

Finance Act 2018 Amendment in Sec 194 – TDS on Deposits

ProBus Tax Alert

This alert summarizes the amendments in Section 194A of the Income-tax Act, 1961 vide Finance Act, 2018.

March 30, 2018

ProBus Advisors Private Limited

602, Kanchenjunga Building,
18 Barakhamba Road,
New Delhi – 110001
www.probusadvisory.com



The Finance Bill, 2018 has received the assent of the President. The FinMin has notified the Finance Act, 2018 applicable from April 01, 2018. Finance Act, 2018 amended various provisions of the Income-tax Act, 1961 including a tax benefit for the **resident senior citizen** which provides an increase in tax exemption limit for interest income from banks and post offices from INR 10,000/- to INR 50,000/- (*newly inserted section 80TTB*).

Alongside an amendment has been made in section 194A applicable from April 01, 2018 giving effect to the aforesaid relief in context to the tax withholding on such income. Under the current scenario, the Bank deducts TDS on the interest earned by the account holder on the time deposits parked with Bank, in case the interest paid /payable during a financial year is INR 10,000/- or more.

With the amendment in the provisions of Section 194A, in case of a **senior citizen**, the Bank shall deduct the TDS on interest on time deposits, if the interest paid/payable during the financial year 2018-19 and onwards exceeds INR 50,000/-. TDS Provisions and the Monetary limit to deduct the TDS under section 194A for the interest payment by the Bank to the account holder other than **Senior Citizen** is the same i.e. INR 10,000/-.

For the purposes of Section 194A, “senior citizen” means an individual **resident in India** who is of the age of **sixty years or more** at any time during the relevant previous year.

About ProBus

ProBus Advisors Private Limited offers wide range of Tax, Advisory and Regulatory services to its clients. We are a team of experienced professionals helping domestic and multinational companies in complying with the laws and providing optimal solutions for business issues.

Our focus is on serving you effectively wherever you need our services. Our professional approach helps us in understanding and achieving your priorities.

We have presence in the cities of Delhi, Mumbai, Chennai and Pune. If you have any questions, feel free to write to us at admin@probusadvisory.com

For private circulation only

This publication contains information in summary form and is therefore intended for general guidance only. It is not intended to be a substitute for detailed research or the exercise of professional judgment. Neither ProBus Advisors Private Limited nor any other member of the organization can accept any responsibility for the consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it. Without prior permission this publication may not be quoted in whole or in part or otherwise referred to in any document.