

Senior Citizens Savings Scheme

Who can apply

The scheme is available for citizens above 60 years of age; however a provision has been put in place for individuals who have crossed 55 years of age. Such individuals may invest subject to the conditions that,

- The person has retired on superannuation or otherwise on the date of making the investment; also the investment is made within one month of the date of receipt of retirement benefits.
- A certificate from the employer, indicating the fact of retirement, retirement benefits, along with period of such employment with the employer, is attached with the application form.
- The maximum amount invested can either be the benefits received on retirement or Rs 1,500,000 whichever is lower.

NRIs (Non-Resident Indians) and HUF (Hindu Undivided Families) are not permitted to invest in the scheme.

Investment Limits

Investments can be made in any post office by opening an account. Only one deposit can be made in each account; the deposit amount shall be a multiple of Rs 1,000 and should not exceed Rs 1,500,000.

A depositor can operate more than one account subject to the condition that all the deposits taken together don't exceed the specified amount i.e. Rs 1,500,000. Also more than one account shall not be opened in the same post-office during a calendar month.

Interest rate

The scheme will offer an interest of 9% per annum. The same will be payable on 31st March, 30th June, 30th September and 31st December each year.

Mode of holding

The depositor can hold an account either individually or jointly with his/her spouse.

Nomination

Nomination facility has been provided under the scheme. In the event of death of the depositor, the amount due shall be paid to the nominee. Nomination facility is also available incase of joint accounts.

Maturity

The scheme has a tenure of 5 years. The account can be extended for a 3 year period by making an application.

Withdrawals

Investors will be permitted to prematurely liquidate their investments at any time after the expiry of 1 year from the date of opening of the account subject to the following conditions,

- In case the account is closed after the expiry of 1 year but before the expiry of 2 years from the date of opening of the account, an amount equal to 1.5% of the deposit shall be deducted.
- In case the account is closed on or after the expiry of 2 years from the date of opening of the account, an amount equal to 1% of the deposit shall be deducted.

Tax benefits

Investments in the scheme are eligible for tax benefits under Section 80C of Income Tax Act.

The interest income from the scheme is fully taxable and subject to TDS (tax deduction at source) as well. Investors whose tax liability on the estimated income for the financial year is nil, can avoid TDS by furnishing a declaration in Form 15-H or Form 15-G as applicable.

Transfer of Account

The account can be transferred from one post office to another. If the deposit amount exceeds Rs 100,000, a transfer fee of Rs 5 per Rs 100,000 deposited is charged.

Courtesy: <http://www.personalfn.com/tax/scitizens08.html>