

## Revised Cash Handling Polices w.e.f 01-04-2017

This is to inform that as per the new [Income Tax Act 269ST](#) we are forced to limit the cash deposit / CDM Deposits / Direct Cash at Offices, revised polices are as below;

### Revised Cash Handling Polices w.e.f 01-04-2017

Applicable only for individual / companies / business partners doing business with us after entering into a legal agreement and have approved KYC & PAN Card documents.

1. Cash Deposit is allowed only upto **Rs 1,99,999** in a day from a person / account / business.
2. No Service / Wallet update will be delivered for cash deposits exceeding the limit of **Rs 1,99,999 in a day**.
3. PAN Card & KYC uploaded must match and should be valid, if any differences found then the account will blocked permanently and no refund will be given for the unused credits / wallet.
4. For your easiness we have integrated a daily limit tracking tool in [Support -> Update Payments](#) , by default our system will not allow you to raise payment requests exceeding Rs 1,99,999 through Cash / CDM Deposits in a day.
5. You can deposit unlimited amount through NEFT/IMPS/RTGS/ Fund Transfer / Cheque / DD etc.
6. Opening multiple retailer/resellers/distributor/users accounts in our platform with same KYC documents are strictly prohibited, if we observed any such activities all the account with same / similar details will be blocked and PAN Card, KYC, Mobile Number, Email will be blacklisted.

### General Guidelines for Business Partners

1. We highly recommend you to properly account the money as it is and show it in your books of account rather than trying to play with different workarounds to avoid taxes.
2. Please educate retailers to register their shop/business with local authorities and get necessary license to operate the business smoothly.
3. Please educate your retailers always to give proper bill / receipt / invoice to all their customers and maintain a copy of the same at their end.

4. Consult or appoint a CA/Accountant for understanding and following the best practices to avoid unnecessary penalties from different government departments.
5. Its very important to educate your retailers to open a current account and deposit the money collected directly into their own bank accounts, **as retailers are directly serving the end customer the limitation is application only if a single customer gives more than Rs 2 lakhs as cash to the retailer for availing any services (Very Rate Situation) , so virtually only retailers can deposit unlimited cash to their own bank accounts without any legal issues** , but always remember the money which retailer deposits into their bank is accountable, so its should be shown in their book of accounts.
6. Cash deposits even at home branch is not free of cost, so always negotiate with your bank for getting a lower cash handling charges, we highly recommend to open bank account with any of these banks BOI, UBI, ICICI, SBI who are flexible in giving you customisable banking solutions.
7. Resellers / Distributors are requested to accept only payments in digital form to avoid legal and statutory complications. If you are accepting cash always make sure that you are not accepting more than **Rs 1,99,999 from a person / retailer in a day.**
8. API customers are requested to collect KYC (Know Your Customers) from all your business partners and implement a system to verify the uploaded documents.
9. API / Resellers / Distributors are requested to provide service only to retailers / business partners who is having a valid PAN Card.
10. Resellers / Distributors / API Partners are requested to enter into a legal agreement with your partners before starting any business activities/relationships.
11. Resellers / Distributors are requested to provide their partners with proper purchase invoice / receipt / bill so that legal and statutory issues can be avoided.
12. Always keep in mind that the violation of this new Income Tax Act 269ST will **attracts penalty which is 100% of the amount**, penalty will be imposed and recovered from the receiver, i.e if you collect Rs 2.5 lakhs as cash then you have to give Rs 2.5 lakhs as penalty irrespective of who given the money and purpose of the transaction.
13. If you are already received/accepted Cash above 2 lakhs from any customers in this month, then always make sure that you can give “good and sufficient reasons” to the Income Tax commissioner relating to the transaction in order to avoid the 100% penalty.

14. Show your Income & Pay the tax honestly so that you can do long term business and avoid huge penalty and interest.

## Income Tax Act 269ST @ Glance

The Finance Bill, 2017 has proposed to introduce a new section 269ST in the Income Tax Act with effect from 01st April, 2017 whereby a restriction is imposed on receipt of any amount of Rs. 2 lakhs or more through modes other than the modes prescribed in that section. This limit is mentioned in many ways like according to per day, per transaction, for all transactions per occasion / event etc.

In this section it has been mentioned that “No person shall receive an amount of two lakh rupees or more-

- (a) in aggregate from a person in a day; or
- (b) in respect of a single transaction; or
- (c) in respect of transactions relating to one event or occasion from a person,

otherwise than by an account payee cheque or an account payee bank draft or use of electronic clearing system through a bank account.

## FAQ On Income Tax Act 269ST

SL	Question	Answer
01	From which date this section is applicable?	This section applies from 01/04/2017 (F.Y.2017-18 onwards)
02	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.
03	<b>EXAMPLES OF TRANSACTIONS COVERED IN (a), (b) &amp; (c) above</b>	
	(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.
04	To whom does Section 269 ST applies?	<b>To any person receiving cash above Rs.2 lakh.</b>
05	For which transactions is Section 269ST not applicable?	Restriction on cash receipt of Rs.2 Lakh or more w.e.f 01.04.2017 shall not apply to <ol style="list-style-type: none"> <li>1. Government, any banking company, post office savings bank or co-operative bank.</li> <li>2. Transactions of the nature referred to in section 269SS;</li> <li>3. Such other persons or class of persons or receipts, as may be specified by the Central Government by the Central Government by notification in the Official Gazette.</li> </ol>
06	Whether penalty is applicable for regular receipts only?	<b>Any type of amount of Rs.2 Lakh or above received in cash whether capital or revenue in nature.</b>
07	Whether exempt income is covered under Section 269ST?	Both taxable and exempt incomes are covered in Section 269ST.
08	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.
09	What is the Penalty for Contravention of Section 269ST?	<b>100% penalty on receiver of amount.</b>

## Useful Links to Get more details of Income Tax Act 269ST

<http://taxguru.in/income-tax/indepth-analysis-section-269st-basic-provisions-income-tax-act.html>

<http://taxguru.in/income-tax/section-269st-compute-limit-circumstances.html>

<http://taxmasala.in/section-269st/>

<http://taxguru.in/income-tax/cash-transactions-rs-2-lakhs-banned-01042017.html>