

Form 15G and form 15H are used for avoiding the TDS deduction at source if deductee expects his Income to be lower than the taxable limit. In this article we are discussing important points to remember while submitting the Form 15G and Form 15H to the deductor. We have also included frequently asked questions and answers on Form 15G and Form 15H.

Form 15H :- Declaration under sub-section (1C) of section 197A of the Income-tax Act, 1961, to be made by an individual who is of the age of sixty-five years or more claiming certain receipts without deduction of tax.

- Form 15H can be submitted only by Individual above the age of 65 years.
- Estimated tax for the previous assessment year should be nil. That means he did not pay any tax for the previous year because his income is not coming under the taxable limit.
- You need to submit form 15H to banks if interest from one branch of a bank exceeds 10000/- in a year.
- This form should be submitted to all the deductors to whom you advanced a loan. For example you have deposit in three SBI bank branches Rs.100000 each. You must submit the **Form 15H** to each branch.
- Submit this form before the first receipt of your interest. It is not mandatory but it will avoid the **TDS deduction**. In case of the delay, the bank may deduct the TDS and issue TDS certificate at the end of the quarter.
- You need to submit for 15H if interest on loans, advances, debentures , bonds or say interest income other than interest on bank deposits exceeds Rs.5000/-.

Form 15G:- Declaration under sub-sections (1) and (1A) of section 197A of the Income-tax Act, 1961, to be made by an individual or a person (not being a company or a firm) claiming certain receipts without deduction of tax of tax.

- Form 15G can be submitted by Individual who is below the age of 65 years and by Hindu Undivided family.
- The points applicable for 15H are applicable to the **Form 15G** as well, except that the **Form 15H** is applicable only for the senior citizens.
- Form 15G should be submitted before the first receipt of interest on fixed deposits.

Difference between form 15G and 15H:-

1. **Form 15G can be submitted by an individual below the Age of 65 Years while form 15H can be submitted by senior citizens i.e. individual's above the age of 65 years.**

2. **Form 15G can be submitted by Hindu Undivided families but form 15H can be submitted only by Individual above the age of 65 years.**
3. **15G CAN NOT BE** filed by any person whose income from interest on securities/interest other than "interest on securities"/units/amounts referred to in clause (a) of sub-section (2) of section 80CCA exceeds maximum amount not chargeable to tax.

In a nutshell we can say that anybody whose tax on estimated income is not NIL and having income from interest on securities/interest other than "interest on securities"/units/amounts referred to in clause (a) of sub-section (2) of section 80CCA exceeds maximum amount not chargeable to tax can not file DECLARATION u/s 15G. This is clear from the points 3 & 4 of the Form 15G.

However, if you are eligible and also fulfill the conditions, the payer can not deduct the tax even if it is above Rs.10,000.

Note:- Maximum amount not chargeable to tax for Hindu Undivided family (HUF) and Individual male (below the age of 65 years) for A.Y. 2011-12 is Rs. 160000/- and for Individual female (below the age of 65 years) for A.Y. 2011-12 is Rs. 190000/- .

Senior Citizens who are eligible to file Declaration in Form 15H have no such conditions. They can submit Form 15H even if their Total Income from interest on securities/interest other than "interest on securities"/units/amounts referred to in clause (a) of sub-section (2) of section 80CCA exceeds maximum amount not chargeable to tax (Rs. 240000) but if tax payable by them is NIL. This is clear from point 4 of the form 15H, which reads as under:-

*" 4. that the tax on my estimated total income, including *income/incomes referred to in the Schedule below computed in accordance with the provisions of the Income-tax Act, 1961, for the previous year ending on relevant to the assessment year _____ will be nil"*

FREQUENTLY ASKED QUESTION ANSWERS ON FORM 15G AND FORM 15H

Question 1:- I am 70 years old. I invested a sum of Rs 5,00,000 in January 2004, in GOI 8 per cent savings bonds (taxable), 2003, via a leading private bank. The bonds issued were on a cumulative basis with a maturity period of six years. The total interest payable at the time of maturity is Rs 3,00,500. I have declared the income from the bonds on an accrual basis y-o-y, and have been filing tax returns since A/Y 2006/07. But the bank is not accepting Form 15H stating that the total interest payable on maturity is more than the threshold limit for senior citizens – Rs 2,40,000, and is insisting on my submitting Certificate u/s 197 from the IT office. What do I do?

Answer 1:- The bank should have deducted tax at source. It seems the bank has not provided for the accrued interest and is therefore not accepting Form 15H. You can prove that the tax on your total income of the previous year in which the interest is to be received shall be nil, even after including the cumulative interest the bank should not resort to tax deduction at source. You can submit Form 15H for deduction of tax at source for A.Y. 2010-11.

Question 2 :- I am a senior citizen having income liable for tax deduction at source in respect of my deposits with State Bank of Hyderabad. They asked me whether I would be filing declaration in Form 15G or 15H in the first week of March in respect of payments made during the year so that I am in a position to judge whether I have taxable income for the year or not and file declaration in Form 15H, if I have no taxable income. On the other hand, State Bank of India and, I understand, some other banks require form at the time of deposit itself. It may not be proper for the bank to act on such declaration made in one year for another year or for that matter act on a declaration which had become stale filed in earlier part of the year for payment towards the end of the year. What is the correct position of law?

Answer 2 :- The doubt raised by the reader is a valid one. The law itself does not provide for any date on which the declaration is required to be filed as long as it relates to the income of the year and filed during the year. Since the deduction of tax at source has to be decided on the date of each credit or payment, deduction has to be made for each such credit or payment. Where an investor is not able to file the declaration in earlier part of the year in view of the uncertainty as to the prospect of his income crossing the exemption limit, he can probably inform the bank that deduction could be deferred till the end of the year. But then, the bank would like to have the declaration at the time of payment so that the declaration may necessarily be filed before the first quarterly payment, if the interest is payable quarterly. The difficulty for the investor in ascertaining the income in advance in such cases cannot be avoided. Tax may have to be deducted and refund applied in due course in such cases.

Question 3:- It is stated that 15H form is concessional for individuals aged 65 or more as this form, unlike 15G form, does not carry the restrictive declaration to the effect that the aggregate of eligible incomes will not exceed the maximum amount which is chargeable to income tax (Item No. 4 in 15G form) :

- i). Can it be interpreted, that there is no ceiling on the aggregate incomes/ amounts liable for tax deduction for senior citizens of the age of 65 or more?
- ii). It should be “not exceeding the maximum exemption limit” and not “not exceeding the minimum exemption limit”.
- iii). Form No. 15H in circulation at present states that the particulars of the amounts are as per the schedule below. But there is no such schedule at all. The one and only schedule is about “investments”. Of course, Form 15G carries this Schedule as “Schedule V”.
- iv). Item 2 in Form 15H reads as “that my present occupation is...” At 65 and above, many have no occupations at all.

Answers 3 :

As regards the **first point**, the limit for tax deduction for others is inapplicable for senior citizens, but the limit for statutory deduction under Sec. 80-C, for example, is applicable.

The **second point** made by him is correct.

As for the **third point**, the omission pointed out in Form 15H, the schedule for withdrawal from NSS alone has been given, because the other schedules as in Form 15G have apparently been considered unnecessary, since there is no ceiling by way of limit for tax deduction at source, so as to require the split up of the different incomes.

The **fourth point** made is that the Form 15-H contemplates occupation for everyone. It is really not a defect, since a person without occupation can also fill up the column as nil.

Question 4: What should I do if I am not liable to pay tax and TDS is not required to be deducted?

Answer 4 :- To avail the benefit of deduction of tax at source at Nil/lower rate, you may submit any of the following documentation :

- **Certificate from the Indian tax authorities:** Certificate under section 197 of the Act issued by the Assessing Officer for nil / concessional rate of TDS can be submitted by any bondholder including companies and firms. The certificate should be submitted by the deductee to the deductor.
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- **Form 15G:** If you are a resident person (other than a company, Co-operative society or a firm), you can submit Form 15G in duplicate to deductor. As per the provisions of section 197A of the Act, Form 15G can be submitted provided the tax on your estimated total income for the financial year computed in accordance with the provisions of the Act is NIL and the interest paid or payable to you does not exceed the maximum amount which is not chargeable to tax.
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- **Form 15H:** If you are a senior citizen, i.e. if you are of the age of 65 years and above at any point of time during the financial year, you can submit Form 15H even if your income exceeds Rs.240,000 p.a. for the purposes of non-deduction of tax at source if your estimated total income for the financial year computed in accordance with the provisions of the Act is NIL.
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- **Entities exempt from tax as per CBDT Circular :** For certain specified entities whose income is unconditionally exempt under section 10 of the Act and who are statutorily not required to file return of income as per section 139 of the Act, CBDT has vide Circular no.4/2002 dated July 16, 2002, granted blanket TDS exemption. Some examples of the specified entities are provident funds, gratuity funds, local authority, hospitals exempt under section 10(23C)(iii)(a), educational institutions or university exempt under section 10(23C)(iii)(b).

- **Exemption for insurance companies:** Certain entities such as Life Insurance Corporation of India, General Insurance Corporation of India along with its four subsidiaries or any other insurer are eligible to receive interest on securities without deduction of tax at source, if such securities are owned by them or it has full beneficial interest in the same.

Question 5:- I am an account holder in a nationalised bank and I filed Form 15H. The bank authorities refused to give acknowledgment for the same, though I have given it in duplicate. What is more is that they have deducted tax though I have no taxable income. What is the remedy for the amount already deducted and to avoid such deduction in future?

Answer 5:- Where tax has already been deducted and deposited by the bank, the only recourse for the assessee is to file a refund claim along with the return with the assessing officer and await the refund. It is possible for an assessee to seek remedy for deficiency of service in a consumer forum or to file a complaint with the Ombudsman asking for compensation for the trouble to which the reader has been put to. But then, the reader had failed to press for an acknowledgment. He should have complained about denial of acknowledgment at that stage to the concerned superior officers or should have sent it by registered post acknowledgment due for purposes of evidence for his case. In fact, it is not open to the bank official to refuse acceptance of any document sought to be served on the bank or refuse acknowledgment, where demanded.

Some of the taxpayers have complained us about the inordinate delay in getting TDS certificate to enable claim of refund in time. Such complaints received from time to time indicate the inordinate delay on the part of even banks and large corporate as regards this statutory duty to issue such certificates promptly. In the case of banks, this is again a matter on which complaint should be made to senior officers of banks in writing and on failure of response to the Ombudsman. A complaint to the TDS section of the Income-tax Department, which is expected to enforce law regarding issue of TDS certificates promptly, should be the most effective remedy, if only the TDS cell activates itself to enforce the law and the rules on those responsible for tax deduction at source for the benefit of the taxpayers.