

# CHANGES IN TAX AUDIT

---



**CA. PRAMOD JAIN**

---

**B. COM (H), FCA, FCS, FCMA, LL.B, MIMA, DISA**

**Shared at**

**Mangalam Group & Shri Balaji CA Study Forum**

**21<sup>st</sup> August 2018**

# LEGISLATION FOR AY 2017-18

## S. 44AB

- Business – exceeds Rs. 1 Crore
- Profession – exceeds Rs. 50 L
- Business u/s 44AE /44BB /44BBB; income < deemed profits;
- Profession u/s 44ADA; deemed profit < 50% & TI > ANCT
- Business u/s 44AD (4)

## Rule 6G

- Prescribing the Forms for Report u/s 44AB

## Form 3CA

- Report in case of a person who is required to get his A/cs audited under any law

## Form 3CB

- Report in any other case

## Form 3CD

- Particulars as required u/F 3CA or 3CB

## S. 271B

- Penalty  $\frac{1}{2}\%$  maximum Rs. 1.50 L

**Form 3CD Latest  
Changes in Tax  
Audit Report**


# **AMENDMENTS W.E.F 20.8.2018**

---

- ✖ **7 items amended**
  - ✖ **1 item replaced**
  - ✖ **10 new items – 2 DEFERRED – 31.3.2019**
- 

# **20.8.2018 - AMENDMENTS**

---

- ✖ **S. No. 4, 19, 24, 26 & 31(c), (d) & (e)**
  - ✖ **4 – GST added**
  - ✖ **19 – Amounts deductible – s. 32AD added**
  - ✖ **24 – Amounts deemed to be profits u/s 32AC, etc.. 32AD added**
  - ✖ **26 – 43B – clause (g) added – railway**
- 

**S. NO. 31 (C)- S. 269 SS/T – AMENDED W.E.F. 19.7.17**

---

- ✖ (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
  - + New (iv) - whether the repayment was made by cheque or bank draft or use of electronic clearing system through a bank account;
  - + New (v) - in case the repayment was made by cheque or bank draft, whether the same was **taken or accepted repaid** by an account payee cheque or an account payee bank draft.

**S. NO. 31(D) - S. 269 SS/T – AMENDED W.E.F. 19.7.17**

---

- ✖ **New (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**
  - + name, address and PAN (if available with the assessee) of the payer;
  - + amount of **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.

**S. NO. 31(E) - S. 269 SS/T – AMENDED W.E.F. 19.7.17**

---

- ✖ **New (e) -Particulars of repayment of loan/deposit or any specified advance in an amt. exceeding limit specified in s. 269T received by cheque / bank draft which is not an account payee cheque / bank draft during PY**
  - + **name, address & PAN (if available with assessee) of payer;**
  - + **amount of repayment of loan or deposit or any specified advance received by a cheque or a bank draft which is not an a/c payee cheque / bank draft during the previous year**



## 34 (B) - SUSBTITUTED

- ✖ 34 (b) – If TDS / TCS Statement **not furnished within prescribed time**, furnish:
- ✖ **New 34(b)** - Whether the assessee is required to furnish the statement of TDS/TCS. If yes, please furnish the details:
  - + TAN
  - + Type of Form
  - + Due date of furnishing
  - + Date of furnishing, if furnished
  - + Whether the TDS / TCS Statement contains information about all transactions which are required to be reported. **If not, please furnish list of details/transactions which are not reported.** – Transporters??? – yes / no?? – Could be genuine difference of opinion

## 29A - INSERTED

---

- ✖ 29A (a) - Whether any amount is to be included as income chargeable under the head 'income from other sources' as referred to S. 56(2)(ix) ? [advance forfeited] (Yes/No)
- ✖ 29A (b) - If yes, please furnish the following details:
  - + (i) Nature of income
  - + (ii) Amount thereof

## **29A - INSERTED**

---

- ✖ **M/s XYZ receives Rs. 25 Lakhs as advance against property in AY 2015-16 from Mr. B**
- ✖ **As per agreement as the buyer did not comply.. It send forfeiture notice to Mr. B in AY 2018-19 and forfeits the amount but does not entry in books.**
- ✖ **Mr. B confirms that amount is receivable**
- ✖ **M/s XYZ writes off in AY 2020-21. When should auditor report?**

## 29B - INSERTED

---

- ✖ 29B (a) - Whether any amount is to be included as income chargeable under the head 'income from other sources' as referred to in S. 56(2)(x)? (Yes/No)
- ✖ 29B (b) - If yes, please furnish the following details:
  - + (i) Nature of income
  - + (ii) Amount thereof
- ✖ How to report on controversial items...  
Leasehold rights – TDR?

*CA. Pramod Jain*

# **S. 56(2) (X) DEEMED GIFTS**

---



# DEEMED GIFTS

---

- ✗ **S. 56(2)(x) w.e.f. 1<sup>st</sup> April 2017**
- ✗ **Earlier**
  - + Individual & HUF covered for all assets; and
  - + Firms and Companies for shares
- ✗ **Now ANY PERSON covered for:**
  - + Money
  - + Immovable Property
  - + Property other than Immovable Property



# MONEY

---

- ✗ **Receives any sum of money**
- ✗ **Without consideration**
- ✗ **Aggregate value of which exceeds Rs. 50000/-**
- ✗ **Income - whole of the aggregate value of such sum**
- ✗ **Exceptions – relatives, etc.. discussed later**

# **IMMOVABLE PROPERTY S. 56(2)(X)**

---

- ✖ **Covers land, building or both**
- ✖ **Receives without consideration - stamp duty value exceeds Rs. 50000/-**
- ✖ **Receives through inadequate consideration – consideration less than stamp duty value – difference exceeds Rs. 50000/-**
- ✖ **Exceptions – relatives, etc.. Discussed later**
- ✖ **Where date of agreement & date of registration are not same, value on date of agreement if some payment made by a/c payee cheque /bank draft / ECS on or before date of agreement**



# IMMOVABLE PROPERTY

- ✗ If value disputed by assessee u/s 50C(2) , AO may refer to Valuation Officer
- ✗ Is leasehold land covered?
  - + Leasehold rights in a building do not attract provisions of S. 50C - *DCIT v Tejinder Singh (2012) (50 SOT 391) (Kol)*
  - + Leasehold rights in plot is not 'land or building or both' - *Atul G. Puranik v. ITO (132 ITD 499)(Mum)*.
  - + S. 50C applies to Transfer of Development Rights - *Chiranjeev Lal Khanna v. ITO (132 ITD 474)(Mum)*
  - + Not applicable to TDR – *ACIT vs. Munsons Textiles [TS-6710-2012(Mum)-0]* ; *ACIT vs. Shrikishan Dass [TS-6757-2013(Del)-0]*

# IMMOVABLE PROPERTY

- ✖ Mr. A (not a relative of Mr. B) gifts immovable property whose stamp duty value is Rs. 15 Lakhs to Mr. B.
  - ✖ Actual cost in hands of Mr. A was Rs. 18 Lakhs.
  - ✖ What would be the cost of acquisition in hands of Mr. B?
    - + S. 49(1) – cost to previous owner i.e. Rs. 18 L
    - + S. 49(4) – If subject to s. 56(2), stamp duty value i.e. Rs. 15 L
- + Rs. 15 L

# **OTHER THAN IMMOVABLE PROPERTY**

---

- ✖ **Property – Expl. to 56(2)(vii) Capital Asset namely:**
  - + **Imm. Property being land or building or both**
  - + **Shares and securities**
  - + **Jewellery**
  - + **Archaeological collections**
  - + **Drawings**
  - + **Paintings**
  - + **Sculptures**
  - + **Any work of art**
  - + **Bullion**

# EXCEPTIONS

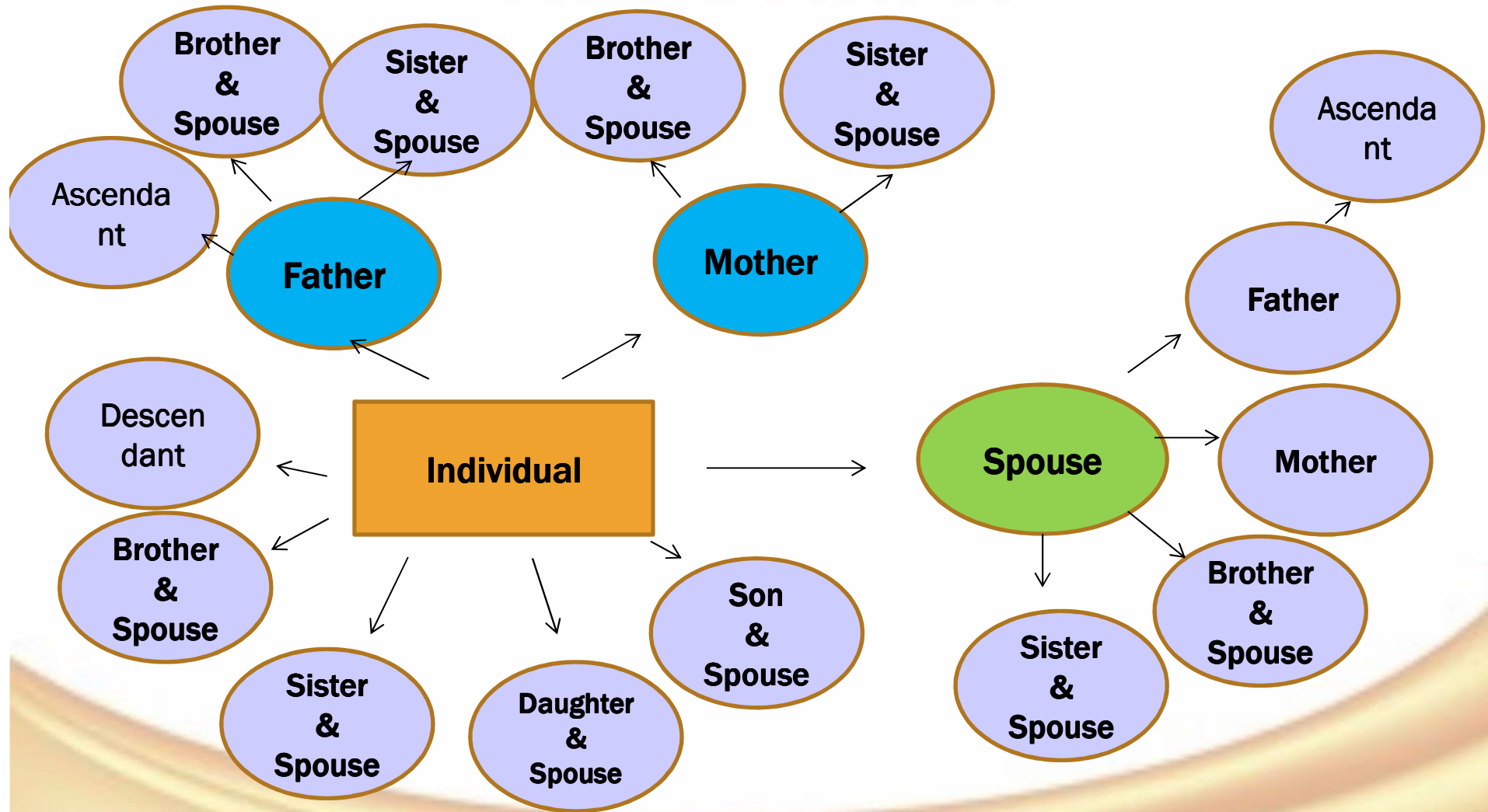
## × Relative

### + 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



# **EXCEPTIONS**

---

- ✘ On the occasion of the marriage of the individual**
- ✘ Under a will or by way of inheritance**
- ✘ In contemplation of death of the payer or donor, as the case may be**
- ✘ From any Local Authority as defined in the Explanation to section 10(20)**
- ✘ From any Fund or Foundation or University or other Educational Institution or Hospital or other Medical Institution or any Trust or Institution referred to in section 10(23C)**

# EXCEPTIONS

---

- ✖ From or by any Trust or Institution registered u/s 12A /12AA
- ✖ By any Fund or Trust or Institution or any university or other educational institution or any hospital or other medical institution referred in
  - + S. 10(23C) (iv) – Importance in India / states
  - + S. 10(23C) (v) – Approved religious or charitable trust
  - + S. 10(23C) (vi) – Approved university or educational institute
  - + S. 10(23C) (via) – Approved hospitals



# EXCEPTIONS

- ✖ **By way of transaction not regarded as transfer:**
  - + **S. 47 (i) – Total / partial partition of HUF**
  - + **S. 47 (vi) – Amalgamation if amalgamated co. Indian**
  - + **S. 47 (via) – Amalgamation of two foreign companies asset being shares subject to certain conditions**
  - + **S. 47 (viaa) – Amalgamation of banks sanctioned by CG**
  - + **S. 47 (vib) – Demerger if resulting co. in Indian Co**
  - + **S. 47 (vic) – Demerger of foreign company asset being shares subject to certain conditions**



# EXCEPTIONS

- ✖ **By way of transaction not regarded as transfer:**
  - + **S. 47 (vica) - business reorganisation, of a capital asset by the predecessor co-operative bank to the successor co-operative bank**
  - + **S. 47 (vicb) - business reorganisation, of a capital asset being shares by predecessor co-operative bank to successor co-operative bank**
  - + **S. 47 (vid) - transfer or issue of shares by the resulting company, in a scheme of demerger to the shareholders of the demerged company**
  - + **S. 47 (vii) - trf by a shareholder, in scheme of amalgamation, of capital asset being share or in amalgamating co. subject to certain conditions**

# EXCEPTIONS

---

- ✗ **From an individual by a trust created or established solely for the benefit of relative of the individual**

????

- ✗ Mr. A gifts immovable property whose stamp duty value is Rs. 10 Lakhs to Mr. B (not a relative). Is there any tax on Mr. A or Mr. B?

✗ On B

- ✗ Mr. X gifts immovable property whose stamp duty value is Rs. 15 Lakhs to Ms. Y (not a relative) on the occasion of her marriage. Is there any tax on Mr. X or Ms. Y?

✗ No

????

- ✖ Partner at time of dissolution withdraws immovable property whose book value is 25 Lakhs but stamp duty value is 50 Lakhs. Taxation in hands of firm as well as partner?
  - ✖ Yes, in both hands Rs. 25 L each
- ✖ Few people come together to build a community centre for general public benefit and collect Rs. 5 Lakhs to build it?
  - ✖ Yes
- ✖ Mr. A receives Car Mercedes Benz value Rs. 50 Lakhs as gift from Mr B?
  - ✖ No

????

✘ An unregistered religious Trust receives Rs. 5 Lakhs as corpus donation for building of temple? Is it taxable u/s 56(2)(x)?

✘ Yes

✘ A company dealing in shares receives shares below FMV?

✘ No

✘ M/s. ABC gives interest free unsecured loan of Rs. 10 Lacs to M/s. XYZ? Is it taxable u/s 56(2)(x)?

✘ No

## 30A - INSERTED

- ✖ **30A (a) - Whether primary adjustment to TP, u/s. 92CE(1), has been made during PY? (Yes/No)**
- ✖ **30A (b) - If yes, please furnish :-**
  - + (i) Under which clause of s. 92CE(1) primary adjustment is made? (5 clauses)
  - + (ii) Amount (in Rs.) of primary adjustment:
  - + (iii) Whether the excess money available with AE is required to be repatriated to India as per s.92CE(2)? (Yes/No)
  - + (iv) If yes, whether the excess money has been repatriated within the prescribed time (Yes/No) [90 days from due date of filing of ITR] For AY 2018-19 due date – 31<sup>st</sup> December 2018
  - + (v) If no, amount of imputed interest income on such excess money which has not been repatriated within prescribed time

# 30B - INSERTED

- ✖ **30B (a) - Whether the assessee has incurred exp. during PY by way of interest or of similar nature > Rs. 1 Cr u/s. 94B(1)? (Yes/No)**
- ✖ **30B (b) - If yes, please furnish :-**
  - + (i) Amount (in Rs.) of expenditure by way of interest or of similar nature incurred – ( to AE or all?)
  - + (ii) (EBITDA) during the previous year (in Rs.):
  - + (iii) Amount (in Rs.) of expenditure by way of interest or of similar nature as per (i) above which exceeds 30% of EBITDA as per (ii) above
  - + (iv) Details of interest expenditure b/f as per s. 94B(4) – NA as 94B inserted w.e.f. AY 2018-19
  - + (v) Details of interest expenditure c/f as per s. 94B(4)



## **30C – INSERTED – DEFERRED TO 31.3.2019**

- ✖ **30C (a) - Whether the assessee has entered into an impermissible avoidance arrangement (GAAR), as referred to in s. 96, during the PY? (Yes/No) [w.e.f. AY 2018-19] – Tax benefit 3 Crs.**
- ✖ **30C (b) - If yes, please specify :**
  - + **(i) Nature of the impermissible avoidance arrangement**
  - + **(ii) Amount (in Rs.) of tax benefit in the PY arising, in aggregate, to all the parties to the arrangement**



## **S. NO. 31 (BA) - SECTION 269 ST**

- **No person to receive an amount  $\geq$  Rs. 2 Lakhs otherwise than by A/c payee cheque/draft or use of electronic clearing using bank a/c (i.e. primarily in cash):**
  - **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**

# **SECTION 269 ST**

---

- **Not applicable to receipts by:**
  - **Government,**
  - **Bank,**
  - **Post Office Savings Bank or Co-operative Bank,**
  - **S. 269SS transactions**
  - **Such other persons or class of persons or receipts, which the CG may notify**
- **Not applicable to receipts from Bank, Post Office Savings Bank or Co-operative Bank**
- **Penalty of equal amount u/s 271DA**
- **Rule 6DD?**



- **M/s AB P. Ltd sells Innova car to Mr. Y for Rs. 3 L in cash?**
  - Yes
- **M/s ABC & Co. purchases grains from Shyam an agriculturist for Rs. 2.5 Lakhs in Cash**
  - Yes
- **Mr. A in his proprietorship firm receives gift of Rs. 5 L in cash from his father**
  - Yes
- **M/s ABC & Co. receives Rs. 2.10 Lakhs on 21.7.2017 for following from Y in cash :**
  - **Loan Rs. 0.15 Lakhs**
  - **Against sale of Car Rs. 1.95 Lakhs**
    - No

???

- **M/s. ABC receives cash payment of Rs. 3.75 L from XYZ P. Ltd. on 25<sup>th</sup> February 2018 for the following:**
  - **Rs. 2.10 Lakhs part payment for invoice no. 4. dt. 17.9.2017 of Rs. 3 Lakhs**
  - **Rs. 95000/- part payment for invoice no. 6 dt. 30.12.2017 of Rs. 2.50 Lakhs**
  - **Rs. 70000/- part payment for invoice no. 12 dt 10.1.2018 of Rs. 1.50 Lakhs**
- **Implications are:**
  - **271DA penalty on M/s ABC for Rs. 3.75 Lakhs**
  - **M/s. ABC to report Rs. 2.10 Lakhs in SFT in Form 61A**
  - **XYZ P. Ltd expense of Rs. 3.75 Lakhs would be disallowed u/s 40A(3)**



- **ABC Pvt. Ltd organised 3 days exhibition out of town. It receives followings in cash:**
  - **Rs. 10 lacs as participation fee from various persons in 3 days**
- **It pays the following:**
  - **Rs. 70 K 1<sup>st</sup> day, Rs. 60 K 2<sup>nd</sup> day & Rs. 80 K 3<sup>rd</sup> day to tent for extra chairs etc**
  - **Rs. 1.75 lacs per day to 2 caterers for water coffee and snacks**
  - **Rs. 75000 per day for security & Valet Parking to contractor**
    - **Yes, In hands of receiver for payment made by Company**

???

- **PQR P. Ltd receives Rs. 5 lacs each from its 2 subscribers on incorporation in cash**
  - Yes
- **Mr. B introduces Rs. 3 Lacs as capital in partnership firm ABC & Co?**
  - Yes
- **Mr. B partner withdraws the following in cash from ABC & Co. during FY 2017-18:**
  - **Rs. 1.80 Lacs remuneration Rs. 15K p.m.**
  - **Rs. 36000 being interest on 31.3.2017**
  - **Rs. 3 L on different dates, being profit**
    - S. 40A(3)

???

- **M/s XYZ takes loan of Rs. 5 Lakhs from ABC Ltd (NBFC) by cheque, but repays instalment of Rs. 20000/- p.m. in cash. Is ABC Ltd liable for s. 271DA penalty?**
  - **No**
- **Circular No. 22 of 2017 dated 3rd July 2017**
  - **Receipt in nature of repayment of loan by NBFCs /HFCs - receipt of 1 instalment of loan repayment in respect of a loan shall constitute a 'single transaction' as specified in S. 269ST(b) & all the instalments paid for a loan shall not be aggregated for the purposes of determining applicability of S. 269ST**



## **EXEMPTIONS - NOT. NO. 57/2017 DT. 3.7.17**

- Receipt by a business correspondent on behalf of bank or co-operative bank, as per RBI
- Receipt by a white label automated teller machine operator from retail outlet sources on behalf of bank or co-operative bank, as per RBI
- Receipt from an agent by an issuer of pre-paid payment instruments as per RBI
- Receipt by a company or institution issuing credit cards against bills raised in respect of one or more credit cards
- Receipts which is not includible u/s 10(17A) - Awards by CG / SG




## **31(BA) – INSERTED – 269ST**

---

- ✖ **31(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 PY
- ✖ **where such receipt is otherwise than by a cheque or bank draft or use of electronic clearing system through a bank account**

## **31(BA) – INSERTED – 269ST**

---

- ✖ **31(ba) – (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;**
- 

## 31(BB) – INSERTED – 269ST

- ✖ **31(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, during the PY, where such receipt is by a cheque or bank draft not being an account payee cheque or an account payee bank draft, during the previous year**

## 31(BC) – INSERTED – 269ST

- ✖ **31(bc) - Particulars of each payment made 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 PY, where such receipt is otherwise than by a cheque or bank draft or use of electronic clearing system through a bank account**

## 31(BD) – INSERTED – 269ST

- ✖ 31(bd) - Particulars of each **payment** 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 PY, **where such receipt is by a cheque or bank draft not being an account payee cheque or an account payee bank draft, during the previous year**

## **31(BD) – INSERTED – 269ST**

---

- ✖ 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**

## 36A - INSERTED

---

- ✖ 36A (a) Whether assessee has received any amount in the nature of dividend as referred to s. 2(22)(e)? (Yes/No)
- ✖ 115 O amended w.e.f. AY 2018-19 – 30%
- ✖ Would assessee give details??
- ✖ How to ascertain accumulated profits of payer?
- ✖ S. 41(2) profit is not part of accumulated profits [CIT vs. Urmila Ramesh (1998) 230 ITR 422 (SC)]



## **36A - INSERTED**

✖ **Accumulated profits are revenue profits not capital profits:**

- + **Tea Estate India Pvt. Ltd. vs. CIT (1976) 103 ITR 785 (SC)]**
- + **First ITO vs. Short Brothers Pvt. Ltd. (1966) 60 ITR 83 (SC)**
- + **CIT vs. Mangesh J. Sangiri (1979) 119 ITR 962 (Bom)**

✖ **36A (b) If yes, please furnish the following details:-**

- + **(i) Amount received (in Rs.):**
- + **(ii) Date of receipt:"**

# 42 - INSERTED

- ✖ **42 (a) - Whether the assessee is required to furnish statement in Form No.61 or Form No. 61A or Form No. 61B? (Yes/No)**
- ✖ **42 (b) - If yes, please furnish :-**
  - + ITDREIN
  - + Type of Form
  - + Due date for furnishing
  - + Date of furnishing, if furnished
  - + Whether Form contains information about all details / transactions which are required to be reported. If not, furnish list of details/transactions- not reported.

# PROVISIONS - SECTIONS

---

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

- Quoting of PAN

**285BA**

- Statement of Specified Financial Transactions

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

- Penalties

# PROVISIONS - RULES

**114B**

- Transactions in which PAN is to be quoted

**114C**

- Verification of PAN

**114D**

- Furnishing of Form 60

**114E**

- Furnishing of Statement of Financial Transaction (AIR)

**114F – H**

- Furnishing of Statement of Reportable Account

# PROVISIONS - FORMS

**60**

- Declaration from persons who do not have PAN

**61**

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

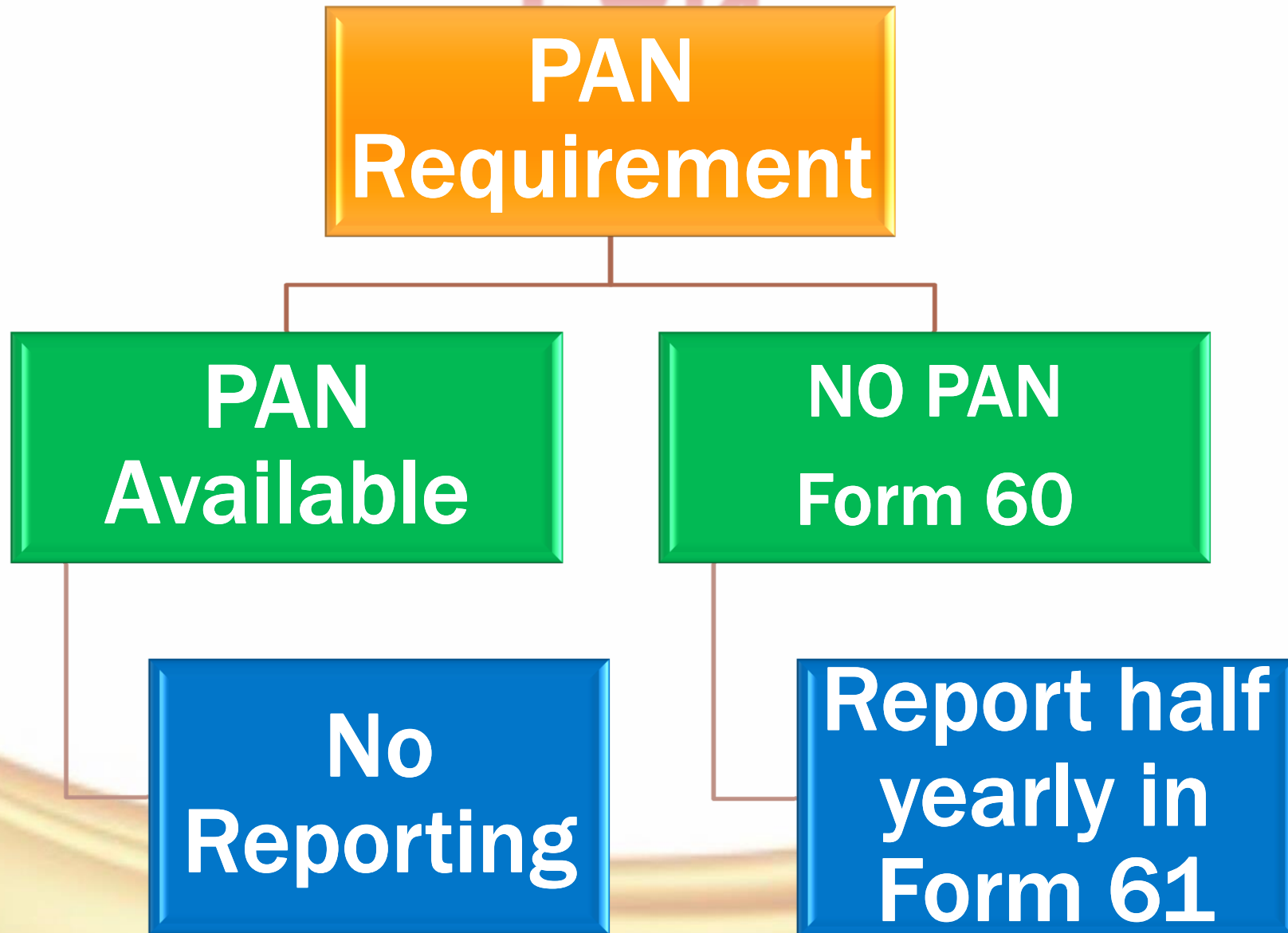
**61A**

- Statement of Specified Financial Transactions (AIR)

**61B**

- Furnishing of Statement of Reportable Account

# PAN



# PAN QUOTING W.E.F. 01.01.2016

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 <b>Basic Savings Bank Deposit</b> 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 ( <b>earlier 25K</b> )	Cash > 50000/-



# PAN QUOTING W.E.F. 01.01.2016

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. 01.01.2016

S. No.	Nature of Transaction	Value of Transaction
<b>12</b>	Time Deposit with 1. Bank, 2. Post Office, 3. Nidhi Co. 4. NBFC	50000/- each transaction or <b>5 Lacs in aggregate during FY</b>
<b>13</b>	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. 01.01.2016

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

# PAN QUOTING W.E.F. 01.01.2016

S. No.	Nature of Transaction	Value of Transaction
18	Sale / purchase of goods / services (earlier 5 L for bullion or jewellery dealer only)	> 2 Lacs per transaction

- ✗ Effective from 1<sup>st</sup> 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

# **PAN QUOTING – 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**

# **IMPORTANT FEATURES OF FORM 60**

- ✖ **Applicable to all except companies & firm**
- ✖ **If PAN is applied, then application no. 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 no. is not mentioned.**

# **IMPORTANT FEATURES OF FORM 60**

- ✖ Amount & mode of transaction also to be given
- ✖ Proof of Identity and address to be furnished along with Form 60
- ✖ In case transaction is by HUF, then proof of Karta
- ✖ In case transaction is by more than 1 persons, number of persons to be mentioned.
- ✖ Wrong verification prosecution u/s 277
  - + 3 months to 2 yrs & Fine;
  - + If amount > 25 Lacs – 6 months – 7 yrs & Fine



## **FILING DETAIL OF FORM 60 – FORM 61**

- ✘ **Everyone not to file statement in Form 61 with department for PAN collection**
- ✘ **Only persons who does not take PAN, but take Form 60 have to file half yearly:**
  - + **Received upto 30<sup>th</sup> September – 31<sup>st</sup> October**
  - + **Received upto 31<sup>st</sup> March – 30<sup>th</sup> 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)**

# SFTS - [1.04.2016]

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

# SFTS - [1.04.2016]

S. No	Nature & Value of Transaction	Reporting Person
2	<b>Cash</b> deposits agg. > 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 > Rs. 10 Lacs in a FY of a person.	Banks P.O. ; Nidhi NBFC
4	Payments aggregating to- (i) > Rs. 1 Lac in <b>cash</b> ; or (ii) > Rs. 10 Lacs by any other mode, one or more credit cards in a FY [E – 2L]	Banks issuing Credit Cards

# SFTS - [1.04.2016]

S. No.	Nature & Value of Transaction	Reporting Person
5	Receipt from a person aggregating > 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 > 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 > Rs. 10 Lacs in a FY	Listed Co.

# SFTS - [1.04.2016]

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

# SFTS - [1.04.2016]

S. No.	Nature & Value of Transaction	Reporting Person
11	Receipt of <b>cash</b> 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"><li>• <math>\geq</math> 12.50 Lacs in 1 or more Current account of a person</li><li>• <math>\geq</math> 2.50 Lacs in other than current account</li></ul>	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)

# SFT??

✖ A Pvt. Ltd. issues following invoices:

+ 1.4.17 – Rs. 1 Lakh

+ 1.5.17 – Rs. 1.50 Lakhs

+ 2.6.17 – Rs. 1 Lakh

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

+ No, Take care of 269ST

✖ M/s ABC issues an invoice of Rs. 3 Lakhs. Receives Rs. 1.50 Lakhs by Cheque and balance by Cash. Is it reportable SFT?

✖ No



# SFT??

## ✖ XYZ Pvt. Ltd. issues following invoices:

+ 1.7.17 – Rs. 2.50 Lakh

+ 1.8.17 – Rs. 1.50 Lakhs

+ It receives amounts in cash as under:

✖ Rs. 1.50 Lakh on 15.6.17.

✖ Rs. 1.50 Lakh on 16.8.17

✖ Rs. 1.00 Lakh on 10.9.17

✖ Is this a reportable SFT? If yes on which amount?

+ Yes, 2.50 reportable

# SFT REPORTING

---

✖ Report annually by 31<sup>st</sup> May in Form 61A

✖ For 12th item before 31st January 2017

✖ Is Nil Form 61A required to be file mandatorily?

✖ No

✖ Is filing Preliminary Response to Form 61A mandatory?

✖ No

## **HOW TO DETERMINE THRESHOLD LIMITS**

- ✖ **Take into account all the accounts of the same nature in respect of that person;**
- ✖ **Aggregate all the transactions of the same nature in respect of that person (except S. No. 10 & 11) (amended w.e.f. 6.10.16);**
- ✖ **Attribute entire value of transaction or the aggregated value of all transactions to all persons, in a case more than 1 person;**
- ✖ **Apply threshold limit separately to deposits & withdrawals in respect of Current a/c**

## **PRESS RELEASE DT. 23.12.2016**

---

- ✖ **CBDT vide Notification No. 91/2016 dated 6th October, 2016 has amended Sub-Rule 3 of Rule 114E clearly indicating that**
- ✖ **The said transactions **did 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.****

## **PENALTY U/S 271FA**

---

### **✖ Failure to furnish Form 61A**

**+ Rs. 100 per day increased to Rs. 500/- p.d. w.e.f. AY 2018-19**

**+ In case notice issued u/s 285BA(5) – Rs. 500 per day after 30 days increased to Rs. 1000/- p.d. w.e.f. AY 2018-19**

## **43 - INSERTED**

---

- ✖ **43 (a) - Whether the assessee or its parent entity or alternate reporting entity is liable to furnish the report as referred to in s. 286(2)? (Yes/No)**
- ✖ **43 (b) - If yes, please furnish :-**
  - + **Whether report has been furnished by the assessee or its parent entity or an alternate reporting entity  
Name of parent entity. [For FY 2017-18 due date is 31.3.2019]??**
  - + **Name of alternate reporting entity (if applicable)  
Date of furnishing of report**

## **44 – INSERTED – DEFERRED TO 31.3.2019**

---

- ✖ **44 - Break-up of total expenditure of entities registered or not registered under the GST. Total amount of Expenditure incurred during the year**
- ✖ **Expenditure in respect of entities registered under GST**
  - + **Relating to goods or services exempt from GST**
  - + **Relating to entities falling under composition scheme**
  - + **Relating to other registered entities**
  - + **Total payment to registered entities**
- ✖ **Expenditure relating to entities not rgd. in GST**



**AUDIT NOT  
DOCUMENTED  
IS  
AUDIT NOT DONE**



**INCREASE YOUR  
VALUE**

**This Presentation would be available  
on**

**[www.lunawat.com](http://www.lunawat.com)**

**Also may download free mobile app**

**“LUNAWAT”**

**for all updates since year 2007**

# A one stop place where all your Queries are Answered

[www.expertspanel.in](http://www.expertspanel.in)

The screenshot shows the homepage of ExpertsPanel.in. At the top is a dark navigation bar with the site logo, a search bar, and various menu items like Questions, Unanswered, Categories, Experts, Ask a Question, Tagged Question, and a user profile for PRAMOD JAIN. Below the navigation bar is a banner image with the text 'A Place to Share Knowledge for and by Professionals in Law, Tax, Accounts, Finance'. Under the banner is a horizontal menu with 'Recent Questions' (highlighted), Articles, Presentations, Videos, and Notifications. The main content area is divided into three columns. The left column lists 'All Categories' with links to Audit & Assurance and Accounting Standards (119), Bank / Insurance / Stock / Debtors Audit (49), Corporate Matters/LLP (363), Goods and Services Tax (GST) (2,149), and Income Tax. The middle column, titled 'Recent Questions', shows two questions: 'Q. Tax Audit Partnership Firm' (1 answer, 2 views, answered by CA PRAMOD JAIN) and 'Q. How to receive payment in nepal from in india through paypal??' (0 answers, 2 views). The right column contains a 'Ask a question:' form with a 'Next' button and a profile card for 'Concept by CA Pramod Jain' with a photo.

ExpertsPanel.in

Questions

Questions Unanswered Categories Experts Ask a Question Tagged Question PRAMOD JAIN

A Place to Share Knowledge  
for and by Professionals in Law, Tax, Accounts, Finance

Recent Questions Articles Presentations Videos Notifications

All Categories

- Audit & Assurance and Accounting Standards (119)
- Bank / Insurance / Stock / Debtors Audit (49)
- Corporate Matters/LLP (363)
- Goods and Services Tax (GST) (2,149)
- Income Tax

Recent Questions

Question added 1 hour ago Income Tax By Krishan, CA, Delhi

1 answer  
2 views

Q. Tax Audit Partnership Firm  
Answered By CA PRAMOD JAIN

Question added 3 hours ago RBI / FEMA By Karan Bhardwaj, CA, Laxmi nagar

0 answers  
2 views

Q. How to receive payment in nepal from in india through paypal??

Ask a question:

Next

Concept by  
CA Pramod Jain

Together ...we shall make it....

Thank You!



CA. Pramod Jain  
[pramodjain@lunawat.com](mailto:pramodjain@lunawat.com)  
+91 9811073867



© 2018 CA. Pramod Jain