



All India IDBI Officers' Association

1st Floor, IDBI Tower, Cuffe Parade, Mumbai - 400 005

(Registration No. ALC - KARYASAN - 17-10311)

website : www.aiidbioa.net (Affiliated to AIBOA)



Correspondence Address : All India IDBI Officers' Association, c/o IDBI Bank, Main Road, GUDIVADA - 521 301, Krishna Dist., A.P.

Correspondence Address: All India IDBI Officers' Association, c/o IDBI Bank, 3rd Floor, Mission Road, Bengaluru - 560027

Bengaluru,
February 10, 2022.

To

The Managing Director & Chief Executive Officer,
IDBI Bank,
Head Office, IDBI Tower,
Mumbai – 400005.

Respected Sir,

Sub:- Request to arrange for stopping the incorrect practice of recovering Tax Deducted at Source (TDS) from the net salary of the employee – Reg.

Ref:- (1) H.O. Circular No.IDBI Bank/2012-13/477/HR/HR-67/NPS dated November 29, 2012
(2) H.O. Circular No.IDBI Bank/2012-13/237/HR/29 dated August 01, 2012
(3) H.O. Circular No.IDBI Bank/2012-13/53/DCPS/HR-8 dated April 18, 2012

With reference to the above, we wish to inform your goodselves that the Bank had issued the Circular on New Pension Scheme (NPS) on **April 18, 2012** but implemented the same **retrospectively** with effect from **April 01, 2008**. This is totally **against** the Law and against the principles of natural justice as around 8,000 Officers had been aggrieved by this unilateral action of the Bank.

2. In August, 2012, the Bank had made **unauthorized** closure of the existing PF account by debiting the same unilaterally (though PF account CANNOT be debited for any unauthorized reason, which even Courts cannot attach) and kept/parked the PF accumulated amount in "suspense account" wherever the "Permanent Retirement Account Number" (PRAN) has not been submitted to the Bank. It was mentioned that till the availability of PRAN for credit of the said contribution to PFRDA account, such balance in "Suspense account", w.e.f. April 01, 2012 would carry interest at Savings Bank Rate. This is totally **arbitrary** and **against** the Law. This is also against the principles of natural justice.

3. The Bank is treating the interest on PF amount so calculated/accrued and credited to the suspense account i.e., interest accrued on contribution (for not remitted to PFRDA for want of PRAN) as taxable income in the hands of the employee **even though** the same is NOT a taxable income as per the Law.



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The Interest accrued is only **provisional** and should NOT be taxed until the same is actually paid to the employee. **Moreover**, interest CANNOT be paid on amounts parked in suspense accounts. When the amount is parked in suspense account, this itself reveals that the PF amount so parked is **provisional** and is subject to some future outcome. **Hence**, interest can only be accrued but can NOT be TAXED.

4. It is observed that the Bank is calculating TDS on the interest amount so credited to the suspense account i.e., interest accrued on contribution (for not remitted to PFRDA for want of PRAN) and such TDS amount is recovered from the net salary of the employee while paying the salary for the month of March **instead of** reducing the so called TDS amount from the total interest amount and crediting the net interest (total interest – TDS) only to the suspense account.

5. If the Bank is not crediting the interest amount to the salary account of the employee, then the Bank should **NOT** recover TDS amount from the net salary of the employee. The so called TDS amount should be reduced from “the Suspense account” only; **NOT** from the net salary of the employee.

6. **To elaborate further**, any Bank will reduce TDS calculated on the interest earned on a Fixed/Term Deposit from the total interest earned on the same Fixed/Term Deposit and only net interest (total interest earned on a Fixed/Term Deposit minus TDS amount) will be credited to the Fixed/Term Deposit account. No Bank will deduct TDS amount calculated on the interest amount earned on a Fixed/Term Deposit from the Savings Bank Account of the Fixed/Term Deposit customer.

Hence, we **respectfully** request your goodselves to arrange for stopping this incorrect practice of recovering the so called Tax Deducted at Source (TDS) from the net salary of the employee.

Thanking you,

Yours faithfully,

Vithal Koteswara Rao A.V.
GENERAL SECRETARY

Copy to

Shri Samuel Joseph Jebaraj, Deputy Managing Director, IDBI Bank, Head Office, Mumbai.

Shri Suresh K. Khatanhar, Deputy Managing Director, IDBI Bank, Head Office, Mumbai.