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UPI Tax Scare & "Double Taxation" in India: What Is Actually Taxed Twice, What Isn't, and Who Really Pays?

A QR payment can now create a merchant-side processing cost. A share trade can attract STT and later capital-gains tax. A home purchase can involve stamp duty, registration, withholding and - in some cases - GST. A company can pay tax on profit and its shareholder can then pay tax on the dividend. Are all of these "double taxation"? No. Some are genuine economic double taxation; some are layered taxes on different bases; some are fees; and some, like TDS/TCS, are only advance collection. This Finin2min guide separates them with current 2026 rules and practical examples.

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The one-line answer

"The same rupee was taxed again" is an understandable economic feeling, but it is not a single legal category. The right question is: what is the tax base, who is the taxpayer, what event triggered the levy, and is the second amount a tax, a fee, or merely withholding credit?

Income tax | GST | STT | Stamp duty | Road tax | Fuel levies | MDR | TDS/TCS | Toll

UPI consumers remain protected

P2P transfers remain free. Under the new framework, MDR is merchant-side and applies only to specified P2M transactions.

UPI MDR starts 15 Oct 2026

Normal qualifying P2M payments above ₹2,000 attract 0.4% MDR, capped at ₹300 from ₹75,000.

Terminology matters

MDR is not a Government tax. GST may apply to the MDR/service fee, not to the entire UPI payment value.

Finin2min - the answer in 2 minutes

- **UPI:** ordinary users are not being charged a new 18% tax on UPI payments. From 15 October 2026, a merchant-side MDR applies to select P2M transactions above ₹2,000. GST is relevant to the MDR/service charge, not to the transaction value. The 18% treatment and ITC position are currently reported from Finance Ministry officials; Finin2min will treat any later GST Council/CBIC notification as controlling.
- **STT + capital gains:** both can apply to the same stock-market journey, but they tax different bases: STT taxes the securities transaction; capital-gains tax taxes the profit.
- **Company tax + dividend tax:** this is a classic example of *economic* double taxation: company profit is taxed at company level and a later dividend can be taxed in the shareholder's hands.
- **Property:** stamp duty/registration apply on acquisition or documentation; capital-gains tax applies on later profit. For under-construction residential property, GST can also apply. Under the Income-tax Act, 2025, property TDS sits in section 393 (Table Sl. No. 3(i)); it is withholding credit, not an extra layer of final tax.
- **Cars:** the draft-era "28% + cess on most cars" rule is outdated. Since 22 September 2025, small cars generally attract 18% GST, while specified larger cars/utility vehicles generally attract 40% without compensation cess.
- **Fuel:** petrol and diesel remain outside GST and carry central excise plus state VAT/sales-tax structures. The exact tax base and additional state levies vary by state.
- **Toll:** toll is a road-use charge, not the same thing as income tax/GST; access to a road or bridge on payment of toll is GST-exempt.
- **TDS/TCS:** usually not "tax again." It is advance collection against final income-tax liability. Excess credit can be refunded and section 437 of the Income-tax Act, 2025 provides interest on qualifying refunds, subject to statutory conditions.

> **2026 direct-tax law note:** the Income-tax Act, 2025 applies to income earned from 1 April 2026 onwards (Tax Year 2026-27 onwards). Income earned during FY 2025-26 remains governed by the Income-tax Act, 1961 for AY 2026-27. This article therefore uses the 2025 Act section numbers for current transactions and mentions legacy 1961 Act references only where they help readers map older material.

On this page:

1. The UPI tax scare: what actually changed in September 2026?

The newest debate is a useful starting point because it demonstrates how quickly three different concepts - **transaction value, merchant fee and tax** - can get mixed together.

On 15 September 2026, the Ministry of Finance clarified the final UPI MDR framework. Person-to-person transfers remain free irrespective of amount. Merchant payments up to ₹2,000, along with protected zero-MDR small-merchant transactions, remain free. For specified normal P2M merchant transactions above ₹2,000, the headline MDR is 0.4%, with a ₹300 cap from ₹75,000. The Government says roughly 96% of P2M transactions remain unaffected.

> **MDR is not a tax.** The Ministry of Finance expressly describes MDR as neither a Government tax nor a charge collected by NPCI. It is a payment-acceptance fee distributed within the payments ecosystem.

What about GST?

A 2025 Ministry of Finance clarification already stated the basic GST principle: GST is levied on payment-related charges such as MDR, not on the UPI transaction amount itself. With MDR returning for specified UPI merchant transactions, the reported Finance Ministry position as of 19 September 2026 is that **18% GST applies to the MDR/payment-processing fee**, and an eligible regular GST-registered merchant can claim input tax credit subject to normal GST conditions. Because the GST Council is expected to consider implementation issues before the 15 October start date, businesses should monitor the final notification/clarification rather than treating press reports as a substitute for law.

₹10,000 normal qualifying P2M payment → MDR ₹40 → GST on MDR at 18% = ₹7.20 → merchant-side debit ₹47.20 before eligible ITC. **The customer is not charged ₹1,800 GST on the ₹10,000 UPI payment.**

Question	Answer
₹50,000 sent to a friend?	₹0 MDR; P2P remains free.

Question	Answer
₹1,999 paid to a large merchant?	₹0 MDR under the new threshold.
₹10,000 normal P2M payment?	Merchant-side MDR ₹40; GST on fee ₹7.20 under current stated position.
₹1,00,000 normal P2M payment?	Base MDR capped at ₹300; GST on fee would be ₹54 if 18% applies.
Is 18% charged on the ₹1,00,000 itself?	**No.**
Does MDR revenue go to Government?	**No. The official press release says MDR is not a Government/NPCI tax or charge.**

UPI MDR mini-cheat sheet: the exceptions that matter

The official Department of Financial Services FAQ adds important category rules beyond the headline 0.4% rate:

UPI transaction / merchant type	Official MDR position from 15 Oct 2026	Practical GST point
P2P - friend, family, self-transfer	₹0 MDR, regardless of amount	No MDR means no GST on an MDR fee
Standard P2M payment up to ₹2,000	₹0 MDR	No MDR fee to tax
P2PM / protected small merchant receiving up to ₹1 lakh per month through UPI QR	Mandatory zero MDR; a single payment above ₹2,000 does not by itself remove this protection	No MDR fee merely because one customer pays above ₹2,000
P2PM merchant with inward UPI credits above ₹1 lakh per month for 3 consecutive months	Acquiring bank/PSP transitions the merchant to P2M classification	Thereafter the applicable P2M fee structure becomes relevant
Standard P2M above ₹2,000 and below ₹75,000	0.4% MDR	At the currently reported 18% GST treatment, GST is on the MDR - not the purchase value
Standard P2M ₹75,000 or above	₹300 maximum MDR per transaction	Illustratively, 18% GST on ₹300 = ₹54, subject to final applicable GST treatment
Specified sectors such as railways, telecom, insurance and fuel, above ₹2,000	Flat ₹5 MDR under the official FAQ	Illustratively, 18% GST on ₹5 = ₹0.90
Capital-market UPI transactions	0.02% MDR, capped at ₹300	GST, where applicable, is on the processing fee
UPI Mandates / AutoPay recurring payments	No prescribed MDR under the official FAQ	Check the specific product/provider arrangement for any separate service
RuPay credit card / credit line linked to UPI	Separate credit-product rules; not the direct bank-account P2M MDR framework	Do not assume the 0.4% bank-account UPI rule applies

> **Finin2min practical point:** merchant classification matters as much as transaction value. A protected P2PM merchant does not suddenly owe MDR simply because one customer pays ₹5,000. The official FAQ instead monitors the merchant's inward UPI collection threshold and provides transition to P2M after the ₹1 lakh monthly threshold is exceeded for three consecutive months.

2. What does "double taxation" actually mean?

There is no single everyday meaning. For a reliable analysis, Finin2min separates four different situations.

1. Juridical double taxation
The same income or tax base is taxed twice in the hands of the same taxpayer for the same period/jurisdictional overlap. Tax treaties and foreign-tax-credit systems are often designed to relieve this.

2. Economic double taxation
The same underlying economic profit is taxed in the hands of different taxpayers. Company profits taxed first and dividends taxed later in shareholders' hands are the classic example.

3. Layered taxation
Different taxes apply to different events or bases around one economic activity - e.g., stamp duty on property transfer and capital-gains tax on later profit.

4. Fee / withholding mistaken for tax
MDR and toll are charges; TDS/TCS are collection mechanisms. They may create a real cost or cash-flow burden, but they are not automatically an additional final tax.

A fifth concept is **cascading or "tax on tax"**, where one tax becomes part of the base on which another tax is computed. GST was designed to reduce cascading through input tax credit, but non-GST levies and state-specific tax formulas can still create layered effects.

3. The Finin2min classification matrix: is it really double taxation?

Situation	What is being charged?	Best classification	Why
UPI MDR + GST on MDR	Commercial fee + tax on that service fee	Layered cost	MDR is not a tax; GST applies to the processing service.
STT + capital-gains tax	Transaction tax + tax on profit	Layered taxation	Different tax bases even though both arise from one investment journey.
Corporate income tax + dividend tax	Tax on company profit + tax on shareholder receipt	Economic double taxation	Same underlying corporate profit is taxed at entity and shareholder levels.

Situation	What is being charged?	Best classification	Why
Stamp duty + later property capital gains	Transfer/document levy + tax on appreciation	Layered taxation	Different event and base.
GST on under-construction flat + stamp duty	Tax on construction supply + state transfer/document levy	Layered taxation	Different constitutional/tax bases can apply to the same purchase journey.
Income tax on salary + GST when salary is spent	Income tax + consumption tax	Not legal double tax	The same cash may be used, but the taxable events are earning and consuming.
Property TDS + seller's final income tax	Withholding + final tax computation	Not extra final tax	TDS is credit against the seller's tax liability.
Road tax + toll	State motor-vehicle levy + user charge	Different charges	Toll is a usage charge, not simply "another road tax."
Petrol excise + state VAT	Central levy + state levy	Layered taxation	Petrol/diesel sit outside GST; state formulas differ.

4. Shares: STT + capital-gains tax - the cleanest layered-tax example

The uploaded draft correctly identified the historical tension here: STT was introduced in 2004, while the then-existing regime provided exemption for qualifying long-term listed-equity gains. Later, long-term capital-gains tax on listed equity returned. But it is more accurate to say the two levies now **co-exist** rather than that the same tax base is literally taxed twice.

As of 2026, delivery-based equity trades generally attract STT at 0.1% on purchase and 0.1% on sale. For current transactions governed by the Income-tax Act, 2025, qualifying listed-equity/equity-oriented-fund/business-trust long-term gains fall under **section 198** (the successor to legacy section 112A) and are taxed at 12.5% on aggregate qualifying gains exceeding ₹1.25 lakh. Qualifying short-term gains fall under **section 196** (the successor to legacy section 111A) and are taxed at 20%. For derivatives, the Finance Act 2026 increased STT from 1 April 2026: sale of options is 0.15% of premium, exercised options 0.15% of intrinsic value, and futures 0.05% of traded price.

Worked example: long-term listed shares

Assume: You buy listed shares for ₹5,00,000 and later sell them for ₹7,00,000 after satisfying the long-term holding conditions. Ignore brokerage and cess for simplicity.

STT on purchase: ₹500 (0.1% of ₹5,00,000).
STT on sale: ₹700 (0.1% of ₹7,00,000).
Long-term gain: ₹2,00,000.
Section 198 threshold (legacy section 112A): first ₹1,25,000 of aggregate qualifying LTCG is not charged at 12.5%.
Taxable LTCG: ₹75,000.
LTCG tax before cess/surcharge: ₹9,375.

You have therefore paid STT on transaction value and capital-gains tax on profit. That is a meaningful cumulative burden, but it is not the same base being taxed identically twice.

There can be a third tax layer: GST on brokerage/services

Brokerage and certain exchange/payment services can attract GST. Again, the GST base is the service charge, not the share sale value or the capital gain. A single trade can therefore involve STT, stamp duty/market levies, GST on brokerage and later income tax on gains - multiple levies, multiple bases.

5. Property: stamp duty, registration, GST, TDS and capital gains

Property is where people most often experience "one asset, many taxes." But the legal character of each amount is different.

Stage	Possible levy	What it taxes / does	Is it final extra tax?
Buying completed property	Stamp duty + registration fee	Transfer/instrument/ registration under state law	**Yes, subject to state law**
Buying under-construction residential property	GST generally 5% (1% for qualifying affordable housing) without ITC under the real-estate scheme	Construction service before completion/first occupation	**Yes**
Buying after completion certificate / first occupation	No GST on sale of completed building/ flat in the ordinary case	Sale of completed immovable property falls outside the construction-service charge	**No GST on completed sale**
Property ≥ ₹50 lakh from resident seller	Income-tax Act, 2025 section 393, Table Sl. No. 3(i): TDS at 1% of consideration or stamp-duty value, whichever is higher	Advance withholding for seller	**Not extra final tax; seller gets credit**
Later sale at profit	Capital-gains tax	Tax on appreciation/profit	**Yes, subject to exemptions/rules**

Stage	Possible levy	What it taxes / does	Is it final extra tax?
Home-loan documents/mortgage	State stamp duty / e-stamp / franking as applicable	Instrument/document levy varies by state	**Can be an additional transaction cost**

Worked example: ₹1 crore completed resale flat

Assume a state where stamp duty is 6% and registration fee is 1% purely for illustration - actual rates and caps vary by state, buyer profile and location.

Purchase price: ₹1,00,00,000
Illustrative stamp duty: ₹6,00,000
Illustrative registration fee: ₹1,00,000
Property TDS under section 393, Table Sl. No. 3(i) (legacy section 194-IA): ₹1,00,000 withheld from the seller's consideration and deposited as the seller's tax credit (assuming the provision applies).

Key point: the ₹1 lakh TDS is not another ₹1 lakh cost over and above the ₹1 crore consideration in the economic sense; it is part of the consideration redirected to the tax department on the seller's behalf.

If you later sell the property

For long-term capital assets transferred on or after 23 July 2024, the general LTCG rate is 12.5% without indexation. A resident individual/HUF selling land or building acquired before 23 July 2024 can use the grandfathering protection where the statutory conditions are met. Capital-gain reinvestment exemptions may also apply depending on the asset, taxpayer and reinvestment facts; for transactions from 1 April 2026, use the corresponding provisions of the Income-tax Act, 2025 rather than relying only on legacy section numbers from the 1961 Act.

> **Finin2min distinction:** stamp duty taxes the transfer/instrument; capital-gains tax taxes appreciation; TDS is a collection method; GST, where applicable, taxes the construction supply. They can all surround one property journey without being one identical tax imposed four times.

6. Company profits and dividends: a genuine economic double-taxation example

This is the strongest mainstream example of **economic** double taxation. A company is a separate taxable person. It first pays corporate income tax on taxable profits. If after-tax profit is distributed as dividend, the shareholder can then pay income tax on the dividend.

For current tax years under the Income-tax Act, 2025, **section 200** provides an optional 22% income-tax regime for qualifying domestic companies, while **section 201** preserves a 15% optional rate for eligible new manufacturing domestic companies, subject to the detailed statutory conditions. Other domestic companies can fall under the general company-rate framework prescribed for the relevant year. Since 1 April 2020, the old Dividend Distribution Tax system has been abolished and dividend is generally taxable in shareholders' hands.

Worked example - simplified

Company taxable profit: ₹100
Assume the section 200 optional 22% base income-tax rate for illustration: ₹22 before surcharge/cess
Profit remaining before other appropriations: ₹78
If ₹78 is distributed as dividend: the shareholder includes the dividend in taxable income and pays tax according to the applicable rules/rate.

The underlying ₹100 of corporate profit has therefore faced tax once at entity level and the distributed portion may face tax again at owner level. That is why this is described as economic double taxation.

7. Buying and running a car: many charges, but the 2026 rates matter

The original draft's car section used the older 28% GST plus compensation-cess structure. That changed from 22 September 2025.

- **Small cars:** GST was reduced to 18%. For GST purposes, this broadly covers petrol/LPG/CNG cars up to 1200cc and 4000mm, and diesel cars up to 1500cc and 4000mm.
- **Specified mid/large cars and utility vehicles:** generally 40% GST without compensation cess under the rationalised structure.
- **Road/motor-vehicle tax:** state-specific and separate from GST.
- **Registration fees:** separately payable under motor-vehicle registration rules.
- **Motor insurance:** unlike individual life and health insurance, which became GST-exempt from 22 September 2025, motor insurance remains a taxable financial/insurance service under applicable GST classification.
- **Fuel:** petrol/diesel remain outside GST and carry central/state levies.
- **Toll:** a usage charge for access to a road/bridge; the toll-access service itself is GST-exempt.

Worked example: ₹10 lakh pre-tax small-car value

Vehicle value before GST: ₹10,00,000
GST at 18%: ₹1,80,000
Subtotal: ₹11,80,000
Then add: state-specific road/motor-vehicle tax, registration, insurance premium and other permitted charges.

Later fuel taxes and tolls arise from using the vehicle. They are real cumulative ownership costs, but they tax/charge different things at different times.

8. Fuel: central excise + state VAT, but avoid a blanket “tax on tax” claim

Petrol and diesel are still outside the GST rate system. The Petroleum Planning & Analysis Cell (PPAC) publishes state retail selling prices and VAT/sales-tax structures. Retail prices combine the underlying product price, central excise, dealer commission and state taxes/levies, with formulas differing across states.

It is fair to call this **layered taxation**: both Centre and states impose levies on the fuel chain. But the stronger claim that “state VAT is always calculated on top of central excise everywhere” is too broad without checking the exact state formula. Some states use percentage VAT, specific rupees-per-litre components, cesses, minimum floors or combinations.

> **Current-data point:** PPAC’s price pages were updated on 18 September 2026. The safest Finin2min practice is to link to PPAC for live state-wise rates rather than hard-code one national percentage.

Why fuel being outside GST matters

Because petrol and diesel are outside the normal GST input-credit chain, businesses and consumers can experience embedded tax costs that cannot be offset like ordinary GST input tax credit. That is economically important even though it is not the same as imposing one identical tax twice.

9. TDS and TCS: often painful cash flow, but usually not an extra final tax

TDS/TCS are frequently described as another “tax layer.” That is usually incorrect. They are collection-at-source mechanisms. The amount appears as tax credit and is adjusted against final income-tax liability.

Property TDS example

For current transactions, section 393 of the Income-tax Act, 2025 (Table Sl. No. 3(i), corresponding broadly to legacy section 194-IA) requires 1% TDS on qualifying consideration for transfer of immovable property other than agricultural land when the consideration or stamp-duty value is at least ₹50 lakh. The deduction is on the consideration or stamp-duty value, whichever is higher. The seller claims the TDS credit.

Cash-withdrawal TDS

Under section 393(3) of the Income-tax Act, 2025, the cash-withdrawal entry carries a 2% TDS rate above the statutory annual threshold: ₹1 crore where the recipient is a person other than a co-operative society, and ₹3 crore where the recipient is a co-operative society, subject to the exclusions and detailed conditions in the Act. Again, this is withholding credit, not a separate final tax merely because cash was withdrawn.

What if too much TDS/TCS was collected?

Excess can be claimed as refund when the return is filed. The draft statement that Government necessarily holds this money "interest-free" is too absolute: **section 437 of the Income-tax Act, 2025** provides simple interest on qualifying refunds at 0.5% for every month or part of a month for the statutory period, subject to conditions and exclusions.

> **Cash-flow reality still matters:** even when TDS/TCS is creditable, it can lock up working capital until set-off/refund. So "not an extra final tax" does not mean "no economic cost."

10. If UPI MDR is legally merchant-side, can customers still bear some of it?

Yes, potentially - but that is an **economic-incidence** question, not proof that the customer was legally charged MDR.

Businesses respond to new costs through a mix of margin absorption, supplier negotiation, productivity changes, reduced discounts, repricing, product mix and, where permitted, customer prices. How much of a cost is passed through depends on competition, demand elasticity, contract terms and the importance of the payment channel.

For UPI specifically, the official framework says merchants should not add MDR as a separate UPI surcharge to customers. That does not mathematically guarantee that no business will ever adjust its general pricing strategy in response to payment costs. The distinction is:

Legal incidence
Who is contractually/statutorily charged the fee? Under the new UPI MDR framework: the merchant side.

Economic incidence
Who eventually bears the cost after market adjustments? Could be merchant, customer, supplier, employee, shareholder - or a mix.

Claims that a particular percentage "will definitely be passed to consumers" are forecasts, not facts. The more reliable approach is to track actual merchant pricing after implementation.

11. Twelve practical examples - what is actually taxed?

#	Scenario	Charges/taxes	Finin2min classification
1	You UPI ₹25,000 to a friend	No MDR	**No new tax/fee**
2	You pay a retailer ₹10,000 via qualifying bank-account UPI	Merchant MDR ₹40 + ₹7.20 GST on fee under current stated treatment	**Fee + tax on service**
3	You buy listed shares for ₹5 lakh and later sell at ₹7 lakh long-term	STT on buy/sell + possible section 198 LTCG on gain above annual threshold (legacy section 112A)	**Different tax bases**
4	You make a loss on a listed share trade	STT still applies despite no capital gain	**Shows STT ≠ gains tax**
5	You buy a completed ₹1 crore resale flat	Stamp duty + registration; section 393 property-transfer withholding may apply	**Tax/fee + withholding**
6	You buy an under-construction non-affordable residential flat	GST under real-estate scheme + stamp duty/ registration on transfer documents	**Layered taxation**
7	You later sell that property at a long-term gain	Capital-gains tax on appreciation, subject to reliefs/exemptions	**New taxable event**
8	Company earns ₹100 profit and distributes dividend	Corporate tax + shareholder tax on dividend	**Economic double taxation**
9	You buy a small car	18% GST + state road tax + registration + insurance tax as applicable	**Multiple bases**
10	You drive on a toll road	Toll user charge; toll-access service GST-exempt	**Fee, not another income tax**
11	Your salary is taxed, then you buy a taxable product	Income tax on earning + GST on consumption	**Not juridical double tax**
12	₹1 lakh TDS is deducted from a property seller	Tax credit against seller's final liability	**Advance collection**

12. Why the “same post-tax money is taxed again” argument feels true - and where it breaks legally

Imagine you earn ₹10 lakh salary. Income tax is imposed on the income. You then spend part of the remaining cash on a taxable product and pay GST. Later, the seller may pay income tax on its profit. The physical rupees can move through multiple taxable events.

That does not mean tax law sees one tax base being taxed repeatedly. Modern tax systems generally tax several bases: **income, consumption, transactions, property, gains and business profits**. Each can be triggered at a different stage.

The more useful public-policy question is therefore not “Has this rupee ever been taxed before?” but:

- What is the cumulative effective burden?
- Is the tax base clear and non-overlapping?
- Is input credit available where cascading would otherwise arise?
- Are transaction taxes distorting behaviour?
- Does withholding create disproportionate cash-flow costs?
- Are fees transparently disclosed and correctly classified?

Those are measurable questions. They are more useful than treating every sequential levy as legally identical double taxation.

13. Nine myths to avoid

Myth 1: “18% GST is being charged on UPI payments above ₹2,000.”
No. GST concerns the MDR/payment-processing fee, not the full UPI payment value.

Myth 2: “0.4% UPI MDR is a Government tax.”
No. The Ministry of Finance says MDR is neither a Government tax nor a charge collected by NPCI.

Myth 3: “STT and capital-gains tax are exactly the same tax twice.”
No. STT is transaction-value based; capital-gains tax is profit based.

Myth 4: “All cars still carry 28% GST plus compensation cess.”
Outdated. From 22 September 2025, small cars generally moved to 18%; specified larger vehicles generally moved to 40% without cess.

Myth 5: “All insurance premiums carry 18% GST.”
Outdated. Individual life and health insurance became GST-exempt from 22 September 2025. Motor/commercial insurance treatment is separate.

Myth 6: “TDS means I pay income tax twice.”
Usually no. TDS is credit toward final liability.

Myth 7: “Toll is another GST/road tax.”
Toll is a user charge; the service of access to a road/bridge on payment of toll is GST-exempt.

Myth 8: “Stamp duty and property capital gains tax the same thing.”
No. Stamp duty attaches to transfer/instrument value; capital gains attach to profit on disposal.

Myth 9: “Every sequential tax on money is illegal double taxation.”
No. Different taxable events can lawfully apply to the same economic lifecycle unless a constitutional/statutory rule provides otherwise.

14. Frequently asked questions

Is UPI becoming chargeable for customers from 15 October 2026?

No. The official framework keeps P2P transactions free and says consumers should not be charged MDR. The new MDR is merchant-side for specified P2M transactions.

Does a ₹10,000 UPI payment attract ₹1,800 GST?

No. Under the current stated treatment, GST is 18% of the MDR/service fee. If MDR is ₹40, GST is ₹7.20.

Is MDR itself a tax?

No. The Finance Ministry expressly states that MDR is neither a Government tax nor a charge collected by NPCI.

Can a GST-registered merchant claim GST paid on MDR?

Potentially yes, subject to normal input-tax-credit conditions and any final implementation clarification. Credit can be restricted for exempt supplies, composition taxpayers and other ineligible situations.

Why do investors pay both STT and capital-gains tax?

Because the two levies use different bases. STT applies to specified securities transactions; capital-gains tax applies to the resulting gain where chargeable.

Is company tax plus dividend tax double taxation?

It is commonly described as economic double taxation because the same underlying corporate profit is taxed first in the company and then, if distributed, in the shareholder's hands.

Is stamp duty deductible from property capital gains?

Acquisition-related stamp duty and registration costs can generally form part of cost of acquisition where legally includible, which affects the capital-gains computation. Facts and supporting documents matter.

Is TDS on a property purchase an additional 1% cost?

Not ordinarily. The buyer withholds 1% from the amount otherwise payable to the resident seller and deposits it as the seller's tax credit, subject to section 393 of the Income-tax Act, 2025, Table Sl. No. 3(i) (legacy section 194-IA).

Do completed flats attract GST?

In the ordinary case, no GST is payable on sale of a completed building/ready-to-move flat where the entire consideration is received after completion certificate/first occupation as prescribed. Stamp duty and registration still apply under state law.

Are petrol and diesel under GST?

No. They remain under central excise and state VAT/sales-tax structures. State tax formulas vary.

Does toll include GST?

Access to a road or bridge on payment of toll is an exempt service under the GST exemption framework, so the toll amount is not simply "toll + 18% GST."

If excess TDS/TCS is refunded, does the taxpayer ever receive interest?

Yes. Section 437 of the Income-tax Act, 2025 provides interest on qualifying refunds, generally at 0.5% for every month or part of a month for the applicable statutory period, subject to conditions and exclusions.

15. Finin2min conclusion

The public concern behind "double taxation" is real: a household or business can face several compulsory levies and charges over the lifecycle of one asset, investment or payment. But accuracy requires separating them.

The clean framework:

- **Same profit, different taxpayers:** economic double taxation - e.g., company profit + dividend.
- **Same economic journey, different tax bases:** layered taxation - e.g., STT + capital gains; stamp duty + capital gains.
- **Commercial charge plus GST:** fee + service tax - e.g., UPI MDR + GST on MDR.
- **Advance collection:** TDS/TCS - creditable against final tax.
- **User charge:** toll - not automatically another tax.

For the latest UPI change, the most important practical fact remains simple: **customers are not facing an 18% tax on UPI payments.** The new 2026 issue is a merchant-side MDR on a limited set of higher-value merchant transactions, with GST applying to the fee under the current stated position.

Primary and authoritative sources

1. Ministry of Finance / PIB - UPI Continues to Remain Free for Peer to Peer Transactions and 96% of Merchant Transactions (15 Sep 2026).
2. Department of Financial Services - Press release and FAQs on MDR on select UPI P2M transactions (15 Sep 2026).
3. Ministry of Finance / PIB - GST is levied on charges such as MDR, not directly on UPI transaction value (18 Apr 2025).
4. Indian Express - reported Finance Ministry position on 18% GST on UPI MDR and ITC (17 Sep 2026). Secondary source; monitor GST Council/CBIC for final legal notification.
5. Income Tax Department - Income-tax Act, 2025 as amended by Finance Act, 2026 (effective 1 Apr 2026).

6. Income Tax Department - FAQs on transition from the Income-tax Act, 1961 to the Income-tax Act, 2025.
7. Income Tax Department - Income-tax Act, 2025 section 198, specified long-term capital gains.
8. Income Tax Department - Finance (No.2) Act, 2004, section 98, STT rates.
9. Income Tax Department - Budget 2026 FAQs, revised STT rates on derivatives from 1 Apr 2026.
10. Income Tax Department - Capital Gains, including 12.5% LTCG rule and land/building grandfathering.
11. Income Tax Department - Income-tax Act, 2025 section 200, optional 22% regime for certain domestic companies.
12. Income Tax Department - Income-tax Act, 2025 section 201, eligible new manufacturing domestic companies.
13. Income Tax Department - Dividend taxation after abolition of DDT.
14. GST Council/PIB FAQs - 2025 automobile GST rationalisation: small cars 18%; specified larger cars 40% without cess.
15. Ministry of Finance / PIB - 56th GST Council recommendations including individual life/health insurance exemption.
16. PPAC - current petrol/diesel price build-up resources and state VAT/sales-tax rates.
17. GST Council - exemption entry for access to road/bridge on payment of toll.
18. Income Tax Department - Income-tax Act, 2025 section 393, current TDS table including immovable-property and cash-withdrawal entries.
19. Income Tax Department - Income-tax Act, 2025 section 437, interest on refunds.
20. GST Council / PIB - residential real-estate GST framework (1% affordable / 5% other residential without ITC).

Disclaimer: This article is for general educational information and is not legal, tax, investment or accounting advice. Tax outcomes depend on transaction facts, taxpayer status, state law, exemptions, notifications and subsequent amendments. Rates and UPI implementation details are stated as reviewed on 19 September 2026; businesses should check the final GST Council/CBIC and payment-provider implementation before applying the new UPI MDR framework from 15 October 2026.