

IMPORTANT

ATTENTION – ALL DEPOSITORS

CHANGES IN TDS PROVISIONS IN BUDGET 2015

The Finance Bill-2015 has proposed certain amendments in section 194A of the Income Tax Act, 1961 with respect to applicability of Tax Deduction at Source (TDS) **with effect from 01.06.2015.**

1. The exemption from TDS, available to members/shareholders of a co-operative bank, is removed. Hence, ***TDS will also be applicable on interest paid to depositors who are members/shareholders of the bank.*** All the members/ shareholders are requested to take a note of it. TDS will be deducted @ 10% if the interest amount during the financial year exceeds Rs. 10,000/- [for calculation of limit of Rs. 10,000/-, interest on all deposits from all branches (wherever deposits are kept) will be aggregated]. **However members/shareholder can submit immediately form no. 15G/H, if eligible, for non-deduction of TDS.** For details contact branch in-charge. **Note that submission of PAN is compulsory, else TDS will be deducted @ 20%** as per the provisions of Income Tax Act. Members/shareholders will not be able to submit form no. 15G/H without PAN.
2. ***Interest paid on recurring deposits will also attract TDS.*** Interest paid on all types of deposits excluding saving and current deposits, will now attract TDS.
3. If interest paid or credited is less than or equal to Rs. 10,000/- for the financial year, then TDS provisions are not applicable. ***The limit of interest amount of Rs. 10,000/- (for non applicability of TDS provision) was per branch. The same is now made per bank.*** Hence, if the depositor having deposits in two or more branches earning interest less than Rs. 10,000/- per branch but earns in aggregate interest exceeding Rs. 10,000/- for all branches, then TDS will be applicable.

All depositors are requested to take a note of it.

