STATUTORY COMPARISON / MAP-19843DDA9E23

Professional and technical payments: section 194J to section 393(1), Table, serial number 6(iii)

MERGED | SPLIT | SUBSTANTIVELY CHANGED

1961 ACT / 194J - FEES FOR PROFESSIONAL OR TECHNICAL SERVICES

Section 194J covers resident professional fees, technical fees, non-salary director remuneration, royalty and section 28(va) sums. The general rate is 10%; technical fees other than professional services, specified cinematographic-film royalty and qualifying call-centre payees attract 2%. The Rs 50,000 annual category thresholds do not apply to director remuneration. Individual/HUF liability is extended by a turnover-based proviso for professional/technical fees; the personal-purpose exception expressly refers to professional fees.

2025 ACT / 393 - TAX TO BE DEDUCTED AT SOURCE

Section 393(1), resident-payments Table, serial number 6(iii), groups those payment classes, rates and thresholds, using section 26(2)(h) for former 28(va) payments and section 392 for salary exclusion. The payer is a specified person under 402(37). Definitions are distributed to 402(15), (28) and (30); the personal-purpose exclusion is in 393(4), Table, serial number 9 and suspense-account credit is governed by 393(11).

READING CHRONOLOGY

01 Operative provisions / 02 Change analysis / 03 Transition / 04 Compliance / 05 Disputes / 06 Expert Commentary

02 PRECISE CHANGE ANALYSIS

The deduction provision is merged into section 393 and its definitions split into 402. Rates and Rs 50,000 thresholds are retained relative to the current 1961 text. The increase from Rs 30,000 to Rs 50,000 was made by Act No. 7 of 2025 effective 1 April 2025; it must not be presented as a new concession first introduced by the 2025 Act's commencement.

There are meaningful scope differences in the wording. The former individual/HUF turnover proviso expressly addressed professional or technical fees. The new common definition in 402(37), read with Table, serial number 6(iii), is not expressed with that payment-class limitation. Conversely, former 194J's personal-purpose exception expressly referred to professional fees, whereas 393(4), Table, serial number 9 refers to 'such sum' against the Table, serial number 6(iii) row. These are substantive textual differences requiring transaction-specific application; they are not evidence that rates changed.

Director remuneration remains a separate nil-threshold category. The call-centre 2% limb remains limited to a payee engaged only in that business. A technical character alone does not establish the 2% rate, because professional services are expressly excluded from the technical-fee 2% limb.

03 TRANSITION AND EFFECTIVE DATES

Apply the statute governing the relevant credit/payment event and preserve accrued pre-commencement liabilities under 536(2)(a)-(c). A March 2026 credit followed by April payment cannot be classified solely by the payment date. The Rs 50,000 limit already applied under the 1961 Act from 1 April 2025; the transition should not reset an earlier obligation or suggest that the increased threshold first became available on 1 April 2026.

04 COMPLIANCE IMPACT

Maintain separate payment categories for professional fees, technical fees, film royalty, other royalty, non-salary director remuneration and the other specified sums. Apply the Rs 50,000 tests by the statutory categories and do not extend them to director remuneration. Revisit individual/HUF payer rules and personal-purpose exclusions using the actual new table wording rather than carrying forward an old section-code configuration unchanged.

05 ASSESSMENT AND LITIGATION IMPACT

A lower-rate defence should identify why the service is technical but not professional, or why the royalty falls within the specified film category; labels and vendor industry codes are insufficient. Where an individual/HUF claims the personal-purpose exclusion, the factual exclusivity of personal use remains necessary even though the new wording is broader. The apparent enlargement of payer scope and the revised exception should be argued from their respective clauses, not a general assumption that recodification could never affect incidence.

06 AKHB EXPERT COMMENTARY

The consolidation preserves the central classification contest inside section 194J: professional services and technical services are not interchangeable rate categories. Engineering, technical consultancy and other enumerated professions remain within the professional definition. A payment cannot therefore be placed at 2% merely because sophisticated technology or technical skill is involved. The analysis should identify the legal character of the service purchased before selecting the rate; only then should thresholds and exceptions be applied. This sequence also guards against shifting a payment into the contractor row despite the express exclusion of Table, serial number 6(iii) sums from 'work'.

The individual/HUF provisions warrant more than a statement that section 194J has been renumbered. A common payer definition can enlarge the literal reach of a table when the previous extension named only particular payment classes; a similarly consolidated personal-purpose exception can broaden relief. These effects run in opposite directions and should not be netted into a vague claim of simplification. For a particular royalty or privately incurred technical-service payment, the analysis must separately establish that the payer falls within 402(37), that the payment falls in Table, serial number 6(iii), and whether Table, serial number 9 excludes deduction. That is a statutory construction issue created by the architecture of the new text, not a mere change of compliance label.

STATUTORY SOURCES AND PINPOINTS

Income-tax Act, 1961, section 194J - 194J(1), second to fourth provisos, Explanation (a)-(c); footnote 43

Income-tax Act, 2025, section 393 - 393(1), Table, serial number 6(iii), Columns B-D; 393(4), Table, serial number 9; 393(11)

Income-tax Act, 2025, definitions - 402(15), (28), (30), (37), (47)(B)

Income-tax Act, 2025, repeal and savings - 536(2)(a)-(c)

SOURCE AND ANALYTICAL SCOPE

Full official consolidated statutory snapshots retrieved 5 October 2026; live official sections 393 and 402 opened 18 October 2026. Substantively changed refers to identified wording differences in payer/exception scope, not to a claim that retained rates or thresholds were newly changed in 2026. This note analyses only the identified 194C or 194J branch of sections 393 and 402; it does not complete analysis of those consolidated sections as a whole.

Status labels describe the analysed provision and may coexist: a provision can be renumbered and substantively changed. Retained does not certify every surrounding rule or notification. Commentary is separate from the legislation.

AI-assisted statutory research; no independent professional sign-off is represented. General information, not a signed legal opinion. The applicable enacted text, amendments and facts control.