Tax Deduction at Source (TDS)

As per Income Tax Act 2025 and as amended from time to time, Tax will be deducted at source on the interest given.

As per section 393(1)(5)(ii)/(iii), If the aggregate interest that you are likely to earn for all deposits held across branches in a customer id or PAN level is greater than Rs.50,000/- (Rs.1,00,000/- 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%

*Surcharge needs to be included as applicable

However, if the depositors do not furnish Permanent Account Number (PAN) or Depositor’s PAN is Inoperative (PAN Not linked with Aadhar for resident individual), the Bank will deduct TDS at higher rate i.e. @ 20% for Resident accounts.

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

- TDS will be recovered at 20% (as against 10%)
- Deducted TDS will not be reflecting in customer 26AS and AIS.
- NO TDS certificate (Form 131) will be issued (As per CBDT circular no:03/11)
- Form 121 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. 4,00,000 other then senior citizen /12,00,000 for Senior Citizen) Customer can submit a Form 121 as per the provisions of the Income Tax Act. Even with the Form 121, the tax that has already been deducted by way of TDS during the year prior to submission of Form 121 will not be refunded. However, Customer will get a certificate (Form 131), which can be used while filing Customer tax return.

If customer's PAN is not linked with Aadhar, customer is not eligible to submit the Form 121 for TDS exemption, and if aggregate value is more than 4,00,000 for other than senior citizen /12,00,000 for Senior Citizen, customer is not eligible for exemption.

The TDS Certificate (Form131) 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 393(3)(5) 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 1 crore

- ₹ 1 crore .
- ₹ 3 crore for co-operative societies.

The basic exemption limit for TDS on cash withdrawal is 1 crore/3crore, in case customer withdrawn cash more than the threshold limit, TDS is applicable on the entire withdrawal Amount.

If customer PAN is Inoperative Applicable TDS rate is 20%.

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

Note 2: Aggregation of amount for TDS deduction is based on the PAN level.

Note 3: Other than Form 121, if exemption required, Customer should provide valid declaration with specific gazette notification or LDC certificate and any documents which is specified in the income tax Act. Please be advised that the submission of any incorrect, invalid, or fraudulent exemption documents to the bank will result in a compliance violation. The bank will be required to recover all applicable Tax Deducted at Source (TDS) and associated interest charges from your account in accordance with prevailing tax laws and regulations.