

Revised Tax Audit Report and Relevant Documentation

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Changes at a Glance

- **Total 15 Changes = 6 Amendments + 9 Insertions**
- **Summary of Amendments:**
 1. **Clause 4: GSTIN** to be mentioned
 2. **Clause 19: Allowance** under **section 32AD** is to be reported
 3. **Clause 24: Deemed gains** under **section 32AD** to be reported
 4. **Clause 26: Clause (g) of Section 43B** (sum payable to Indian Railways for use of assets) has to be reported
 5. **Clause 31: Cash receipts** more than Rs. 2,00,000 under **section 269ST** is to be reported
 6. **Clause 34:** Details with respect to **transactions not disclosed** in **TDS Return/ TCS Return** is to be reported

- **Summary of Insertions:**

1. **Clause 29A:** Advance received on capital asset forfeited to be reported here {Section 56(2)(ix)}
2. **Clause 29B:** Income of gifts exceeding Rs. 50,000 to be reported here {Section 56(2)(x)}
3. **Clause 30A:** Details about "Primary Adjustments" in transfer pricing to be reported here as per Section 92CE
4. **Clause 30B:** Limitation of Interest deductions for borrowings from AE upto 30% of EBITDA is to be furnished here
5. **Clause 30C:** Details of Impermissible Avoidance Agreement to be furnished as referred to in Section 96 – **Deferred till 31.3.2019**
6. **Clause 36A:** Dividend received under section 2(22)(e) is required to be reported here
7. **Clause 42:** Details w.r.t. Form 61 (details of no PAN Form 60 received), Form 61A (SFT) and Form 61B (SRA) is to be provided here
8. **Clause 43:** Details w.r.t. CbC Reporting as referred to in section 286 is required to be reported
9. **Clause 44:** Break Up of total expenditure in respect of GST Registered and Unregistered Entities is required to be given – **Deferred till 31.3.2019**

Implementation Guide on Tax Audit – Revised Form 3CD



Clause 4

Clause 4 – Liability to GST and Furnishing of GST Number:

Amendment to clause no. 4:

In serial number 4,-

- (a) after the words “sales tax,”, the words “goods and services tax,” shall be inserted;
- (b) after the words “registration number or”, the words “GST number or” shall be inserted;

4. Whether the assessee is liable to pay indirect tax like excise duty, service tax, sales tax, *goods and service tax*, customs duty, etc. if yes, please furnish the registration number or *GST number* or any other identification number allotted for the same.

Reporting Requirements

- the question of **whether the assessee is liable to pay goods and service tax needs to be answered**, along with liability to pay other indirect taxes;
- if the **liability to pay is only under the reverse charge mechanism**, the fact of being liable needs **to be answered in the affirmative** - with the clarification that such liability is only under the reverse charge mechanism;
- If assessee has **multiple GSTIN numbers**, all the GSTIN numbers allotted to the assessee **need to be mentioned**



Clause 19

Clause 19 – Amounts Admissible under Section 32AD

Amendment to clause no. 19:

In serial number 19, in the table, after the row with entry “32AC”, the row with entry “32AD” shall be inserted;

After amendment, the revised clause appears as follows:

19. Amounts admissible under sections:

Section	Amount debited to profit and loss account	Amounts admissible as per the provisions of the Income-tax Act, 1961 and also fulfils the conditions. If any specified under the relevant provisions of Income-tax Act, 1961 or Income-tax Rules, 1962 or any other guidelines, circular, etc., issued in this behalf.
32AC		
32AD		
33AB		
33ABA		
35(1)(i)		
35(1)(ii)		
35(1)(iia)		
35(1)(iii)		
35(1)(iv)		
35(2AA)		
35(2AB)		
35ABB		
35AC		
35AD		
35CCA		
35CCB		
35CCC		
35CCD		
35D		
35DD		
35DDA		
35E		

Reporting Requirements

- Section 32AD, inserted by the Finance Act 2015 with effect from assessment year 2016-17;
- It entitles an assessee to claim an **allowance of 15% in the year of Installation of the actual cost of new plant and machinery installed** by the assessee **for manufacture or production of any article or thing**, on or after **1st April 2015 but before 1st April 2020**, **in any notified backward area** in the States of Andhra Pradesh, Bihar, West Bengal and Telangana;
- This **allowance is available over and above the claim of depreciation, as well as the additional depreciation** of 35% available under section 32(1)(iia) for the same backward areas.

Reporting Requirements

- **Plant and machinery, for this purpose, does not include the following types of assets:**
 - Ship or aircraft;
 - Plant or machinery used within or outside India by any other person before it's installation by the assessee;
 - Plant or machinery installed in any office premises, or any residential accommodation, including a guest house;
 - Office appliances, including computers or computer software;
 - Any vehicle;
 - Plant or machinery, the whole of the actual cost of which is allowed as deduction (whether by way of depreciation or otherwise) in computing income chargeable under the head PGBP of any previous year

Question

- X Ltd. set up a manufacturing unit in Warangal in the state of Telangana on 01.06.2017;
- It invested Rs. 30 crore in new plant and machinery on 1.6.2017;
- Further, it invested Rs. 25 crore in the plant and machinery on 01.11.2017, out of which Rs. 5 crore was second hand plant and machinery.
- Compute the depreciation allowable under section 32. Is X Ltd. entitled for any other benefit in respect of such investment? If so, what is the benefit available?

Particulars for Depreciation u/s 32	Amount (in Cr.)
Plant and machinery acquired on 01.06.2017	30
Plant and machinery acquired on 01.11.2017	25
WDV as on 31.03.2018	75
Less: Depreciation @ 15% on 30 crore	(4.5)
Depreciation @ 7.5% (50% of 15%) on 25 crore	(1.875)
Additional Depreciation @ 35% on 30 crore	(10.50)
Additional Depreciation @ 17.5% (50% of 35%) on 20 crore	(3.5)
WDV as on 01.04.2018	34.625

Particulars for Deduction u/s 32AD	Amount (in Cr.)
Deduction under section 32AD @ 15% on 50 crore	7.50

CARO Connection

Para 3(i) [(a) – (c)]: Fixed Assets

- Proper Record maintenance for quantity & location;
- In respect of immovable intervals
- Immovable Property(s) properly dealt in Books;
- Title deeds are held in the name of the Co.. If not, then details thereof



Clause 24

Clause 24 – Amounts deemed to be Profits and Gains under section 32AD

Amendment to clause no. 24:

In serial number 24, after the words “32AC or”, the words “32AD or” shall be inserted.



24. Amounts deemed to be profits and gains under section 32AC or 32AD or 33AB or 33ABA or 33AC.

Reporting Requirements

- **if any new asset**, in respect of which deduction under section 32AD had been allowed, **is sold or otherwise transferred** (except in cases of amalgamation, demerger or reorganisation of business referred to in clauses (xiii), (xiiib) or (xiv) of section 47) **within a period of five years from the date of its installation**,
 - **the amount of deduction allowed earlier** under section 32AD in respect of such asset **is deemed to be the profits and gains of business of the previous year** in which the asset is sold or otherwise transferred – S. 32AD(2);
- **Capital gains arising on transfer of the asset are not required to be reported**;
- The reporting should be done giving description of the asset sold, the date of installation, the original cost and the quantum of deduction allowed which is now taxable as PGBP



Clause 26

Clause 26 – Sums referred to in section 43B

Amendment to clause no. 26:

In serial number 26, for the words “or (f)”, the words “, (f) or (g)” shall be substituted.

26. In respect of any sum referred to in clause (a), (b), (c), (d), (e), (f) or (g) of section 43B, the liability for which:-

- (A) pre-existed on the first day of the previous year but was not allowed in the assessment of any preceding previous year and was**
 - (a) paid during the previous year;**
 - (b) not paid during the previous year;**
- (B) was incurred in the previous year and was**
 - (a) paid on or before the due date for furnishing the return of income of the previous year under section 139(1);**
 - (b) not paid on or before the aforesaid date.**

(State whether sales tax, customs duty, excise duty or any other indirect tax, levy, cess, impost etc. is passed through the profit and loss account.)

Reporting Requirements

- Clause (g) of S. 43B(1) was inserted by the Finance Act 2016 and applies from assessment year 2017-18;
- It refers to **any sum payable by the assessee to the Indian Railways** for the **use of railway assets**;
- **Question:** Payments of basic rail freight – whether includible

Reporting Requirements

- **Sums payable** for use of railway assets would however **include amounts payable for hire of railway wagons, or for hire of rail sidings, or lease rent payable** for use of railways land or buildings;
- **Question:** payments for use of hoardings/display panels put up on railway premises – whether includible u/s 43B(1)(g)

CARO Connection for entire Section 43B

Para 3(vii): Undisputed Statutory Dues

- Statutory dues to be deposited regularly
- Arrears > 6 months from due date payable on B/S Date
- Identification of undisputed amount
- Amounts involved in dispute not deposited and the forum (mere representation before a Forum not a dispute)



Clause 29A

29A. (a) Whether any amount is to be included as income chargeable under the head 'income from other sources' as referred to in clause (ix) of sub-section (2) of section 56? (Yes/No)

(b) If yes, please furnish the following details:

(i) Nature of income:

(ii) Amount thereof:

Reporting Requirements

- Section 56(2)(ix) was inserted by the Finance Act 2014, with effect from assessment year 2015-16;
- It provides for **taxability** as Income from Other Sources **of any sum of money** received as an advance or otherwise in the course of negotiations for transfer of a capital asset, if such sum is forfeited and the negotiations do not result in transfer of such capital asset;
- As regards **nature of income**, the tax auditor should specify that the amount is forfeiture of advance received towards sale of the particular capital asset.
- **Questions:** Reporting of:
 - any forfeited amount if it is in respect of a personal capital asset;
 - any forfeited amount if it is in respect of stock-in-trade;
 - an advance recd. & outstanding for a considerable time period;
 - notice of forfeiture by the assessee, which is contested by the other party;
 - unilateral writing back of an advance by credit to P & L;
 - advance received during the previous year or earlier year(s)

CARO Connection

Para 3(v) : Deposits

- Compliance with RBI Directives, Sec 73 to Sec 76 - Examination of System;
- Order if any issued by NCLT/ CLB/ RBI whether complied with



Clause 29B

Clause 29B – Income chargeable under section 56(2)(x)

29B. (a) Whether any amount is to be included as income chargeable under the head 'income from other sources' as referred to in clause (x) of sub-section (2) of section 56? (Yes/No)

(b) If yes, please furnish the following details:

(i) Nature of income:

(ii) Amount (in Rs.) thereof:

Reporting Requirements

- **Section 56(2)** of the Act *inter alia* deals with **receipts without consideration or for inadequate consideration**;
- **Till 1st June, 2010**, the provisions regarding **receipts without consideration** applied only to two types of assessee viz. **individual and HUF** – Section 56(2)(vii);
- **W.e.f. 1st June, 2010**, the **provisions are applicable to firms and closely held companies** in respect of shares of closely held companies without consideration or for inadequate consideration; – Section 56(2)(viiia);
- **Section 56(2)(vii)/(viiia) made inoperative w.e.f. 1-4-2017**;
- However, w.e.f. 1st April, 2017, the **scope of section 56(2)** in respect of receipts without consideration or for inadequate consideration has been **further expanded to include every person** – **Section 56(2)(x)**

Property	Mode of Receipt	Amount liable to tax
Sum of money	Without consideration	Whole of the aggregate value of money received
Immovable property	Without consideration	Stamp duty value of immovable property
Immovable property	For a consideration less than stamp duty value by Rs. 50,000	Stamp duty value of immovable property in excess of the consideration
Movable property	Without consideration	Whole of the aggregate of fair market value (as per prescribed method) of movable property
Movable property	For a consideration less than fair market value (as per prescribed method) by Rs. 50,000	Aggregate fair market value (as per prescribed method) of movable property in excess of the consideration

Finance Act, 2018 amends Section 56(2)(x)

- **New Conditions u/s 56(2)(x):**
 - a) an **immovable property** is received for a consideration;
 - b) the **stamp duty value of the property exceeds the declared consideration;**
 - c) the **difference** between stamp duty value and declared consideration is **more than higher of the following amounts:**
 - 1) Rs. 50,000;
 - 2) 5% of the declared consideration

If all the aforesaid conditions are fulfilled, **the difference between the stamp duty value and the declared consideration shall be regarded as income of the recipient**

Illustration

Particulars	Case I	Case II
A. Declared consideration	200	200
B. Stamp duty value	220	208
C. Stamp duty value as a percentage of declared consideration $[(B/A) \times 100]$	110	104
D. Whether stamp duty value exceeds 105% of declared consideration?	Yes	No
E. Taxable Income	Rs. 20 lakhs (Rs. 220 lakhs less Rs. 200 lakhs)	Nil

Reporting Requirements

- **Property – meaning thereof:** defined to mean the following capital asset of the assessee, namely:
 - 1) immovable property being land or building or both;
 - 2) shares and securities;
 - 3) jewellery;
 - 4) archaeological collections;
 - 5) drawings;
 - 6) paintings;
 - 7) sculptures;
 - 8) any work of art; or
 - 9) Bullion
- Receipt of assets, other than these, would not be covered by the provisions of this section, and would therefore not be required to be reported.
- Stock-in-trade, not being a capital asset, is also not covered by this provision

Reporting Requirements

- **Exemption for certain receipts:** any sum of money or any property received:
 - 1) from any **relative**; or
 - 2) on the **occasion of the marriage of the individual**; or
 - 3) under a will or by way of inheritance; or
 - 4) in contemplation of death of the payer or donor, as the case may be; or
 - 5) Local authority/ Educational Institutions/ Hospital/ Trust, etc.; or
 - 6) by way of transaction not regarded as transfer u/s 47;
 - 7) from an individual by a trust created or established solely for the benefit of relative of the individual
- Obtain a certificate from the assessee regarding any such receipts

Relatives

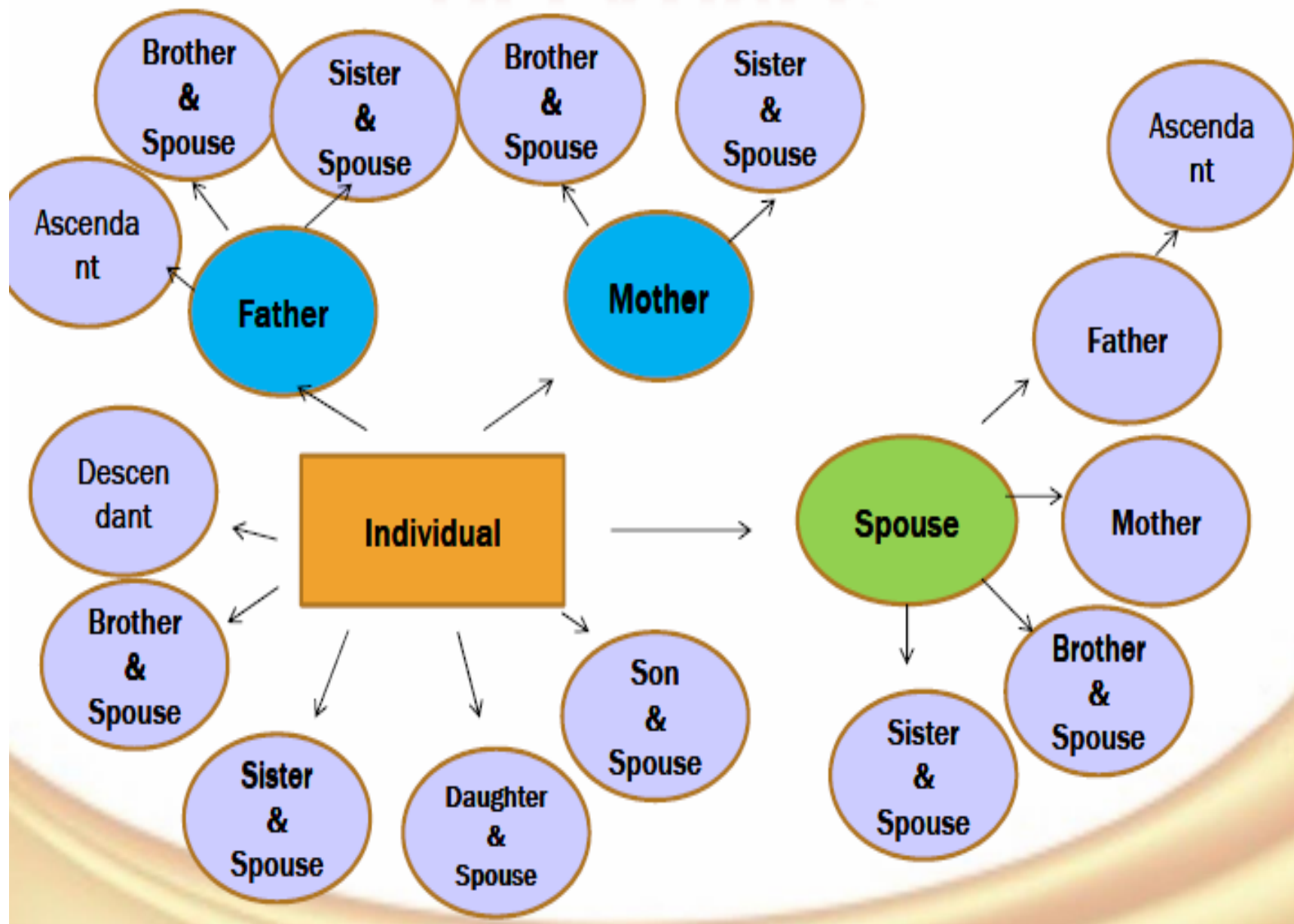
× Relative

+ In case of an individual:

- a) **Spouse;**
- b) **Brother or sister;**
- c) **Brother or sister of the spouse;**
- d) **Brother or sister of either of the parents;**
- e) **Any lineal ascendant or descendant;**
- f) **Any lineal ascendant or descendant of the spouse;**
- g) **Spouse of person referred to in (b) to (f)**

+ In case of a HUF, any member thereof

RELATIVES



Reporting Requirements

- **Date of Agreement vs. Date of Registration – in case of immovable property:** Where:
 - 1) an agreement fixing the consideration has been entered into before the date of registration, and
 - 2) at least a part of the consideration has been paid by account payee cheque or account payee bank draft or by use of electronic clearing system through a bank account,
 - 3) on or before the date of such agreement for transfer,
 - 4) the stamp duty value on the date of such agreement may be adopted.
- Where the **assessee has disputed the stamp duty value** before the stamp authorities, and such dispute is pending as on the date of finalisation of the audit, the **tax auditor should state such fact**, stating both the stamp duty value adopted by the stamp authorities as well as the stamp duty value claimed by the assessee to be the correct value in such dispute.

Question: Mrs. B receives the following gifts during the previous year 2017-2018:

	Particulars
1.	Gift of jewellery worth Rs. 55,000 from fiancée
2.	Gift of Rs. 51,000 each received from two friends on occasion of marriage
3.	Gift of Rs. 25,000 received from father's sister
4.	Gift of wrist watch worth Rs. 60,000 from a friend
5.	Acquired a vacant land from a friend. The stamp duty value of the land was Rs. 5,00,000 but the consideration paid and agreed was Rs. 3,00,000
6.	100 shares of Alpha Limited, the FMV of which was Rs. 70,000 on the date of transfer. The gift was received on the occasion of Diwali from Mr. Sundar. Mr. Sundar had originally purchased the shares on 10.8.2016 at a cost of Rs. 50,000/-. On 15.20.2018, Mrs. B sold the shares for Rs. 1,00,000
7.	Cash gift of Rs. 30,000 received from a friend on birthday

	Particulars	Amount
1.	Gift of jewellery from fiancée – being property having FMV of more than Rs. 50,000	55,000
2.	Gift received from two friends – being received on marriage	Nil
3.	Gift received from father's sister – being received from relative	Nil
4.	Gift of wrist watch worth – being not a property covered by the definition	Nil
5.	Acquired a vacant land from a friend – being immovable property for inadequate consideration – Stamp Duty Value (-) Consideration	2,00,000
6.	FMV of shares received – being moveable property received without consideration and FMV being of more than Rs. 50,000	70,000
7.	Cash gift received from a friend on birthday – being value not exceeding Rs. 50,000	Nil
	Income from Other Sources	3,25,000

	Particulars	Amount
1.	Sale Consideration	1,00,000
2.	Cost of acquisition [Deemed to be the fair market value charged to tax u/s 56(2)(x) as per section 49(4)]	(70,000)
	Short term capital gains [1 (-) 2]	30,000

CARO Connection

Para 3(xiii): Related Party Transactions

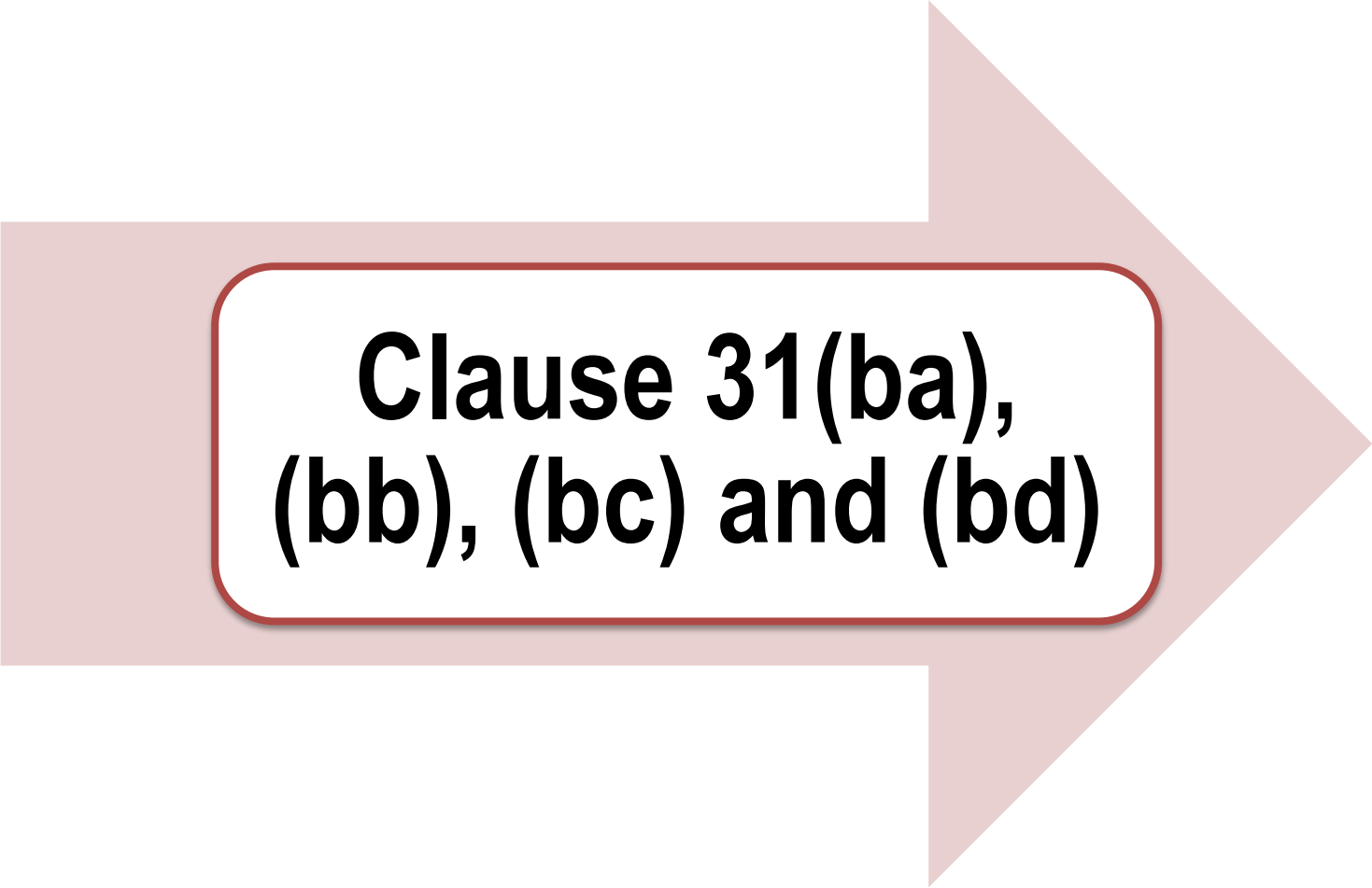
- Whether all transactions with the related parties are in compliance with section 177 and section 188 of Companies Act, 2013;
- Whether the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards

Para 3(xiv): Preferential Allotment/ Private Placements

- Coverage: Shares or fully or partly convertible debentures;
- Verify compliance of Section 42 read with Section 62 of the Companies Act, 2013;
- Amounts raised (as above) properly utilised or not

Para 3(xv): Non-cash transactions with Directors/ Connected Persons

- Verify compliance of Section 192 of the Co. Act, 2013



**Clause 31(ba),
(bb), (bc) and (bd)**

“(ba) Particulars of each receipt in an amount exceeding the limit specified in section 269ST, in aggregate from a person in a day or in respect of a single transaction or in respect of transactions relating to one event or occasion from a person, during the previous year, where such receipt is otherwise than by a cheque or bank draft or use of electronic clearing system through a bank account:-

- (i) Name, address and Permanent Account Number (if available with the assessee) of the payer;**
- (ii) Nature of transaction;**
- (iii) Amount of receipt (in Rs.);**
- (iv) Date of receipt;**

(bb) Particulars of each receipt in an amount exceeding the limit specified in section 269ST, in aggregate from a person in a day or in respect of a single transaction or in respect of transactions relating to one event or occasion from a person, received by a cheque or bank draft, not being an account payee cheque or an account payee bank draft, during the previous year:—

- (i) Name, address and Permanent Account Number (if available with the assessee) of the payer;**
- (ii) Amount of receipt (in Rs.);**

(bc) Particulars of each payment made in an amount exceeding the limit specified in section 269ST, in aggregate to a person in a day or in respect of a single transaction or in respect of transactions relating to one event or occasion to a person, otherwise than by a cheque or bank draft or use of electronic clearing system through a bank account during the previous year:-

- (i) Name, address and Permanent Account Number (if available with the assessee) of the payee;**
- (ii) Nature of transaction;**
- (iii) Amount of payment (in Rs.);**
- (iv) Date of payment;**

(bd) Particulars of each payment in an amount exceeding the limit specified in section 269ST, in aggregate to a person in a day or in respect of a single transaction or in respect of transactions relating to one event or occasion to a person, made by a cheque or bank draft, not being an account payee cheque or an account payee bank draft, during the previous year:—

- (i) Name, address and Permanent Account Number (if available with the assessee) of the payee;**
- (ii) Amount of payment (in Rs.);**

(Particulars at (ba), (bb), (bc) and (bd) need not be given in the case of receipt by or payment to a Government company a banking Company, a post office savings bank, a cooperative bank or in the case of transactions referred to in section 269SS or in the case of persons referred to in Notification No. S.O. 2065(E) dated 3rd July, 2017)”

Reporting Requirements

- Section 269ST was introduced by the Finance Act, 2017 w.e.f. 1 April 2017;
- It provides that **no person shall receive sum of Rs. 2 lakh or more:**
 - a) in **aggregate** from **a person in a day**; or
 - b) in respect of **a single transaction**; or
 - c) in respect of **transactions** relating to **one event or occasion** from **a person**otherwise than by an account payee cheque or an account payee demand draft or by use of electronic clearing system through a bank account.
- Contravention of section 269ST attracts penalty u/s 271DA.
- The new sub-clauses 31(ba), (bb), (bc) and (bd) deal with **reporting of transactions of “receipts” and “payments”** as specified u/s 269ST.

Reporting Requirements

Note: no such exception is made in respect of transactions referred to in section 269T. Hence, in case of cash of repayment of loan or deposit, the borrower (i.e. person repaying the loan) could be penalized under section 269T and the recipient (i.e. the person accepting the repayment) could be penalized under section 269ST

- **transactions** of loan or deposit or 'specified sum' **referred to in section 269SS**;
- such **persons** or class of persons or receipts, as may be **notified by CG, such as** (important ones only listed here):
 - **receipt by any person from any banking company**, post office savings bank and co-operative bank;
 - **receipt by a business correspondent** from on behalf of bank/ coop. bank as per RBI Guidelines;
 - **receipt by a company or institution issuing credit cards** against bills raised in respect of one or more credit cards;
 - **receipts u/s 10(17A)** - awards for literary, scientific or artistic work, gallantry awards, etc. given by CG/ SG

Reporting Requirements

- Note under new sub-clauses stipulates no reporting in case of a receipt by or a payment to a Government company, etc.
- Effectively, particulars are not required to be furnished of transactions to which provisions of section 269ST do not apply;
- **It may however be noted neither the section itself nor the notifications issued under the section exclude a Government company from application of the provisions of section 269ST;**
- Further, the provisions of section 269ST do not apply to any receipt by the Government. However, the note under sub-clauses 31(ba), (bb), (bc) and (bd) does not specifically refer to receipt by or payment to Government;
- Considering the provisions of the section, particulars of the payments made to the government need not be included under sub-clauses (bc) and (bd) and a suitable note may be given to the effect that details of payments made to Government have not been included in the particulars;
- **Section 269ST does not distinguish between receipt on capital account and revenue account**

Reporting Requirements

- **Questions:**

- Mr. X has got two separate contracts for a marriage function. The contracts are for catering as well as for flower decoration. Whether provisions of Section 269ST are applicable in this case.
- Mallapuram Finance Limited received EMIs in respect of a loan and the aggregate of all such instalments is more than Rs. 2 Lakhs;
- Mr. X (manufacturer of mixer grinders) purchased air conditioners from Mr. Y (having electrical appliance show room) for Rs. 5 Lakhs and Mr. Y purchased mixer grinders from Mr. X for Rs. 2.5 Lakh. The transactions are stipulated to be settled net in cash.

Such set off the is not a receipt as contemplated under section 269ST. If the amount of such set off exceeds Rs. 2 lakh, the tax auditor may give appropriate note to the effect that such set off not being a receipt or payment has not been included in the particulars given and the relevant sub-clause

Question

- X Limited provides software development services in Delhi. On 5th June 2017, it gets cash payment of Rs. 3,70,000 from Y Limited. This represents part payment of the following invoices:
 - 1) Rs. 2,10,000 for Invoice 5/2017 – Dated April 6th, 2017;
 - 2) Rs. 1,40,000 for Invoice 23/2017 – Dated May 28th, 2017;
 - 3) Rs. 20,000 for Invoice 29/2017 – Dated June 1th, 2017
- The balance payment for above invoices is received on July 20th, 2017 by RTGS. Discuss tax consequences

Recommendation

- **X Limited – tax consequences:**
 - Payment received from Y Limited on June 5, 2017 for Rs. 3,70,000 is covered by Section 269ST – penalty upto 100% can be imposed by JCIT u/s 271DA;
 - Cash consideration of Rs. 2,10,000 w.r.t. Invoice No. 5/2017 not subjected to TCS u/s 206C(1D) w.e.f. 1.4.2017;
 - X Limited will have to report cash receipt of Rs. 2,10,000 in Form 61A [SFT u/s 285BA], if it is subjected to tax audit u/s 44AB
- **Y Limited – tax consequences:**
 - Cash payment of Rs. 2,10,000 and Rs. 1,40,000 will be disallowed u/s 40A(3)

Question

- X Limited is a wedding planner. Different functions pertaining to the wedding of Y's son are arranged by X Limited. For this event, four different invoices are issued by X Limited to Y, as follows:
 - 1) Ring ceremony = Rs. 17,25,000;
 - 2) Sagan ceremony = Rs. 21,00,000;
 - 3) Marriage ceremony = Rs. 35,00,000;
 - 4) Reception = Rs. 28,00,000
- Rs. 2,10,000 (i.e. Rs. 1,95,000 for Invoice 1 paid on June 3, 2017 and Rs. 15,000 for Invoice 2 paid on June 5, 2017) is received in cash/ bearer cheque/ crossed cheque.
- The balance is received on August 19th, 2017 by RTGS (in current account of X Limited from the savings bank account of Y).
- Discuss whether provisions of Section 269ST and Section 271DA are applicable in the case.

Recommendation

- Payment pertaining to one event/ occasion (i.e. Y's son marriage) received in cash/ bearer cheque/ crossed cheque is Rs. 2,10,000 is covered by Section 269ST – penalty upto 100% can be imposed by JCIT u/s 271DA

Question

- X owns Plant A and Plant B. On April 1, 2017 the WDV as per the block of assets is Rs. 60,000);
- On June 20, 2017, he purchases Plant C for Rs. 5,25,000 (Rs. 1,95,000 paid in cash and balance paid by way of RTGS transfer). This Plant C was put to use on the same day;
- On December 1, 2017, he transfers Plant B for Rs. 5,10,000 (Rs. 2,00,000 is received in cash and balance was received by an account payee cheque);
- Plant C is also eligible for additional depreciation

Recommendation

Particulars	Before Amendment	After Amendment
WDV as on April 1, 2017	60,000	60,000
Add: Actual cost of Plant C [Note: cash payment exceeding Rs. 10,000 not considered post amendment]	5,25,000	3,30,000
Total	5,85,000	3,90,000
Less: Sale proceeds of Plant B	(5,10,000)	(5,10,000)
WDV as on March 31, 2018 and (STCG)	75,000	(1,20,000)
Normal Depreciation @15%	11,250	Nil
Additional Depreciation @20% of actual cost of Plant C	1,05,000	66,000
<p>X has received Rs. 2,00,000 in cash at the time of transfer of Plant B and hence it is covered by Section 269ST – penalty upto 100% can be imposed by JCIT u/s 271DA</p>		

Question

- Mr. G gave a loan to Mr. B for Rs. 15,000 on 1st May 2017 through account payee cheque and another Rs, 17,000 on 4th January, 2018 in cash;
- Mr. B has repaid Rs, 16,500 towards principal and interest against first loan through bearer cheque on 4th July, 2018 and Rs. 18,500 towards principal and interest against second loan through account payee draft on 25th January, 2018

Recommendation

- **First Loan of Rs. 15,000 (account payee cheque):** No violation of Section 269SS;
- **Second Loan of Rs. 17,000 (cash):** Violation of Section 269SS as already outstanding loan of Rs. 15,000 and another cash loan of Rs. 17,000 would make aggregate amount of loan to Rs. 32,000, which will exceed the limit of Rs. 20,000 – Penalty u/s 271D is attracted which is equal to the amount taken;
- **First repayment of loan of Rs. 16,500:** Violation of Section 269T as the aggregate loan amount outstanding including interest on 4.7.2018 exceeds Rs. 20,000 – Penalty u/s 271E is attracted which is equal to amount repaid for Rs. 16,500;
- **Second repayment of loan of Rs. 18,500:** No violation as the on the date of second repayment i.e. 25.1.2018 – neither the aggregate of loan and interest nor the repayment exceeds Rs. 20,000

Question

- An assessee had credited a sum of Rs. 50,000 in cash in the account of Mr. M, asserting that such amount represents a loan obtained from him;
- The AO having gone into the genuineness of the transaction, disbelieved the story of loan and treated the sum of Rs. 50,000 as the income of the assessee from the undisclosed sources;
- He also started proceedings u/s 271D and levied a penalty of Rs. 60,000 on the assessee for having accepted the loan in contravention of Section 269SS;
- Examine the validity of actions taken by the AO

TCS on Motor Vehicle u/s 206C and Implications u/s 269ST

Sale Amount	In Cash	By A/c Payee Cheque	TCS [Cir. 23/2016]	Remarks
20	9	11	1% of Rs. 20	Sale amount > Rs. 10 Lakhs – S. 206C(1F) – on full consideration
11	6	5	1% of Rs. 11	-Do-
8	8	-	Nil	S. 206C(1F) – N.A.; S. 206C(1D) – omitted

Illustrations

- 1) Mr. X received Rs. 2,51,000 from his grand father in cash on the occasion of his marriage – Section 269ST applicable;
- 2) "A" sells in cash to "B" product "C" for Rs. 1.0 lakh and subsequently, during the same day or another day sells in cash product "D" for Rs.1.5 lakhs. The aggregate of receipts from "B" on a single day against both transactions cannot exceed Rs. 2 lakhs;
- 3) "A" has sold goods worth Rs. 2.5 lakhs to "B" who has paid in cash in April 2017 for Rs. 1 Lakh and in May 2017 for Rs. 0.5 Lakhs. If subsequently "B" approaches "A" for making further payment in cash, "A" cannot accept any amount in excess of Rs. 49,999;
- 4) "A" has sold goods of Rs. 2.5 lakhs to "B" in March, 2017 against which "B" has not made any payment till 31-3-2017. It appears that this transaction is covered by section 269ST and "A" cannot receive Rs. 2 lakhs or more by impermissible modes.

Reporting Requirements

- The tax auditor will have to **classify the receipt or the payment**, as the case may be, as under:
 - **otherwise than by the cheque** or bank draft or use of electronic clearing system through a bank account;
 - **by cheque** or bank draft **not being an account payee** cheque or an account payee bank draft
- **While section 269ST deals only with receipts exceeding Rs. 2 lakh or more otherwise than by the specified modes, sub-clauses 31(ba), (bb), (bc) and (bd) require details to be furnished of both of receipts and payments;**

Clause 31(ba)	Clause 31(bb)	Clause 31(bc)	Clause 31(bd)
Receipts otherwise than Banking Channels	Receipts otherwise than account payee banking instruments	Payments otherwise than Banking Channels	Payments otherwise than account payee banking instruments

Reporting Requirements

- **Practical difficulty in verifying account payee instruments under Clause 31(bb) and Clause 31(bd):**
- *“It is not possible for me/us to verify whether the receipts/payments have been accepted/made otherwise than by an account payee cheque or an account payee bank draft, as necessary evidence is not in the position of the assessee”.*

Working Papers under Clause 31(ba) and (bb)

S. N.	Name of the payer	Address of the payer	PAN of the payer, if available	Date of receipt	Amount of receipt	Mode of payment		Transaction /Document/ Event reference
						Whether other-wise than by cheque, bank draft or electronic mode	Whether other-wise than by account payee cheque, account payee bank draft	

Working Papers under Clause 31(bc) and (bd)

S. N.	Name of the payee	Address of the payee	PAN of the payee, if available	Date of receipt	Amount of receipt	Mode of payment		Transaction /Document/ Event reference
						Whether other-wise than by cheque, bank draft or electronic mode	Whether other-wise than by account payee cheque, account payee bank draft	

CARO Connection

Para 3(v) : Deposits

- Compliance with RBI Directives, Sec 73 to Sec 76 - Examination of System;
- Order if any issued by NCLT/ CLB/ RBI whether complied with

CARO vis-à-vis Section 189 Parties

Para 3(iii) [(a) – (c)] : Loans (secured/ unsecured/ long term/ short term) Granted

- Number of parties [Co., Firms, LLPs or other parties] covered u/s 189 register and amount involved
- Terms and conditions are prejudicial
- Receipt of principal and interest – whether regular
- Reasonable steps taken to recover in case overdue amount for > 90 days

CARO vis-à-vis Section 185 and Section 186

Para 3(iv): Compliance of Section 185 and Section 186

- **In respect of:**

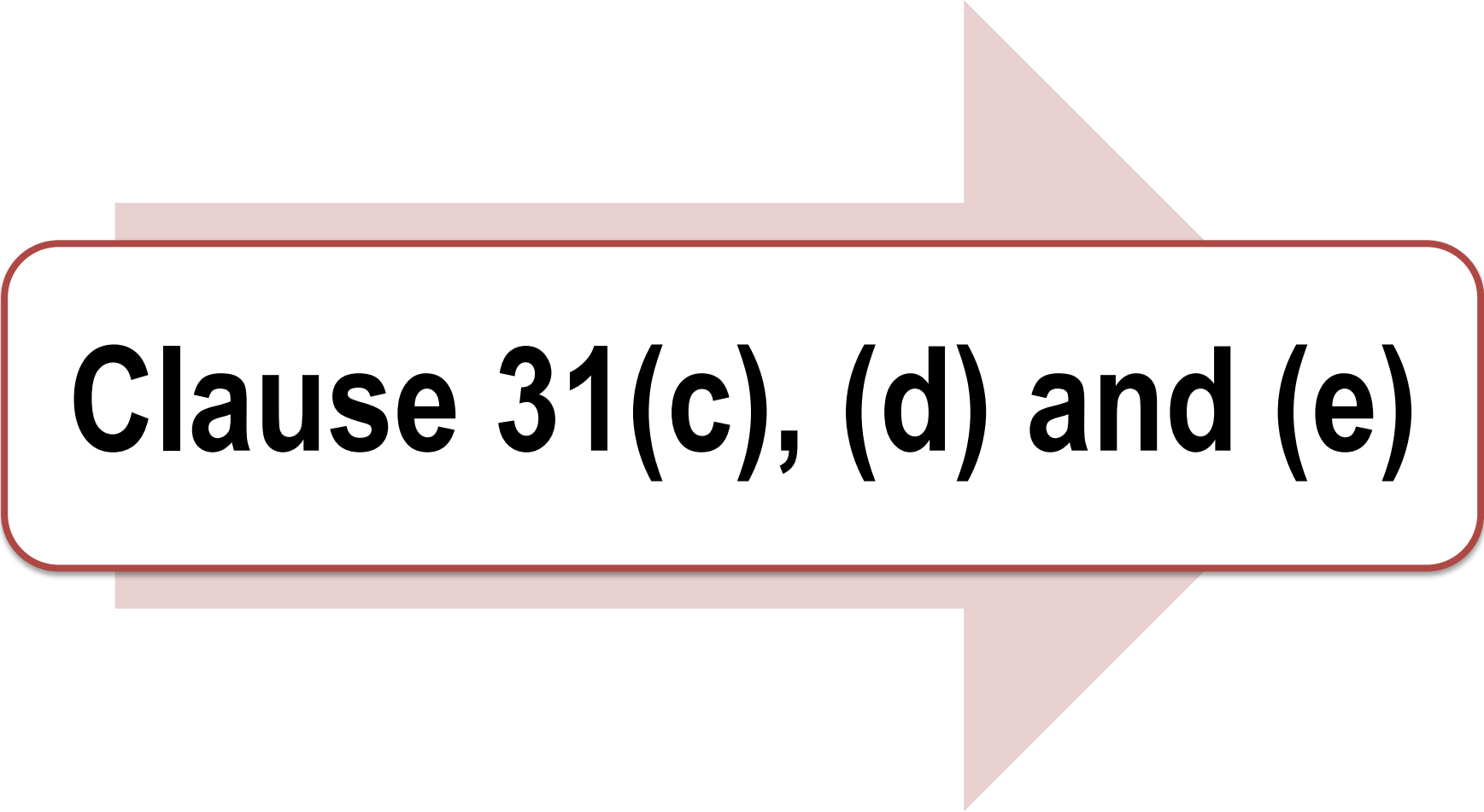
- loans,**
- investments,**
- guarantees, and**
- security**

whether provisions of section 185 and 186 of the Companies Act, 2013 have been complied with

Significant Matters

Para 3(xiii): Related Party Transactions

- Whether all transactions with the related parties are in compliance with section 177 and section 188 of Companies Act, 2013;
- Whether the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards



Clause 31(c), (d) and (e)

Amendment to clause no. 31(c),(d),(e):

- (B) in item (c), in sub-item (v), for the words “taken or accepted”, the word “repaid” shall be substituted;
- (C) in item (d), in sub-item (ii), after the words “amount of”, the words “repayment of” shall be inserted;
- (D) in item (e), in sub-item (ii), after the words, “amount of”, the words “repayment of” shall be inserted;

- **Clause 31 was substituted by IT (Eighteenth Amendment) Rules, 2017 w.e.f. 19 July 2017. Inadvertently in sub-clauses 31(c), (d) and (e) there were certain errors which have now been rectified.**

- (c) Particulars of each repayment of loan or deposit or any specified advance in an amount exceeding the limit specified in section 269T made during the previous year:—
- (i) name, address and Permanent Account Number (if available with the assessee) of the payee;
 - (ii) amount of the repayment;
 - (iii) maximum amount outstanding in the account at any time during the previous year;
 - (iv) whether the repayment was made by cheque or bank draft or use of electronic clearing system through a bank account;
 - (v) in case the repayment was made by cheque or bank draft, whether the same was *repaid* by an account payee cheque or an account payee bank draft.

(d) Particulars of repayment of loan or deposit or any specified advance in an amount exceeding the limit specified in section 269T received otherwise than by a cheque or bank draft or use of electronic clearing system through a bank account during the previous year:—

(i) name, address and Permanent Account Number (if available with the assessee) of the lender, or depositor or person from whom specified advance is received;

(ii) *repayment of loan or deposit or any specified advance received otherwise than by a cheque or bank draft or use of electronic clearing system through a bank account during the previous year.*

(e) Particulars of repayment of loan or deposit or any specified advance in an amount exceeding the limit specified in section 269T received by a cheque or bank draft which is not an account payee cheque or account payee bank draft during the previous year:—

- (i) name, address and Permanent Account Number (if available with the assessee) of the lender, or depositor or person from whom specified advance is received;**
- (ii) *repayment of loan or deposit or any specified advance received by a cheque or a bank draft which is not an account payee cheque or account payee bank draft during the previous year.***

(Particulars at (c), (d) and (e) need not be given in the case of a repayment of any loan or deposit or any specified advance taken or accepted from the Government, Government company, banking company or a corporation established by the Central, State or Provincial Act).



Clause 34(b)

“(b) whether the assessee is required to furnish the statement of tax deducted or tax collected. If yes, please furnish the details:

<i>Tax deduction and collection Account Number (TAN)</i>	<i>Type of Form</i>	<i>Due date for furnishing</i>	<i>Date of furnishing,</i>	<i>Whether the statement of tax deducted or collected contains information about all details/transactions which are required to be reported. If not, please furnish list of details/transactions which are not reported</i>

Reporting Requirements

- **Before its substitution**, the clause required the tax auditor to furnish information **whether the assessee had furnished the statement** of TDS and TCS within the prescribed time;
- **The reporting requirement under the old sub-clause arose only where the assessee had:**
 - either not furnished; or
 - furnished the statement of TDS or TCS after the expiry of the prescribed time;
- **After its substitution**, the clause requires the tax auditor to furnish a list of details/transactions which are not reported in the statement of TDS and TCS – **the reporting requirement is notwithstanding the fact that the assessee has furnished the statements** of TDS and TCS within the prescribed time;

Reporting Requirements

- Thus, the tax auditor will have to **identify the transactions** in respect of which tax was required to be deducted at source or collected at source and **verify whether these transactions have been appropriately reported** in the relevant form of the statement of tax deducted at source or tax collected at source;
- Wherever there is **failure to report the transaction in the statement of TDS or TCS**, the tax auditor will have to report the same;
- **There may be occasions when the tax auditor may not agree with the interpretation/view taken by the auditee** – then the tax auditor may report about the views as observation in clause (3) of Form No. 3CA or clause (5) of Form No. 3CB, as the case may be – **Opinion Paragraph**.



Clause 36A

36A. (a) Whether the assessee has received any amount in the nature of dividend as referred to in sub-clause (e) of clause (22) of section 2? (Yes/No)

(b) If yes, please furnish the following details:-

(i) Amount received (in Rs.):

(ii) Date of receipt:

Reporting Requirements

- **Main conditions under the provisions of the Section 2(22)(e):**
 - Payment should be by a **'closely held company'**;
 - Payment should be by way of **advance or loan** or the payment should be **on behalf, or for the individual benefit, of the shareholder**;
 - The shareholder must be a person who is the beneficial owner of **shares holding not less than 10% of the voting power** – **Note: shareholding of his relatives is not required to be considered**;
 - **Payment** by way of advance or loan should be **to the shareholder or any concern** in which the shareholder is a member or a partner and **in which he has substantial interest**;
 - The company making the payment should have **accumulated profits**. The amount of dividend is restricted to the extent to which the company possesses accumulated profits

Reporting Requirements

- Explanation 3 defines the term '**concern**' to include a Hindu undivided family, or a firm or an association of persons or a body of individuals or a company;
- A person is deemed to have a **substantial interest in a concern (other than or company)** if he is, at any time during the previous year, beneficially entitled to not less than **20% of the income of such concern**;
- Section 2(32) defines the term 'person who has **substantial interest in the company**' to mean a person who is the **beneficial owner of shares** (not being shares entitled to fixed rate of dividend) carrying not less than **20% of the voting power**;
- It may be noted that even if the loan or advance is made by the closely held company to the concern, it is chargeable to tax in the hands of the shareholder and not in the hands of the concern – *SC in the case of CIT v Madhur Housing & Development Co.*

Reporting Requirements

- **Written representations:** The tax auditor should obtain from the assessee:
 - certificate containing list of closely held companies in which he is beneficial owner of shares;
 - certificate containing list of concerns in which he has substantial interest;
 - certificate giving particulars of any loans or advances received by any concern in which he has substantial interest from any such closely held company
- **Practical difficulties:** These certificates are necessary since the tax auditor may not be able to verify the above from the books of account of the assessee. The tax auditor should include appropriate remarks of his inability to independently verify the information and reliance on the certificates obtained from the assessee. These remarks may be included in clause (3) of Form No. 3CA or clause (5) of Form 3CB, as the case may be

Reporting Requirements

- The tax auditor should also **verify Form 26AS** to know TDS from any payment made by it to the assessee or the concern u/s 194. The **tax auditor may consider the same before coming to a conclusion**;
- Under the provisions of section 2(22), **dividend does not include any advance or loan** made to a shareholder or the concern by a company **in the ordinary course of its business**, where the **lending of money is a substantial part of the business** of the Co.;
- The **accumulated profits** have to be determined **as on the date of the payment**;
- If at any time **earlier any amount has been taxed** under any of the clauses of section 2(22), the **accumulated profits will have to be reduced** by the amount so taxed;
- There may be **business transactions** between the closely held company and the concerns in which the assessee has substantial interest - **trade advances** may arise – **Section 2(22)(e) not applicable – CBDT Circular 19/ 2017, Dated 12th June 2017**

Balance Sheet of 'X' (P) Limited

Particulars	Amount
Equity Share Capital	2,00,000
Reserves and Surplus	6,50,000
Cash	8,25,000
P & L (Dr.)	25,000

On 1.4.2017, 'X' (P) Limited gives a loan of Rs. 2,00,000 to Mr. S holding 11% voting power. On 2.4.2017, Mr. S repays the loan to the company

On 31.7.2017, 'X' (P) Limited gives a loan of Rs. 2,00,000 to a firm in which Mr. Z is a partner and holds substantial interest. He also holds 20% voting power in the company on the date of loan

On 30.9.2017, 'X' (P) Limited gives a loan of Rs. 3,00,000 to its supervisor having a salary of Rs. 4,000 p.m., who in turn advanced the said amount of loan to Mr. P, who holds 70% of the paid up capital of 'X' (P) Limited

Accumulated Profits [6,50,000 (-) 25,000]	6,25,000
Loan given to Mr. S on 1.4.2017:	
For Company 'X' (P) Limited	In the hands of Mr. S
Accumulated Profits = 6,25,000 (-) 2,00,000 = Rs. 4,25,000	Loan of Rs. 2,00,000 – taxable u/s 2(22)(e)
Loan given to firm in which Mr. Z has substantial interest on 31.7.2017:	
For Company 'X' (P) Limited	In the hands of Mr. Z
Accumulated Profits = 4,25,000 (-) 2,00,000 = Rs. 2,25,000	Loan of Rs. 2,00,000 – taxable u/s 2(22)(e)
Loan given to Mr. P via supervisor on 30.9.2017:	
For Company 'X' (P) Limited	In the hands of Mr. P
Accumulated Profits = 2,25,000 (-) 2,25,000 = Rs. Nil	Loan of Rs. 2,25,000 – taxable u/s 2(22)(e) but to the extent of available accumulated profits – <i>L</i> <i>Alagusundaram Chettair vs. CIT</i> <i>(2001) (SC)</i>]

CARO vis-à-vis Section 189 Parties

Para 3(iii) [(a) – (c)] : Loans (secured/ unsecured/ long term/ short term) Granted

- Number of parties [Co., Firms, LLPs or other parties] covered u/s 189 register and amount involved
- Terms and conditions are prejudicial
- Receipt of principal and interest – whether regular
- Reasonable steps taken to recover in case overdue amount for > 90 days

CARO vis-à-vis Section 185 and Section 186

Para 3(iv): Compliance of Section 185 and Section 186

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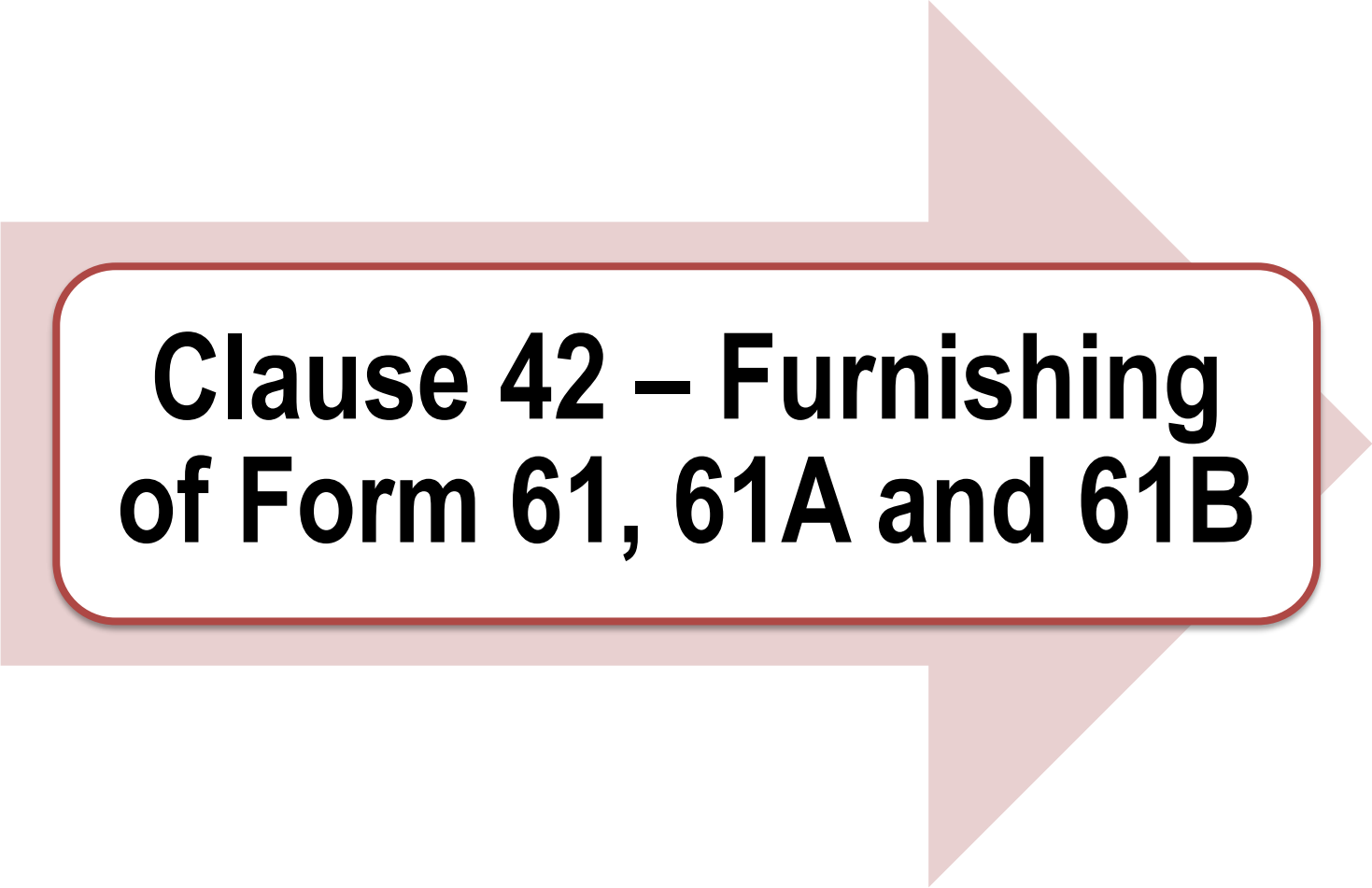
- loans,**
- investments,**
- guarantees, and**
- security**

whether provisions of section 185 and 186 of the Companies Act, 2013 have been complied with

CARO vis-à-vis Related Parties

Para 3(xiii): Related Party Transactions

- **Whether all transactions with the related parties are in compliance with section 177 and section 188 of Companies Act, 2013;**
- **Whether the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards**



**Clause 42 – Furnishing
of Form 61, 61A and 61B**

42. (a) Whether the assessee is required to furnish statement in Form No.61 or Form No. 61A or Form No. 61B? (Yes/No)

(b) If yes, please furnish:

Income-tax Department Reporting Entity Identification Number	Type of Form	Due date for furnishing	Date of furnishing, if furnished	Whether the Form contains information about all details/ transactions which are required to be reported. If not, please furnish list of the details/transactions which are not reported.

Provisions

**Section
139A(5)(c)**

- **Quoting of PAN**

Section 285BA

- **Statement of Specified
Financial Transactions [SFT]**

**Section 271FA/
271FAA/ 272B**

- **Penalties**

Provisions

Rule 114B

- Transactions in which PAN is to be quoted

Rule 114C

- Verification of PAN

Rule 114D

- Furnishing of Form 60

Rule 114E

- Furnishing of Statement of Financial Transaction (AIR)

Rule 114F to Rule 114H

- Furnishing of Statement of Reportable Account

Provisions

Form 60

- Declaration from persons who do not have PAN

Form 61

- Statement containing particulars of declaration received in Form No. 60

Form 61A

- Statement of Specified Financial Transactions (AIR)

Form 61B

- Furnishing of Statement of Reportable Account

PAN Quoting w.e.f. 1st January, 2016

S. No.	Nature of Transaction	Value of Transaction
1	Sale / Purchase of Motor Vehicle or Vehicle other than 2 Wheeler	All
2	Opening an Bank A/c other than time-deposit referred to at Sl. No.12 and Basic Savings Bank Deposit A/c	All
3	Application for Debit / Credit Card	All
4	Opening of Demat A/c	All
5	Payment to Hotel / Restaurant at any one time (earlier 25K)	Cash > 50000/-

PAN Quoting w.e.f. 1st January, 2016

S. No.	Nature of Transaction	Value of Transaction
6	Payment for Foreign Travel or foreign currency at 1 time (earlier 25K)	Cash > 50000/-
7	Payment to MF for purchase of Units	> 50000/-
8	Payment to Co. or Institution for Debentures / Bonds issued by it	> 50000/-
9	Payment to RBI for Bonds issued by it	> 50000/-
10	Cash Deposit with Bank in any 1 day	> 50000/-
11	Bank Draft / Pay Order / Banker Cheque during one day	Cash > 50000/-

PAN Quoting w.e.f. 1st January, 2016

S. No.	Nature of Transaction	Value of Transaction
12	Time Deposit with 1. Bank, 2. Post Office, 3. Nidhi Co. 4. NBFC	50000/- each transaction or 5 Lacs in aggregate during FY
13	Payment for 1 or more Prepaid Payment Instruments like smart card; magnetic stripe cards; internet a/c; online wallets; mobile a/c; mobile wallets; paper voucher; mass transit system; other	Cash / draft / PO / banker cheque aggregating > 50000/- in FY

PAN Quoting w.e.f. 1st January, 2016

S. No.	Nature of Transaction	Value of Transaction
14	Life Insurance Premium	Aggregating > 50000/- in FY
15	Sale / Purchase of Securities other than Shares per transaction	> 1 Lac
16	Sale / Purchase of unlisted shares per transaction (verification by Co) [E - 50k for issue of shares all Cos]	> 1 Lac
17	Sale / Purchase of Immovable Property (earlier 5 L)	> 10 Lacs Tran. value or 50C value
18	Sale / purchase of goods / services (earlier 5 L for bullion or jewellery dealer only)	> 2 Lacs per transaction

PAN Quoting w.e.f. 1st January, 2016

- **Concerned person to verify PAN** & mention in all documents/ invoice/ applications;
- **If no PAN** – take Form 60;
- **If Minor** – PAN of Father/ Mother/ Guardian;
- **If PAN is applied** – application number to be filled;
- **If PAN not applied as income is below taxable limits** – give estimate of total income;
- **If estimated total income exceeds taxable limits** – Form 60 cannot be accepted unless PAN applied for acknowledgement number is not mentioned;
- **Proof of Identity and address** to be furnished with Form 60;

PAN Quoting – when not required

✘ **CG / SG / Consular Offices**

✘ **Non-Residents for all except:**

+ **Application for Debit and Credit Card**

+ **Payment to a hotel or restaurant against a bill**

+ **Payment for foreign travel or foreign currency**

+ **Payment to RBI for acquiring bonds**

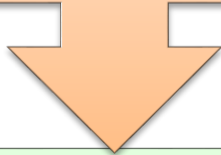
+ **Purchase of DD / PO / Bankers cheque**

+ **Payment for prepaid instruments**

+ **Sale/purchase of goods/services exceeding Rs. 2L**

Filing detail of Form 60 – Form 61


Everyone is not required to file statement in Form 61 with department for PAN collection;



Only those **persons who do not take PAN, but take Form 60 have to file Form 61 on half yearly basis:**

Received upto 30th September –
31st October

Received upto 31st March –
30th April



Retain Form 60 for 6 years from end of the FY in which the transaction was undertaken (earlier Form 60 were also to be filed)

Specified Financial Transactions – SFT w.e.f. 1 April, 2016

S. No.	Nature & Value of Transaction	Reporting Person
1(a)	Cash for purchase of bank drafts / pay orders / banker's cheque of aggregate \geq Rs. 10 Lacs in a FY.	Banks
1(b)	Cash for purchase of pre-paid instruments by RBI aggregate \geq Rs. 10 Lacs in a FY. [E- 5L bonds all modes]	Banks
1(c)	Cash deposits / withdrawals (including bearer's cheque) aggregating $>$ Rs. 50 Lacs in a FY from 1 or more current account of a person.	Banks

Specified Financial Transactions – SFT

w.e.f. 1 April, 2016

S. No	Nature & Value of Transaction	Reporting Person
2	Cash deposits agg. \geq Rs. 10 Lacs in a FY, in 1 or more a/cs (other than current a/c & time deposit) [E- saving A/c]	Banks P.O.
3	One or more time deposits (other than renewals) of a person aggregating \geq Rs. 10 Lacs in a FY of a person.	Banks P.O. ; Nidhi NBFC
4	Payments aggregating to- (i) \geq Rs. 1 Lac in cash ; or (ii) \geq Rs. 10 Lacs by any other mode, one or more credit cards in a FY [E – 2L]	Banks issuing Credit Cards

Specified Financial Transactions – SFT w.e.f. 1 April, 2016

S. No.	Nature & Value of Transaction	Reporting Person
5	Receipt from a person aggregating \geq Rs. 10 Lacs in a FY for acquiring bonds or debentures issued by Co. or institution (other than renewals) [E- 5L]	Company Institution
6	Receipt from a person aggregating \geq Rs. 10 Lacs in a FY for acquiring shares (including share application money) issued by co. [E- Pub / Rght 1L]	Company
7	Buy back of shares from a person (other than bought in open market) for aggregating \geq Rs. 10 Lacs in a FY	Listed Co.

Specified Financial Transactions – SFT w.e.f. 1 April, 2016

S. No.	Nature & Value of Transaction	Reporting Person
8	≥ Rs. 10 Lacs in a FY for acquiring units of 1 or more schemes of a MF (except switching) [E- 2L]	MF
9	Sale of foreign currency including through debit /credit card or traveller chq. or draft etc agg. ≥ Rs. 10 L in a FY	Authorised Dealer
10	Purchase or sale of immovable property value > Rs. 30 L or valued u/s 50C	Registrar

Specified Financial Transactions – SFT

w.e.f. 1 April, 2016

Exceeding
Rs. 2 Lakhs

S. No.	Nature & Value	Reporting Person
11	Receipt of cash payment Rs. 2 Lacs for sale, by any person, of goods or services of any nature (other than above mentioned items).	If liable to Tax Audit u/s 44AB
12	Cash Deposit from 9.11.16 to 30.12.16 aggregating: <ul style="list-style-type: none"> • ≥ 12.50 Lacs in 1 or more Current account of a person • ≥ 2.50 Lacs in other than current account 	Bank / PO (inserted by 15.11.16)
13	Cash Deposited from 1.4.16 to 9.11.16 in respect of accounts reportable under S. No. 12	Bank / PO (Inserted by 6.1.17)

Questions:

Question 1: A Pvt. Ltd. issues following invoices:

- 1) 1.4.17 – Rs. 1 Lakh
- 2) 1.5.17 – Rs. 1.50 Lakhs
- 3) 2.6.17 – Rs. 1 Lakh

It receives Rs. 3.50 Lakhs in cash on 15.6.17. Is this a reportable SFT.

Question 2: M/s ABC issues an invoice of Rs. 3 Lakhs. It Receives Rs. 1.50 Lakhs by Cheque and balance by Cash. Is it reportable SFT.

Question 3: XYZ Pvt. Ltd. issues following invoices:

- 1) 1.7.17 – Rs. 2.50 Lakh
- 2) 1.8.17 – Rs. 1.50 Lakhs

It receives amounts in cash as under:

- 1) Rs. 1.50 Lakh on 15.6.17.
- 2) Rs. 1.50 Lakh on 16.8.17
- 3) Rs. 1.00 Lakh on 10.9.17

Is this a reportable SFT? If yes on which amount

SFT Reporting Compliance

- **CBDT vide Notification No. 91/2016 dated 6th October, 2016** has amended Sub-Rule 3 of Rule 114E clearly indicating that the said transactions at **S. No. 11 do not require aggregation** and the reporting requirement under SFT for this purpose is on receipt of cash payment **exceeding Rs. 2 Lakh for sale of goods or services per transaction**;
- **Report annually by 31st May** in Form 61A;
- For 12th item before 31st January 2017 – Demonetisation Period;
- **Nil** Form 61A **not required** to be filed

Thank You

For any queries write to cakamalgarg@gmail.com

Or contact at 9811054015