rate of TDS	Reduced rate from 14/05/2020 to 31/03/2021	Remarks
1.	194 A	Interest on other than interest of security	10%	7.5%	SCSS
2.	194 EE	Payment in respect of deposit under NSS-87	10%	7.5%	NSS-87
3.	194 H	Commission or brokerage	5%	3.75%	MPKBY/SAS commission.

2. Necessary amendments are being made in Finacle. Non-CBS post offices should also take necessary action accordingly.
3. It is requested to circulate the amendment to all concerned for information, guidance and necessary action.
4. This issues with the approval of the Competent Authority.

Enclosed: As above

Devendra
 26/06/2020
 (Devendra Sharma)
 Assistant Director (SB)

Copy to:-

1. Sr. PPS to Secretary (Posts)
2. PS to Director General Postal Services.
3. PPS/ PS to Addl. DG (Co-ordination)/Member (Banking)/ Member (O)/ Member (P)/ Member (Planning & HRD)/ Member (PLI)/ Member (Tech)/AS & FA
4. Addl. Director General, APS, New Delhi
5. Chief General Manager, BD Directorate / Parcel Directorate / PLI Directorate
6. Sr. Deputy Director General (Vigilance) & CVO) / Sr. Deputy Director General (PAF)
7. Director, RAKNPA / GM, CEPT / Directors of all PTCs
8. Director General P & T (Audit), Civil Lines, New Delhi
9. Secretary, Postal Services Board/ All Deputy Directors General
10. All General Managers (Finance) / Directors Postal Accounts / DDAP
11. Chief Engineer (Civil), Postal Directorate
12. All Sections of Postal Directorate
13. All recognized Federations / Unions/ Associations
14. GM, CEPT for uploading the order on the India Post website.
15. MOF(DEA), NS-II, North Block, New Delhi.
16. Joint Director & HOD, ICCW Building, 4 Deendayal Upadhyay Marg, New Delhi-110002
17. Guard File
18. Spare copies.

Government of India
Ministry of Finance
Department of Revenue
Central Board of Direct Taxes

New Delhi, 13th May, 2020

PRESS RELEASE

Reduction in rate of Tax Deduction at Source (TDS) & Tax Collection at Source (TCS)

In order to provide more funds at the disposal of the taxpayers for dealing with the economic situation arising out of COVID-19 pandemic, the rates of Tax Deduction at Source (TDS) for the following non-salaried specified payments made to residents has been reduced by 25% for the period from 14th May, 2020 to 31st March, 2021:-

S. No	Section of the Income-tax Act	Nature of Payment	Existing Rate of TDS	Reduced rate from 14/05/2020 to 31/03/2021
1	193	Interest on Securities	10%	7.5%
2	194	Dividend	10%	7.5%
3	194A	Interest other than interest on securities	10%	7.5%
4	194C	Payment of Contractors and sub-contractors	1% (individual/HUF) 2% (others)	0.75% (individual/HUF) 1.5% (others)
5	194D	Insurance Commission	5%	3.75%
6	194DA	Payment in respect of life insurance policy	5%	3.75%
7	194EE	Payments in respect of deposits under National Savings Scheme	10%	7.5%
8	194F	Payments on account of re-purchase of Units by Mutual Funds or UTI	20%	15%
9	194G	Commission, prize etc., on sale of lottery tickets	5%	3.75%
10	194H	Commission or brokerage	5%	3.75%

11	194-I(a)	Rent for plant and machinery	2%	1.5%
12	194-I(b)	Rent for immovable property	10%	7.5%
13	194-IA	Payment for acquisition of immovable property	1%	0.75%
14	194-IB	Payment of rent by individual or HUF	5%	3.75%
15	194-IC	Payment for Joint Development Agreements	10%	7.5%
16	194J	Fee for Professional or Technical Services (FTS), Royalty, etc.	2% (FTS, certain royalties, call centre) 10% (others)	1.5% (FTS, certain royalties, call centre) 7.5% (others)
17	194K	Payment of dividend by Mutual Funds	10%	7.5%
18	194LA	Payment of Compensation on acquisition of immovable property	10%	7.5%
19	194LBA(1)	Payment of income by Business trust	10%	7.5%
20	194LBB(i)	Payment of income by Investment fund	10%	7.5%
21	194LBC(1)	Income by securitisation trust	25% (Individual/HUF) 30% (Others)	18.75% (Individual/HUF) 22.5% (Others)
22	194M	Payment to commission, brokerage etc. by Individual and HUF	5%	3.75%
23	194-O	TDS on e-commerce participants	1% (w.e.f. 1.10.2020)	0.75%