

Kind attention of all Canara Bank Ex-employee Pensioners

FEEQUENTLY ASKED QUESTIONS (FAQs) ON TAX DEDUCTION AT SOURCE (TDS) ON PENSION

1. Whether tax (TDS) will be deducted on monthly pension?

Ans: Tax will be deducted from monthly pension on monthly prorata basis if estimated total annual pension crosses the threshold limit of Tax after taking into account proof of investments submitted by pensioners every year. Bank will not consider any income other than the monthly pension payable from Canara Bank Employees' Pension Fund (CBEPF) while computing TDS on pension.

2. At what rate TDS on Pension payment to Canara Bank Ex-employees will be deducted?

Ans: TDS rates applicable for FY 2019-2020 (AY 2020-2021) are as follows:

(Rates are subject to change and Pensioners are requested to refer to the guidelines issued from the Income Tax Department from time to time)

Income Tax Slabs & Rates : FY 2019-2020 (AY 2020-2021)			
Income Slabs	Individuals (Less than 60 years during previous year)	Senior Citizens (More than 60 years of age but less than 80 years during previous year)	Super Senior Citizens (More than 80 years of age during the previous year)
Income Tax Rates			
Upto Rs.2,50,000	Nil	Nil	Nil
Rs.2,50,001 to Rs.3,00,000	5%	Nil	Nil
Rs.3,00,001 to Rs.5,00,000	5%	5%	Nil
Rs.5,00,001 to Rs.10,00,000	20%	20%	20%
Above Rs.10,00,000	30%	30%	30%
Surcharge	10% of income tax, where total income is between Rs.50 lakhs and Rs.1 crore 15% of income tax, where total income exceeds Rs.1 crore		
Cess	4% on total income tax + surcharge		

3. Any Amendments introduced in Income Tax/TDS for the FY 2019-2020 (AY 2020-2021)?

Ans: Yes, some amendments made for the FY 2019-2020 are as under:

Sl No	Amended section/ provision	Details of amendments
1	Section 16 (ia)	The Standard Deduction from salary/pension has been increased to Rs.50,000 from the existing amount of Rs.40,000

4. What is the rebate available under section 87A of Income Tax Act, 1967?

Ans: As per amendment in Section 87A of the Income Tax Act, w.e.f FY 2019-20, tax rebate of Rs.12,500/- is allowed if the total income does not exceed Rs.5,00,000/-.

5. Is it necessary to submit proof of investments made for availing Tax rebate & when?

Ans: Yes, proof of investments has to be submitted to Employees' Pension Fund every year so that the actual investment made by the pensioner is considered for rebate at the time of calculating his/her final tax on pension payment. If no proof of investment is given in any FY then no rebate in tax will be allowed in that FY.

6. When to submit the proof of investment and to whom?

Ans: Proof of actual investments has to be submitted to the Employees' Pension Fund every year as and when fresh investments are made in the current FY but before 31st December every year.

7. Till the time of submission of investment proof how will the tax liability be calculated?

Ans: While deducting TDS on monthly prorated basis, the investment declaration submitted by the pensioner will be considered and tax from April to December every year will be deducted as per the declaration. But, proof for investment as per the declaration submitted is not submitted by 31st December every year then monthly tax will proportionately increase after December month or it can be said that from the month of January, TDS will be deducted on the basis of actual investment made by the pensioner. If no proof of investment is given, no rebate in tax will be allowed for the current FY.

8. Whether submission of investment declaration will suffice for claiming tax rebate?

Ans: No. Submission of investment proof is a mandatory requirement for claiming tax rebate.

9. Whether mere mentioning the Housing Loan interest and repayment amount availed from our Bank, IBA medical insurance premium amount debited by Canara Bank, Deposits made with Canara Bank under tax-saver scheme (i.e. Cantax-saver scheme) etc in the declaration submitted will suffice for having submitted the investment proof?

Ans: No. Though the deposit is made with Canara Bank, housing loan is availed with Canara Bank and premium for the IBA medical insurance scheme is debited by Canara Bank, submission of proof under each entry in the investment declaration is mandatory to claim tax rebate.

10. Whether it is necessary to submit proof of investment if the total annual pension does not cross the threshold limit for different age group of individuals?

Ans: No. In cases where the total annual pension does not cross the threshold limit for different age group of pensioners, they need not submit the investment proof.

11. Whether terminal benefits/salary arrears received by pensioner during the financial year will be considered for tax calculation?

Ans: No, tax will be calculated only on the pension amount paid during the financial year from Canara Bank Employees' Pension Fund.

12. Whether Canara Bank Ex-employee pensioner request to stop deduction of tax?

Ans: No. It is mandatory for the Bank to deduct tax at source while paying pension to pensioners.

13. Whether Canara Bank Ex-employee pensioner request for deduction of additional tax?

Ans: No. There is no provision to deduct additional tax.

14. Who will issue the Form No. 16 or how the pensioner will get TDS certificate in Form No. 16?

Ans: Form No. 16 shall be uploaded from the central location at HO on our corporate website on the Ex-employee pensioners' page in respect of those whose tax has been deducted and PAN is available.

15. Whether providing the PAN is mandatory by the Ex-employee Pensioner. What will be the implication of non-submission of PAN?

Ans: All Pensioners are requested to get their PAN noted at the Employees' pension Fund by providing the self-attested copy of the PAN. Wherever PAN is not provided by the Pensioner, 20% of the tax will be deducted as per extant Income Tax guidelines.

16. In case of Family pensioner, whether TDS is applicable?

Ans: No. Since family pension does not come under the definition of "Salary" of Income Tax Rules, TDS is not applicable to it.

17. If pensioner has paid advance tax and requests not to deduct tax, whether bank may stop deducting tax on pension?

Ans: No. Bank is bound to deduct tax at source. Such requests will not be entertained.

In case of any queries, please contact Employees' Pension Fund, Human Resources Wing, IV Floor, Naveen Complex, No.14, M G Road, Bengaluru 560001, Ph: 080 25323801, email: hopenfund@canarabank.com

Please scroll down for investment declaration format to be submitted with proof of investment if your total annual pension crosses threshold limit.

DECLARATION OF INVESTMENT FOR AVAILING INCOME TAX REBATE

Name of the Canara Bank Ex-employee	
Staff No	
PAN	
Income tax rebate for FY	
Pension SB account number	
Mobile Number	

(A) DEDUCTION UNDER CHAPTER-IVA	Amount of deduction claimed (Rs.)
U/S 80D Medical Insurance (Max limit Rs.25000/-)	
U/S 80D Medical Insurance for Senior Citizen (Max limit Rs.50000/-)	
NPS under Section 80CCD	
U/S 80DD maintenance of Handicap Dependent (Severe Disability Rs.1,25,000/-, Other Rs.75,000/- proof as per sec 10-IA enclosed)	
U/S 80DDB Medical treatment on specified disease (Max Limit = Super Senior Citizen Rs.1,00,000/-)	
U/S 80DDB Medical treatment on specified disease (Max Limit = Senior Citizen Rs.1,00,000/-)	
U/S 80DDB Medical treatment on specified disease (Max Limit = Others Rs.40,000/-)	
U/S 80E higher education (Interest on Education loan which has been served)	
U/S 80U Self Handicap (Severe Disability Rs.1,25,000/-, Other Rs.75,000/- Proof as per sec 10-A enclosed)	
Interest on Housing Loan	
Donation U/S 80G - 100% Scheme	
Donation U/S 80G - 50% Scheme	
(B) INVESTMENT UNDER SEC-80C	
Children Education Tuition Fee	
Infrastructure Bonds (U/S 80CCF)	
Public Provident Fund (PPF)	
Mutual Fund approved under the Act	
National Savings Scheme (NSS)	
National Savings Certificate (NSC)	
FD under Tax Savings Scheme with Scheduled Bank(=>5 years)	
NSC interest reinvested	
Housing Loan Principal repaid	
Investment in any approved pension scheme	
Life Insurance premium paid (premium <20% of policy amount)	
ULIP investment approved for tax rebate	
Other Deduction U/S 80-C (to be specified)	

Enclosed proof of Investment as declared above

I hereby declare that I shall submit the proof of Investment as declared above by 31st December of this FY. In case I don't ensure submission of proof of investment by 31st December of this FY, I am aware that applicable tax will be deducted on the pension paid.

Date: _____

Signature of Pensioner

FOR OFFICE USE

Entered by: _____

Verified by: _____

Date: _____

Date: _____