

TDS at a higher rate on all transactions not having PAN

Government of India has issued a notification dated January 20, 2010 relating to tax deduction at source (TDS) under Income Tax Act 1961, which has become applicable with effect from April 1, 2010. As per the said notification, tax at higher of the prescribed rate or 20% will be deducted on all the transactions liable to TDS where Permanent Account Number (PAN) of all the payees is not available. This will also apply to Non-residents in respect of payment / remittance liable to TDS.

Further, as per new provisions, certificate for deduction at lower rate or no deduction shall not be given by the assessing officer under section 197 unless PAN is furnished. Similarly, declaration by payee under section 197A for non-deduction of tax at source on payments (Form 15G/H) shall not be valid, unless the application bears PAN of the applicant/payee.

All the fixed deposit accountholders are, therefore, requested to furnish their PAN. Even Non-residents and others who submit declaration for exemption from TDS in form No. 15G/H are requested to furnish PAN, in absence of which the Bank will be constrained to recover TDS at a higher rate.

Accountholders not having PAN, may kindly obtain the same. Procedural details are available on website <http://incometaxindia.gov.in> and submit the copy of PAN card to the Bank at earliest by quoting their customer id number. Please also note that where the accountholder is liable for deduction of tax at source and has not submitted PAN, tax would be deducted @20% or the higher applicable rate.

Yours Sincerely,

For RBL Bank Limited

Branch Manager