



SUPPLEMENTARY_PAPER_16_FOR DECEMBER 2023 TERM OF EXAMINATION_SYLLABUS 2016

Direct Tax (Paper 16) – Circulars & Notification [01-12-2022 to 31-05-2023]

Clarification on aggregation of cash receipts from distributors over different days for the purpose of restrictions of ₹ 2 Lac or more u/s 269ST [Circular No. 25/2022 dated 30-12-2022]

Whether, in respect of Milk Producers' Cooperative, under the provisions of sec. 269ST, receipt(s) in cash in a day of bank holiday/closure of bank day within 'the prescribed limit' from a distributor against sale of milk when payments were through bank on all other days is to be considered as a single transaction or whether all such receipts in cash in a previous year would be aggregated in respect of transactions with a distributor to treat it as one event or occasion.

In respect of Co-operative Societies, a dealership/ distributorship contract by itself may not constitute an event or occasion for the purposes of sec. 269ST(c). Receipt related to such a dealership/distributorship contract by the Co-operative Society on any day in a previous year, which is within 'the prescribed limit' and complies with sec. 269ST(a) / (b), may not be aggregated across multiple days for purposes of clause (c) of sec. 269ST for that previous year.

Consequences of PAN becoming inoperative [Circular No. 03/2023 dated 28-03-2023]

A person who has failed to intimate the Aadhaar number in accordance with sec. 139AA read with rule 114AAA shall face the following consequences as a result of his PAN becoming inoperative:

- refund of any amount of tax or part thereof, due under the provisions of the Act shall not be made to him;
- interest shall not be payable to him on such refund for the period, beginning with the date specified under rule 114AAA(4) and ending with the date on which it becomes operative;
- where tax is deductible in case of such person, such tax shall be deducted at higher rate, in accordance with the provisions of sec. 206AA;
- where tax is collectible at source in case of such person, such tax shall be collected at higher rate, in accordance with the provisions of sec. 206CC.

A fee of ₹ 1,000 will apply to make the PAN operative by intimating the Aadhaar number.

Further, the consequences of PAN becoming inoperative shall not be applicable to those persons who have been provided exemption from intimating Aadhaar number.

Statement of Financial Transactions (SFT) – Interest Income [Notification No.01/2023 dated 05-01-2023]

Sec. 285BA read with Rule 114E requires specified reporting persons to furnish statement of financial



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transaction (SFT). For the purposes of prefilling the return of income, CBDT has notified to include reporting of information relating to interest income. Earlier, the reporting person is required to furnish information if interest income is more than ₹ 5,000/-. Now, the threshold limit has been removed. In other words, reporting person is required to furnish information in respect of interest exceeds zero per account in the financial year. However, such amendment is not applicable in case of Jan Dhan Account.

Other Notification

- Centralised Processing of Equalisation Levy Statement Scheme, 2023 notified vide Notification No. 03/2023 dated 07-02-2023]
- e-Appeals Scheme, 2023 notified vide Notification No. 33/2023 dated 29-05-2023
- W.e.f. 01-04-2023, the amount exempt from income-tax u/s 10(10AA)(ii) [i.e., **leave encashment** at the time of retirement by non-Government employees] has been increased to **₹ 25 lakh** [earlier the limit was ₹ 3,00,000] where any such payments are received by a non-government employee.