

Annexure-A

ALL DEPOSITORS,

CHANGES IN TDS PROVISIONS IN BUDGET 2015

The Finance Bill-2015 has made 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 The exemption from TDS, available to members/shareholders of a co-operative bank, is now withdrawn.
2. In view of the above, henceforth, ***TDS will also be applicable on interest paid to depositors despite of having members/shareholders of the bank.***
3. TDS will be deducted @ 10% if the interest amount paid /payable during the financial year exceeds Rs. 10,000/-.**However members/shareholder can submit form no. 15G/H, if eligible as per income tax provisions for non-deduction of TDS.**
4. **Submission of PAN is mandatory; otherwise TDS will be deducted @ 20%** as per the provisions of Income Tax Act.
5. Members/shareholders Form No.15G/H will not be accepted without PAN card.
6. ***Interest paid on recurring deposits /daily deposit schemes will also attract TDS.***
7. Henceforth, the limit of interest amount of Rs.10,000/- (for non-applicability of TDS provision) will be for entire bank and not branch wise e.g. If a depositor is having deposits in two or more branches and earning interest less than Rs.10,000/- per branch, TDS is not applicable for the same, however total interest earned in aggregate exceeds Rs.10,000/- for all branches combined together, then TDS will be applicable for the same.

All depositors are requested to take a note of above referred amendment of income tax and submit form no. 15G/H, if eligible as per income tax provisions for non-deduction of TDS.

***Deputy General Manager,
Accounts and Operations***