

| Attention All Customers |

**Section 194N - TDS on Cash Withdrawal**

The Finance Act, 2020 has substituted section 194N (which has come into effect from 01.07.2020) which was introduced by Finance Act 2019 (No. 2) and was made effective from 01.09.2019. As per earlier section tax was to be deducted on the amount of withdrawal exceeding 1.00 Crore.

However, the new section has introduced one new category for which cash withdrawal limit with nil deduction has been reduced from 1.00 Crore to Rs. 20.00 Lacs only. Please refer the table below for clarification applicable Tax Deduction at source w.e.f. 01.07.2020: -

Recipient who has not filed the returns of income for all of the 3 assessment years relevant to the 3 previous years, for which the time limit of filing of return of income under sub-section (1) of section 139 has expired, immediately preceding the previous year in which the payment of the sum is made to him		Other Recipient – Recipient who has filed return of income for any of the 3 assessment years relevant to the 3 previous years, for which the time limit of filing of return of income under sub-section (1) of section 139 has expired, immediately preceding the previous year in which the payment of the sum is made to him	
Total Withdrawal during a FY	Tax Rate	Total Withdrawal during a FY	Tax Rate
Up to first Rs. 20.00 Lakh	0.00%	Up to first Rs. 1.00 Crore	0.00%
Above Rs. 20.00 Lakh and up to Rs. 1.00 Crore	2.00%	Above Rs. 1.00 Crore	2.00%
Above Rs. 1.00 Crore	5.00%		
<b>In cases where PAN is not available – Tax Rate will be 20% and Limit with nil deduction will be Rs. 20.00 Lakh only.</b>			

To continue to avail the benefit of higher limit of cash withdrawal without tax deduction, you shall visit the branch and submit a copy of acknowledgement of ITR for any of the three AY prior to AY 2020-21.

**Please ignore if the declaration is either not applicable or you do not wish to submit the same.**