

VGB TAX SAVINGS SCHEME, 2012

A unique product which offers higher rate of interest alongwith tax benefits is introduced with effect from 27th March 2012. Specially designed to cater to the needs of the Income Tax assesses. The distinctive features of this scheme are as below:-

Purpose	To enable our customers to place long term deposits to earn higher rate of interest and also to avail the tax benefits under section 80C of Income Tax Act, 1961.
Eligibility	Resident assessee for himself /herself as an Individual or in the capacity of the Karta of the Hindu undivided family, having Income tax Permanent Account Number
Mode of Operation	Singly or Jointly
Minimum Deposit	Rs. 1,000/- or multiples thereof
Maximum Deposit	Not exceeding Rs. 1,00,000/- in a year
Type of account	Term Deposit (TD) account/ Special Term Deposit (STD) account
Tenure	Minimum : 5 Years- Maximum : 10 years
Rate of Interest	As applicable to Term Deposits
Premature withdrawal	No term deposit shall be encashed before the expiry of five years from the date of its receipt.
Availability	At all our Branches
Nomination Facility	Available
Loan Facility	Not Available
Transferability among branches	Allowed
Product Code	2524

Calculations for VGB Tax Savings Scheme-

Sr. No.	Particulars	Senior Citizens	Other
		Amount (In Rs.)	Amount (In Rs.)
A	Investment Amount	10,000	10,000
B	Immediate Tax Savings*	3,090	3,090
C	Effective Investment(A-B)	6,910	6,910
D	Maturity Amount of original Investment	16,187	15,797
E	Total Pre Tax Benefits on Deposits #(D-C)	9,277	8,887
F	Rate of Interest	9.75% P.A.	9.25% P.A.
G	Effective Annual Yield (5 Years)	18.55%	17.77%

*Assuming A Tax bracket of 30.90%

Interest Amount is subject to TDS as per Income Tax Act.

Most Important Terms & Conditions

1. Tax benefits under Section 80 C of Income Tax Act, 1961.
2. Minimum Deposit : Rs. 1,000/- or multiples thereof.
3. Maximum Deposit : Not exceeding Rs. 1,00,000/- in a year.
4. Tenure: Minimum : 5 years- Maximum : 10 Years
5. Senior Citizens get 0.50% extra interest rate
6. Premature withdrawal; Not permitted before the expiry of five years from the date of issue.
7. Quarterly compounded Interest
8. Lock – in period of 5 years.
9. Nomination facility available