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EMPLOYER GUIDE

Form 16 is now Form No. 130

The employer's guide to issuing the annual salary TDS certificate under the Income-tax Act 2025 and the Income-tax Rules 2026. Every number read from the Act, the Rules or the Income Tax Department itself rather than from somebody's summary of it.

Updated September 2026 13 Pages

130
The new form number
Rule 215(1), Income-tax Rules 2026

15 Jun
The only due date
Of the year after the tax year

12
Checks on one page
Ordered by what costs most to miss

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01

Form 16 has a new number

And so does every form that feeds it

The Income-tax Act 1961 was repealed on 01-Apr-2026 and the Income-tax Act 2025 took its place, with the Income-tax Rules 2026 under it. Form 16 went with the old Act. The employer's annual salary certificate is now Form No. 130, and it is not the only number that moved: the quarterly statement, the investment declaration and the perquisite statement all changed too.

You used to file	Under	You now file	Under
Form 16, the annual salary certificate	s.203, rule 31	Form No. 130	s.395(4), rule 215(1)
Form 24Q, the quarterly salary statement	s.200(3), rule 31A	Form No. 138	s.397(3)(b), rule 219
Form 12BB, the employee's declaration	s.192, rule 26C	Form No. 124	s.392(5)(b), rule 205
Form 12BA, the perquisite statement	s.192, rule 26A	Form No. 123	s.392(5)(a), rule 204(2)
Forms 12B and 12BAA, other income and other TDS	s.192, rules 26A and 26B	Form No. 122	s.392(4)(a), rule 204
Form 16A, the non-salary certificate	s.203, rule 31	Form No. 131	s.395(4), rule 215(1)

Every old and new pairing above is the Income Tax Department's own, from the FAQ it publishes for each form.

Section 130 is not Form No. 130

The new Act numbers sections and the new Rules number forms, and the two ranges overlap. Sections 130 and 131 are deductions for interest on a housing loan. Form No. 130 is the certificate this guide is about and Form No. 131 is the non-salary one. Write “Form No.” in full every time, because 130 on its own now means two different things.

A repealed section number looks exactly like a valid one

Section 203 and rule 31 still read perfectly well on a page. They are simply no longer the law for any salary paid on or after 01-Apr-2026. The same is true of every deduction number a payroll team knows by heart: 80C, 80D, 80G, 87A and 89 all sit somewhere else now. Chapters 6 and 7 map them.

The certificate itself still does the same job. It tells an employee what they were paid, what was deducted from it, and that the deduction reached the Government, so they can take credit for it in their return. Nothing about that has changed. What has changed is the number on it, the law behind it, the shape of it, and every cross-reference inside it.

02

Which Act governs which payslip

The date of payment decides, not the month it was earned

Tax year 2026-27 is the first year under the new Act, so most employers are holding records under both. The Income Tax Department has settled the rule plainly: for salary, tax is deducted at the time of payment, so the date of payment decides which Act applies.

Salary paid	Deducted under	Reported on	Certified on
On or before 31-Mar-2026	s.192, Income-tax Act 1961	Form 24Q	Form 16, due 15-Jun-2026
On or after 01-Apr-2026	s.392(1), Income-tax Act 2025	Form No. 138	Form No. 130, due 15-Jun-2027

Salary for March 2026 paid on 31-Mar-2026 falls under the old Act. Salary for April 2026 paid on 30-Apr-2026 falls under the new one.

A tax year is the financial year, renamed

Section 3(1) defines a tax year as the twelve months of the financial year commencing on 1 April, so tax year 2026-27 is the same twelve months you have always called FY 2026-27. Nothing moved. What went is the assessment year: the phrase does not appear once in the Income-tax Act 2025, against 1,323 uses of tax year. That is why the due date below reads oddly at first. The 15 June date falls in the financial year immediately following the tax year, which is the next twelve months, not the same ones.

The computation restarts on 1 April 2026

Section 392(1) has the employer deduct at the average rate of income-tax on the estimated income for the tax year. The Department's guidance is that the employer must reset that computation from 01-Apr-2026 for the new tax year, on projected income, deductions and the regime the employee has chosen. It is not a continuation of the FY 2025-26 projection.

Three consequences worth planning for

- **Two statements will be open at once.** A correction to a quarter of FY 2025-26 is still filed under the old Act, in the old form and format, however late it is made.
- **Two annual statements will exist for the employee.** TDS for FY 2025-26 appears in the Annual Information Statement for AY 2026-27. TDS for tax year 2026-27 appears in Form No. 168. Both sit on the e-filing portal.
- **Old section numbers cause processing errors.** Quoting a 1961 Act section on a payment made after 01-Apr-2026 can fail at the point of filing, and then needs a correction statement to put right.

The practical instruction the Department gives is short and it is aimed at exactly the system that produces this certificate: payroll and ERP systems have to be updated to the new section numbering, terminology and reporting requirements. A payroll run that still prints 80C on a declaration for tax year 2026-27 will produce a certificate nobody can reconcile.

03

Three parts, and the one that moved

Part B is no longer the salary computation

This is the change most likely to catch a payroll team out. Form 16 had two parts, and everybody called the salary computation Part B. Form No. 130 has three, and the salary computation is Part C (Annexure-I). Part B is now the quarter-by-quarter reconciliation of tax deducted and deposited.

Part	What is in it	Who it is for
Part A	Certificate number, employer name, address, PAN and TAN, email and contact number, the tax year, the period of employment, and the employee's name, address and PAN	Every employee
Part B	Quarter by quarter: the receipt numbers of the original statements, amount paid, rate, tax deducted and tax deposited, then the challan or book adjustment detail, then the declaration	Every employee
Part C (Annexure-I)	The salary computation: gross salary, exemptions, deductions from salary, other income the employee reported, Chapter VIII deductions, tax, rebate, relief and net tax payable	Employees, tax deducted under section 392
Part C (Annexure-II)	Pension and interest paid by a specified bank to a specified senior citizen, with the same computation beneath it	Specified senior citizens only

The first row of Annexure-I is a regime question

Row A of Part C (Annexure-I) asks whether the employee is opting out of taxation under section 202(1). Section 202(1) is the default regime, so opting out is how an employee elects the other one. It is a yes or no on the certificate, and it has to match what the payroll actually deducted all year.

Part B carries a detail worth checking every quarter rather than in June. It shows a status of matching, against Form No. 137 for a government deductor paying by book adjustment and against the tax information network for everybody else. An unmatched challan is a problem that surfaces on the certificate, and by then the employee is looking at it.

04 You do not generate it. TRACES does

A certificate prepared any other way is not a certificate

This is the answer to the question people actually search for, and it is the one payroll software cannot change. Rule 215(1) requires the certificate to be furnished after generating and downloading it from the web portal specified by the Director General of Income-tax (Systems). In practice that portal is TRACES, and the Income Tax Department says so in as many words. What follows is the sequence and the legal requirement at each step. It is deliberately not a click-by-click tour of the portal, because the screens change and a guide that describes them goes stale faster than the law does.

How Form No. 130 is actually produced

1. **Deduct the tax, and deposit it on time**
   Nothing downstream can be fixed later. The challan detail printed in Part B is the deposit you made months earlier.

2. **File Form No. 138 for the quarter**
   Electronically, in the prescribed format. A successful submission returns an acknowledgment receipt number.

3. **Wait for it to be processed**
   Form No. 130 is generated as a result of processing the quarterly statements and their annexures. Until that happens there is nothing to download.

4. **Request the download on TRACES**
   The employer places the request. The certificate is generated there, not on the e-filing portal and not in your payroll system.

5. **Sign it, digitally or physically**
   The downloaded certificate is valid only when it carries the deductor's signature. Rule 215(4) makes a digital signature optional, not required.

6. **Give it to the employee by 15 June**
   Issuing is a separate act from downloading. The duty in section 395(4) is to issue the certificate to the employee.

> **There is no offline route, and no partial one**
>
> The Income Tax Department's published position is that a certificate prepared by the employer through any other mode or process is not a legal or valid TDS certificate in Form No. 130. A spreadsheet in the right layout, a letter on a letterhead, or a payroll system's own printout is not the certificate, whatever it looks like. And a quarterly statement that has not been filed means the certificate cannot be generated at all.

The same rule cuts the other way and is worth knowing. If an employee has lost the certificate, rule 215(3) lets the employer issue a duplicate, and the Department confirms the duplicate can be downloaded from the portal at any time. It has to be certified as a duplicate on its face. Nobody has to reconstruct anything from their own records.

Corrections work the same way, through the statement rather than through the certificate. If Form No. 130 is wrong, the employer files a revised Form No. 138, waits for it to be processed, then downloads and issues the corrected certificate. Editing the downloaded file is not a correction, and a statement can only be corrected once the original has been processed.

05 The calendar that ends on 15 June

Four statements, twelve deposits, one certificate

The certificate is the last thing that happens in a sequence that runs for fifteen months. Miss a link in it and the June deadline is already out of reach, because the certificate is generated from the statements and the statements are generated from the deposits.

What	Covering	Due	For tax year 2026-27
Deposit of tax deducted	Any month except March	7 days from the end of the month	7 May 2026 for April, and so on
Deposit of tax deducted	March	30 April	30-Apr-2027
Form No. 138	April to June	31 July of the financial year	31-Jul-2026
Form No. 138	July to September	31 October of the financial year	31-Oct-2026
Form No. 138	October to December	31 January of the financial year	31-Jan-2027
Form No. 138	January to March	31 May of the following financial year	31-May-2027
Form No. 130	The whole tax year	15 June of the following financial year	15-Jun-2027

The deposit dates are rule 218 for a deductor other than a government office. A government office paying without a challan pays on the same day.

Only the March quarter carries the annexures

Annexure-I of Form No. 138 is filed for all four quarters. Annexure-II and Annexure-III go in with the last quarter only. That is why the certificate for a single-employer employee, issued for the quarter ending 31 March, carries the detail for all four quarters, and why a Q4 statement filed late holds up every certificate in the company rather than one of them.

If you deducted no tax, none of this starts

The whole chain is triggered by a deduction. The Income Tax Department's position is that the quarterly statement must be filed for a quarter where the employer has deducted tax under section 392 on salary paid to any employee, and that issuing Form No. 130 is mandatory once tax has been deducted and deposited. An employer who deducted nothing from anyone all year has no statement to file and no certificate to issue. Deduct from one employee in one month and the whole calendar above starts running. That is a conclusion about whether tax was deducted, not about whether it was correctly computed.

Two weeks separate the last statement from the certificate. 31 May to 15 June is the whole margin, and the statement has to be processed inside it before anything can be downloaded. Employers who file the March quarter on the last day are choosing to find out about a mismatch with a fortnight left to fix it.

06 The salary lines, section by section

Every number a payroll team knows by heart has moved

This is the first of two tables to keep beside the payroll system while it is reconfigured. The left column is what the salary computation used to cite. The right column is what Part C (Annexure-I) of Form No. 130 cites now, read line by line off the form as notified.

The line	Was	Is now
Salary	s.17(1)	s.16
Perquisites	s.17(2)	s.17
Profits in lieu of salary	s.17(3)	s.18
Leave travel concession	s.10(5)	s.11, Schedule III [Table: Sl. No. 8]
House rent allowance	s.10(13A)	s.11, Schedule III [Table: Sl. No. 11]
Other special allowances	s.10(14)	s.11, Schedule III [Table: Sl. No. 12 and 13]
Tax on employment, the professional tax	s.16(iii)	s.19(1) [Table: Sl. No. 1]
Standard deduction	s.16(ia)	s.19(1) [Table: Sl. No. 2]
Gratuity	s.10(10)	s.19(1) [Table: Sl. No. 3 to 6]
Commuted pension	s.10(10A)	s.19(1) [Table: Sl. No. 7 to 9]
Retrenchment compensation	s.10(10B)	s.19(1) [Table: Sl. No. 10 and 11]
Voluntary retirement or termination	s.10(10C)	s.19(1) [Table: Sl. No. 12]
Leave encashment	s.10(10AA)	s.19(1) [Table: Sl. No. 13 and 14]

Gratuity, commuted pension and leave encashment used to sit among the exemptions. On this form they sit among the deductions from salary, in the section 19(1) Table. Where a line now lives and whether the employee can actually claim it are two different questions, and chapter 7 answers the second one.

Read the whole reference, not the first number in it

Several of these no longer resolve to a section on their own. House rent allowance is section 11 read with entry 11 of the Table in Schedule III, and the standard deduction is section 19(1) read with entry 2 of the Table under it. Quoting only the section, without the Schedule or the Table entry, points at the wrong thing or at nothing.

Two rows the employer has to fill before issuing

The notes to Part C (Annexure-I) single out two rows the deductor must complete where the details are available, rather than leave to the portal: row 2(c), other special allowances exempt under section 11, and row 10(h), total deductions for donations under section 133. Those are the two the employer holds the evidence for.

07 Chapter VIII, where the deductions went

80C, 80D and 80G by their new names

The deductions an employee claims used to live in Chapter VI-A and were known by numbers starting with 80. They now live in Chapter VIII, and every one of them has a plain section number. This is the second half of the mapping, and it is the half employees will ask about, because these are the numbers on their declaration. Read it with the callout underneath it, because on the default regime most of this table is not available to claim at all.

The deduction	Was	Is now
Life insurance, provident fund, pension funds	80C	s.123
Additional pension scheme contribution	80CCD(1B)	s.124(3)
Employer's contribution to a pension scheme	80CCD(2)	s.124(1)(a)
Health insurance premia	80D	s.126
Interest on a higher education loan	80E	s.129
Agnipath Scheme contributions	80CCH	s.125(1) and s.125(2)
Donations	80G	s.133
Interest on deposits	80TTA and 80TTB	s.153
The rebate	87A	s.156
Relief on arrears and advance salary	89	s.157
The default tax regime	115BAC	s.202(1)
The chapter these deductions live in	Chapter VI-A	Chapter VIII

The Department's own example of the renumbering is that a claim under 80C is now made under Schedule XV read with section 123. Two rows are split on purpose. Section 153 absorbed both 80TTA and 80TTB: 153(2)(a) gives the ₹10,000 on a savings account, 153(2)(b) the ₹50,000 a senior citizen gets on any deposit. And the form prints section 124(1)(a) for the employer's pension contribution, which is the limb for a government employer. A private employer's limb is 124(1)(b).

Where it lives is not whether it is allowed

This table says where each deduction moved to. Section 202(2) decides whether the employee can claim it, and on the default regime the answer is usually no. Section 202(2)(a) computes total income without any deduction under Chapter VIII except sections 124(1) and 124(2), 125(2) and 146. So the employer's pension contribution survives and the Agnipath government contribution survives, while 80C, 80D, 80E, 80G and the deduction for interest on deposits do not. It also removes section 19(1) [Table: Sl. No. 1], the professional tax, and Schedule III entries 8 and 11, which are leave travel and house rent. Entries 12 and 13, the special allowances, go the same way apart from the few the Rules prescribe. The standard deduction, gratuity, commuted pension, retrenchment compensation, voluntary retirement and leave encashment are not on that list and survive.

08 What has to be in hand before you fill any of it

Three forms, and only two of them come from the employee

Part C (Annexure-I) is only as good as what the employee gave you during the year. Three forms feed it, each under its own rule. Two come from the employee and both are voluntary. The third is the employer's to produce, and it is the only one of the three carrying a threshold of its own.

The three forms, and when each one is needed

Form No. 124	The employee's declaration of claims, under rule 205. Voluntary. Where it is not filed, the employer deducts without allowing any deduction or exemption, which is the whole reason employees file it.
Form No. 123	The employer's statement of perquisites and profits in lieu of salary, under rule 204(2). Required where salary for the tax year is more than ₹1,50,000. At or below that, the relevant columns of Form No. 130 carry the same detail.
Form No. 122	The employee's report of salary from another employer, a house property loss, other income and other tax deducted, under rule 204(1). Not mandatory, and there is no time limit on it.

Claim in Form No. 124	What the employee must give you
House rent allowance	The landlord's name, address and PAN where the rent paid in the tax year is more than ₹1,00,000, and the relationship with the landlord, if any
Leave travel concession or assistance	Evidence of the expenditure
Interest under the head income from house property	The lender's name, address and PAN
Deduction under Chapter VIII	Evidence of the investment or the expenditure

The relationship with the landlord is new. Form 12BB did not ask for it.

One thing that is not a form: your TAN

Part A of Form No. 130 prints the employer's tax deduction and collection account number, so without one there is no statement to file and no certificate to issue. If you have never been allotted one, rule 216 applies: Form No. 134 for a Government entity and Form No. 135 for everybody else, under section 397(1)(a). The application is due before you deduct, and where it was not made then, within thirty days from the end of the month in which the tax was deducted.

The standard deduction needs no declaration

It is allowed in every case and requires nothing from the employee, in Form No. 124 or anywhere else. Asking for a declaration to support it wastes a step for every employee on the payroll.

Section 392(4)(b) sets a limit on what any of this can do. Tax deductible from salary cannot be reduced on the strength of what an employee reports, except on two grounds: a loss under the head income from house property, and tax already deducted or collected under other provisions. Other income an employee reports can increase the deduction. It cannot cut it.

09 Employees who did not work the whole year with you

Who issues what, when there is more than one employer

A mid-year joiner or leaver is the case where employers most often either duplicate the work or leave a gap. Rule 215(2) splits it cleanly, and the split is not the same for all three parts of the form.

The split, from rule 215(2)

- **Part A and Part B: every employer issues them.** Each one covers only the period the employee was employed with that employer. Two employers in a year means two sets.
- **Part C (Annexure-I): the employee chooses.** It may be issued by each of the employers, or by the last employer alone, at the employee's option. Ask, rather than assume.
- **The joiner has to tell you, in Form No. 122.** Salary from the earlier employer and the tax it deducted only reach your computation if the employee reports them.

> **The last employer carries the reconciliation**
>
> Where the employee asks the last employer to issue Part C (Annexure-I) alone, that employer is certifying a computation over income it did not pay. Row 1(e) of the annexure is there for exactly that: the reported total salary received from other employers. It comes from Form No. 122 and from nowhere else, which is why a joiner who files nothing leaves a certificate that cannot be completed properly.

One certificate per employer, per tax year, is the shape. The Department confirms that multiple Form No. 130s for one tax year are expected where a person was employed with more than one employer, and that each employer issues its own Part A and Part B for its own period. Nobody consolidates on anybody else's behalf except where the employee has asked for it.

10 What being late actually costs

Five separate charges, and only one is the certificate

A late certificate has its own penalty. But the certificate is at the end of the chain, so by the time it is late the earlier failures usually are too, and they carry their own charges. These run together rather than instead of one another.

The failure	The charge	The provision	The ceiling
Form No. 130 issued after 15 June	₹500 for every day the failure continues	s.465(2)(g)	The tax deductible or collectible, under s.465(3)(b)
Form No. 138 filed late	₹200 for every day the failure continues, as a fee	s.427(1)	The tax deductible or collectible, under s.427(2)(a)
Form No. 138 late or carrying incorrect information	A penalty of not less than ₹10,000, up to ₹1,00,000	s.461(1)	₹1,00,000
Tax deducted but deposited late	Simple interest at 1.5% for every month or part of a month	s.398(3)(a)(ii)	None
Tax not deducted when it should have been	Simple interest at 1% for every month or part of a month	s.398(3)(a)(i)	None

The one-month escape, and what it costs to use it

Section 461(2) says no penalty is levied for a late Form No. 138 if the employer proves two things: that the tax deducted, along with the fee and interest, was paid to the Government, and that the statement was delivered before one month from the due date. The ₹10,000 to ₹1,00,000 penalty falls away. The ₹200 a day fee under section 427 does not, and paying it is a condition of the escape.

The ₹500 a day rate is not new

If you have seen ₹100 quoted as the daily penalty for a late TDS certificate, that is not the rate, and section 465(2)(g) is not an increase either. The Income Tax Department states the rate under the old section 272A(2)(g) as ₹500 a day as well, so the same rate carried across rather than rising. What is worth noticing is the cap: it is the tax deductible, so on a senior employee's certificate the ceiling is high enough that the daily rate is the number that matters.

The consequence with the biggest number on it is not on this list, because it is not about lateness. Under section 35(b), where tax was deductible on a sum payable to a resident and was not deducted, or was not deposited by the due date for filing the return, 30% of that sum is disallowed in computing business income. It is the same rule the old section 40(a)(ia) carried. Section 35(b)(i)(A) then allows the 30% in the year the tax is finally paid, so it is a timing cost rather than a permanent one, which is no comfort in the year it lands. It is why a deduction missed on a payment is worth more attention than a certificate issued a week late.

11 The whole thing on one page

Twelve checks, in the order worth doing them

If you take nothing else from this guide, work down this list. It is ordered by what costs most to get wrong, which is not the same as the order things happen in.

Twelve things to confirm

- [ ] **Payroll reconfigured to the 2025 Act section numbers**
  Ch 6 and 7
- [ ] **TDS computation reset from 01-Apr-2026, not carried over**
  Ch 2
- [ ] **Form No. 124 collected, or the employee told what is lost**
  Ch 8
- [ ] **Landlord PAN held for HRA claims over ₹1,00,000 rent**
  Ch 8
- [ ] **Form No. 123 issued where salary is over ₹1,50,000**
  Ch 8
- [ ] **Tax deposited within 7 days of month end, 30 April for March**
  Ch 5
- [ ] **All four Form No. 138 statements filed, Q4 by 31 May**
  Ch 5
- [ ] **Challan matching status checked each quarter, not in June**
  Ch 3
- [ ] **Certificates downloaded from TRACES, never prepared in-house**
  Ch 4
- [ ] **Regime answer on the certificate matches what was deducted**
  Ch 3
- [ ] **Mid-year joiners and leavers split correctly across parts**
  Ch 9
- [ ] **Every certificate signed and issued by 15 June**
  Ch 4

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The record behind the certificate, *kept as you go*

TRACES generates Form No. 130 from what you filed, and what you filed comes from the payroll. Attendo computes TDS month by month, takes previous employer income and tax into the projection for a mid-year joiner, and lets you recalculate in bulk when a declaration changes.

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