

Subject: Deduction of Income Tax at Source (TDS) on interest credited in Provident Fund Account of separated employees'

NTPC Limited Employees Provident Fund Trust is a recognized Provident Fund under Part-A of fourth schedule of Income Tax, 1961.

As per the applicable provisions of the Income Tax Act/Rule, accumulated PF balances due and becoming payable to an employee on the date of cessation of service of employee is exempt from income tax. However, any interest credited by the PF Trust after the date of cessation of service is not exempt from tax.

The said interest may become taxable under the head 'Income from Other Sources' (since employer-employee relationship has terminated prior to it), and accordingly, TDS may become deductible under section 194A of the Act on the amount of interest post the date of cessation till the date of settlement, even in those cases where employees' separation is otherwise than by way of Superannuation. TDS shall be deducted at the time of credit of interest or payment, whichever is earlier, provided interest exceeds ₹5000.00. TDS once deducted and deposited with the Government, can not be refunded by the PF Trust.

Accordingly, it is hereby informed to all such members who have separated from the service of NTPC Limited but have not yet withdrawn their accumulated Provident Fund from the Trust, that TDS shall be deducted @applicable rate as per the provisions of the Income Tax Act, 1961, on taxable interest (amount of interest post the date of cessation till the date of settlement). This shall be effective from current financial year i.e., w.e.f. 01.04.2023. Eligible separated employees may apply for transfer of accumulated PF into their current PF account with Employees Provident Fund Organization (EPFO) or to the exempted PF Trust of current employer, as the case may be.

Application for transfer of fund to EPFO may be submitted online in Form-13, through UAN login on EPFO Unified portal for Member or through the current employer/PF Trust in case fund is to be transferred to the PF Trust of any exempted establishment, filled in and signed form-13 along with cancelled cheque of the PF Trust of exempted establishment may be sent by email to pftrust@ntpc.co.in.

TDS on interest for the year shall not be applicable in case of transfer of fund to EPFO/any other exempted PF Trust. However, TDS already deducted in previous year (prior to the year in which request for transfer is received by the Trust) shall not be refunded by the Trust. TDS shall be deducted @10%, if PF account is linked to a valid PAN otherwise TDS will be @ 20%.


Sandeep Aggarwal,
Secretary