FAQ on Cash Receipt of Rs.2 Lakh or More w.e.f 01.04.2017 (Section 269ST)

SL No.	Question	Answer
1.	From which date this section is applicable?	This section applies from 01/04/2017 (F.Y.2017-18 onwards)
2.	What are the provisions of Section 269ST?	Finance Bill 2017 proposed to insert section 269ST in the Income Tax Act to provide that no person shall receive an amount of **Two lakh** rupees or more,— **(a)** in aggregate from a person in a day; **(b)** in respect of a single transaction; or **(c)** in respect of transactions relating to one event or occasion from a person, other-wise than by an account payee cheque or account payee bank draft or use of electronic clearing system through a bank account.
EXAMPLES OF TRANSACTIONS COVERED IN (a), (b) & (c) above		
3.	(a) in aggregate from a person in a day	E.g. if a person receives Rs.2.25 lakhs in cash for 2 different bills of Rs.1 lakh and 1.25 lakh, then also penalty is levied
	(b) in respect of single transaction	E.g. if there is single bill of Rs.3.10 Lakh and cash is received on different days of Rs.1.6 lakh and Rs.1.5 lakh, then also penalty is levied.
	(c) in respect of transactions relating to one event or occasion from a person	E.g. if marriage is one occasion and a person receives amount of Rs.3,00,000/-. Thus penalty is levied of 100% of amount received.
	(d) withdrawal of amount from own bank account	E.g. if a person withdraws in a day amount of Rs.2 lakhs or above, then penalty is levied.
	To whom does Section 269 ST applies?	To any person **receiving** cash above Rs.2 lakh.
	For which transactions is Section 269ST not applicable? For who is trading in Agriculture Items, I,e. Paddy, Maize, etc.	Restriction on cash receipt of Rs.2 Lakh or more w.e.f 01.04.2017 shall not apply to ➢ Government, any banking company, post office savings bank or co-operative bank. ➢ Transactions of the nature referred to in section 269SS; I,e. where the depositor and the acceptor are both Having, agricultural income and neither of them have any taxable income. :- Framer can received more than 2 Lakh, But how a Business man paid because " if a person withdraws in a day amount of Rs.2 lakhs or above, then penalty is levied".

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		➢ Such other persons or class of persons or receipts, as may be specified by the Central Government by notification in the Official Gazette.
	Whether penalty is applicable for regular receipts only?	Any type of amount of Rs.2 Lakh or above received in cash whether capital or revenue in nature.
	Whether exempt income is covered under Section 269ST?	Both **taxable and exempt** incomes are covered in Section 269ST.
	If the amount is received for **personal purpose**, whether 269ST is applicable?	Irrespective of purpose of accepting amount i.e., whether business purpose or personal purpose or as a trustee, custodian etc. section 269ST is applicable.
	What is the Penalty for Contravention of Section 269ST?	100% penalty on receiver of amount.

Important Cash Transaction Provisions wef 01/04/2017

1. Any donation above Rs. 2,000/- in cash will not be eligible for tax deduction under Sec 80G of the income tax act. Earlier this limit was of Rs. 20,000/-.

2. Any expense of above Rs. 10,000/- done in cash will be disallowed. Earlier, this limit was of Rs. 20,000/-.

3. From 1st April onwards, Cash payments of above Rs. 10,000/- done for purchase of capital asset will be disallowed. I.e. they cannot be added in the cost of asset for Income Tax purposes hence, depreciation cannot be claimed on same for Lorry cash payment limit is Rs.35000.

4. Nobody can receive an amount more than Rs.2 Lakh or more by cash (269ST).In aggregate from a person in a single day or Single transaction or transaction relating to one event or occasion Penalty is equal to amount of receipt.

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