TIT BITS on Income Tax F.Y 2017-18 on Cash Transactions:

1. *As per the Rule 6 DD of the Income Tax and in Preview of the Budget-2017, explains any Amount PAID IN CASH Exceeding 10,000/- (Brought Down from 20,000/-) in General Cases and for Transporters payment Rs.35, 000/-(Remains the same) and above will be disallowed as per Section 40(a) (3) as per Income tax Act 1961.*

   EXCEPTION TO THE ABOVE WOULD BE:

   - *Rule 6DD (a) – Payment made to Banks like Deposits Etc and LIC.*
   - *Rule 6DD (b) - Payment Made to Government.*
   - *Rule 6DD(c) – Payment Made towards negotiable Instruments (Cheque, DD Etc) and Credit and Debit Cards.*
   - *Rule 6DD (d) - Payment made towards adjustment of Liability incurred by payee for any goods supplied.*
   - *6DD (e) – Where payment made for the Purchase "Restricted" only to Agriculture, Animal Husbandry, Fish and Horticulture.*
   - *Rule 6DD (f) – Payment made to Cottage Industry without aid of Power.(Support from Government).*
   - *Rule 6DD(g) – Payment made where there is No bank services (Transactions happening in Village where there are no banks)*
   - *Rule 6DD (h) – Payment made to Employee in connection with the retirement, retrenchment, resignation, discharge or death of such employee gratuity, retrenchment compensation or similar terminal benefit and the aggregate of such sums payable to the employee or his heir does not exceed Rs. 50,000.*
   - *Rule 6DD(i) – Where the payment is made by an assesse by way of salary to his employee after deducting the income-tax from salary as per section 192, and when such employee*
     - *(i) Is temporarily posted for a continuous period of 15 days or more in a place other than his normal place of duty or on a ship; and*
     - *(ii) Does not maintain any account in any bank at such place or ship.*
   - *Rule 6DD(j) – Payment Made during a Bank Holiday or Strike.*
   - *Rule 6DD(l)- Payment Made to the authorised dealer or Money Changer against purchase of purchase of foreign currency or travellers cheques in the normal course of his business.*

***Strictly for Private Circulation*

*** Above said rules are to be considered per se with reader's discretion & Taxation Law.*

CMA

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