



Tax Deduction at Source (TDS)

As per Income tax Act 1961 and as amended from time to time, Tax will be deducted at source on the interest given.

As per section 194A, If the aggregate interest that you are likely to earn for all deposits held across branches in a customer id is greater than Rs.40,000/- (Rs.50,000/- for senior citizen) in a financial year, Bank is liable to deduct TDS.

Note: Tax liability for TDS purpose is determined basis per PAN and not as per branch per PAN. Deposits held by minors are also subject to TDS. The credit for the TDS can be claimed by the person in whose hands the minor's income is included.

Normal TDS rates as below

	Tax Rate	Surcharge	Education Cess	TOTAL
Resident Individuals & HUF	10%	----	----	10%
Corporate Entity	10%	----	----	10%
NRO	30%	----	4%	31.20%
Firms	10%	----	----	10%
Co-operative Societies & Local Authority	10%	----	----	10%

However, if the depositors do not furnish Permanent Account Number (PAN) or Depositor's PAN is Inoperative (PAN Not linked with Aadhar), if depositor is Specified person as per income Tax law, the Bank will deduct TDS at higher rate i.e. @ 20% for Resident accounts. In case of NRO (Specified persons in terms of section 206AB) accounts TDS shall be done @ 62.40 % unless NOPE Declaration is submitted to the dealing branch.

In the absence of PAN, following are the implications for customers:

- TDS will be recovered at 20% (as against 10%)
- NO TDS credit from the Income Tax department
- NO TDS certificate will be issued (As per CBDT circular no:03/11)
- Form 15G/H and other exemption certificates will be invalid and TDS at higher rate will apply

Total interest income for the year does not fall within the overall taxable limits, (i.e. Rs. 3,00,000 for Normal Citizen /Rs.7,00,000 for Senior Citizen) Customer can submit a form 15G/15H as per the provisions of the Income Tax Act. Even with the 15G/15H form, the tax



that has already been deducted by way of TDS during the year prior to submission of 15G/15H form will not be refunded. However, Customer will get a certificate (Form 16A), which can be used while filing Customer tax return.

The TDS Certificate (Form 16A) for TDS deducted during a calendar quarter, will be issued in the next month of the respective quarter. TDS certificates will be available only if PAN is updated and there is a tax deduction in the financial quarter.

In the event of less deduction of TDS than the actual amount eligible for deduction, Bank is entitled to recover the same either from any account of the customer and/or accrued interest on Term Deposit and/or from the principal amount of the Term Deposit. In cases where account balance and/or accrued interest on Term Deposit is insufficient to cover the pending TDS amount, Bank reserves the right to prematurely/partially break the Term Deposits as and where applicable to recover the pending TDS amount, without holding any liability for any losses or consequences arising from such premature/partial encashment.

According to section 194N of the Act, TDS has to be deducted if a sum or aggregate of sum withdrawn in cash by a person in a particular FY exceeds:

- ₹ 20 lakh (if no ITR has been filed for all the three previous AYs), or
- ₹ 1 crore (if ITRs have been filed for all or any one of three previous AYs).

TDS will be deducted at a rate of 2% on cash withdrawals in excess of ₹ 1 crore if the person withdrawing the cash has filed income tax return for all three previous AYs.

TDS will be deducted at 2% on cash withdrawals of more than ₹ 20 lakh and 5% for withdrawals exceeding ₹ 1 crore if the person withdrawing the cash has not filed ITR for any of the preceding three AYs.

If customer's PAN is Inoperative applicable TDS rate is 20%.

Note: In case of Cooperative societies, The applicable threshold is Rs. 3 Crore instead of Rs. 1 Crore.