



### **IMPORTANT: New TDS rule on cash withdrawal w.e.f. 1st July 2020**

Since September 1, 2019, banks are required to deduct tax @ 2% of the aggregate cash withdrawals exceeding Rs. 1 crore during a financial year, from one or more accounts, maintained by a customer. For this purpose, cash withdrawals under all the bank accounts under your PAN / Aadhaar are aggregated. This is as per Section 194N of the Income-tax Act, 1961. In absence of PAN / Aadhaar , TDS rate is 20%.

#### **New changes with effect from 1<sup>st</sup> July'20:**

If Income Tax returns are not filed for the preceding 3 Financial Years, for which the time limit for filing return under section 139(1) has expired, then rates of TDS would be as under:

- TDS at 2 % on aggregate cash withdrawal exceeding Rs 20 lakh to 1 crore, and
- TDS at 5 % on aggregate cash withdrawal exceeding Rs 1 crore.

In all other cases, TDS at 2% would continue as mentioned above.

Cash withdrawals from 1<sup>st</sup> April 2020 onwards would be considered for calculating combined / total cash withdrawal.

In absence of PAN / Aadhaar, TDS rate will be @ 20%

Here is the list of persons and entities who are exempt from TDS on cash withdrawal:

- (i) Government;
- (ii) Banking company or co-operative society engaged in carrying on the business of banking or a post office;
- (iii) Business correspondent of a banking company or co-operative society engaged in carrying on the business of banking;
- (iv) any white label automated teller machine operator of a banking company or co-operative society engaged in carrying on the business of banking, in accordance with the authorization issued by the Reserve Bank of India;
- (v) such other person(s) as the Central Government may notify. As of today, the Central Govt has notified the following entities subject to conditions to be fulfilled:
  - a. Cash Replenishment Agencies (CRAs) and franchise agents of White Label Automated Teller Machine Operators (WLATMOs)
  - b. Commission agent or trader operating under Agriculture Produce Market Committee (APMC)
  - c. Authorized Dealer as per Section 10 of FEMA, and its franchise agent / sub-agent or Full-Fledged Money Changer (FFMC) licensed by the Reserve Bank of India and its franchise agent

For further details, kindly visit your nearest HDFC Bank branch.