

INFORMATION ABOUT TDS FROM INTEREST ON TERM DEPOSITS

F&A

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1. TDS will be deducted from interest paid or credited or likely to be paid or likely to be credited on term deposits at the rates prescribed from time to time under Income Tax Act, 1961 and Income Tax rules framed there under.
2. As per extant IT rules, tax is required to be deducted at source:
 - a) In case of resident deposits @ 10%, if the interest paid or credited or likely to be paid or likely to be credited during the financial year exceeds or is likely to exceed Rs. 10,000/-;
 - b) In case of non-resident individual deposits @ 30.90% (a surcharge @ 10% shall be applicable only if the aggregate income to be paid during the previous year exceeds Rs. 1 crore);
 - c) In case of foreign companies @ 41.20% (@ 42.024%, if interest amount exceeds or is likely to exceed Rs. 1.00 crore but does not exceed Rs. 10.00 crores, @43.26% if interest amount exceeds or is likely to exceed Rs. 10.00 crore).

STATUTORY INFORMATION ABOUT FORM 15G / 15H

1. If the customer (other than a company and a firm) is tax resident in India and eligible for non-deduction of tax at source from interest on fixed deposits under Section 197A (1A) or 197A(1B) of the Income Tax Act, the customer can submit declaration in Form 15G to the branch. The maximum limit is capped at Rs. 2,50,000/- p.a.
2. If the interest income (paid or credited) on fixed deposits exceeds or is likely to exceed the maximum exemption limit (Rs. 2,50,000/- in a financial year), TDS shall be deducted, even if Form 15G is submitted.
3. Senior Citizen customers (60 years and above), in order to avail higher TDS exemption limit, can submit declaration in Form 15H, subject to eligibility under section 197A (1C) of the Income Tax Act, 1961 for non-deduction of TDS from interest on term deposits. The maximum limit is capped at Rs. 3,00,000/- (in case of senior citizen – age being 60 years or more but less than 80 years) or 5,00,000/- (in case of super senior citizen – age being 80 years or more) p.a. plus the declaration for investment under Chapter VI-A of Income Tax Act 3.
4. If the interest income (paid or credited) on fixed deposits exceeds or is likely to exceed the limit of Rs. 3,00,000/- (in case of senior citizen – age being 60 years or more but less than 80 years) or Rs. 5,00,000/- (in case of super senior citizen – age being 80 years or more) plus investment declaration in a financial year, TDS shall be deducted even if Form 15H is submitted.
5. Separate declaration in Form 15G / 15H (subject to eligibility criteria as enumerated above) is required to be submitted for each financial year preferably at the commencement of financial year.
6. Tax deducted prior to submission of Form 15G / 15H shall not be refunded under any circumstances. Therefore, the customers are requested to submit the forms at least seven days prior to payment / credit of interest preferably at the commencement of the financial year.
7. Effective April 01, 2010, Form 15G / 15H submitted without furnishing PAN shall be invalid and not be accepted / acted upon.

INSTRUCTIONS ABOUT HOW TO FILL FORM 15G / FORM 15H

1. Form 15G / 15H should be duly filled in by the customer and is required to be submitted in Duplicate.
2. Form should be duly dated and signed.
3. Please ensure to mention your Customer ID/s on top right side of the form in bold and clear letters.

NOTICE AND STATUTORY INFORMATION ABOUT PAN

1. Section 139 (5A) of Income Tax Act and Rule 114B of Income Tax Rules make it mandatory for furnishing of PAN for opening term deposits, exceeding Rupees Fifty Thousand. Further, it is mandatory for the Bank to mention the PAN of the customer on the TDS certificate and in TDS returns filed by it. In order to avail proper credit for the TDS while filing income tax returns, customers are requested to furnish copy of PAN card along with the original card for verification.
2. In case PAN is not provided by the customer or the one provided is incorrect or invalid, the Bank shall not be responsible for denial of TDS claim by the tax authorities.

3. Further, you may please note tax rules relating to PAN requirement have undergone change with effect from April 01, 2010 and following additional rules shall be applicable from April 01, 2010:
- a) It shall be mandatory for deductees (customers) to furnish PAN details to deductor (Axis Bank), failing which Tax on interest on resident deposits shall be deducted at source a higher rate of 20% instead of 10%.
 - b) Declaration in Form 15G / 15H shall be invalid unless the correct PAN is furnished in the declaration and consequently interest payable to such customer shall be liable for deduction of tax at source at higher rate of 20%.
 - c) Where the PAN provided to the deductor (Axis Bank) is invalid or does not belong to the customer, it will be ignored and the higher rate of TDS (20%) shall be applicable.

The above Rules are subject to change as per the directives of the Finance Ministry, Government of India.



TDS shall be deducted from interest paid / accrued on Term Deposits viz. Fixed Deposits and Recurring Deposits at the rates prescribed from time to time under Income Tax Act, 1961 and Income Tax rules framed there under.

TDS on Resident Term Deposits

TDS Rules as per Finance Act, 2014	TDS Rules as per Finance Act, 2015
TDS is applicable in respect of Fixed Deposits	TDS is applicable in respect of Fixed Deposits and Recurring Deposits
TDS is applicable where the interest on Fixed Deposits in the name of a customer (primary holder) held at a particular branch, exceeds the threshold limit of Rs.10,000 during the financial year.	TDS is applicable where the interest on Fixed Deposits and Recurring Deposits in the name of a customer (primary holder) held across the Bank as a whole, exceeds the threshold limit of Rs.10,000 during the financial year.

The changed tax structure as per Finance Act, 2015 has come into effect from June 1, 2015.