



Income Tax Department

Ministry of Finance, Government of India

Mode of receipts and payment in certain cases

Mode of Receipts and Payments in Certain Cases

Introduction

To promote a less-cash economy and curb black money, the Income-tax Act restricts cash transactions related to loans, deposits, specified sums, and high-value receipts or payments.

Key Provisions and Restrictions

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1. Acceptance of Loans, Deposits, and Specified Sums [Section 269SS]

- A person cannot accept a loan, deposit, or specified sum (advance or otherwise for the transfer of immovable property) of Rs. 20,000 or more in cash or other than by an account payee cheque or account payee bank draft, or use of the electronic clearing system through a bank account or other prescribed electronic mode (impermissible mode).
- The restriction applies if:
 - o Amount of loan, deposit, or specified sum received from a depositor is Rs. 20,000 or more in a single transaction; or
 - o On the date of accepting the new amount, the outstanding balance of previous such sums from the same depositor is Rs. 20,000 or more; or
 - o Combined total of the new and earlier unpaid amounts from the same depositor is Rs. 20,000 or more.
 - o For transactions between Primary Agricultural Credit Societies (PACS)/Primary Cooperative Agricultural and Rural Development Banks (PCARD) and its member, cash transaction limits increase from Rs. 20,000 to Rs. 2,00,000.
- Exception:
 - o Not applicable if both parties exclusively earn agricultural income.
 - o Not applicable if the loan, deposit, or specified sum is accepted from any of the following:
 - Government
 - Any banking company, post office savings bank or co-operative bank;
 - Any corporation established by a Central, State or Provincial Act;
 - Any government company defined under section 2(45) of the Companies Act, 2013; or
 - Any other notified institution, association or body or class of institutions, associations or bodies.

2. Restriction on High-Value Receipts [Section 269ST]

- A person cannot receive Rs. 2 lakh or more in cash or an impermissible mode:
 - o From a single person in a day, or
 - o For a single transaction, or
 - o For multiple transactions related to a single event or occasion.
- Exception:
 - o Government;
 - o Any banking company, post office saving bank or co-operative bank;
 - o Receipts notified under S.O. 2065(E), dated 03-07-2017, such as:
 - By business correspondents for banks.
 - By white label ATM operators.
 - By an issuer of prepaid payment instruments.
 - By credit card companies receiving bill payments.
 - Exempt receipts under Section 10(17A).
 - o Receipt by any person from any banking company, post office savings bank or co-operative bank. [Notification No. S.O. 1057(E), dated 5-4-2017]
 - o Any other notified persons, class of persons or receipts; and
 - o Transactions of the nature referred to in Section 269SS.

3. Mandatory Electronic Payment Facility for Large Businesses [Section 269SU]

- Businesses with a turnover exceeding Rs. 50 crore in the immediately preceding previous year must provide facilities for accepting payments via:
 - o RuPay-powered debit cards.



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o UPI (BHIM-UPI).

o UPI QR Code (BHIM-UPI QR Code).

These modes must be available in addition to any other electronic payment facilities provided.

- **Exception** - B2B businesses (no retail customers) are exempt if 95% or more of total receipts (sales, turnover, etc.) are via non-cash modes [Circular No. 12/2020, dated 20-05-2020].

4. Repayment of Loans, Deposits, or Advances [Section 269T]

- A person cannot repay a loan, deposit, or advance (for the transfer of immovable property) of Rs. 20,000 or more in cash or other impermissible modes.
- The restriction applies if:
 - o loan/deposit/specified advance with interest is Rs. 20,000 or more; or
 - o The aggregate amount of loan or deposit held (in own name/jointly) with interest on the repayment date is Rs. 20,000 or more; or
 - o The aggregate amount of specified advances received (in own name/jointly) with interest on the repayment date is Rs. 20,000 or more.
 - o For transactions between PACS/PCARD and its member - Cash transaction limits increase from Rs. 20,000 to Rs. 2,00,000.
- Exception:
 - o Not applicable if the loan, deposit, or specified advance is repaid to any of the following:
 - Government
 - Any banking company, post office saving bank or co-operative bank;
 - Any corporation established by a Central, State or Provincial Act;
 - Any government company defined under section 2(45) of the Companies Act, 2013; or
 - Any other notified institution, association or body or class of institutions, associations or bodies.

Consequences of Default

Section	Transaction Covered	Penalty
269SS	Accepting loans/deposits	100% of loan/deposit [Section 271D]
269ST	Receiving cash for high-value transactions	100% of the amount received [Section 271DA]
269SU	Providing electronic payment options	Rs. 5,000/day [Section 271DB]
269T	Repaying loans/deposits	100% of the repaid amount [Section 271E]

INCOME TAX DEPARTMENT