

RBI/ 2006-07/ 171

Ref. No. DGBA.CDD. No. H- **7667** / 15.15.001 / 2006-07

November 10, 2006

The General Manager
Government Accounts Department, Head Office
State Bank of India / State Bank of Indore / State Bank of Patiala
State Bank of Bikaner & Jaipur / State Bank of Saurashtra
State Bank of Travancore / State Bank of Hyderabad / State Bank of Mysore
Allahabad Bank / Bank of Baroda / Bank of India / Bank of Maharashtra/
Canara Bank / Central Bank of India / Corporation Bank / Dena Bank / Indian Bank/
Indian Overseas Bank / Punjab National Bank / Syndicate Bank /UCO Bank /
Union Bank of India / United Bank of India / ICICI Bank Ltd / Vijaya Bank

Dear Sir,

TDS on interest payable under Senior Citizens Savings Scheme, 2004
-Non-acceptance of Form No. 15 H and 15 G by Banks

Please refer to our Circular RBI/ 2005-06/ 431 Ref. No. DGBA.CDD.N0. H- 20692/ 15.15.001/ 2005-06 dated June 28, 2006 forwarding certain clarifications on the issues related to TDS on Senior Citizens Savings Scheme, 2004.

2. We have received a letter from Government of India, Ministry of Finance, New Delhi indicating that they are still receiving a number of complaints / grievances regarding non-acceptance of Form No. 15G or 15H by the Agency banks and that tax is being deducted from the interest amounts despite the depositor filing or submitting these forms.
3. We, therefore, re-iterate that Agency banks should not make any deduction of tax at source where depositor is filing Form 15H or Form 15G or a certificate under Section 197(1) of Income Tax Act 1961, as the case may be, as prescribed in Government of India Office Memorandum No.2/8/2005-NS-II dated June 23, 2006, a copy of which has already been sent to you.
4. The contents of this circular may be brought to the notice of designated branches of your bank for information and compliance.
5. Please acknowledge receipt.

Yours faithfully,

(B.B. Sangma)
General Manager