

## Frequently Asked Questions on Senior Citizens Savings Scheme

| Sr.No. | Query  | Reply   |
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| 1      | <b>Who is eligible for investment in SCSS 2004 Scheme</b>  | <b>Indian Resident who has attained the age of 60 years. (55 years in case of retirement on Superannuation ,VRS or a special voluntary scheme and for retired Defence Personal , on attaining the age of fifty years subject to fulfilment of other specified conditions.</b>   |
| 2      | <b>Are Non-resident Indians, Persons of Indian Origin and Hindu Undivided Family eligible to invest in the SCSS, 2004</b>                  | Non resident Indians (NRIs), Persons of Indian Origin (PIO) and Hindu Undivided Family (HUF) are not eligible to invest in the accounts under the SCSS, 2004. If a depositor becomes a Non-resident Indian subsequent to his/her opening the account and during the currency of the account under the SCSS Rules, the account may be allowed to continue till maturity, on a non-repatriation basis and the account will be marked as a Non-Resident account. [Rule 13 and GOI letter F.No.2/8/2004/NS-II dated June 19, 2006)                    |
| 3      | Whether SCSS account can be opened in favour of a mentally retarded person to be operable by a Guardian appointed by the Court.            | There is no such provision exists under Senior Citizen Savings Scheme. Therefore such account can not be opened in favour of mentally retarded person   |
| 4      | <b>What is the age limit in the case of retired Defence Personnel for investment in the scheme</b>   | The retired personnel of Defence Services (excluding Civilian Defence Employees) will be eligible to subscribe under the scheme is 50 years (amended in Oct, 2017) subject to the fulfillment of other specified conditions. (The Senior Citizens Savings Scheme (Amendment) Rules, 2004 notified on October 27, 2004)  |
| 5      | <b>Is there a period prescribed for opening deposit account under the SCSS scheme, by the senior citizen, from the retirement benefits</b> | If the investor is 60 years and above, there is no time period prescribed for opening the SCSS account(s). However for those below 60 years, following time limits have been prescribed.<br><br>(a) the persons who have attained the age of 55 years or more but less than 60 years and who has retired on superannuation or otherwise on the date of opening of an account under these rules, subject to the condition that the account is opened by such individual <b>within one month of the date of receipt of the retirement benefits.</b> |

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|    |  | (b) the retired personnel of Defence Services (excluding Civilian Defence Employees) will be eligible to subscribe under the scheme on attaining the age of <b>50 years</b> subject to the fulfillment of other specified conditions.  |
| 6  | <b>Can a joint account be opened under the scheme with any person</b>  | Joint account under the SCSS, 2004 can be opened only with the spouse. [Rule 3 (3)]  |
| 7  | <b>Whether both the spouses can open separate accounts in their individual capacity with separate limit of Rs.15 lakh for each of them</b> | Both the spouses can open individual and / or joint accounts with each other with the maximum deposits up to Rs.15 lakh each, provided both are individually eligible to invest under relevant provisions of the Rules governing the Scheme. (Rules 3 and 4 )                                    |
| 8  | <b>Can more than none account be opened</b>  | YES, The facility of opening of multiple accounts is available under the scheme. The retired person can open more than one account on receipt of the retirement benefits in piecemeal, provided the relevant account is opened with in one month of receipt of the particular retirement benefit |
| 9  | <b>Is the age of the 2<sup>nd</sup> holder is one of the factor to decide the eligibility to invest under the scheme.</b>                  | In case of a joint account, age of 1 <sup>st</sup> applicant/ depositor is the only factor to decide the eligibility to invest under the scheme. There is no age bar/limit for the 2 <sup>nd</sup> applicant/joint holder (i.e. spouse). -Rule-3(3)  |
| 10 | <b>What will be the share of the joint account holder in the deposit in an account.</b>  | The whole amount of investment in an account under the scheme is attributed to the first applicant / depositor only. As such, the question of any share of the second applicant / joint account holder (i.e. spouse) in the deposit account does not arise. [Rule 3 (3)]                         |
| 11 | <b>Can a nomination be made</b>  | yes  |
| 12 | <b>Whether only one person or number of persons can be nominated in the accounts opened under the Scheme?</b>                              | The depositor may, at the time of opening of the account, nominate a person or persons who, in the event of death of the depositor, will be entitled to payment due on the account. [Rule 6 (1)]   |
| 13 | <b>Can a nomination be made after the account has already been opened</b>  | Yes, nomination may be made by the depositor at any time after opening of the account but before its closure, by an application in Form - 1 accompanied by the Pass book to the deposit office. [Rule 6 (2)]   |

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| 14 | <b>Can a nomination be cancelled or changed</b>  | Yes, the nomination made by the depositor may be cancelled or varied by submitting a fresh nomination in Form 1 to the deposit office where the account is being maintained. [Rule 6 (3)]  |
| 15 | <b>Can nomination be made in joint account also.</b>   | Nomination can be made in joint account also. In such a case, the joint holder will be the first person entitled to receive the amount payable in the event of death of the depositor. The nominee's claim will arise only after the death of both the joint holders. [Rule 6 (4)]   |
| 16 | <b>Can a person holding a Power of Attorney sign for the nominee in the nomination form ?</b>          | No, a person holding a Power of Attorney cannot sign for the nominee in the nomination form. (GOI letter No. F.15/8/2005/NS-II dated March 02, 2006)   |
| 17 | <b>Whether any fee has been prescribed for nomination and / or change / cancellation of nomination</b> | No fee has been prescribed for nomination and / or change / cancellation of nomination(s) in the accounts under the SCSS, 2004. (GOI letter F. No.2/8/2004/NS-II dated October 13, 2004)   |
| 18 | <b>Can deposits under the SCSS scheme be made only from amounts received as retirements benefits</b>   | In case an investor has attained the age of 60 years and above, the source of amount being invested is immaterial [Rule 2 (d)(i)]. However, if the investor is 55 years or above but below 60 years and has retired on superannuation or under a voluntary scheme or a special voluntary scheme or has retired from the Defence services, only the retirement benefits can be invested in the SCSS. [Rule 2(d) (ii)].  |
| 19 | <b>What is the meaning of 'retirement benefits' for the purpose of SCSS, 2004</b>                      | Retirement benefits" for the purpose of SCSS Rules have been defined as 'any payment due to the depositor on account of retirement whether on superannuation or otherwise and includes Provident Fund dues, retirement / superannuation gratuity, commuted value of pension, cash equivalent of leave, savings element of Group Savings linked Insurance scheme payable by employer to the employee on retirement, retirement-cum-withdrawal benefit under the Employees' Family Pension Scheme and ex-gratia payments under a voluntary retirement scheme'. (Rule 2 (a) of the Senior Citizens Savings Scheme (Amendment) Rules, 2004 notified on October 27, 2004) |

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| 20 | <b>What is the maturity period of the investment or it can be extended further</b>                      | 5 Years which can be extended by 3 years once.  |
| 21 | <b>Is premature withdrawal of the deposits from the accounts under the SCSS, 2004 permitted</b>         | <p>The account holder may withdraw the deposit and close the account at any time subject to the following conditions:-</p> <p>(i) if the account is closed before one year after the date of opening of account, interest paid on the deposit in the account shall be recovered from the deposit and the balance shall be paid to the account holder.</p> <p>(ii) If the account is closed after one year but before expiry of two years from the date of opening of the account, an amount equal to one and half per cent of the deposit shall be deducted.</p> <p>(ii) If the account is closed on or after the expiry of two years from the date of opening of the account, an amount equal to one per cent of the deposit shall be deducted.</p> <p>However, if the depositor is availing the facility of extension of account under Rule 4 (3), then he/she can withdraw the deposit and close the account at any time after the expiry of one year from the date of extension of the account without any deduction. [Rule 9 (1) (a) (b) and (2)].</p> |
| 22 | <b>Can an SCSS account be extended</b>  | A depositor may extend the account for a further period of three years by making an application to the deposit office within a period of one year after maturity (once).  |
| 23 | <b>Does an account, which is not extended on maturity, earn any interest</b>                            | In case a depositor does not close the account on maturity and also does not extend the account, the account will be treated as matured and the depositor will be entitled to close the account at any time subject to the condition that the post maturity interest at the rate as applicable to the deposits under the Post office Savings Accounts from time to time will be payable on such matured deposits up to the end of the month preceding the month of the closure of the account.  |
| 24 | <b>What happens to the accounts if both the spouses are maintaining individual accounts and not any</b> | If both the spouses have opened separate accounts under the scheme and either of the spouses dies during the currency of the  |

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|    | <b>joint account and one of them expires</b>  | account(s), the account(s) standing in the name of the deceased depositor/spouse shall not be continued and such account(s) shall be closed. The account can be closed by making an application in Form 3.   |
| 25 | <b>In case of a joint account, if the first holder / depositor expires before maturity, can the account be continued</b>    | In case of a joint account, if the first holder / depositor expires before the maturity of the account, the spouse may continue the account on the same terms and conditions as specified under the SCSS Rules. However, if the second holder i.e. spouse has his / her own individual account, the aggregate of his/her individual account and the deposit amount in the joint account of the deceased spouse should not be more than the prescribed maximum limit. In case the maximum limit is breached, then the remaining amount shall be refunded, so that the aggregate of the individual account and deceased spouse's joint account is maintained at the maximum limit. [Rules 6 (4) and 8 (3)] |
| 26 | <b>What is minimum and maximum limit of investment</b>  | Minimum Rs.1000.00 and Maximum Rs.1500000.00   |
| 27 | <b>Is TDS applicable to the scheme</b>  | Yes, TDS is applicable to the Scheme as interest payments have not been exempted from deduction of tax at source. (GOI letter F. No.2/8/2004/NS-II dated March 28, 2006)   |
| 28 | <b>Whether any minimum limit has been prescribed for deduction of tax at source</b>   | Tax is to be deducted at source as per the minimum limit prescribed by the Government  |
| 29 | <b>What is the rate at which TDS is to be deducted from the account holder</b>  | The rate for TDS for a financial year is specified in Part II of Schedule I of the Finance Act for that year. (GOI letter F. No.2/8/2004/NS-II dated June 06, 2006)  |
| 30 | <b>Whether TDS should also be recovered from the undrawn interest payable to the legal heirs of the deceased depositors</b> | Tax shall be deducted at source even from any interest paid / payable to the legal heir of the account holder. (GOI letter F. No.2/8/2004/NS-II dated June 06, 2006).  |
| 31 | <b>Whether TDS on interest payments will be applicable with retrospective effect or prospective basis</b>                   | TDS is applicable from the very first day when SCSS, 2004 was made operational regardless of the fact that the Central Government or Reserve Bank of India or any authority might have issued any Notification / circular / clarification at a later stage. (GOI letter F. No.2/8/2004/NS-II dated June 06, 2006)  |
| 32 | <b>Whether any income tax rebate / exemption is admissible</b>  | Investment in SCSS qualifies for deduction under Section 80C of the Income-tax (I-T) Act. However, this tax benefit is under   |

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|    |  | the overall current ceiling of Rs. 1.5 lakh per annum fixed for all investments under Section 80C. Section 80C benefit is available in the financial year in which the deposit is made in SCSS. There will be no additional benefit under Section 80C for the extension of an existing account after five years                              |
| 33 | <b>Can an account holder obtain loan by pledging the deposit / account under the SCSS, 2004?</b> | The facility of pledging the deposit / account under the SCSS, 2004 for obtaining loans, is not permitted since the account holder will not be able to withdraw the interest amount periodically, defeating the very purpose of the scheme. (GOI letter F. No.2/8/2004/NS-II dated May 31, 2005)   |
| 34 | <b>Can an account be transferred from one deposit office to another</b>                          | Yes, account can be from one deposit office to another. If the deposit amount is rupees one lakh or above, a transfer fee of rupees five per lakh of deposit for the first transfer and rupees ten per lakh of deposit for the second and subsequent transfers shall be payable. [Rule 11 and GOI Notification GSR.(E) dated March 23, 2006) |
| 35 | <b>Whether commission is payable to the agents under the Scheme</b>                              | Payment of commission on the Scheme has been discontinued w.e.f. December 1, 2011 (Government of India Notification dated November 25, 2011).  |
| 36 | <b>What happens if an account is opened in contravention of the SCSS Rules</b>                   | If an account has been opened in contravention of the SCSS Rules, the account shall be closed immediately and the deposit in the account, after deduction of the interest, if any, paid on such deposit, shall be refunded to the depositor. (Rule 12)   |