

TAX BULLETIN



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FAQ's ON CASH TRANSACTIONS

Lot of doubts arise about cash transactions that can be made and maximum cash one can give or accept without facing any problem under Income Tax Act. Let us analyse these issues through FAQs

◆ **How much cash sales one can do in a day?**

Cash receipt of Rs. 2 Lakh or more from a person which are related to a single transaction are prohibited.

For Example

Mr A goes through a medical surgery and the hospital charges him a bill of Rs. 4 Lakh. Mr. A clears the bill in 4 installments of Rs. 1 Lakh each on four different dates. Here, the cash receipts got by hospital are less than Rs. 2 Lakh and have been received on different dates.

Whether this transaction violates section 269ST? -- Yes. Hospital has to pay the penalty. Because, they received the payments with respect to single bill/transaction. So, splitting of payments over several days is prohibited.

◆ **How much cash sales one can do with a single person in a day and in a year?**

Cash Receipt of Rs. 2 lakh or more, from a single person in a day is not allowed even if the amount has been paid through multiple transactions during the day which are below Rs. 2 lakh.

For example

Mr. X buys a gold chain worth Rs. 1.5 Lakh and diamond ring for Rs.1.0 Lakh with two different

bills and pays the amount by cash Rs.1.50 Lakh and Rs.1.0 Lakh on a single day separately. As Mr. Y accepted cash worth Rs. 2.50 Lakh from a single person and in a single day, section 269ST is applicable in this case. Mr. Y has to pay a penalty of Rs. 2.50 Lakh.

◆ **Does cash transaction limit apply to an event or occasion?**

Cash transactions or cash receipts related to a single event or occasion, cannot be more than Rs. 2 Lakh.

For example

X gets married to Y. On their wedding occasion, their relatives gifted Cash amount worth Rs. 10 Lakh on different dates. Even if we assume that each person has gifted cash worth less than Rs. 2 Lakh, are these receipts come under the purview of Section 269ST? Is penalty applicable?

Yes, penalty can be levied. Here, marriage is a 'single occasion' and cash gifts worth Rs. 2 Lakh or more cannot be received from relatives and other persons.

◆ **To whom does this cash restriction apply?**

The restriction of receipt of money in cash of Rs. 2 Lakh or above in cash is applicable irrespective of whether it is for personal/business purpose, capital or revenue in nature, tax-free or taxable income.

◆ **What is the penalty if cash transaction limit crosses Rs 2 lakhs?**

INCOME TAX UPDATES

Penalty under section 271DA will be imposed on a person who receives a sum of Rs. 2 Lakh and above in cash. The extent of penalty will be a sum equal to the amount of such receipt. The said penalty shall however not be levied if the person proves that there were good and sufficient reasons for such contravention.

◆ **Is there any restriction on Capital Expenditure (Purchase of Fixed Assets) for business in Cash?**

Capital expenditure incurred in a business for acquiring any depreciable asset (business asset) in respect of which a payment (or aggregate of payment made to a person in a day), otherwise than by an account payee cheque/ draft or use of electronic clearing system through a bank account, exceeds Rs. 10,000, such a payment shall not be eligible for normal/additional depreciation.

◆ **What is the limit for making Cash Payment ? (Section 40A (3) & 40A(3A) of the Income Tax Act, 1961)**

The monetary limit on revenue expenditure in cash has been reduced from Rs. 20,000 to Rs.10,000 (there is no change in the monetary limit pertaining to cash payment upto Rs. 35,000 to Transport Contractors). Few exceptions are also provided in Rule 6DD of the Income Tax Rules. Consequently, any expenditure in respect of which payment (or aggregate of payment made to a person in a day), otherwise than by an account payee cheque/draft/use of electronic clearing system through a bank account, exceeds Rs. 10,000, no deduction shall be allowed in respect of such payment under sections 30 to 37 of Income Tax Act, 1961.

◆ **How much cash one can accept in form of loan, deposit or advance?**

No person shall take or accept from any other person any loan or deposit or advance (sale consideration advance of immovable assets) of Rs 20000 or more in cash. Section - 269SS

◆ **Is there any restriction for repayment of Loan or deposit?**

Repayment of any loan or deposit cannot be made in cash, if such amount is Rs 20000 or more. This restriction applies to any branch of a banking company or a co-operative bank and any other company or co-operative society and any firm or other person.

◆ **What is the amount of cash donation that can be given to charitable institutions?**

Donations in cash shall not exceed Rs. 2,000, in order to claim deduction under section 80G.

◆ **Whether premium on health insurance policy be paid in cash?**

Premiums on Health insurance policies paid in cash cannot be claimed as deduction under section 80D

Conclusion:

Avoid cash transactions or minimise cash transactions to the prescribed limits as per Income Tax Act in order not to get penalised

GST & OTHER UPDATES

GST TAX INVOICE - PARTICULARS TO BE MENTIONED

Tax Invoice shall be issued by the registered person containing the following particulars namely :

1. **Name, Address and GSTN Number** of the supplier
2. A **consecutive serial number** not exceeding sixteen characters, in one or multiple series, containing alphabets or numerals or special characters- hyphen or dash and slash symbolised as “-” and “/” respectively, and any combination thereof, unique for a financial year.
3. **Date** of issue;
4. (a) If Recipient is Registered - **Name, address and GSTN Number, of the recipient.**

(b) If Recipient is Un-Registered (Where Taxable Supply is Rs 50,000 or more) - **Name and address of recipient and the address of delivery**, along with the name of the State and its code.

(c) If Recipient is Un-Registered (Where Taxable Supply is less than Rs 50,000) - **Name and address of the recipient and the address of delivery**, along with the name of the State and its code, *if the recipient requests that such details be recorded in the tax invoice.*
5. **HSN** code for goods or **SAC** Code for services.
6. **Description** of goods or services.
7. **Quantity** in case of goods .
8. **Total value** of supply of goods or services
9. **Taxable value** of the supply of goods or services or both taking into account discount or abatement, if any.
10. **Rate of tax** (central tax, State tax, integrated tax, Union territory tax or cess).
11. **Amount of tax** charged in respect of taxable goods or services (central tax, State tax, integrated tax, Union territory tax or cess)
12. **Place of supply** along with the name of the State, in the case of a supply in the course of inter-State.
13. **Address of delivery** where the same is different from the place of supply
14. Whether the tax is payable on **reverse charge** basis
15. **Signature** or digital signature of the supplier or his authorised representative:

GST & OTHER UPDATES

NEW GST RETURNS

Particulars	SAHAJ	SUGAM	NORMAL
Threshold limit – Turnover	Below Rs.5 crore (optional)	Below Rs.5 crore (optional)	Above Rs.5 crore (mandatory) Below Rs.5 cr. (optional)
Periodicity of payment	Monthly	Monthly	Monthly
Periodicity of returns	Quarterly	Quarterly	Monthly (above Rs.5 crores turnover) Quarterly (below Rs.5 crores turnover)
Forms to fill	ANX-1, ANX-2 & RET-02	ANX-1, ANX-2 & RET-03	ANX-1, ANX-2 & RET-01
OUTPUT Allowed to file	<ul style="list-style-type: none"> B2C & RCM Nil rated, exempt, non-GST supply allowed. 	<ul style="list-style-type: none"> B2C, B2B & RCM Nil rated, exempt, non-GST supply allowed. 	B2B, B2CS, RCM, Exports, E-commerce, Nil rated, exempt, etc. (All types)

From October, 2019 onwards, FORM GST ANX-1 shall be made compulsory and FORM GSTR-1 would be replaced by FORM GST ANX-1. The large taxpayers (i.e. those taxpayers whose aggregate annual turnover in the previous financial year was more than Rs. 5 Crore) would upload their monthly FORM GST ANX-1 from October, 2019 onward

However, the first compulsory quarterly FORM GST ANX-1 to be uploaded by small taxpayers (with aggregate annual turnover in the previous financial year upto Rs. 5 Crore) would be due only in January, 2020 for the quarter October to December, 2019. It may be noted that invoices etc. can be uploaded in FORM GST ANX-1 on a continuous basis both by large and small taxpayers from October, 2019 onwards. FORM GST ANX-2 may be viewed

simultaneously during this period but no action shall be allowed on such FORM GST ANX-2.

For October and November, 2019, large taxpayers would continue to file FORM GSTR3B on monthly basis. They would file their first FORM GST RET-01 for the month of December, 2019 by 20th January, 2020.

The small taxpayers would stop filing FORM GSTR-3B and would start filing FORM GST PMT-08 from October, 2019 onwards. They would file their first FORM GST-RET-01 for the quarter October, 2019 to December, 2019 from 20th January, 2020.

From January, 2020 onwards, all taxpayers shall be filing FORM GST RET-01 and FORM GSTR-3B shall be completely phased out.

OTHER UPDATES

Latest Supreme Court Judgment on Provident Fund

Simplified Analysis of the Supreme Court ruling on Basic Wages for Provident Fund Computation.

The Honorable Supreme Court of India have passed a Judgment on 28th February, 2019 in case of Regional Provident Fund Commissioner (II), West Bengal v. Vivekananda Vidyamandir & Others. [Civil Appeal No 6221 of 2011]. A bench of Justice Shri Arun Mishra and Justice Shri Naveen Sinha ruled that employers cannot segregate 'special allowance' from basic wages for purpose of PF deductions.

It's a judgment on the definition of 'basic wages' for the purposes of calculating Provident Fund contributions. This is a very important judgment as it impacts on cost to companies (Employers) and take home salary of employees.

1. PF contribution is payable on all amounts paid to employees, except on certain amounts. PF is payable on Dearness Allowance.

2. PF is not payable on House Rent Allowance (HRA).

3. PF is not payable on any allowance which is variable and not universal in nature

Like Overtime, Statutory Bonus, Commission, Incentive, Leave Encashment, etc.

To Conclude, PF is payable on Gross Salary, reduced by HRA and any variable allowance.

Certain other points to be considered:

There is no effective date specified by the PF Department for application of rulings in the Judgment.

This Ruling has not touched upon the impact of those contributing PF on amounts exceeding ₹ 15,000/- per month which is the statutory wage limit.

This Ruling impacts companies employing foreign nationals qualifying to be International Workers (i.e. other than Indian passport holders) where the statutory wage ceiling of ₹ 15,000/- per month does not apply.

Example	Salary Details	PF Computation
Example No.: 1 In case when Gross Salary is less than ₹ 15,000/- Per Month.	Basic + DA 12000 Special Allowance other than DA 1500 HRA 600 Overtime 400 Gross 14500	PF is now payable on Gross Salary minus OT, HRA, Statutory Bonus and other variable allowances. Old PF Contribution – $12,000 \times 12\% = 1440/-$ New PF Contribution – $12000+1500=13500$, $13500 \times 12\% = 1620/-$
Example No.: 2 In case when Gross Salary is more than ₹ 15,000/- Per Month, but Basic is less than ₹ 15,000 per month (Example 1).	Basic + DA 13000 Special Allowance other than DA 1800 HRA 4000 Overtime 400 Gross 19200	PF is now payable on Gross Salary minus OT, HRA, Statutory Bonus and other variable allowances. Old PF Contribution – $12,000 \times 12\% = 1440/-$ New PF Contribution – $12000+1500=13500$, $13500 \times 12\% = 1620/-$

OTHER UPDATES

<p>Example No.: 3</p> <p>In case when Gross Salary is more than ₹ 15,000/- Per Month, but Basic is less than ₹ 15,000 per month (Example 2, Where Statutory Wage limit becomes applicable).</p>	<table border="0"> <tr> <td>Basic + DA</td> <td>14000</td> </tr> <tr> <td>Special Allowance other than DA</td> <td>1900</td> </tr> <tr> <td>HRA</td> <td>5000</td> </tr> <tr> <td>Overtime</td> <td>800</td> </tr> <tr> <td>Gross</td> <td>21700</td> </tr> </table>	Basic + DA	14000	Special Allowance other than DA	1900	HRA	5000	Overtime	800	Gross	21700	<p>PF is now payable on Gross Salary minus OT, HRA, Statutory Bonus and other variable allowances.</p> <p>Old PF Contribution – 14,000 X 12% = 1680/-</p> <p>New PF Contribution – 14000+1900=15900, 15900 X 12% =1908/- (PF Ceiling Cap can be kept upto 15000 X 12% = 1800/-)</p>
Basic + DA	14000											
Special Allowance other than DA	1900											
HRA	5000											
Overtime	800											
Gross	21700											
<p>Example No.:4</p> <p>In case when Gross Salary is more than ₹ 15,000/- Per Month, and Basic is also more than ₹15,000 per month, and Management Currently Contributes PF on restricted / Statutory wages Ceiling.</p>	<table border="0"> <tr> <td>Basic + DA</td> <td>20000</td> </tr> <tr> <td>Special Allowance other than DA</td> <td>3000</td> </tr> <tr> <td>HRA</td> <td>6000</td> </tr> <tr> <td>Overtime</td> <td>1200</td> </tr> <tr> <td>Gross</td> <td>30200</td> </tr> </table>	Basic + DA	20000	Special Allowance other than DA	3000	HRA	6000	Overtime	1200	Gross	30200	<p>Old PF Contribution – 15,000 X 12% = 1800/-New PF Contribution – 15,000 X 12% = 1800/-</p> <p>(NO CHANGE) (PF Ceiling Cap 15000 X 12% = 1800/-)</p>
Basic + DA	20000											
Special Allowance other than DA	3000											
HRA	6000											
Overtime	1200											
Gross	30200											
<p>Example No.:5</p> <p>In case when Gross Salary is more than ₹15,000/- Per Month, and Basic is also more than ₹ 15,000 per month, and Management Contributes PF on actual Basic.</p>	<table border="0"> <tr> <td>Basic + DA</td> <td>25000</td> </tr> <tr> <td>Special Allowance other than DA</td> <td>5000</td> </tr> <tr> <td>HRA</td> <td>10000</td> </tr> <tr> <td>Overtime</td> <td>4000</td> </tr> <tr> <td>Gross</td> <td>44000</td> </tr> </table>	Basic + DA	25000	Special Allowance other than DA	5000	HRA	10000	Overtime	4000	Gross	44000	<p>Old PF Contribution – 25,000 X 12% = 3000/-New PF Contribution – 25,000 X 12% = 3000/-</p> <p>(NO CHANGE)</p> <p>Since SC Judgment has not touched upon the impact of those contributing PF on amounts exceeding ₹15,000 per month which is the statutory wage limit.</p>
Basic + DA	25000											
Special Allowance other than DA	5000											
HRA	10000											
Overtime	4000											
Gross	44000											

Currently, there is no clarity on whether this will have any retrospective effect on companies contributing PF on amounts lesser than ₹ 15,000/- per month.

SOURCE : AIFTP

GST Due Dates

Return	Period	Due Date
GSTR 1 (Monthly)	September 2019	11th October 2019
GSTR 3B	August 2019	20th September 2019
PMT-08	August 2019	20th September 2019
GSTR 9	FY 2017 - 2018	30th November 2019
GSTR 9C	FY 2017 - 2018	30th November 2019

NOTE : Last date for filing of intimation, in **FORM GST CMP-02**, for availing the option of payment of tax under [notification No. 2/2019-Central Tax \(Rate\) dated 07.03.2019](#) (by exclusive supplier of services), **extended from 31.07.2019 to 30.09.2019.**

Income Tax Due Dates

Return	Period	Due Date
Income Tax Return (For Companies, Audits under 44AB, 10B etc)	FY 2018-19	30th September 2019