

THDC INDIA LIMITED EMPLOYEES PROVIDENT FUND TRUST

Ref: 01/CC/Fin/PF

Date-23.09.2022

Circular

Subject: Deduction of Tax at Source (TDS) on interest credited in members PF Account for the period after the date of separation from the Service of the Company.

As per the provisions of Income Tax Act, 1961(Act) w.r.t. Recognized Provident Fund given under part-A of Fourth Schedule of Income Tax Act, 1961 and other applicable provisions and judicial precedents, interest earned by a Member in his account in the Recognized Provident Fund Trust, which is relatable to the period after the date of separation from the services of the Employees (which has set up the recognized EPF Trust) is not exempt from Tax. Such Members are required to pay tax on such taxable income to the government at applicable rate.

THDC India Limited Employees Provident Fund Trust (THDCIL EPF Trust) is a recognized & exempted Provident Fund Trust and some of the Members after separation from the services of the THDC India Limited (settler of THDCIL EPF Trust) have not withdrawn their accumulated PF balance from the Trust.

In pursuance of the notification of EPFO circular no: WSU/6(1)/2019/Income Tax/Part-I/E-33306/4581 dated-05/06-04-2022 regarding calculation and deduction of Tax at source on taxable interest exceeding specified limit in year, THDCIL EPF Trust has started deducting tax at source u/s 194A.

Accordingly, THDCIL EPF Trust shall now deduct TDS u/s 194A @ 10% if PF account is linked to a valid PAN otherwise @ 20% from the interest credited in the Members account which is relatable to the period after the date of separation from the services of THDCIL. TDS shall be effected at the time of payment or credit of interest, whichever is earlier. TDS shall be deducted only if taxable interest for the year exceeds Rs 5000.00. TDS shall be effected in following situation:

- Members who have not yet withdrawn the accumulated balance from his/her account in THDCIL EPF Trust after separation from the service of the Company(THDCIL) after attaining the age of Superannuation or have separated prior to attaining the age of Superannuation but have attained the age of Superannuation on the date of credit of interest or in case of death while in service of the Company or in case of member who has separated from the service on any other ground & permanently migrated abroad from India.
- In other cases, i.e. except in cases mentioned at (i) above, taxability of interest and applicability of TDS shall be decided and effected based on the fact whether accumulated PF balance is to be transferred to the new PF account of the Member or is being withdrawn by the Member. In case accumulated PF balance is transferred to the new PF account in another Recognized PF Trust or to RPF/EPFO, interest in such cases may not be taxable and TDS may not be affected. However, if member is withdrawn the PF balance, then TDS shall be deducted on total interest credited by the Trust which is relatable to the period after separation from service of the Company.
- TDS deducted by the Trust shall be deposited with the government as per the rule and TDS certificate in prescribed form shall be issued to the members/beneficiary.
- Members are advised to include total taxable interest earned in THDCIL EPF Trust account in their Income Tax return for the relevant assessment year under income from other sources and pay balance income tax, if any to the government as per the provisions of the Act.

NTPC Limited Employees Provident Fund Trust has also issued a circular for deduction of Tax at Source (TDS) on interest credited in members PF Account for the period after the date of separation from the Service of the Company.

This is issued with the approval of Board of THDCIL EPF Trust in the 47th Meeting held on 23.09.2022.

(Dr. N.K. Bhattacharyya)
Secretary

विभाग सूचना प्रशासिकी (ऋषिकेश)
दिनांक (1-10-2022)
पत्र प्राप्ति संख्या 800

वित्त एवं लेखा विभाग, ऋषिकेश
पत्र प्रेषण सं. 409 दिनांक 11/10/2022