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**ORGANISED BY : J.B.NAGAR CPE STUDY CIRCLE WIRC**

**SUBJECT : Compliance of Cash transactions**

**DATE & DAY : 12.02.2017(Sunday)**

**TIME : 8.45 am to 1.15 p.m.**

**VENUE : Hotel Kohinoor Continental, Andheri Kurla Road, J.B.Nagar,  
Andheri (East), Mumbai- 400 059**

**BY CA VIMAL PUNMIYA**

**Dr. Babasaheb Ambedkar quoted in his book "Problem of Rupee" – "If you want to end corruption once in every 20 years, you must change your currency notes"**

The demonetization of Rs.500 and Rs.1000 banknotes was a step taken by the Government of India on 8<sup>th</sup> November 2016, ceasing the usage of all Rs.500 and Rs.1000 banknotes of the Mahatma Gandhi Series as a form of legal tender in India from 9<sup>th</sup> November 2016.

The announcement was made by the Hon'ble Prime Minister of India, Mr. Narendra Modi in an unscheduled live televised address to the nation at 20:15 Indian Standard Time (IST) the same day. In the announcement, Modi declared circulation of all Rs.500 and Rs.1000 banknotes of the Mahatma Gandhi Series as invalid and announced the issuance of new Rs.500 and Rs.2,000 banknotes of the Mahatma Gandhi New Series in exchange for the old banknotes.

The banknote denominations of Rs.100, Rs.50, Rs.20, Rs.10 and Rs.5 of the Mahatma Gandhi Series continued to remain as legal tender and were unaffected by the policy. The demonetization was done in an effort to stop the counterfeiting of the current banknotes alleged to be used for funding terrorism, as well as to crack down on black money in the country. The move is also aimed at reducing corruption, drug menace and smuggling.

Similar demonetization of banknote denominations have been taken in the past. In January 1946, banknotes of 1000 and 10000 rupee were withdrawn and new notes of 1000, 5000 and 10000 rupee were introduced in 1954. The Janata Party coalition government had again demonetised banknotes of 1000, 5000 and 10000 rupee on 16 January 1978 as a means to curb counterfeit money and black money.

In 2012, the Central Board of Direct Taxes had recommended against demonetization, saying in a report that "demonetization may not be a solution for tackling black money or economy, which is largely held in the form of benami properties, bullion and jewellery".

Mechanical engineer Anil Bokil, a member of the ArthaKranti Sansthan, is reportedly the man behind getting the ban on Rs.500 and Rs.1000 notes. Anil had met Mr. Narendra Modi a few months back and suggested that the PM study the roots of corruption, poverty and unemployment.

Prime Minister Narendra Modi has characterized the demonetization of Rs 500 and Rs 1000 notes as a 'massive cleaning drive'. "The money that has been looted has to be recovered. And, the rules have to be the same for everyone," he added.

The decision met with mixed reactions - Several bankers like Arundhati Bhattacharya (Chairperson of State Bank of India), Chanda Kochhar (MD & CEO of ICICI Bank) and Deepak Parekh (Chairman of HDFC) appreciated the move in the sense that it would help curb black money. Businessmen Anand Mahindra (Mahindra Group), Sajjan Jindal (JSW Group), Kunal Bahl (Snapdeal and FreeCharge) also supported the move adding that it would also accelerate e-commerce. Infosys founder N. R. Narayana Murthypraised the move.

Finance Minister Arun Jaitley said that demonetization would clean the complete economic system, increase the size of economy and revenue base. He mentioned the demonetization along with the upcoming Goods and Services Tax (GST) as "an attempt to change the spending habit and lifestyle.

Bill Gates believes digital payments can transform the lives of poor, and if demonetization helps quicken digitization, the temporary pains may be worth going through. The Supreme Court has lauded the objective behind the demonetization of high-value currency notes, but asked the Centre to take urgent measures to help the common people get money from banks and ATMs smoothly.

## Viewing Information

### 1. Which internet browser should I use to view and file response on e-filing portal?

Ans: The e-filing portal and other utilities can be best viewed on Internet Explorer 9 or above and latest version of browsers like Mozilla and Chrome.

### 2. How to register on e-filing website?

Ans: Please click on "Register Yourself" on the e-filing portal and select your user type. Once user type is selected, all the mandatory fields are to be filled up and after a successful registration, you can login.

### 3. What information do I need to register myself on e-filing portal?

Ans: The basic information required is: PAN, Full Name, Date of birth/incorporation, communication address, valid e-mail id, mobile number and digital signature certificate (if applicable). For persons other than individuals, in addition to the above mentioned information, PAN details and contact details of the principal contact are required.

### 4. Is it necessary to register on e-filing website? What happens if I don't register?

Ans: The registration is required only once and without registration, income tax return cannot be filed by user. Also, additional services like viewing 26AS statements, status of income tax return, rectifications, refund re-issue request etc. can't be availed. In addition to that, e-filing portal is one of the very convenient mediums to communicate with income tax department. Further, you will be able to view cash transactions/cash deposits made by you during demonetization period (9<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016), if any, only after registration. Response can be submitted online without the requirement of physical contact or visit to Income Tax Office.

### 5. I am not able to view any information in my e-filing account. What should I do?

Ans: The information on the online portal is dynamic and will be updated on receipt of new information, response and data analytics. You should verify and update the email address and mobile number on the e-filing portal to receive electronic communication.

## Confirmation of Account

### 6. If the information displayed under "cash transactions 2016" does not belong to me, what should I do?

Ans: In that case, you can select the response "The account does not relate to this PAN" and click on submit button. Your feedback will be sent to the information source for confirmation.

### 7. If the account displayed does not belong to me, but it belongs to either my spouse or dependent person/relative, what should I do?

Ans: In such case, you can select the response "The account does not relate to this PAN" and click on submit button. Your feedback will be sent to the information source for confirmation.

### 8. If the account displayed does not belong to me, but it belongs to another entity of which I am authorised signatory, what should I do?

Ans: In such case, you can select the response "The account does not relate to this PAN" and click on submit button. Your feedback will be sent to the information source for confirmation.

### 9. I am getting error message "invalid field response bank transaction confirmed" while submitting response, what should I do?

Ans: This problem is generally faced while using older version of Internet browser(s). Kindly use Internet Explorer 9 or above or latest version of browsers like Mozilla and Chrome.

### 10. If I have another account in a bank not being displayed in which I have deposited specified bank notes (SBN), how do I provide information about such account?

Ans: Once you click on cash transaction 2016, details of account(s) with cash deposit are displayed. There is an option provided to submit details of other bank accounts in which specified bank notes (SBN) have been deposited.

## Modification of Cash Deposit Amount

### 11. If the cash deposit amount displayed is not correct, how do I mention the correct amount?

Ans: If the cash deposit amount displayed is not correct, please mention the correct amount under A.5. Such cases may be sent to the information source for confirmation.

### 12. Whether the cash deposits consist of specified bank notes only or other currency including new currency notes?

Ans: The cash deposit amount includes both specified bank notes as well as other currency including new currency notes irrespective of the denomination.

**13. If one bank account pertaining to me is reported more than once on e-filing portal, how should I submit my response?**

Ans: If one bank account is reported more than once, the details for one account may be submitted and an amount of zero can be mentioned in the amount column of the repeated account and the remarks "duplicate bank account" may be entered in the remark column.

**Explanations of Source of Cash Deposits**

**14. If the cash deposited is from more than one category, how should it be segregated?**

Ans: If cash is from more than one category, the source of cash may be assigned under various categories in the following sequence:

- a) Cash withdrawn out of bank account (Refer B.3)
- b) Cash received from identifiable persons (with PAN) (Refer B.4)
- c) Cash received from identifiable persons (without PAN) (Refer B.5)
- d) Cash received from un-identifiable persons (Refer B.6)
- e) Cash out of receipts exempt from tax (Refer B.2)
- f) Cash out of earlier income or savings (Refer B.1)
- g) Cash Disclosed/To be disclosed under PMGKY (Refer B.7)

Adopting other sequence may result in case being selected for verification based on risk criteria.

**15. If the cash deposit is out of cash in hand as on 8<sup>th</sup> November 2016, where do I enter that?**

Ans: If cash is claimed to be out of cash in hand, the source of cash may be assigned under various categories in the following sequence:

- a) Cash withdrawn out of bank account (Refer B.3)
- b) Cash received from identifiable persons (with PAN) (Refer B.4)
- c) Cash received from identifiable persons (without PAN) (Refer B.5)
- d) Cash received from un-identifiable persons (Refer B.6)
- e) Cash out of receipts exempt from tax (Refer B.2)
- f) Cash out of earlier income or savings (Refer B.1)
- g) Cash Disclosed/To be disclosed under PMGKY (Refer B.7)

Adopting other sequence may result in case being selected for verification based on risk criteria.

**16. What am I expected to show under cash out of earlier income or savings?**

Ans: In case of an individual having no business income, cash out of earlier income or savings means cash out of savings as on 8<sup>th</sup> November 2016. In case of business, the cash in hand as on 31<sup>st</sup> March 2016 can be taken as cash out of earlier income or savings.

**17. If the deposited cash amount pertains to the withdrawals made from different bank accounts, do I need to mention the date(s) of such withdrawal(s)?**

Ans: The dates and other details with respect to withdrawal(s) from other bank accounts can be mentioned in the remarks column of B.3.

**18. What am I expected to show under cash out of receipts exempt from tax?**

Ans: Cash out of receipts exempt from tax is expected to be used for taxpayers not involved in business who have received cash out of exempt income, for example agricultural income etc.

**19. I am an entity whose income is exempt under income-tax Act, 1961 e.g. charitable trust etc., how do I assign it under the various categories?**

Ans: If the cash pertains to receipts/donations, the source of cash may be assigned under various categories in the following sequence.

- a) Cash withdrawn out of bank account (Refer B.3)
- b) Cash received from identifiable persons (with PAN) (Refer B.4)
- c) Cash received from identifiable persons (without PAN) (Refer B.5)
- d) Cash received from un-identifiable persons (Refer B.6)
- e) Cash out of earlier income or savings (Refer B.1) - closing cash balance as on 31<sup>st</sup> March 2016

The taxpayer is advised to provide the details of identifiable person (with PAN) to reduce the chances of the case being selected for verification. Adopting other sequence may result in case being selected for verification based on risk criteria.

**20. If the cash is out of cash sales of business, how do I assign it under the various categories?**

Ans: If the cash is out of cash sales of business, the cash may be assigned under various categories in the following sequence:

- b) Cash received from identifiable persons (with PAN) (Refer B.4)
- c) Cash received from identifiable persons (without PAN) (Refer B.5)
- d) Cash received from un-identifiable persons (Refer B.6)
- e) Cash out of earlier income or savings (Refer B.1) - closing cash balance as on 31<sup>st</sup> March 2016

The taxpayer is advised to provide the details of identifiable person (with PAN) to reduce the chances of the case being selected for verification. Adopting other sequence may result in case being selected for verification based on risk criteria.

**21. I am an entity like Petrol pumps/Toll Plaza/Hospital etc. which was allowed to accept specified bank notes. How should I show the cash deposited in the response option?**

Ans: The details of cash sales of business may be provided as mentioned above. The nature of business will be considered while assessing the response.

**22. I am a professional having cash receipts on daily basis in the ordinary course of the business. How should I show the cash deposited in the response option?**

Ans: If the cash is out of professional receipt in cash, the cash may be assigned under various categories in the following sequence:

- a) Cash received from identifiable persons (with PAN) (Refer B.4)
- b) Cash received from identifiable persons (without PAN) (Refer B.5)
- c) Cash received from un-identifiable persons (Refer B.6)

The taxpayer is advised to provide the details of identifiable person (with PAN) to reduce the chances of the case being selected for verification. In case of cash receipts of Rs. 20,000/- or more from a single person, it is expected that the details are provided either in B.4 or B.5, as the case may be.

**23. If income is received from tuition fees, tailoring etc. where should I show the same?**

Ans: If the income or cash receipts pertain to the business/profession of the tax payer, the same is to be reported as 'cash sales' under 'Nature of Transaction'. The cash may be assigned under various categories in the sequence of B.4, B.5 or B.6, as the case may be.

**24. If I have received cash vide gift/donation, where should I show the same?**

Ans: Cash receipts from gifts/donations should necessarily be filled in row B.4, B.5 or B.6 accordingly in the response option form. The taxpayer is advised to provide the details of identifiable person (with PAN) to reduce the chances of the case being selected for verification. In case of cash receipts of Rs. 20,000/- or more from a single person, it is expected that the details are provided either in B.4 or B.5 as the case may be.

**25. If I have received salary/ advance salary from my employer in cash and deposited the same in my bank account, where should I show the same in the response form?**

Ans: In this case, the name and respective details of the employer from whom salary/advance salary in cash has been received may be provided in B.4 or B.5 of the response form on e-filing portal.

**26. If I have deposited someone else's cash in my bank account, where should I disclose such cash amount in the response form?**

Ans: In this case, the name and respective details of the person to whom cash belongs must be provided in row B.4 or B.5 of the response form on e-filing portal.

**27. The account number against my PAN on e-filing portal belongs to me, but the cash amount shown was not deposited by me and I have no idea who deposited the cash in my bank account. What should I do?**

Ans: In this case, the cash may be mentioned under B.6 i.e. cash received from un-identifiable persons and the facts may be provided in the remarks column.

**28. If the cash deposited has already been declared under Income Declaration Scheme, 2016, what should I do?**

Ans: The cash deposited should be shown under "Cash out of earlier income or savings" (B.1). In remarks column, the details regarding the declaration should be mentioned.

**29. If certain amount has been declared or is to be declared under PMGKY and same has been provided in the response, how should I proceed?**

Ans: You need to enter the amount which either has been declared or is to be declared under PMGKY, 2016 in row B.7 of the response form. Please refer to guidelines and procedures provided on e-filing portal regarding PMGKY 2016 for further clarifications.

## Uploading data using CSV

**30. How can I provide details of identifiable persons (with or without PAN) from whom cash has been received?**

Ans: The details of identifiable persons (with or without PAN) from whom cash has been received can be provided on the online portal. A facility has also been provided to enable upload of the details in a CSV (Comma Separate Values) file.

**31. I am getting error while uploading the CSV file in the e-filing portal, what should I do?**

Ans: Please make sure that you have saved the details in .csv format only before uploading the same. Also, please make sure that you have filled all the mandatory details as provided in the user guide and there are no blank rows in the CSV file. Kindly refer to Para 5.4 of User Guide for Online Verification of Cash deposits during 9<sup>th</sup> November to 30<sup>th</sup> December, 2016.

## Revision of Response

**32. After submission, if I want to modify or change my response or explanation provided, how can I do so?**

Ans: You can re-submit your response.

## Verification of Response

**33. Whether all cases will be selected for verification?**

Ans: No. Data analytics will be used to select cases for verification, based on approved risk criteria.

**34. Is response provided by me final or do I need to file additional information to support the claim?**

Ans: You may need to provide additional information if your case is selected for further verification.

**35. If any additional information is required, how shall I be intimated?**

Ans: If the case is selected for verification, the request for additional information will be displayed on your e-filing portal and a communication will be sent to your e-mail id, as provided on e-filing portal.

## FAQs on the said Demonetization :-

### ➤ Why is this scheme introduced?

The incidence of fake Indian currency notes in higher denomination has increased. For ordinary persons, the fake notes look similar to genuine notes, even though no security feature has been copied. The fake notes are used for antinational and illegal activities. High denomination notes have been misused by terrorists and for hoarding black money. India remains a cash based economy hence the circulation of Fake Indian Currency Notes continues to be a menace. In order to contain the rising incidence of fake notes and black money, the scheme to withdraw has been introduced.

### ➤ What is this scheme?

The legal tender character of the existing bank notes in denominations of Rs.500 and Rs.1000 issued by the Reserve bank of India till November 8, 2016 (hereinafter referred to as Specified Bank Notes) stands withdrawn. In consequence thereof these Bank Notes cannot be used for transacting business and/or store of value for future usage. The Specified Bank Notes can be exchanged for value at any of the 19 offices of the Reserve Bank of India or at any of the bank branches of commercial banks/ Regional Rural Banks/ Co-operative banks or at any Head Post Office or Sub-Post Office.

District Central Cooperative Banks (DCCBs) can allow their existing customers to withdraw money from their accounts upto Rs. 24,000 per week upto November 24, 2016. No exchange facility against the specified bank notes (Rs. 500 and Rs. 1000) or deposit of such notes should be entertained by DCCB's. The Reserve Bank has accordingly advised all banks to permit withdrawal of cash by DCCBs from their accounts based on need.

### ➤ Does the scheme apply to pre 2005 banknotes of Rs.500 and Rs.1000?

Yes, specified banknotes (SBN) include pre 2005 banknotes in the denominations of Rs.500 and Rs.1000. Banks are expected to accept for exchange as well as for deposit, pre-2005 bank notes in the denominations of Rs.500 and Rs.1000 under the scheme.

➤ **How much value will I get?**

You will get value for the entire volume of notes tendered at the bank branches / RBI offices.

➤ **Can I get all in cash?**

No. You will get upto Rs.2000 per person in cash exchange over the counter irrespective of the size of tender and anything over and above that will be receivable by way of credit to bank account.

➤ **Why I cannot get the entire amount in cash when I have surrendered everything in cash?**

The Scheme does not provide for it, given its objectives.

➤ **Rs.2000 cash is insufficient for my need. What to do?**

You can use balances in bank accounts to pay for other requirements by cheque or through electronic means of payments such as Internet banking, mobile wallets, IMPS, credit/debit cards etc.

➤ **What if I don't have any bank account?**

You can always open a bank account by approaching a bank branch with necessary documents required for fulfilling the KYC requirements.

➤ **What if, if I have only JDY account?**

A JDY account holder can avail the exchange facility subject to the caps and other laid down limits in accord with norms and procedures.

➤ **Where can I go to exchange the notes?**

The exchange facility is available at all Issue Offices of RBI and branches of commercial banks/RRBS/ Co-operative banks or at any Head Post Office or Sub-Post Office.

➤ **Need I go to my bank branch only? Or I can go to any branch of my bank?**

For exchange upto Rs.2000 in cash you may go to any bank branch with valid identity proof.

For exchange over Rs.2000, which will be accorded through credit to Bank account only, you may go to the branch where you have an account or to any other branch of the same bank.

Yes you can go to any branch of your bank. In case you go to a branch of any other bank where you are not maintaining an account, you will have to furnish valid identity proof and bank account details required for electronic fund transfer to your account.

➤ **Can I go to any branch of any other bank?**

Yes, you can go to any branch of any other bank. In that case you have to furnish valid identity proof for exchange in cash; both valid identity proof and bank account details will be required for electronic fund transfer in case the amount to be exchanged exceeds Rs.2000.

➤ **Can I exchange Rs. 2000 more than once?**

No. You can exchange upto Rs. 2000 only once. As per the Standard Operating Procedure advised to banks, while exchanging the specified banknotes, the bank branch concerned, issue office of RBI or post offices would put indelible ink mark on the right index finger of the customer so as to identify that he/she has exchanged the old currency notes. The indelible ink will be applied before the old notes are taken or new notes are given. Indelible ink on the index finger of the left hand or any other finger of the left hand may not be used as a pretext to deny exchange of old notes. This procedure would be introduced to begin with in the metro cities and later extended to the other areas.

➤ **I have no account but my relative / friend has an account, can I get my notes exchanged into that account?**

Yes, you can do that if the account holder relative/friend etc. gives you permission in writing. While exchanging, you should provide to the bank, evidence of permission given by the account holder and your valid identity proof.

➤ **Should I go to bank personally or can I send the notes through my representative?**

Personal visit to the branch is preferable. In case it is not possible for you to visit the branch you may send your representative with an express mandate i.e. a written authorization. The representative should produce authority letter and his / her valid identity proof while tendering the notes.

➤ **Can I withdraw from ATM?**

- The ATMs are progressively getting recalibrated. As and when they are recalibrated, the cash limit of such ATMs will stand enhanced to Rs. 2500/- per withdrawal. This will enable dispensing of lower denomination currency notes for about Rs.500/- per withdrawal. Other ATMs which are yet to be recalibrated, will continue to dispense Rs. 2000/- till they are recalibrated. Banks have also been advised to increase the Business Correspondents' limit of dispensing cash to Rs. 2500/- for withdrawal from bank accounts.

➤ **What will be the levied ATM charges?**

It has been decided that banks shall **waive** levy of ATM charges for all transactions (inclusive of both financial and non-financial transactions) by savings bank customers done at their own banks' ATMs as well as at other banks' ATMs, irrespective of the number of transactions during the month. This waiver is applicable on transactions done at ATMs from November 10, 2016 till December 30, 2016, subject to review.

**Does the limit of Rs.10000 withdrawal apply to withdrawals from bank account of one bank from another bank?**

The daily limit of Rs.10000/- per day stands withdrawn. These limits are not applicable to cash withdrawal from a bank account by one bank from another bank, Post Office, Money changers operating at International airports and operators of White Label ATMs. The branches maintaining Currency Chests have been advised to accommodate the requests from other branches in their vicinity linked or otherwise for supply of cash.

➤ **Can I withdraw cash against cheque?**

Yes, you can withdraw cash against withdrawal slip or cheque subject to a weekly limit of Rs.24000/- (including withdrawals from ATMs and over the counter) from the bank accounts. The ceiling of Rs.10,000/- in a day stands withdrawn. The limits apply upto 24th November 2016, after which these may be reviewed.

Business entities having Current Accounts which are operational for last three months or more will be allowed to draw Rs. 50,000/-per week. This can be done in a single transaction or multiple transactions.

➤ **Can I deposit Specified Bank Notes through ATMs, Cash Deposit Machine, cash Recycler and bank branches multiple times?**

Yes, Specified Bank Notes can be deposited in Cash Deposits machines / Cash Recyclers or at bank branches more than once till December 30, 2016. At bank branches, customers should use separate pay-in-slips for depositing specified bank notes and other legal tender bank notes.(If a depositor has a mixed bunch of SBN and legal tender notes, he has to segregate them and submit two separate Pay-in slips).

➤ **Can I make use of electronic (NEFT/RTGS /IMPS/ Internet Banking / Mobile banking etc.) mode?**

You can use NEFT/RTGS/IMPS/Internet Banking/Mobile Banking or any other electronic/ non-cash mode of payment.

➤ **How much time do I have to exchange the notes?**

The scheme closes on December 30, 2016. The Specified banknotes can be exchanged at branches of commercial banks, Regional Rural Banks, Urban Cooperative banks, State Cooperative Banks and RBI till December 30, 2016 and even beyond, at specified RBI offices. As there is ample time, people need not rush to exchange putting avoidable strain on the banking branch network.

➤ **I am right now not in India, what should I do?**

If you have Specified banknotes in India, you may authorised in writing enabling another person in India to deposit the notes into your bank account. The person so authorised has to come to the bank branch with the Specified banknotes, the authority letter given by you and a valid identity proof (Valid Identity proof is any of the following: Aadhaar Card, Driving License, Voter ID Card, Pass Port, NREGA Card, PAN Card, Identity Card Issued by Government Department, Public Sector Unit to its Staff)

➤ **I am an NRI and hold NRO account, can the exchange value be deposited in my account?**

Yes, you can deposit the Specified banknotes to your NRO account.

➤ **I am a foreign tourist, I have these notes. What should I do?**

You can purchase foreign exchange equivalent to Rs.5000 using these Specified Bank Notes at airport exchange counters till November 24, 2016, provided you present proof of purchasing the Specified Bank Notes.

➤ **I have emergency needs of cash (hospitalization, travel, lifesaving medicines) then what I should do?**

Till the November 24, 2016 midnight, specified banknotes can be used as under:—

- for making payments in Government hospitals for medical treatment and pharmacies in Government hospitals for buying medicines with doctor's prescription;
- at railway ticketing counters, ticket counters of Government or Public Sector Undertakings buses and airline ticketing counters at airports for purchase of tickets;
- for purchases at consumer cooperative stores operated under authorization of Central or State Governments and the customers shall provide their identity proof;
- for purchase at milk booths operating under authorization of the Central or State Governments;
- for purchase of petrol, diesel and gas at the stations operating under the authorization of Public Sector Oil and Gas Marketing Companies;
- for payments at crematoria and burial grounds;
- at international airports, for arriving and departing passengers, who possess specified bank notes, the value of which does not exceed five thousand rupees to exchange them for notes having legal tender character;
- for foreign tourists to exchange foreign currency or specified bank notes, the value of which does not exceed five thousand rupees to exchange them for notes having legal tender character.
- for making payments in all pharmacies on production of doctor's prescription and proof of identity;
- for payments on purchases LPG gas cylinders;
- for making payments to catering services on board, during travel by rail;
- for making payments for purchasing tickets for travel by suburban and metro rail services;
- For making payments for purchase of entry tickets for any monument maintained by the Archaeological Survey of India.
- for making payments towards any fees, charges, taxes or penalties, payable to the Central or State Governments including Municipal and local bodies;
- for making payments towards utility charges including water and electricity -which shall be restricted to individuals or households for payment of only arrears or current charges and no advance payments shall be allowed

## Regarding National Highway tolls

The government on Thursday extended the suspension of tolls till November 24 midnight for all National Highways. Last week, the government had announced that tolls would be suspended till November 14 midnight, as relief to commuters after Rs 500 and Rs 1000 currency notes were rendered defunct by Prime Minister Narendra Modi. Earlier, on November 9, the government had announced the suspension of toll collection on National Highways till November 11 midnight.

“For smooth traffic movement across all National Highways, toll collection has now been suspended till mid-night of November 24,” Road Transport and Highways Minister Nitin Gadkari told PTI.

### ➤ **Can I use the Specified banknotes to settle outstanding in my loan account?**

Deposits of Specified bank Notes into all types of deposit/loan accounts is allowed subject to CTR/STR reporting. Anybody depositing more than Rs. 50,000/- in cash in their bank account has to submit a copy of the PAN card in case the bank account is not seeded with PAN.

### ➤ **What is proof of identity?**

Valid Identity proof is any of the following: Aadhaar Card, Driving License, Voter ID Card, Pass Port, NREGA Card, PAN Card, Identity Card Issued by Government Department, and Public Sector Unit to its Staff.

### ➤ **Where can I get more information on this scheme?**

Further information is available on our website and the website of the Government of India.

### ➤ **What steps have been taken for queue management?**

Banks have been advised to make arrangements for separate queues for Senior citizens and Divyang (disabled) persons. Similarly, separate queues should also be arranged for those who come to exchange SBN for cash and those who come to deposit into bank accounts.

The last date for submission of the annual life certificate for the government pensioners which is to be submitted in November every year has been extended upto January 15, 2017 to facilitate.

The Reserve Bank assures members of the public that enough cash in small denominations is also available at the Reserve Bank and banks. The Reserve Bank urges that public need not be anxious; need not come over to banks repeatedly to draw and hoard; Cash is available when they need it. All you wanted to know from RBI about: Withdrawal of Legal Tender Status of Rs. 500 and Rs. 1000 Notes

### ➤ **If I have a problem, whom should I approach?**

You may approach the control room of RBI by email or on Telephone Nos 022 22602201/022 22602944.

### ➤ **How much currency (Rs.500 + Rs.1000) can be deposited in the Savings Bank Account?**

Rs.2,50,000/- can be deposited subject to the cash availability in hand, otherwise pay tax on the same.

### ➤ **How much currency can be deposited in the Current Account?**

Rs.12,50,000/- can be deposited subject to the cash availability in hand, otherwise pay tax on the same.

### ➤ **Whether can it be deposited in installments?**

Yes, cash can be deposited in instalments.

➤ **In Single A/c of Female member of the family, can we deposit currencies of entire family?**

Not advisable, it might attract scrutiny.

➤ **How much money can be deposited in a Minor's Account?**

Same as above i.e. Rs.2,50,000/- can be deposited subject to the cash availability in hand

➤ **Can we deposit these currencies in our Son's & Daughter's Account?**

Yes, if and only if money belongs to them. Benami transaction is not permitted.

➤ **Recent limit for marriages by the Government to make withdrawals**

Das said ever since the demonetization announcement was made, a lot of representations have come to Prime Minister and Finance Minister Arun Jaitley to ease withdrawal norms for wedding purposes.

"It has been decided that for wedding ceremonies which are going on, up to Rs 2.50 lakh will be permitted to be drawn from the bank account... and that has to be drawn one person per marriage and can be drawn either from the account of the father or the mother or the account of either of the boy or girl, who are getting married, and these accounts naturally will have to be KYC compliant," he said.

Das said PAN details would have to be mentioned for such withdrawals and a self declaration also will be obtained that the money has been drawn only from one account.

➤ **How much money can be deposited in HUF Account?**

Rs.2,50,000/- can be deposited subject to the cash availability in hand, otherwise pay tax on the same.

➤ **What is the maximum amount permitted to deposit in a Account which will not attract penalty?**

Whatever cash-in-hand is available plus the income which is offered for tax.

➤ **How much will be the penalty levied?**

In my view, if you declare income and pay tax thereon, then there shall be no penalty. Otherwise, 200% penalty on undeclared amount. Question of penalty on declared income cannot arise.

If unaccounted cash or black money are deposited into bank and appropriate tax (maximum 30% plus surcharge) is paid on this additional income, no penalty for under reporting or misreporting can be imposed by assessing officer u/s 270A of Income tax Act, which has been newly introduced from current year. Even, tax payer is not required to substantiate source of income and income can be declared without disclosing head of income. This is because penalty for concealment can be levied only on difference between assessed income and returned income. This view is based on bare reading of section 270A itself. So penalty of 200% under no circumstances can be levied on such income disclosed in return of current year. With due respect, I have to say that The news paper headlines that '200% penalty on unaccounted cash deposits of over ₹ 10 lakh' published in today's Time of India and other media are misleading.

I therefore advise not to sell the notes at discounted prices or deposit the cash into bank accounts of other benami persons in fear of penalty. Further, do not claim any bogus expenses or bogus loss to gain more trouble. Do not manipulate accounts by creating bogus cash on hand. Be good citizen and pay tax honestly to buy peace by building capital. This disclosure by paying tax at maximum of 30% will be advantageous compared to IDS where rate of tax was 45%.

➤ **Details on Cash Deposit:**

Let us understand the type of depositors and the chances of penalty imposition upon them.

**Cash Deposit Up to 2.5 lakh:**

The first category of person is those who have deposited cash up to 2.5 lakh. This category doesn't have to worry about. As Prime Minister/finance minister has said that ***we will not go to disturb or ask any question on deposit up to 2.5 lakh.***

**Cash Deposit Up to 10 Lakh:**

Most of the middle class are covered under this point. They have saved their hard earned money over the years for daughter marriage, or someone may have saved it purchase a small house. Though the government will be keeping an eye on this category as well, however, there are little chances that government will interfere in this category.

Also, people may deposit this sum breaking into the smaller sum of 2.5 lakh and may deposit it in the name of family members which is also a lot of people may already be doing. Further, the government also understands this fact, and they will not interfere with this needy money of the middle class.

**Cash Deposit Above 10 Lakh:**

Anything over and above 10 Lakh will catch the eye of the taxman. If your returned income does not match with the amount you deposit, then you might be in trouble. For E.g. suppose, you regularly file the ITR with 5 lakh income. Now suddenly you deposit the sum of 40 Lakh in your account which cannot be justified with a small income. Hence, the department may treat this income as unexplained credits and may tax the income at 30% with 200% penalty under section 270A.

- **Cash credit:** Once you deposit the sum into the bank account and under scrutiny proceedings, you were unable to justify the sum, then IT department will deem that deposit as unexplained credit or cash credit under section 68 of Income tax act, 1961.
- **Section 115 BBE:** This section is one of the harsh sections of the income tax act. Once it is proved that the cash deposit is cash credit under section 68, and then it shall levy the tax rate of flat 30% without even providing the basic exemption limit. For example if you have cash credit of Rs.40 lakh, then 12 Lakh will be the tax amount.
- **The penalty under section 270A:** Once it is proved that you are a mischief, then penalty provision under income tax act would automatically come into the picture. The AO shall use the section 270A, to levy the penalty of 200%.

However, the penalty of 200% under section 270A can only be levied if any of the conditions is fulfilled:

- Misrepresentation or suppression of facts.
- Failure to record investments in the books of account.
- The claim of expenditure not substantiated by any evidence.
- Recording of any false entry in the books of account.
- Failure to record any receipt in books of account having a bearing on total income;
- Failure to report any international transaction or any transaction deemed to be an international transaction or any specified domestic transaction, to which the provisions of Chapter X apply. (ignore, applicable in case of international transaction).

*“The most important point of this whole process starts from non-justification. Hence, if you can justify the deposits and has already paid the full taxes, then no penalty can be imposed upon you.*

➤ **Can money be deposited in Partnership Account? What is the limit?**

Current Account - Rs.12,50,000/- can be deposited subject to the cash availability in hand

➤ **If a person is out of country, how to move about in exchanging the notes and depositing in the Account?**

If money outside India, then remit back to India. Otherwise, if money in India, then authorize someone through Power of Attorney.

➤ **Whether 200% penalty levied above the deposit amount of Rs.2.50 lacs can be paid by cash in demonetized currency or it should be paid by cheque?**

If you have income tax dues as on date (08.11.2016), the same can be paid through demonetized cash. Otherwise, any tax dues post that should be paid by cheque.

➤ **Will there be any reflection in the 26AS Form regarding the cash deposits?**

Banks now have to report total cash deposits during 09 November, 2016 to 30 December, 2016, due to change in Income Tax Law announced on 17 Nov 2016. These would be reflected in AIR of Form 26AS.

- Twelve lakh fifty thousand rupees(12.5 lakh) or more, in one or more current account of a person. Current accounts were not part of AIR reporting earlier; or
- Two lakh fifty thousand rupees(2.5 lakh) or more, in one or more accounts (other than a current account) of a person. Earlier limit for AIR reporting was Rs 10lakhs or more in one financial year

**Amendments in Income Tax are:**

- Amendment in Rule 114B for compulsory quoting of PAN in case of cash deposit exceeding Rs. 50,000 in a single day or aggregating to more than Rs. 2.5 lakh during the period from 09.11.2016 till 30.12.2016.
- Amendment in Rule 114E for filing AIR report as required under section 285BA of Income Tax Act, 1961 w.r.t. reporting by banking company and a co-operative bank.

**A compendium of tax rulings on erstwhile demonetization:-**

<b><u>Case Law</u></b>	<b><u>Observation</u></b>
Mehta Parikh & Co. v/s CIT	Thus ruling in assessee's favor SC held that assessee's income from undisclosed source was based on pure surmises and since it has no evidence it had to be quashed
Madhuri Das Narain Das v/s CIT	HC held that finding of Tribunal was based upon surmises and conjectures and cannot be upheld, HC relied on coordinate bench ruling in Kanpur Steel co. v. CIT.
Gur Prasad Hari Das v/s CIT	Presumed to be part of his cash balance and if department wanted to treat such value as his concealed income from some undisclosed sources, it was for department to establish that fact on basis of material in their possession
CIT v/s Allied International Product Ltd.	Delhi HC held that tribunal was not justified in cancelling penalty on one statement and factual position was not kept in mind
CIT v/s Andhra Pradesh Yarn Combines (P) Ltd..	Since assessee was found in possession of unexplained money in the form of high denomination notes offer these notes had ceased to be legal tender, addition u/s 69A is unsupportable and question of levying penalty u/s 271(1)(c) cannot arise.

➤ **What will be the long term impact of the said scheme?**

The move to withdraw high-denomination notes is expected to dent immediate consumption, especially of high-end goods, but will have a positive impact on growth and inflation in the long run, economists and experts said.

Sectors with a sizeable magnitude of cash transactions such as real estate, construction, jewellery, high-end retail and travel and tourism are expected to get adversely affected. White goods demand, a source of strength for the economy, is also expected to take a hit, along with that for passenger cars, which could prompt a reassessment of growth estimates for the year.

"Presumably, there are two channels which fuel consumption – formal and parallel. Some dent on the black money spend on consumption cannot be ruled out. In that case, there can be some uncertainty in the near future, but that can't be quantified," said Siddhartha Sanyal, chief India economist at Barclays Bank.

"The impacts could be different depending upon sectors – deflationary in some while contractionary in others. This is a short-term risk for the economy which we would be tracking closely," Citi said in a report.

**LONG-TERM POSITIVE :-**

In the long term, the economy will benefit from the reduction of black money, which will lead to higher tax collection, better business environment, less corruption and transparency. Banks are expected to see large inflows, while inflation could trend lower, helping interest rates to decline

further. Flushed with funds, banks will reduce lending rates, experts said.

"Clarity on whether the withdrawal of legal tender status for Rs 500 and 1,000 notes will durably reduce inflation would influence whether this announcement would prompt the Monetary Policy Committee to cut rates in the December 2016 policy," Nayar said.

➤ **What would be the impact on inflation?**

On inflation, the price level is expected to be lowered due to moderation from the demand side, according to CARE Ratings research paper. Tripathi says that lower money supply would lead to deflationary pressure with too little money chasing too many goods. However, on the contrary, some economists believe that the move might work the other way round and help curb inflation with lower money supply as unaccounted money would be taken out of the system.

In spite of the initial hiccups and disruptions in the system, eventually this change will be assimilated in the system and is to eventually prove positive for the economy in the long run. This move by the government along with the implementation of the GST will eventually make the system more accountable and efficient.

➤ **How much money does the Government of India get due to demonetization?**

- As of March 2016 currency in circulation amounted(value) to ₹ 16.415 - 16.42
- Of this, ₹ 500 notes accounted for 47.8% in value and ₹ 1,000 notes another 38.6%. Together, they were more than 86% of the value of the notes in circulation.
- cash can be un/willingly illegally stored for/in - personal, trusts & political reasons.
- If I assume 30% to be black=  $0.3 \times 0.86 \times 16.42$  lakh Crore = 4.24 lakh Crore - ₹ pushing back into the economy. Fair enough to justify the trouble, time and resources spent on demilitarization.

➤ **How will the monetary transmission and lending rates improve?**

- A rise in deposit base will allow banks to lower the blended cost of funds as higher CASA (current accounts, savings accounts) deposits help to replace the high cost of borrowing and lower overall cost of funds. We expect banks to reduce deposit rates by ~125 bps over the next six months.
- The new regime of MCLR (Marginal Cost of Funds based Lending Rate )will immediately take into account the lower cost and will thereby lead to a decline in lending rates, which will boost economic activity in the medium term.

➤ **How will further monetary be accommodated?**

- With improved monetary transmission, economic efficiency and structural moderation in currency in circulation, there is likely to be a greater room for the RBI to ease monetary policy rate further. I am hopeful that the RBI will ease by another 100 bps in 2017-18 to a repo rate of 4% by March 2018.
- The piecemeal liquidity support from OMO purchases will now to a larger extent be addressed by the structural change in currency demand

➤ **How will the above scheme support government finances?**

- With some part of unaccounted money making way into the formal channel, the government stands to benefit from higher income tax collections. This should help cushion the government's FY17 fiscal deficit target, especially post the shortfall in anticipated spectrum revenues.
- The latest move will move the economy from the unorganized to organized sector, dovetailing into the GST architecture that is expected to come on board next year. This is likely to enhance the government's ability to tax commercial transactions resulting in a structural improvement in tax to GDP ratio in the economy.

**The Indian economy has been provided a new lease of life—a "reset" if you will—with huge positive implications for liquidity, inflation, fiscal and external deficit in the short term.**

➤ **What are the Positive impacts from a bond market perspective?**

- Improvement in bank deposit base leads to higher SLR (statutory liquidity ratio) demand.
- On the supply side, with tax buoyancy seeing an improvement, supply of g-secs is likely to get more rationalized due to gradual reduction in fiscal deficit over time as the impact of FRBMA (Fiscal Responsibility and Budget Management Act) is underway.
- Anticipation of monetary easing to further support bonds.

➤ **What is the potential of Rise in GDP growth?**

While there are short-term implications for growth in cash-intensive sectors such as real estate, construction, and discretionary household consumption in general, I believe that long-term benefits for GDP growth will outweigh the short term transitional impact. We are now surely heading towards a 9% GDP growth by FY2018-19.

**In my view, there will be short term negative effects on the people lifestyle and economy. But in the long run, there will be huge positive impact on the India's GDP, black money market, people lifestyle & soon India will become "SONE KI CHIDYA".**

## **Taxation and Investment Regime for Pradhan Mantri Garib Kalyan Yojana, 2016 (PMGKY)**

The Black money holder and depositors of Rs 500 and Rs 1000 notes has been provided a second chance to come clean after IDS scheme. The government has introduced Pradhan Mantri Garib Kalyan Yojana, 2016 (PMGKY) via new section from 199A to 199R Taxation Laws (Second Amendment) Act, 2016.

### **Brief of the Scheme PMGKY**

An alternative scheme namely, the 'Taxation and Investment Regime for Pradhan Mantri Garib Kalyan Yojana, 2016' (PMGKY) is proposed to be provided in the Bill. The declarant under this regime shall be required to pay tax @ 30% of the undisclosed income and penalty @ 10% of the undisclosed income. Further, a surcharge to be called 'Pradhan Mantri Garib Kalyan Cess' @ 33% of tax is also proposed to be levied. In addition to tax surcharge and penalty, the declarant shall have to deposit 25% of undisclosed income in a Deposit Scheme to be notified by the Central Government in consultation with the Reserve Bank of India under the 'Pradhan Mantri Garib Kalyan Deposit Scheme, 2016'. This amount is proposed to be utilised for the programmes of irrigation, housing, toilets, infrastructure, primary education, primary health, livelihood, etc.; so that there is justice and equality.

### **Background and Why the Scheme is required?**

Evasion of taxes deprives the nation of critical resources which could enable the Government to undertake anti-poverty and development programmes. It also puts a disproportionate burden on the honest taxpayers who have to bear the brunt of higher taxes to make up for the revenue leakage. As a step forward to curb black money, bank notes of existing series of denomination of the value of five hundred rupees and one thousand rupees (hereinafter referred to as specified bank notes) issued by the Reserve Bank of India have been ceased to be legal tender with effect from the 9th November, 2016.

Concerns have been raised that some of the existing provisions of the Income-tax Act, 1961 could possibly be used for concealing black money. It is, therefore, important that the Government amends the Act to plug these loopholes as early as possible so as to prevent misuse of the provisions. The Taxation Laws (Second Amendment) Bill, 2016, proposes to make some changes in the Act to ensure that defaulting assesseees are subjected to tax at a higher rate and stringent penalty provision.

Main Reason to give opportunity for black money holder of Rs 500 and Rs 1000 to convert to White:-

In the wake of declaring specified bank notes as not legal tender, there have been representations and suggestions from experts that instead of allowing people to find illegal ways of converting their black money into black again, the Government should give them an opportunity to pay taxes with heavy penalty and allow them to come clean so that not only the Government gets additional revenue for undertaking activities for the welfare of the poor but also the remaining part of the declared income legitimately comes into the formal economy. Thus, money coming from additional revenue as a result of the decision to ban Rs. 1000 and Rs. 500 notes can be utilised for welfare schemes for the poor.

The proposed section 199G provides that a declaration under section 199C shall be made by a person competent to verify the return of income under section 140 of the Income-tax Act, to the Principal Commissioner or the Commissioner notified in the Official Gazette for this purpose and shall be in such form and verified in such manner, as may be prescribed.

**Salient features of scheme**

1) Declaration of undisclosed Income- Person covered (Section 199C)

Any person may make, on or after the date of commencement of this Scheme, a declaration in respect of any income, in the form of cash or deposit in an account maintained by the person with a specified entity, chargeable to tax under the Income-tax Act for any Financial Year April 2016 to March 2017 i.e. assessment year commencing on or before the 1st day of April, 2017

2) No Expenditure / Set off or Loss is allowed against such Income (Section 199C)

No deduction in respect of any expenditure or allowance or set-off of any loss shall be allowed against the income in respect of which a declaration under is made.

3) Charge of tax, Surcharge and Penalty (Section 199D and 199E)

The undisclosed income declared shall be chargeable to tax at the rate of thirty percent of the undisclosed income. The amount of tax chargeable shall be increased by a surcharge, to be called the Pradhan Mantri Garib Kalyan Cess calculated at the rate of thirty-three per cent. of such tax. i.e 10% of the Income. Further person be liable to pay penalty at the rate of ten per cent. of the undisclosed income. So the total tax, surcharge and penalty comes to 50% of the undisclosed income

4) Deposit of undisclosed income. (Section 199F)

The person making a declaration shall deposit an amount which shall not be less than twenty-five per cent of the undisclosed income in the Pradhan Mantri Garib Kalyan Deposit Scheme, 2016. The deposit shall bear no interest and the amount deposited shall be allowed to be withdrawn after four years from the date of deposit and shall also fulfil such other conditions as may be specified in the Pradhan Mantri Garib Kalyan Deposit Scheme, 2016.

5) Manner of declaration (Section 199G)

A declaration under section 199C shall be made by a person competent to verify the return of income under section 140 of the Income-tax Act, to the Principal Commissioner or the Commissioner notified in the Official Gazette for this purpose and shall be in such form and verified in such manner, as may be prescribed.

6) Time for payment of tax, penalty, surcharge and deposit. (Section 199H)

The tax surcharge and penalty shall be paid and deposited before filing of declaration. The declaration shall be accompanied by the proof of deposit, payment of tax, surcharge and penalty.

7) Undisclosed income declared not to be included in total income. (Section 199I)

The amount of undisclosed income declared in accordance with section 199C shall not be included in the total income of the declarant for any assessment year under the Income-tax Act.

8) Undisclosed income declared not to affect finality of completed assessments. (Section 199J)

A declarant under this Scheme shall not be entitled, in respect of undisclosed income referred to in section 199C or any amount of tax and surcharge paid thereon, to re-open any assessment or reassessment made under the Income-tax Act or the Wealth-tax Act, 1957, or to claim any set-off or relief in any appeal, reference or other proceeding in relation to any such assessment or reassessment

9) No Refund (Section 199K)

There will be no refund on tax surcharge and penalty paid and deposited

10) Declaration by misrepresentation of facts to be void. (Section 199M)

Where a declaration has been made by misrepresentation or suppression of facts or without payment of tax and surcharge under section 199D or penalty under section 199E or without depositing the amount in the Deposit Scheme as per the provisions of section 199F, such declaration shall be void and shall be deemed never to have been made under this Scheme.

11) Scheme not to apply to certain persons. (Section 199O)

a) in relation to any person in respect of whom an order of detention has been made under the Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974

b) in relation to prosecution for any offence punishable under Indian Penal Code, the Narcotic Drugs and Psychotropic Substances Act, 1985, the Unlawful Activities (Prevention) Act, 1967, the Prevention of Corruption Act, 1988, the Prohibition of Benami Property Transactions Act, 1988 and the Prevention of Money-Laundering Act, 2002

c) in relation to any undisclosed foreign income and asset which is chargeable to tax under the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015.

12) What if the income is not disclosed and there is subsequent inquiry?

A higher tax and stiffer penalty of up to 85% will be levied on those who don't disclose, but are caught. For those who continue to hold onto undisclosed cash and are caught, existing provisions of the Income Tax law will be amended to provide for a flat 60% tax plus a surcharge of 25% of tax (15%), which will amount a levy of 75%. Besides, if the assessing officer decides he can charge a 10% penalty in addition to the 75% tax.

However, the genuine persons having their own household savings in cash and depositing the same in the bank would not be questioned. People are requested NOT to come in the lure of black money converters & be a partner in this crime of converting black money into white," the Finance Ministry said. Banks have reported that over Rs 21,000 crore being deposited in zero-balance Jan Dhan accounts in two weeks after the 500 and 1,000 rupee notes were banned, which authorities apprehend may be the laundered black money.

13) What if people are using other person account to deposit Cash?

The government has warned that those who are using other people's bank accounts to convert their black money will be severely punished. Not only that, those who allow their accounts to be misused for this purpose will also face prosecution. The Finance Ministry's warnings come in wake of reports that people are misusing Jan Dhan accounts to deposit their black money, paying a premium to the poor person who is allowing his/her bank account to be used. The Finance Ministry said has said,

"Tax evasion activities by some people using other persons' Bank A/Cs to convert their black money can be subjected to income tax & penalty. Also the person who allows his or her bank account to be misused for this purpose can be prosecuted for abetment under Income Tax Act.

In short, the sections are reproduced hereunder:-

199C	Declaration of undisclosed income by a competent person (+) No Expenditure / Set off or Loss is allowed against such Income
199D	Tax 30% (+) Surcharge 10% of Income
199E	Penalty 10%

199F	Deposit 25% in zero rated bonds, no withdrawal till 4 years
199G	Declaration to be filed to the Principal Commissioner or the Commissioner
199H	Payment of tax surcharge and penalty before filing of declaration
199I	Undisclosed income declared not to be included in total income
199J	Undisclosed income declared not to affect finality of completed assessments
199K	No refund of tax surcharge and penalty paid
199M	Void Declarations :- - misrepresentation - suppression of facts - without payment of tax surcharge and penalty - without depositing 25% amount
199O	Scheme not applicable to certain people :- - Foreign Exchange and Smuggling Activities - Narcotic Drugs, Corruption, Benami Property Transactions, Money Laundering - Black Money (Undisclosed Foreign Income and Assets)

### **Other Features:-**

1. The benefit of scheme won't be available to politicians, government employees (any public servant), drug mafias, benamidars, terror funds, etc.
2. If a person don't make a declaration under the proposed scheme, then besides higher tax, interest, surcharge and penalty, he may be prosecuted under the regular provisions and/or under the revised Benami Property Transactions Act, 1988.

The following provisions of the Benami Property Transactions Act, 1988 as amended recently may be invoked if assessee is unable to prove source of cash deposited and that money deposited belongs to him:

- (i) The definition of property in the Benami Act in section 2(26) is very wide and covers all kinds of assets and also specifically includes proceeds from the property.
- (ii) The definition of 'benami transaction' in section 2(9) covers "a transaction or arrangement in respect of property where the person providing the consideration is not traceable or fictitious".
- (iii) Section 53(1) of the Act makes it a punishable offence if benami transaction is entered into in order to defeat the provisions of any law. Whosoever is found guilty of the offence of benami transaction as above shall be punishable for rigorous imprisonment of up to 7 years and fine up to 25% of fair market value of the property.
- (iv) Section 5 of the Act empower Central Government to confiscate the benami property.

It is strongly advised to each and every person having black money generated from legal activities to avail this last opportunity to come clean by paying taxes under the new proposed scheme. And they should not even think of declaring any black money generated from illegal activities, corruption, terrorism, extortion, etc belonging to others as besides confiscation and fine of 25%, the false declarant (benamidar) may land up in jail for rigorous imprisonment of upto 7 years!!!

Thanking You.