Revision on Method of TDS Deduction

From the Financial Year 2025-26, our Bank has revised the method of TDS deduction on deposit interest from Cash basis to accrual basis. That is TDS will be deducted not only from interest paid during the period, but also, from interest payable as on 31st March every year. As a onetime transition, TDS (wherever applicable) may be deducted on interest accrued up to 31/03/2026, including unpaid interest relating to earlier periods that was not previously subjected to TDS. This does not affect the interest payable on your deposit.

From the Financial Year 2026-27, onwards, TDS will be computed only on the interest accrued for that Financial Year only i.e., after the date up to which interest has already been considered for TDS, thereby ensuring that the same interest is not subjected to TDS more than once.

We changed to this method of TDS deduction, so as to ensure that income of a particular year is taxed on that year itself and thus avoiding double taxation.