

## TDS on Interest on Deposits

As per the provisions of Income Tax Act, 1961, Tax is deducted at source as and when the aggregate interest earned on all deposits (Fixed Deposits, Recurring deposits, etc and excepting Savings Bank deposits) held across branches exceeds Rs. 10,000/- in a Financial Year. The stipulated rate of tax to be deducted at source as per existing guidelines is 10%, if PAN is provided or a higher rate if PAN is not provided (i.e., 20% or higher depending on Residential status, DTAA etc.). For Interest paid in Savings Bank accounts, tax is not deducted at source.

Form 15G/15H are forms which customers (individuals/HUF) can submit so that TDS is not deducted on interest income, if customer meets the applicable conditions. A PAN is mandatory for the customer submitting Form 15G/15H.

The basic conditions for filing Form 15G are :

1. The final tax on estimated total income computed as per Income Tax Act should be nil, **and**
2. The aggregate of interest (excluding interest earned on securities) received during the financial year should not exceed the basic exemption slab of income.

As regards Form 15H, the condition is that the final tax on estimated total income of the individual (Senior citizen) should be nil.

Accordingly, the customers are required to duly fill up Form 15G/15H submitted to the branches with complete details called for under the Form to enable our system to deduct TDS based on Eligibility criteria as prescribed under the Income Tax Act/Rules.