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# Section 269SS
# Mode of taking or accepting certain loans and deposits

## Section 269SS provides that

- No person shall accept any loan of **Rs. 20,000 or more**
- from any other person
- **EXCEPT** by account payee cheque or account payee bank draft.

This requirement **also applies in cases where**

- on the date of taking or accepting a loan or deposit from a person,
- any earlier loan or deposit taken or accepted from the same person and remaining unpaid on that date, and further
- if the aggregate amount of such earlier loan or deposit and
- amount of loan or deposit proposed to be taken or accepted from that person
- is **Rs. 20,000 or more EXCEPT** by account payee cheque or account payee bank draft.

**The requirement will not however, apply** to loan or deposit taken or accepted from, or any loan or deposit taken from or accepted by;

- Government,
- any banking company,
- post office saving bank or
- any cooperative bank,
- any corporation established by a Central, State or Provincial Act: or
- any Government company as defined in section 617 of the Companies Act, 1956.

**This requirement will not apply** to those cases

- Where the persons involved in the transaction derive income **only from agriculture** or
- Where **neither of them** has any income chargeable to tax under the Act.

The expression "loan or deposit" in this section will mean any **LOAN OR DEPOSIT OF MONEY.**

**Section 271D provides for penalty for failure to comply with the provisions of section 269SS**;

- If a person takes or accepts any loan or deposit in contravention of the provisions of section 269SS, he shall be liable to pay, by way of penalty, a sum of equal to the amount of the loan or deposit taken or accepted.
- Such penalty shall be imposed by the Joint Commissioner.

# Section 269T
# Mode of repayment of certain deposits

## Section 269T provides that;

- **NO branch of the banking company or a co-operative bank** or any other company or co-operative society or a firm or other person,
- **SHALL** repay any loan or deposit made with it
- **OTHERWISE** than by account payee cheque or account payee bank draft,
- **DRAWN** in the name of the person who has made the loan or deposit
- **IF** the amount of loan or deposit together with interest, if any, payable thereon or the aggregate amount of such loans or deposits
- **HELD BY** such person with the branch or the banking company or cooperative bank or as the case may be, the other company or cooperative society or the firm, or any other person
- **EITHER**-in his own name or jointly with any other person on the date of such repayment, together with the interest if any payable on such loan or deposit
- **IS Rs. 20,000 or more**.

However, the provisions of **this section shall not apply** in case of **REPAYMENT** of any loan or deposit taken or accepted from;

- Government;
- any banking company,
- post office savings bank or
- co-operative bank;
- any corporation established by a Central, State or Provincial Act;
- any Government company as defined in section 617 of the Companies Act, 1956;

## ‘Loan or Deposit’ means

- Any loan or deposit of money which is repayable after notice or repayable after a period.

## New section 285

## Non-resident having liaison office required to submit statement in prescribed form to the Assessing Officer

- A non-resident can operate in India **through a branch or a liaison office** set up after getting the approval of the Reserve Bank of India.
- Since the **branch constitutes a permanent establishment** of the non-resident, **it has to file its return of income.**
- However, there is **no such requirement as regards a liaison office** since no business activity is allowed to be carried out in India via a liaison office of a non-resident.
- **With effect from 1.6.2011**, such a non-resident would be required to file a statement in the prescribed form to the Assessing Officer having jurisdiction, **within 60 days from the end of the financial year**, providing the **details in respect of activities carried out by the liaison office in India during the financial year**.
- This requirement has to be complied with by every person, being a non-resident having a liaison office in India.
- Since the provision has been made effective from 01.06.2011, the requirement to file such statements would arise for financial year 2011-12 and thereafter and ***the statement of a particular financial year should be filed on or before 30th May***, **of the succeeding financial year**.
- For example, the statement for F.Y. 2011-12 should be filed on or before 30$^{th}$May, 2012.