

# TDS on Cash Withdrawals Exceeding INR 1 Crore

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.

## **New Changes with effect from 01-July-2020:**

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:

- **@ 2 % on aggregate** cash withdrawals exceeding **Rs 20 lakh to 1 crore** during a financial year, and
- **@ 5 % on aggregate** cash withdrawals exceeding **Rs 1 crore** during a financial year

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

Cash withdrawals from 1st April 2021 onwards would be considered for calculating combined / total cash withdrawal.

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

## **List of persons and entities who are exempt from TDS on cash withdrawal:**

- 1) The Government
- 2) Any Banking company or Co-operative Society engaged in carrying on the business of banking or a post office
- 3) Any Business Correspondent of a banking company or Co-operative Society engaged in carrying on the business of banking
- 4) 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
- 5) Any such other person(s) as the Central Government may notify. As on date the Central Govt has notified the below entities subject to conditions being 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.