

File No. FS-109-27/2019-SB
Government of India
Ministry of Communications
Department of Posts
(F.S. Division)

Dak Bhawan, New Delhi – 110001

Dated: 10.10.2022

To
All Head of Circles / Regions

Subject: Deployment of functionality in Finacle CBS for Deduction of TDS in respect on Cash Withdrawal under the provisions of Section 194N of Income Tax Act 1961 – Regarding.

This has the reference to the SB Order No. 05/2021 dated 09.03.2021. The Post Offices were ordered to deduct the TDS under Section 194N of IT Act 1961 on the basis of the details of all such account holders shared by CEPT, Chennai on monthly basis.

2. The functionality for deduction of TDS under Section 194N of IT Act 1961 has been deployed in Finacle in various patches on 30.05.2022, 22.06.2022 and 04.08.2022. Accordingly, the TDS deduction under Section 194N will be made in Finacle System based on the inputs i.e. percentage of TDS to be deducted, entered by the post office concerned. It shall be the responsibility of the post offices concerned to update correct percentage of TDS to be deducted for the depositor concerned, in CBS Finacle System. A detailed SOP to be followed by the post offices is attached herewith.

3. Therefore, CEPT Chennai will not share details of all account holders TDS for whom TDS deduction under Section 194N is applicable, henceforth.


4. All the Head Post Offices shall continue to file the TDS returns for all the TDS deductions made under Section 194N of IT Act, 1961.

5. The post offices should not perform any credit or debit transaction using CTM menu for any incorrect deposit / withdrawal transactions adjustment. In case of any wrong deposit / withdrawal, the transaction must be reversed using HCRT menu. Adjustment of wrong credit / debit using CTM menu will lead to wrong deduction of TDS under Section 194N, wrong reporting of cash transactions to IT Department in SFT-005 and thereby customer grievances.

6. This may be circulated to all the Offices for information and necessary actions.

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


Encl: As above.


(T.C VIJAYAN)
Asst. Director (SB-I)

... 2 ...

Copy to:-

1. Sr. PPS to Secretary (Posts)
2. PS to Director General Postal Services.
3. PPS/ PS to Addl. DG (Co-ordination)/Member (Banking)/Member (O)/Member (P)/
Member (Planning & HRD)/Member (PLI)/Member (Tech)/AS & FA
4. Addl. Director General, APS, New Delhi
5. Chief General Manager, BD Directorate / Parcel Directorate / PLI Directorate
6. Sr. Deputy Director General (Vig) & CVO) / Sr. Deputy Director General (PAF)
7. Director, RAKNPA / GM, CEPT / Directors of all PTCs.
8. Director General P & T (Audit), Civil Lines, New Delhi
9. Secretary, Postal Services Board/ All Deputy Directors General
10. All General Managers (Finance) / Directors Postal Accounts / DDAP
11. Chief Engineer (Civil), Postal Directorate
12. All recognized Federations / Unions / Associations
13. The Under Secretary, MOF (DEA), NS-II Section, North Block, New Delhi.
14. The Joint Director & HOD, National Savings Institute, ICCW Building, 4 Deendayal
Upadhyay Marg, New Delhi-110002
15. GM, CEPT, Bengaluru.
16. Guard File


(T C VIJAYAN)
Asst. Director (SB-I)

Standard Operating Procedure for deduction of TDS under Sec 194 in Finacle

Introduction

As per Section 194(N) of IT Act-1961 inserted through Finance Act (No. 2) of 2019 and further amended through Finance Bill 2020, **TDS in respect of cash withdrawal by an account holder of National Savings Schemes taken together has to be deducted as follows.**

(a). In case account holder is Income Tax Return (ITR) filers, 2% TDS is applicable on all cash withdrawal in excess of Rs 1 crore from 01.09.2019.

(b). In case account holder is non-Income Tax Return (ITR) filers

(i). If aggregate cash withdrawals exceed Rs. 20 Lakhs, but does not exceed Rs. 1 Crore during a financial year, 2% of TDS on the amount exceeding Rs. 20 Lakhs is applicable from 01.07.2020.

(ii). If aggregate cash withdrawals exceed Rs. 1 Crore during a financial year, 5% of TDS on the amount exceeding Rs. 1 Crore is applicable from 01.07.2020.

2. Provision for the deduction under Section 194N of IT Act was not available in Finacle and the post offices were ordered to deduct the TDS manually. Now, the functionality for deduction of TDS under Section 194N of IT Act 1961 has been deployed in Finacle and five patches were deployed on 30.05.2022, 22.06.2022 and 04.08.2022.

3. While doing withdrawal transactions using CTM menu, if cumulative amount of cash withdrawal by an account holder in savings account(s) during a Financial Year is about to exceed ₹ 20 Lakh, Finacle system will throw a message to capture the TDS percentage applicable to the account holder based on his ITR filing status. The screen will be as follows.

The screenshot displays the Finacle system interface for a withdrawal transaction. The main form includes fields for Transaction ID, Transaction Date (15-06-2022), Function Type (Cash Withdra...), Transaction Status (ENTERED), A/c. ID (3029192191), Amt (2,000,001.00), Value Date (15-06-2022), Report Code, Mode of Transaction (Cheque/Withdrawal Slip), and Account Status (ACTIVE). A modal message box titled "Message from webpage" is overlaid on the form, containing a warning icon and the text: "ITR Filing Status/TDS Percentage is not available for the CIF ID [redacted]. Please use CITFM menu to capture the same." The message box has an "OK" button.

4. In such cases, Post Offices should process withdrawal transaction only after updating the TDS percentage of the account holder in Finacle. Post offices

should follow the following procedure to capture the applicable percentage of TDS to be deducted under Section 194N and TDS deduction.

(II). Procedure to find out the percentage of TDS applicable to the account holder

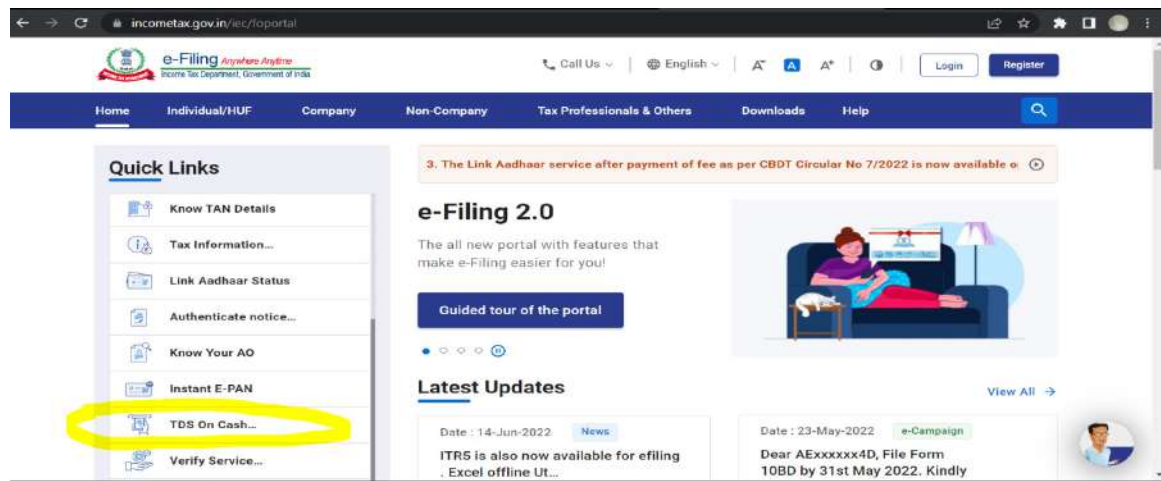
The percentage of TDS to be deducted under Section 194N for an account holder is required to be obtained from the Income Tax portal.

2. The Counter PA at the post office should

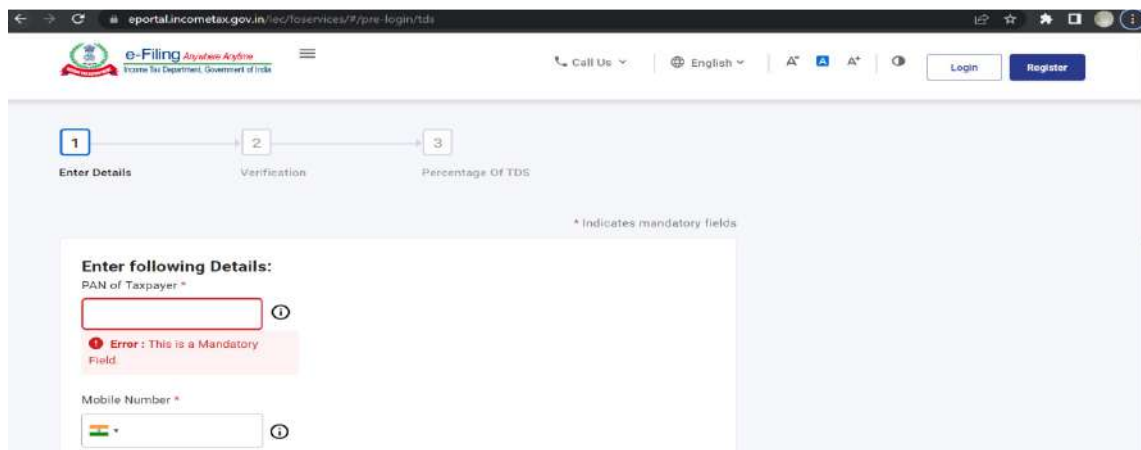
(i). Open the undermentioned IT Portal link using the same web browser in a separate page/window or any other available web browser.

www.incometax.gov.in/iec/foportal

(ii). Click on “TDS On Cash Withdrawal” option which will be available under Quick Links option as shown below.



(iii). Scroll down the **Quick Links** Pane and click the option “TDS on Cash Withdrawal”. On clicking the option, next page will be loaded as below.



(iv). Enter the PAN number of the account holder and Mobile number of the person who is checking the TDS percentage. Mobile number may be either of the Counter PA or the Supervisor or the Account Holder.

The screenshot shows the 'Enter following Details' form on the e-Filing portal. It includes two mandatory fields: 'PAN of Taxpayer *' and 'Mobile Number *'. The 'Mobile Number *' field includes a dropdown for country code (India is selected). The form has 'Cancel' and 'Continue >' buttons.

(v). Click continue after entering the details. An OTP will be sent to the mobile number which has been entered.

The screenshot shows the 'Verification' step. A progress bar at the top indicates 'Enter Details' is completed and 'Verification' is the current step. A message states: 'We have sent a one time password (OTP) via text messages (SMS) to your mobile number 98XXXXXX20'. There is a 6-digit OTP input field, a 'Resend OTP' link, and a 'Continue >' button.

(vi). Enter the OTP, click continue. **The percentage of TDS to be deduction will appear on the screen** for the entered PAN and the screen will appear as follows.

The screenshot shows the 'Percentage Of TDS' step. The progress bar at the top indicates all three steps are completed. A green message box states: 'TDS should be deducted at the rate of 2% on cash withdrawals in excess of Rs. 1 crore.' There are 'Back' and 'Go To Homepage' buttons.

The Counter PA has to note down the same on the top of the Withdrawal form in red ink as ‘TDS Deducted on Cash WD txns @ 2% above 1C OR TDS Deducted on Cash WD txns @ 2% above 20L and @ 5% above 1C’

(III). Procedure to update TDS Percentage in Finacle

A new menu **CITFM** is to be used to capture TDS percentage applicable to the account holders. This menu is available for CPA work-class and Supervisor Work-class.

2. After finding the percentage of TDS applicable to the account holder, the Counter PA has to update the same for the respective CIF ID using the menu **CITFM**. **Before updation using CITFM menu, the Counter PA should ensure that the PAN of the account holder is verified from NSDL Portal as it is mandatory for updating in CITFM MENU. Non validated PAN will not be linked in CITFM menu.**

3. Counter PA should invoke CITFM menu and Select - Add function. Then, he/she should enter the CIF ID of the account holder and click on GO button.



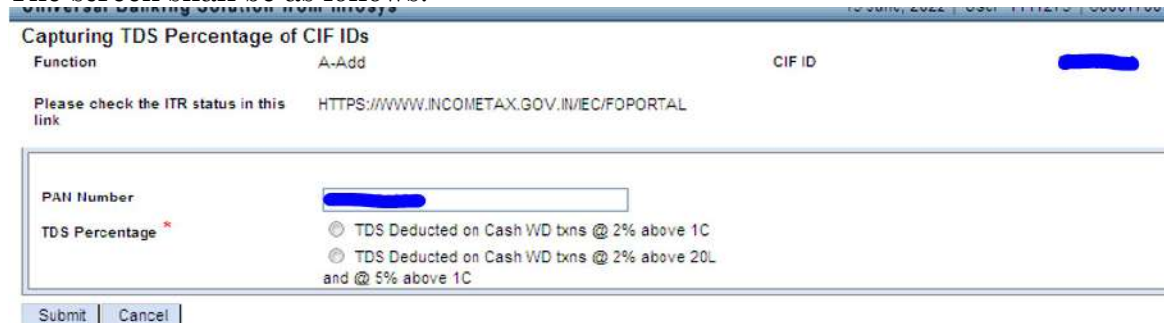
4. PAN Number of the account holder will appear. Counter PA should check whether the PAN Number linked to CIF is same as displayed in the PAN NUMBER field.

5. Then, the Counter PA has to select the percentage of TDS applicable to the account holder, which was noted down from IT Portal. There will be two radio buttons with options

a) TDS Deducted on Cash WD txns @ 2% above 1C

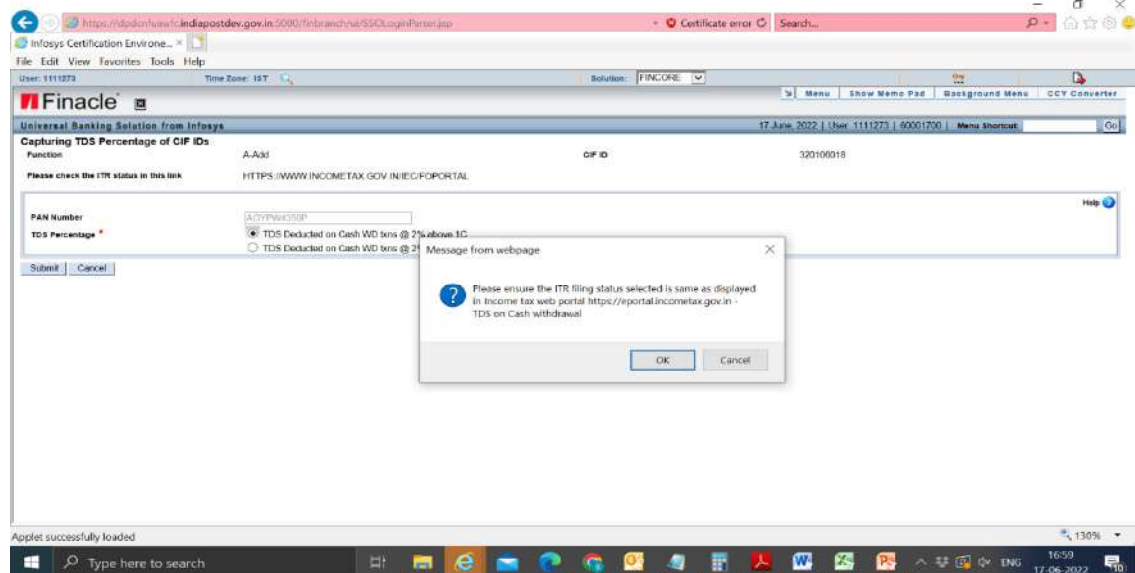
b) TDS Deducted on Cash WD txns @ 2% above 20L and @ 5% above 1C

The screen shall be as follows.



6. Counter PA after the selecting the TDS Percentage which was listed in the IT Portal website should click on submit. It is the responsibility of the Counter PA to check and select the correct option of TDS percentage in the CITFM menu. **Wrong capturing of TDS percentage will result in wrong calculation / deduction of TDS which will in turn affect TDS filing, corrections in the Traces portal and customers' grievances. Hence, the Counter PA should be very careful while updating the TDS percentage.**

7. Counter PA after clicking SUBMIT should confirm the same by clicking OK button. If the TDS percentage is wrongly selected, Counter PA should click on CANCEL button and modify the option of TDS percentage selected. The screen will appear as follows.



8. Then the Postmaster / Supervisor should verify the TDS percentage by invoking CITFM menu. Before verification in CITFM menu, the Supervisor should find out the TDS percentage applicable to the account holder from IT Portal, by following the procedure stated in para II. The Postmaster / Supervisor can use Cancel function to cancel the CITFM entry if the option selected is incorrect.

(IV). Intimation to the Depositors

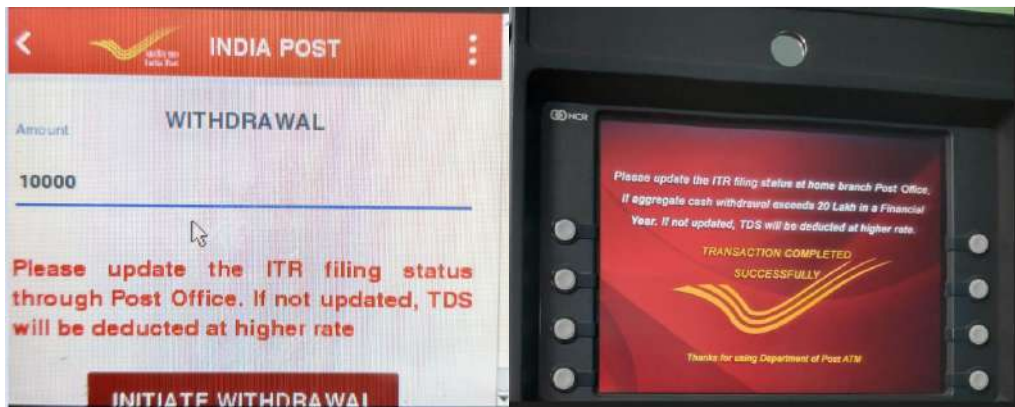
A short message (SMS) will be sent to the registered mobile number of the Depositors concerned as and when the TDS is deducted under Section 194N of IT Act 1961.

(V). Other Important points

1. System will not allow Cash withdrawals beyond ₹ 20 lakhs if CITFM entries are not available. Error message will be thrown if CITFM entry is not made for that particular CIF.

2. **Entries made in CITFM are only for the current Financial Year.** TDS percentage needs to be **captured afresh every financial year** whenever a warning message is displayed in the system for that particular customer.

3. In RICT and ATM, a Static message “Please update the ITR filing status at home branch post office if aggregate cash withdrawal exceeds 20 lakh in a financial year. If not updated, TDS will be deducted at higher rate” will be displayed. The screen shall be as follows.



4. TDS - LIEN MARKING

(i). During transaction which involves 194N TDS deduction, lien equivalent to TDS amount will be marked in the respective account. This lien will be user defined lien and it can be viewed through HALM menu. This lien cannot be modified by the user. TDS will be deducted via batch job and once deducted, Lien will be lifted by the system. TDS deduction transactions can be viewed in the TDS Detailed report after successful execution of batch job. TDS due to be recovered under section 194N for cash withdrawals happened via all channels will be marked as lien

(ii). TDS lien marking can also be viewed using menu HALM – user defined lien.

(iii). TDS lien marked will not form part of effective balance and lien marked under 194N cannot be modified. Lien amount will be deducted as TDS when automated batch job is executed and the same will be reflected in the last column of the Section 194N TDS Deduction Detail report.

5. 194N TDS deduction on RICT / AMT Withdrawals:

In case of cash withdrawals through RICT and ATM, only a static message on 194N TDS deduction will be displayed in ATM / RICT applications. If TDS percentage is not updated in CITFM menu, higher TDS percentage at 5% will be deducted for all cash withdrawals exceeding ₹ 20 lakh. Hence, the post office officials should apprise such account holders to get the TDS percentage updated every financial year.

6. Post Offices shall not perform any credit or debit transaction using CTM menu for any incorrect deposit / withdrawal transactions adjustment. In case of any wrong deposit / withdrawal, the transaction must be reversed using HCRT menu. Adjustment of wrong credit / debit using CTM menu will lead to wrong deduction of TDS under Section 194N, wrong reporting of cash transactions to IT Department in SFT-005 and thereby customer grievances.


Note: Validations have been built in CTM menu to limit withdrawals, upto the maximum amount including 194N TDS recovery and the minimum balance. As such, in a SB account, falling under the 194N TDS purview, cash withdrawals will be limited to the maximum eligible amount (i.e. effective balance minus the TDS recovery plus the liens if any and minimum balance) and the same will be calculated by the system and thrown as an information, in case the withdrawal amount is more than that of the maximum eligible amount.

(VI). Reports

1. Two reports related to TDS deduction under Section 194N are available in HFINRPT menu.

(a). Section 194N TDS Deduction Detail report

This report will detail the list of Transactions for which TDS is deducted along with Transaction details. Transaction date will be the actual date on which the withdrawal transaction occurred. TDS Trans date is the date when the batch job has been executed. This report can be generated for a day.



INDIA POST

SECTION 194N TDS DEDUCTION DETAIL REPORT

Run Date : 18/01/2022 7:35 PM

From Date : 18-01-2022
 To Date : 18-01-2022
 Sol ID/Set ID : 60001700

Sol ID :

S.No	Channel ID	CIF ID	Account No	Tran Date	Tran ID	Tran Amt	TDS Percent	TDS Tran Date	TDS Tran ID	TDS Tran Amt
1	BRN	000044364	0000492461	07-JAN-22	M814	500.00	2	18-JAN-22	S7897423	10.00
2	BRN	000044364	0000492461	07-JAN-22	M824	1,000.00	2	18-JAN-22	S7897416	20.00
3	BRN	000044847	0000497299	07-JAN-22	M829	10,000.00	2	18-JAN-22	S7897421	200.00
4	BRN	000044847	0000497299	07-JAN-22	M832	7,990,000.00	2	18-JAN-22	S7897417	159,900.00
5	BRN	000044847	0000497299	07-JAN-22	M833	56,831.00	5	18-JAN-22	S7897424	2,832.00
6	BRN	000045358	0000502405	07-JAN-22	M835	7,800,000.00	2	18-JAN-22	S7897425	156,000.00
7	BRN	000045358	0000502405	07-JAN-22	M836	49,847.00	5	18-JAN-22	S7897419	2,492.00
8	BRN	000044834	0000497169	18-JAN-22	M2	7,950,000.00	2	18-JAN-22	S7897413	159,000.00
9	BRN	000044834	0000497169	18-JAN-22	M3	2,294,603.00	5	18-JAN-22	S7897414	114,730.00
10	BRN	000043914	0000487982	18-JAN-22	M7	2,688,347.00	2	18-JAN-22	S7897418	51,367.00
11	BRN	000044325	0000492072	18-JAN-22	M11	8,000,000.00	2	18-JAN-22	S7897415	160,000.00
12	BRN	000044325	0000492072	18-JAN-22	M12	95,000.00	5	18-JAN-22	S7897422	4,750.00
Totals Sol ID wise :						36,815,928.00				Total: 811,201.00
Totals Set ID wise :						36,815,928.00				Total: 811,201.00

(b). Section 194N TDS Deduction Summary

This report will generate total TDS deducted SOL-wise. This report can be generated for SOL ID / HO SET ID and for a range of dates.



INDIA POST
SECTION 194N TDS DEDUCTION SUMMARY

From Date : 01-01-2022

Run Date : 18/01/2022 7:36 PM

To Date : 18-01-2022

Sol ID / Set ID : 80001700 THYGARAYANAGAR (H.O)

S.No	Sol ID	Channel ID	Total Tran Amount	Total TDS Amount
1	80001700 - THYGARAYANAGAR (H O)	BRN	191,619,595.00	4,487,241.00
2	80001700 - THYGARAYANAGAR (H O)	SWT	215,320.00	8,675.00
			191,834,915.00	4,495,916.00

leipes