

**STATEMENT OF FINANCIAL TRANSACTIONS  
( SFT)**

**SECTION 285BA**

**&**

**RULE 114E –FORM 61A**

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# Basic Provisions

- Statement of '**high value financial transactions**' is required to be furnished under section 285BA of the Income-tax Act, 1961 by '**specified persons**' in respect of '**specified transactions**' registered or recorded by them during the financial year.
- The '**specified persons**' and the '**specified transactions**' are listed in new Rule 114E of the Income-tax Rules, 1962.
- Specified persons defined under New Rule 114E of the income tax rules are all the assesseees liable for [tax audit](#) u/s 44AB will have to file statement of financial transactions **in Form 61A**.

# SECTION 285BA – LEGISLATIVE BACKGROUND

- The section 285BA – ‘Annual information return’ was first introduced by the Finance Act, 2003
- The section was substituted by Finance (No. 2) Act, 2004 as ‘Obligation to furnish AIR’ to cast obligation on government agencies and other authorities to furnish return who are valuable source of information.
- The section was again amended by Finance (No. 2) Act, 2014 as ‘Obligation to furnish SFTRA’ with a view to facilitate effective exchange of information in respect of residents and non-residents.(effective from 1st April,2015)



## **Specified persons who are required to file Statement of financial Transactions under new Rule 114E ?**

- As per new rule following persons shall be required to furnish statement of financial transactions or reportable accounts registered or recorded or maintained by them during a financial year to the prescribed authority on or after 1st day of April, 2016.

# Specified Persons

- Any person who is liable for audit under section 44AB of the Act
- Banking Company
- Co-operative Bank
- Post Master General of Post office
- Nidhi referred to in sec 406 of the Companies Act 2013
- Non-banking Financial Company (NBFC)
- Any Institution issuing Credit Card
- Company or Institution issuing bonds or debentures
- Company issuing shares
- Trustee of a [Mutual Fund](#)
- Authorized Dealer, Money Changer, Off-shore Banking Unit or any other person defined in FEMA, 1999
- Inspector-General or Sub-Registrar appointed under [Registration](#) Act, 1908

# Nature and values of transactions covered under filing statement of financial Transactions:

Sl No	Nature and value of Transactions	Class of Person
1.	Payment of cash aggregating Rs. 10,00,000 or more in a year for purchase of DD, Pay Orders, Bankers Cheque.	<ul style="list-style-type: none"> <li>•A Banking Company,</li> <li>•Co-operative Bank</li> </ul>
2.	Payment made in cash aggregating to Rs. 10,00,000 or more in a year for purchase of pre-paid instruments issued by RBI	<ul style="list-style-type: none"> <li>•A Banking Company,</li> <li>•Co-operative Bank</li> </ul>
3.	A cash deposit aggregating to Rs. 10,00,000 or more in a year in one or more bank accounts (other than current account or time deposit)	<ul style="list-style-type: none"> <li>• A Banking Company,</li> <li>• Co-operative Bank,</li> <li>• Post Master General of Post office</li> </ul>
4.	A Cash deposit aggregating to Rs. 50,00,000 or more in a year in one or more current account of a person	<ul style="list-style-type: none"> <li>• A Banking Company,</li> <li>• Co-operative Bank</li> </ul>

Sl No	Nature and value of Transactions	Class of Person
5	A Cash withdrawal aggregating to Rs. 50,00,000 or more in a year from one or more current account of a person	<ul style="list-style-type: none"> <li>• A Banking Company,</li> <li>• Co-operative Bank</li> </ul>
6	One or more time deposit (other than renewal) aggregating to Rs. 10,00,000 or more of a person	<ul style="list-style-type: none"> <li>• A Banking Company,</li> <li>• Co-operative Bank,</li> <li>• Post Master General of Post office,</li> <li>• Nidhi referred to in sec 406 of the Companies Act 2013</li> </ul>
7	Credit card payment made by any person aggregating to Rs. 1,00,000 or more in a year in cash or Rs. 10,00,000 or more by any other mode	<ul style="list-style-type: none"> <li>• A Banking Company,</li> <li>• Co-operative Bank,</li> <li>• Any Institution issuing Credit Card</li> </ul>
8	Receipt from <b>any person of an amount aggregating to Rs.10,00,000</b> or more for acquiring <b>bonds or debentures issued</b>	<ul style="list-style-type: none"> <li>• Company or Institution issuing bonds or debentures</li> </ul>
9	Receipt from any person of an amount aggregating to Rs. 10,00,000 or more in a year for acquiring shares issued by the company <b>(including share application money)</b>	<ul style="list-style-type: none"> <li>• Company issuing shares</li> </ul>

Sl No	Nature and value of Transactions	Class of Person
10	Buy back of shares from any person (other than the shares bought in the open market) for an amount or value aggregating to Rs. 10,00,000 or more in a year.	<ul style="list-style-type: none"> <li>• A company listed on a recognised stock exchange</li> </ul>
11	Receipt of an amount aggregating Rs. 10,00,000 or more for acquiring units of one or more schemes of a Mutual Fund. (other than switching of funds from one scheme to another)	<ul style="list-style-type: none"> <li>•Trustee of a Mutual Fund</li> </ul>
12	Receipt from any person for sale of foreign currency or expense in such currency through a debit or credit card or through issue of travellers cheque or draft or any other instrument of an amount aggregating to Rs. 10,00,000 or more in a year	Authorized Dealer, Money Changer, Off-shore Banking Unit or any other person defined in FEMA, 1999
13	Purchase or sale by any person of immovable property for an amount of Rs. 30,00,000 or more or valued by the stamp valuation authority referred to in section 50C of the Act at Rs. 30,00,000 or more.	Inspector-General or Sub-Registrar appointed under Registration Act, 1908



Sl No	Nature and value of Transactions	Class of Person
14	<b>Receipt</b> of cash payment <b>exceeding Rs. 2,00,000 for sale of goods or providing services of any nature</b> other than those specified above	Any person who is liable for audit under section 44AB of the Act

## Aggregation Rule [Annexure B of Notification 1/2017]

- Aggregation rule needs to be applied for specified transaction types to identify **transactions/persons/accounts** which are reportable. Rule 114E specifies that the reporting person shall, while aggregating the amounts for determining the threshold amount for reporting in respect of any person —
- ***Take into account all the accounts of the same nature maintained in respect of that person during the financial year;***
- ***Aggregate all the transactions of the same nature recorded in respect of that person during the financial year;***
- ***Attribute the entire value of the transaction or the aggregated value of all the transactions to all the persons, in a case where the account is maintained or transaction is recorded in the name of more than one person;***
- Thus, aggregation is to be done w.r.t transactions falling under same serial number;
- Also, aggregation is to be done w.r.t both the parties where the investment, etc., is held jointly and hence reporting is to be done for both;
- **Aggregation rule is not applicable for SI.No 13 [Purchase or sale of immovable property] and SI.No 14 [Cash payment for goods and services]**

## Form No. 61A [Example for bonds / debentures] [Sl.No8]

Notification No. 1 of 2017 dated: 17<sup>th</sup> January 2017:

- Aggregation rule under clause (3) of Rule No. 114E applicable to Sl. No. 8

Scenario 1	Scenario 2
<p>Tata Power Ltd issued bonds and one of the subscribers to the bonds is Mr. X who purchased the bonds from the company in 3 tranches; [Through A/C Payee Cheque]</p> <p>May 2016: Rs 400,000 June 2016: Rs 500,000 July 2016: Rs 200,000</p> <p>➤ Do we need to file Form 61A as the sum received is Rs 10 lakhs or more?</p>	<p>Tata Power Ltd issued bonds and debentures and one of the subscribers is Mr.Y who purchased the bonds and debentures from the company in 2 tranches; [Through A/C Payee Cheque]</p> <p>May 2016: Rs 400,000 [Bonds] June 2016: Rs 700,000 [Debentures]</p> <p>➤ Do we need to file Form 61A?</p>

## Form No. 61A [Example for Shares] [Sl. No 9]

Notification No. 1 of 2017 dated: 17th January 2017:

- Aggregation rule under clause (3) of Rule No. 114E applicable to Sl. No. 9

Scenario 1	Scenario 2
<p>X Pvt Ltd received amount from the promoter Mr.X, the details of which are below.</p> <p>Aug 2016: Rs 400,000 [Towards issue of equity shares] [A/C Payee Cheque]</p> <p>Sep 2016: Rs 600,000 [Towards Share Application Money] [On line Transfer]</p> <p>➤ Do we need to file Form 61A as the sum received is Rs 10 lakhs or more?</p>	<p>Continuing Scenario 1, X Pvt Ltd received amount from another promoter Mrs. X, the details of which are below.</p> <p>Oct 2016: Rs 200,000 [Towards issue of preference shares] [A/C Payee Cheque]</p> <p>Nov 2016: Rs 700,000 [Towards equity shares to be held jointly in the name of Mr. X and Mrs. X]</p> <p>➤ Do we need to file Form 61A with regard to Transactions of Mrs. X also?</p>



## Form No. 61A [Example for goods / services] [Sl.No14]

Notification No. 1 of 2017 dated: 17th January 2017:

- Aggregation rule under clause (3) of Rule No. 114E **not** applicable to Sl. No. 14

Scenario 1	Scenario 2
<p>Mr. A (liable u/s 44AB) provided consultancy Services to Mr. P with regard to a Real Estate Transaction during 2016-17.</p> <ul style="list-style-type: none"><li>• Invoice No. 1 – For Advisory – Rs. 75,000</li><li>• Invoice No. 2 – For Documentation – Rs. 75,000</li><li>• Invoice No. 3 – For Tax compliance – Rs. 75,000</li></ul> <p>Mr. P paid Rs. 1,50,000 in cash after Documentation and Rs. 75,000 in cash after Tax compliance.</p> <ul style="list-style-type: none"><li>➤ Is it a Specified Financial Transaction?</li> <li>➤ Do we need to file Form 61A as the total payment received in cash is Rs. 2,25,000?</li></ul>	<p>Mr. A is a Financial Consultant and has entered into an Retainer Service Agreement with Mr. P on 10<sup>th</sup> May 2016 for regular consultancy and it was agreed to raise invoice by the end of every month.</p> <p>Mr. P paid Rs. 2,50,000 as caution deposit on 10<sup>th</sup> May 2016</p> <ul style="list-style-type: none"><li>➤ Is it a Specified Financial Transaction</li> <li>➤ Do we need to file Form 61A?</li></ul>

# Form No. 61A

## When is to be filed?

- Rule 114E (5) specifies the due date
- Form 61A (except for Serial no. 12 & 13) shall be furnished on or before the 31st May, immediately following the financial year in which the transaction is registered or recorded
- For Financial Year 2016-17, the due date is 31<sup>st</sup> May 2017

## Who has to sign?

- “Designated Director” to digitally sign the Form 61A
- Designated Director – A person designated by the reporting financial institution and includes:
  - Managing Director or a whole time director
  - Managing Partner
  - Proprietor
  - Managing Trust
  - A person / individual who controls and manages the affairs of the reporting entity

# Form No. 61A

## What if not filed within Due date

- Penalty under section 271FA for failure to furnish Form 61A
- it shall be attracted @ Rs 100 for every day during which such failure
- continues till the date of filing.
- If any notice issued u/s 285BA (5) for filing, then it shall be attracted @ Rs 500 for every day after the expiry of notice period till the date of filing.
- Penalty of Rs. 50000 can be levied for providing inaccurate details.

## Can we correct or rectify the Form 61A?

- Sub-section (6) of Section 285BA
- Correction or rectification permitted within 10 days from the date of filing of Form 61A
- Statement type to be selected is CB –  
Correction Statement containing corrections for previously submitted information (under A2)

**RULE 114E, INCOME-TAX RULES AMENDED BY FINANCE ACT,  
2015 AND EFFECTIVE FROM 01.04.2016**

The statement referred to in sub-rule (1) shall be

furnished by every person mentioned in the Table

in respect of all the transactions of the nature and value specified in the corresponding entry of the said Table in accordance with the provisions of sub rule (3), which are registered or recorded by him on or after the 1st day of April, 2016,



# MODIFIED FORM 61A:

## STATEMENT OF SPECIFIED FINANCIAL TRANSACTIONS UNDER SECTION 285BA:

- The return in Form No. 61A shall be furnished to the DIT (I & CI) or Jt. DIT (I & CI) through online transmission of digitally signed electronic data.
- The Due Date of filing of statement in Form No. 61A - on or before May 31, 20XX. [First such return shall be filed for the FY ended March, 2017- on or before May 31, 2017- Rule 114E(2)]
- Every reporting person shall communicate to the Pr. DGIT (Systems) the name, designation, address and telephone number of the Designated Director and the Principal Officer and obtain a registration number.
- Section 271FA provides for a penalty of INR 100/- per day, if a person fails to furnish the SFTRA within the time prescribed. The amount of penalty shall be INR 500/- per day, if the SFTRA is not filed within the period specified by the notice issued by the AO;
- Section 271FAA: penalty of INR 50,000/- for furnishing inaccurate SFTRA, prescribed only for “a prescribed reporting financial institution” as referred to in Section 285BA(1)(k)

INSTRUCTIONS FOR AGGREGATING THE AMOUNTS FOR  
DETERMINING THE THRESHOLD AMOUNT(S) FOR REPORTING  
PURPOSES IN FORM NO. 61A:

- Take into account **all the accounts of the same nature** maintained in respect of a person during the FY;
- Aggregate **all the transactions of the same nature** recorded in respect of that person during the FY;
- Attribute the entire value of the transaction or the aggregated value of all the transaction(s) to **all the persons**, in a case of Joint Accounts;
- Threshold limit of INR 50 Lacs to apply separately & independently – to Cash