

INSTRUCTIONS AND GUIDELINES FOR 8% Savings (Taxable) Bond, 2003

- 1) There is no maximum limit for Investment in the Bonds.
- 2) Cheque/ draft towards subscription should be drawn in favour of the bank/Receiving Office, receiving the application and payable at the place where the application is tendered.
- 3) If the application is made on behalf of a minor by the legal guardian, a guardianship certificate granted by a competent court under the provisions of Guardians and Wards Act (Act of 1890) should be produced.
- 4) In case of minor applicant, a birth certificate issued by the Municipal or other competent authority, church, Registrar of Birth/s or a Magistrate, Head of a Gram Panchayat or Head Master of a School - disclosing the name and the date of birth of the minor should be produced in original (along with one xerox copy) for verification.
- 5) The application shall bear the signature/thumb impression of the applicant/s. The thumb mark should be witnessed by 2 respectable persons.
- 6) If the application is signed by a person other than the investor, a Power of Attorney authorising the signatory should be submitted along with the application. The P.O.A. should contain express provision to receive interest and the principal amount due under the Bonds and/or to negotiate or transfer the Bonds. The P.O.A. should also be unconditional. In case the P.O.A. is executed abroad, it should be attested by a Notary Public of the place where it is executed and notarised afresh in India (duly stamped).
- 7) The Kartha of HUF making an application for Taxable Bonds should submit a declaration in the form annexed hereto.
- 8) If the application is made on behalf of a
(a) 'Charitable Institution' to mean a Company registered under Section 25 of the Indian Companies Act 1956 or
(b) an institution which has obtained a Certificate of Registration as a charitable institution in accordance with a law in force; or
(c) any institution which has obtained a certificate from an Income Tax Authority for the purposes of Section 80G of the Income Tax Act, 1961, such application shall be signed by an authority authorized to sign the documents on behalf of such Charitable Institution. Certified copies of the relevant documents shall be submitted along with the application.
- 9) If the application is made on behalf of a "University", means any university established under any statute, such application shall be signed by an authority authorized to sign the documents on behalf of such University. Certified copies of the relevant documents shall be submitted along with the application.
- 10) The nomination may be made by a sole holder (other than a minor) in case of bonds in the form of Bond Ledger Account in Form 'B' or as near thereto as may be. A nomination made may be varied or cancelled by notifying branch of authorised Receiving Office in Form 'B' or 'C' as the case may be. Every nomination made or variation thereof shall be registered at branch of authorised Receiving Office and shall be effective from the date of registration.
- 11) In case of applications made in the joint names of more than 2 persons, the bond/s interest warrants and Payment Order/s will be issued in the name of the first applicant.

- 12) The bond in the form of Bond Ledger Account, will be opened from date of receipt of subscription in cash or the date of realisation of draft or cheque.

- 13) Tax treatment available under 8% Savings (Taxable) Bond, 2003 are as under :
 - i) Wealth Tax - The bonds will be exempt from Wealth Tax under the Wealth Tax Act 1957.
 - ii) Income Tax - Tax will be deducted at source while making payment of interest on the non-cumulative bonds and credited to Government Account. Tax on the interest portion of maturity value will be deducted at source at the time of payment of the maturity proceeds on the cumulative bonds and credited to Government Account.

- 14) The bond is repayable after a period of **six years** from the date of issue.

- 15) Applications for Bonds in the form of Bond Ledger Account will be received at branches of State Bank of India, Associate Banks and Nationalised Banks, four private sector banks and SHCIL specified in the Annexure 3 of the Government Notification.

- 16) Brokerage at the rate of Re. 1.00 (Rupee one only) per Rs.100/- will be paid to the brokers listed in Para 10 (a)&(b) and to PPF and UTI Agents enrolled with them as also to authorised banks on the applications tendered by them on behalf of their clients and bearing their stamp.

- 17) The Bonds shall not be tradable in secondary market and not eligible as collateral for loan from banks, financial institutions and NBFC, etc.