

**Government of India  
Department of Revenue  
Ministry of Finance  
Central Board of Direct Taxes**

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PRESS RELEASE

**CBDT provides Utility to ascertain TDS applicability rates on cash withdrawals**

The Income Tax Department has facilitated a new functionality for Banks and Post offices through which they can ascertain the TDS applicability rates on cash withdrawal of above Rs.20 lakh in case of a non-filer of Income Tax Return(ITR) and that of above Rs. 1 crore in case of a filer of the ITR. So far, more than 53,000 verification requests have been executed successfully on this facility.

This functionality has been available as “Verification of applicability u/s 194N” on [www.incometaxindiaefiling.gov.in](http://www.incometaxindiaefiling.gov.in) since 1st July, 2020 and has also been made available to the Banks through web-services, so that the entire process can be automated and be linked to the Bank’s internal core banking solution.

It is stated that now the Bank/Post Office has to only enter the PAN of the person who is withdrawing cash for ascertaining the applicable rate of TDS. On entering PAN, a message will be instantly displayed on the departmental utility: “TDS is deductible at the rate of 2% if cash withdrawal exceeds Rs. 1 crore” [if the person withdrawing cash is a filer of ITR] and “TDS is deductible at the rate 2% if cash withdrawal exceeds Rs. 20 lakh and at the rate of 5% if it exceeds Rs. 1 crore” [if the person withdrawing cash is a non-filer of ITR].

It is further stated that the data on cash withdrawal indicated that huge amount of cash is being withdrawn by the persons who have never filed Income Tax Returns. To ensure filing of return by these persons and to keep track on cash withdrawals by the non-filers, and to curb black money, the Finance Act, 2020 w.e.f. 1st July, 2020 further amended Income-tax Act, 1961 to lower the threshold of cash withdrawal to Rs. 20 lakh for the applicability of this TDS for non-filers and also mandated TDS at a higher rate of 5% on cash withdrawal exceeding Rs. 1 crore by the non-filers.

It may be noted, that, in order to discourage cash transactions and move towards less-cash economy, the Finance (No.2) Act, 2019 had inserted section 194N in the Income-tax Act, 1961 w.e.f. 1st September, 2019 to provide for levy of TDS @ 2% on cash withdrawal exceeding Rs. 1 crore from a Bank/Post Office account/s subject to certain exceptions.

(Surabhi Ahluwalia)  
Commissioner of Income Tax  
(Media & Technical Policy)  
Official Spokesperson, CBDT