

REPLYING TO IT NOTICES & CASH RESTRICTIONS



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INQUIRY NOTICES

- ✖ **Simple letter**
- ✖ **133(6)**
- ✖ **131**
- ✖ **131 (1A)**

INQUIRY S. 133(6)

- ✕ **The AO, the DCIT (A), the JCIT or the CIT (A) may for the purposes of this Act**
 - + **(6) require any person, including a banking company or any officer thereof, to furnish information in relation to such points or matters, or to furnish statements of a/cs & affairs verified in manner specified by AO, DCIT (A), JCIT or CIT(A), giving information in relation to such points or matters as, in their opinion will be useful for, or relevant to, any inquiry or proceeding under this Act**

INQUIRY S. 133(6)

- ✖ **Provided that the powers referred to in clause (6), may also be exercised by the Pr. Director General or Director General, the Pr. CIT or CIT, the Pr. Director or Director or the Pr. CIT or CIT or the Jt Director or Deputy Director or Assistant Director**
- ✖ **Provided further that the power in respect of an inquiry, in a case where no proceeding is pending, shall not be exercised by any income-tax authority below the rank of Pr. Director or, other than the Jt. Director or Deputy Director or Assistant Director, without the prior approval of the Pri. Director or Director or, as the case may be, the Pr. Commissioner or Commissioner**

SERVICE OF NOTICE (282)

- ✗ **Either by post; or**
 - + **Registered post; or Approved Courier (Speed Post)**
- ✗ **In the manner summons may be issued under CPC**
 - + **May be served personally upon the individual or upon his agent duly authorised in terms of r. 6 of O. 3 of CPC**
 - + **If person is not available then on any male member of the family of the individual named in the notice**
 - + **Substituted service in terms of r. 20 of O. 5 of CPC (Affixture)**

SERVICE OF NOTICE (282)

- ✘ **In the form of any electronic record as provided in Chapter IV of the Information Technology Act 2000**
- ✘ **Any other means of transmission of documents as provided by Rules**

SERVICE OF NOTICE (282)

- ✖ **Service on Employees?**
- ✖ **Service on Agents?**
- ✖ **Service in case of death of the assessee?**
- ✖ **Service on Legal Representatives?**
- ✖ **Irregularity waived if assessee proceeds without objecting**

S. 292 BB

- ✖ **Where an assessee has appeared in any proceeding or co-operated in any inquiry relating to an assessment or reassessment, it shall be deemed that any notice under this Act, which is required to be served upon him, has been duly served upon him in time in accordance with the provisions of this Act and such assessee shall be precluded from taking any objection in any proceeding or inquiry under this Act that the notice was:**
 - + not served upon him; or**
 - + not served upon him in time; or**
 - + served upon him in an improper manner**

S. 292 BB

- ✖ **Provided that nothing contained in this section shall apply where the assessee has raised such objection before the completion of such assessment or reassessment.**

WRITTEN REPRESENTATIONS

- ✗ Use PAN, subject, year..
- ✗ Positive approach
- ✗ Negate Specific question
- ✗ To address
 - + Factual position
 - + Legal position

SHOW CAUSE NOTICE

SHOW CAUSE NOTICE

- ✗ **Issued during S. 143(3)**
- ✗ **Issued during S. 148**
- ✗ **Go through the notice very carefully**
- ✗ **Need to show the cause – why addition should not be made**
- ✗ **Respond to each cause stated in the notice**
- ✗ **File all necessary evidences related to the issues raised, even if not asked specifically**

SHOW CAUSE NOTICE

✖ Section 68

- + Share Capital

- + Loan

- + Gifts

✖ Section 50C

- + Immovable property or not

- + Below Stamp duty ??

- + Evidences ???

SHOW CAUSE NOTICE

- × Penny Stocks

 - +Purchase

 - +Sale

 - +Holding

 - +STT

- × Positive approach

- × Negate Specific question

- × Evidences not given during assessment
could prove harmful during appeal

CASH RESTRICTIONS



DEDUCTION U/S 80 G

- Not admissible if donation made exceeding Rs. 2000 in cash by a person (Earlier Rs. 10000/-). Cl. 33 Form 3CD
- A Trust receives Rs. 9000/- from Mr. B in cash on 19th July 2017. Is there any implication on Trust or Mr. B ?
- Mr. X gives following donations to PQR Trust?:
 - 20.6.2017 Rs. 1900/-
 - 25.6.2017 Rs. 2100/-
 - 27.6.2017 Rs. 1500/-
- Mr. A gives following donations:
 - To ABC Trust Rs. 500/-
 - To PQR Trust Rs. 1000/-
 - To XYZ Trust Rs. 1800/-

• Nil

• Nil

S. 40A(3) / 40A (3A)

- **Expenditure u/s 40A(3) / 40A(3A) disallowed in payment made in cash exceeding Rs. 10000/- per person per day (Old Rs. 20000/-)**
- **Limits:**
 - **Rs. 2500/- 1.4.1969**
 - **Rs. 10000/- 1.4.1989**
 - **Rs. 20000/- 1.4.1997**
 - **Rs. 10000/- 1.4.2017**
- **Reportable in clause 21 (d) of Form 3CD**

S. 40A(3) / 40A (3A)

- **ABC & Co pays wages to 100 employees as per the minimum wages Act Rs. 13000/- per month in cash?**
- **Service of Car of Rs. 11500/-?**
- **Payment of Rent Rs. 15000/- pm?**
- **Payment of bill at Restaurant of Rs. 10500/-**
- **XYZ P. Ltd. purchases raw material through an invoice dt 20.9.2017 of Rs. 63000/-. Makes payment Rs. 9000/- per day?**
- **Would there be any difference if invoice is of Rs. 2.50 Lakhs and payment is less than Rs. 10K per day?**
- **XYZ P. Ltd. makes payment to its Sundry Creditor Mr. A of FY 2015-16 of Rs. 1.50 Lakhs of Rs. 15000/- per day in cash in **December 2017?****

ASSETS

- Depreciation disallowed on cash component of asset cost exceeding Rs. 10000/- per person per day.
 - Capital Gain?
 - Deferred Tax?
 - MAT?
 - Rule 6DD?
- S. 35AD benefit not allowed on exp. incurred exceeding Rs. 10000/- per person per day

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?**

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- **A sells his personal Innova car to Y for Rs. 3 L in cash?**
 - Yes
- **Shyam an agriculturist sells his produce to M/s ABC & Co. for Rs. 2.5 Lakhs in Cash**
 - Yes
- **Son receives gift Rs. 5 L in cash from his father**
 - Yes
- **X 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
- **Father of Ms. C receives gifts from various persons on occasion of C's marriage aggregating Rs. 5 Lakhs?**
 - No

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- **Mr. A receives cash payment of Rs. 3.75 Lakhs from ABC P. Ltd. on 25th 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 Mr. A for Rs. 3.75 Lakhs**
 - **Mr. A to report Rs. 2.10 Lakhs in SFT in Form 61A**
 - **ABC P. Ltd expense of Rs. 3.75 Lakhs would be disallowed u/s 40A(3)**

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- **A charitable trust organises 3 days Satsang of Pandit ji. It receives followings in cash:**
 - **Rs. 10 lacs as donations from various persons in 3 days**
 - **Rs. 4.50 lacs from 3 sponsorship in equal amounts**
- **It pays the following:**
 - **Rs. 1 lacs per day for tent**
 - **Rs. 1.50 lacs per day to caterers**
 - **Rs. 75000 per day for security and sevadar to manpower consultant**
 - **Yes, In hands of receiver for payment made by Trust**

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- **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)**

???

- **Mr. A 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

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




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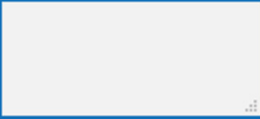
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Q. An NRI wanted to invest the following amounts,


3 views

 Have a written opinion?

Ask a question:



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Today's topic summary

Concept by CA Pramod Jain

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

THANK YOU!



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