

## **No TDS for provident fund withdrawals of up to Rs 50,000 from June 1**

No tax would be deducted at source for PF withdrawals of up to Rs 50,000 from June 1.

The government has notified raising the threshold limit of PF withdrawal for deduction of tax (TDS) from existing Rs 30,000 to Rs 50,000, a senior official told PTI.

"The Finance Act, 2016 has amended section 192A of Income Tax Act, 1961 to raise the threshold limit of PF withdrawal from Rs 30,000 to Rs 50,000 for Tax Deducted at Source (TDS)," the notification stated.

The provision will come into effect from June 1, 2016, providing relief to subscribers of retirement fund body EPFO.

The government had introduced the proposal to deduct TDS on PF withdrawals in order to discourage pre-mature withdrawal and to promote long term savings.

According to existing provisions, TDS is deducted at the rate of 10 per cent provided PAN is submitted.

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However, in case Form 15G or 15H is submitted by the member, then TDS is not deducted. These forms are to declare that their income would not be taxable after receiving payment of their PF accumulations from retirement fund body EPFO.

While Form 15H is submitted by senior citizens (above 60 years of age), Form 15G is submitted by claimants below the age of 60 years.

TDS is deducted at the maximum marginal rate of 34.608 per cent if a member fails to submit PAN or Form 15G or 15H.

However, there are certain exceptions to deduction of TDS by EPFO. TDS shall not be deducted in case of transfer of PF from one account to another PF account.

Also, no tax is deducted if employee withdraws PF after a period of five years.

*(Times of India)*