

**No. FS-13/7/2020-FS**  
**Government of India**  
**Ministry of Communications**  
**Department of Posts**  
**(F.S.Division)**

**Dak Bhawan New Delhi-110001**  
**Dated: 15.09.2021.**

To,

All Head of Circles/Regions,

**Sub: - Deduction/Non-deduction of TDS in SCSS accounts in CBS post offices reg.**

Sir/Madam,

This office is receiving various representations from the SCSS account holder(s) that CBS post offices are either not deducting TDS or deducting TDS even after submission of form 15G/15H or deduct TDS at the higher rate on SCSS interest payment.

2. It reflects that many post offices are not following prescribed procedure to configure TDS Deduction or non-deduction in Finacle in SCSS accounts.

3. In this connection, following guidelines in respect of TDS on SCSS accounts in Finacle are prescribed: -

- CIF of SCSS account holders should be seeded with valid PAN and interest on SCSS account is taxable.
- TDS code is configured in CIF level for SCSS account holders. It should be **TDSNR/TDSNS** only and not as **NOTAX**
- Tax liability will be calculated based on the age of customer and interest payable for the financial year
- Tax exemption is applicable only if the account is seeded with 15H/15G
- TDS code **NOTAX/TDSNR** will be converted TDSNS on the date of customer reaching 60 years of age, by a batch process.
- If PAN is invalid, TDS code will be converted as **NOPNS** by the batch process.
- CBS post offices shall ensure that SCSS accounts are updated 15H/15G for customers who have submitted form 15G/15H for current financial year.
- **Updation of form 15G/15H and PAN shall be done on or before 29<sup>th</sup> September 2021, as quarterly interest payout & TDS recovery will happen during EOD of 29/09/2021 (SCSCM / SCDEF / SCVRS accounts) and 30/09/2021 (SRSCM / SRDEF / SRVRS accounts).**

- TDS recovery gets reported to CSI-GL on 30/09/2021 and refund will not be possible after 30/09/2021.
- 15H/15G should be updated for such accounts using **CSCAM** menu and verified without fail.
- Once 15H/15G is entered, tax category at account level will get updated to 'No Tax'.
- Tax recovery matrix is shown below:

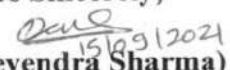
CIF level	Account level	TDS Recovery based on total interest payable for all the accounts under a CIF
NOTAX	TDS / No Tax	NIL (Incorrect as per rulings)
NOPAN	TDS	20%
NOPAN	No Tax (15H/15G)	NIL
NOPNS	TDS	20%
NOPNS	No Tax (15H/15G)	NIL
TDSNR	TDS	10% (if interest > 10000 per annum)
TDSNR	No Tax (15H/15G)	NIL
TDSNS	TDS	10% (if interest > 50000 per annum)
TDSNS	No Tax (15H/15G)	NIL

4. While reviewing PAN attached with SCSS accounts in Finacle, it is observed that 18,494 PAN attached with SCSS accounts are invalid (list is attached for reference).

5. It is the responsibility of concerned CBS post office for updation of form 15G/15H and correct PAN. Quoting invalid PAN /wrong PAN may attract penalty u/s 272B of Income Tax Act-1961.

6. It is requested to circulate these guidelines to all CBS post offices for information, guidance and necessary action.

7. This is issues with approval of the competent authority.

Yours Sincerely,  
  
 (Devendra Sharma)  
 Assistant Director (SB-II)