

# Banks, post offices can now check your ITR filing status for deducting TDS

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- **The income tax department said data on cash withdrawal indicated that huge amount of cash is being withdrawn by the persons who have never filed income-tax returns.**

Banks can now check the status of income tax returns or ITRs of their customers based on their Permanent Account Number (PAN). Through this facility banks or post offices can get the applicable rate of TDS under Section 194N of the Income-tax Act, 1961 by entering the PAN of the person who is withdrawing cash.

Section 194N of the Income-tax Act, 1961 mandates banks and post offices to deduct tax on cash withdrawal made by any person if sum of aggregate withdrawals in a financial year exceed ₹1 crore. The tax shall be deducted at the rate of 2% on the amount of cash withdrawal exceeding Rs.1 crore.

But if the withdrawer has not filed his income tax return for three previous years, the threshold is lower, at ₹20 lakh. For non-filers the TDS rate is 2% of withdrawals exceeding ₹20 lakh in a year and 5% on cash withdrawal exceeding Rs.1 crore.

The income tax department said data on cash withdrawal indicated that huge amount of cash is being withdrawn by the persons who have never filed income-tax returns.

"Income Tax Department has already provided a functionality "Verification of applicability u/s 194N" on [www.incometaxindiaefiling.gov.in](http://www.incometaxindiaefiling.gov.in) for Banks and Post offices since 1st July, 2020. Through this functionality, Bank/Post Office can get the applicable rate of TDS under section 194N of the Income-tax Act, 1961 by entering the PAN of the person who is withdrawing cash," the income tax department said.

Through a recent notification, the Income Tax Department included 'scheduled commercial banks' in the list of agencies with which tax authorities can share information.

"The Department has now released a new functionality "ITR Filing Compliance Check" which will be available to Scheduled Commercial Banks (SCBs) to check the IT Return filing status of PANs in bulk mode. The Principal Director General of Income-tax (Systems) has notified the procedure and format for providing notified information to the Scheduled Commercial Banks," the Income Tax Department said.