How to Save TDS on FD?

An investor can save TDS by many ways. Following are some vital points to save TDS on FD:

- By Submitting Form 15G/15H: If the investor submits Form 15G stating that he has no taxable income, then the bank would not deduct any TDS from the interest earned. For senior citizens, the requisite form is 15H to avoid TDS.
- Distributing FD investment: Another way to avoid the TDS is by splitting the FD to separate banks in such a way that interest earned from any of the FD does not exceed the Rs 10000 limits.
- Timing the FD: The TDS can also be saved by timing the FD in such a way that interest for any of the financial years does not exceed Rs 10000. For example, a 12-month FD of Rs 1 Lac @ 10.5% could be started in September as the financial year closes on 31st March so the interest would split in two financial years, and hence TDS could be avoided.
- Splitting FD another way: A person can start FD under personal bank account and another FD under HUF account, and then both can be treated separate. So an investor with HUF identity can split FD under such two heads.

Fixed deposit is an all-time favorite financial investment instrument. It provides a handsome return as well as liquidity at the time of need to an investor. Looking at the volatility, high associated risk and less assured return by other financial instruments, the attractiveness of FD is set to grow in the future.

About the author:

Dilip Kumar Mishra is an MBA (Fin) graduate and an Accounts Head in real estate co. He has spent 15 years in accounting & taxation sector. He can be reached at dkmishra.knp@gmail.com