

F.No.2/8/2005-NS-II
Ministry of Finance
Department of Economic Affairs
Budget Division

New Delhi, the 23rd June, 2006

Office Memorandum

Subject: Senior Citizens Savings Scheme, 2004 – Issues relating to TDS- Clarifications regarding-

The following clarifications received from the Central Board of Direct Taxes on issues relating to Tax Deduction at Source (TDS) on interest payable on deposits under the Senior Citizens Savings Scheme, 2004 is hereby circulated for information and necessary action:

i) An individual resident in India of 65 years of age or above may furnish a declaration in Form No.15-H to the Bank/Post Office if the tax on the estimated income for the financial year is nil.

ii) A declaration in Form No.15-G can be furnished by a depositor of less than 65 years of age, if-

- a) the tax on the estimated total income for the financial year is nil, *and*
- b) the aggregate amount of interest credited or paid or likely to be credited or paid during the financial year is not more than the maximum amount which is not chargeable to tax (Rs.1,00,000/- for male tax payers and Rs.1,35,000/- for female tax payers).

Note: Both the above conditions are required to be fulfilled. The information relating to deposits under the Senior Citizens Savings Scheme, 2004 may be given by the depositors in Schedule III of Form No.15-G.

iii) In suitable cases, a certificate for lower deduction or no deduction of tax at source under Section 197(1) may also be obtained by the depositors from their assessing officers.

iv) On furnishing of a declaration in Form 15-H or Form 15-G to the Bank/Post Office, no deduction of tax shall be made by the Bank/Post Office. In a case where a certificate under Section 197(1) from the Assessing Officer is furnished to them, the Banks/Post Offices shall not

deduct tax at source or, as the case may be, deduct at a lower rate as specified in the certificate.

v) In case of such tax as was not deducted by Banks/Post Offices for the financial years 2004-05 and 2005-06, it is clarified that such portion of the tax not so deducted by Banks/Post Offices, which has been paid directly by the depositors as advance tax or self-assessment tax or otherwise and for which necessary evidence is furnished by the depositors to the Bank/Post Office, such tax will not be recovered by the Income Tax Department from the Banks/Post Offices. Similarly, to the extent of the amount for which declarations in Forms 15-H and 15-G as well as certificates under Section 197(1) are available with the Banks/Post Offices, the Income Tax Department would not make recovery from the Banks/Post Offices.


(P.C. Singh)

Under Secretary to the Govt. of India

To

1. Sh. B.B. Sangma, General Manager, Reserve Bank of India, Department of Govt. & Banks Account, Central Office, Opp. Mumbai Central Railway Station, Byculla, Bombay 400 008.
2. Mrs. P. Gopinath, Dy. Director General (FS), D/o Posts, Dak Bhawan, ND.
3. Sh. Anil Bhattacharya, Jt. NSC, National Savings Institute, Nagpur with the request to circulate to all RDs of NSI.