

Amendment to Section 194N w.e.f. 01st July, 2020

As per the recent amendment in section 194N of the Income Tax Act, 1961, rates and threshold have been revised for taxes to be deducted on cash payment from various accounts held with the Bank. For customers who have not filed income tax return in last 3 financial years, taxes will be deducted as below:

Amount paid in cash	Withholding rate
Exceeds 20 lacs but does not exceeds 1 crores	2% of entire sum
Exceeds 1 crore	5% of entire sum

If the customer has filed the return for last 3 financial years, taxes will be deducted at 2% on the entire sum wherein cash payment from all the accounts exceeds 1 crore during the financial year.

Given the above amendment, you are requested to kindly submit acknowledgement for return filed for last 3 financial years. Return to be considered for the purpose of this section are returns for which due date u/s 139(1) has expired.

As the return filing due date for FY 2019-20 has been extended till 30 November 2020, you are requested to submit the acknowledgment for FY 2018-19, FY 2017-18 and FY 2016-17. Post 30th Nov, 2020, you will be required to submit the same for FY 2019-20 as well in order to avail the benefit of lower rate.

We request you to submit the same on a timely basis as and when the return filing due date for the financial year has expired in order to enable the Bank to continue the benefit of lower rate. In case the requisite documents are not submitted to the Bank, taxes will be deducted at a higher rate as applicable.

Kindly take note of the above and comply.