

Verification of Cash Deposits made
between 9th Nov 2016 to 30th Dec
2016

By
CA. V. Karthikeyan
Cell : 9841014774
E-Mail :
vkarthi1977@gmail.com

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Announcement by Ministry of Finance, Government of India on 8th Nov 2016

- The Department of Economic Affairs, Ministry of Finance, Government of India, issued a notification, SO No 3407(E) exercising its powers u/s. 26(2) of the Reserve Bank of India Act, 1934, notifying that bank notes of the existing series of the value of Rs.500 and Rs.1,000 would cease to be legal tender with effect from 9th Nov 2016 for transactions other than specified transactions.
- The notification also provided a limit for exchange of such notes for any other denomination notes having legal tender character, and also permitted deposit of such notes in bank accounts before 30th December 2016, after which date such notes could be exchanged or deposited at specified offices of Reserve Bank of India (RBI) or such other facility until a later date as may be specified by RBI. As announced by the Prime Minister, this date is likely to be 31.3.2017.



Announcement by Ministry of Finance, Government of India on 8th Nov 2016

- Another Notification No. SO 3408(E) was issued on the same date, notifying that such withdrawn bank notes of Rs.500 and Rs.1,000 would not cease to be legal tender from 9th to 11th November 2016 (later extended to 24th November 2016 and further extended to 15th December 2016), in respect of certain transactions.
 - Government hospitals and pharmacies in government hospitals,
 - Purchase of rail, public sector bus or public sector airline tickets,
 - Purchases at consumer co-operative stores and milk booths operating under Government authorisation
 - Purchase of petrol, diesel and gas at petrol pumps operating under PSU oil marketing companies, for payments at crematoria and burial grounds

Why Demonetisation ?



- 1. To avoid fake currency notes of those denominations (Rs. 500, Rs. 1000) were in circulation,
- 2. High denomination notes were used for storage of unaccounted wealth, and
- 3. Fake currency Notes were being used for financing subversive activities, such as
 - ❖ Drug trafficking
 - ❖ Terrorism, causing damage to the economy and security of the country.

OPERATION CLEAN MONEY



- Income Tax department has initiated Operation Clean Money on 31st January 2017.
- The Operation involves e-verification of large cash deposits made during 9th November to 30th December 2016.
- In First batch, around 18 Lakhs persons have been identified.
- In First batch, People got the notice those who deposited more than 2.5 Lakhs in Saving Bank A/c and 12.5 lakhs in Current A/c.
- Assessee should give online response by login into the e-filing portal under Compliance – Cash Transaction 2016.
- Assessee should give response within 10 days.
- ITD also issued complete User Guide for Online Verification of cash deposits during 9th Nov 2016 to 30th Dec 2016

INCOME TAX DEPARTMENT LAUNCHES
"OPERATION CLEAN MONEY"



SIMPLE **QUESTIONS...**
SIMPLE **ANSWERS...**

**VERIFICATION OF YOUR
CASH DEPOSITS MADE EASY!**

- The Income Tax Department has information about your deposits from various sources.
- The Department has displayed the first set of data of cash deposits made between 9th November, 2016 to 30th December, 2016 on its e-filing portal <https://incometaxindiaefiling.gov.in>
- Taxpayers are requested to login to the portal and check the data displayed against their PAN.
- They should respond to the simple questions from the options given therein within **10** days to avoid notice from the Income Tax Department.

**TAX COMPLIANT CITIZENS NEED
NOT WORRY!**

- ◆ **Non-intrusive system of e-verification**
- ◆ **No need to visit Income Tax Office for this verification**
- ◆ **No human interface involved**



@IncomeTaxIndia



Income Tax Department

www.incometaxindia.gov.in

FAQ on Operation Clean Money



Q 1 : Whether the Cash Deposits cover only the demonetised Currency of Rs. 500 and Rs. 1000 or other Receipts?

Ans : It Covers only demonetised currency. Bankers have developed a system to report on this. [SDN (or) HDN]

SDN : Specified Denomination Notes

HDN : High Denomination Notes

FAQ on Operation Clean Money



Q. 2 : What is Pradhan Mantri Garib Kalyan Yojana (PMGKY)?

Ans: The demonetized notes deposited wherein no account or explanation could be given then it can be declared under PMGKY. This is in Pipeline from 17.12.2016 to 31.03.2017. The present Operation of Clean Money is a trap to PMGKY to pay tax @ 50%, Keep 25% in PMGKY, Balance can be withdrawn.

FAQ on Operation Clean Money



Q 3 : What are the immunities under PMGKY ?

Ans :

- a) Return of Cash loan from Undisclosed Income. No penalty u/s 271 D or 271 E
- b) Repayment of loan through Undisclosed Income.
- c) All undisclosed income deposited from 01.04.2016 are eligible under PMGKY under new115BBE.
- d) Any cash deposits earlier to F.Y. 2016-17 are also eligible.
- e) Search & Seizure, notices issued are eligible.

FAQ on Operation Clean Money

Q 4 : How to make an application for depositing money under PMGKY.

Ans :

- An Application for the deposit under this scheme shall be made in **Form II** clearly indicating the amount, full name, PAN, Bank A/c Details & Address of the declarant.
- A Certificate of holdings shall be issued to declarant in **Form-I**

FAQ on Operation Clean Money



Q 5: A School exempted u/s 10(23 C) had collected fees in Rs. 500 and Rs. 1000 before 8th November 2016, whether it can deposited the same ?

Ans : There is no prohibition of transfer/receipt of the currency notes which ceased to be legal tender, if both the parties to the transaction willing to transact such notes. The concerns already got a notice to disclose cash in hand on 08.11.2016.

FAQ on Operation Clean Money



Q 6 : The Concerns like Petrol Bunks, Pharmacy, Hospitals etc., who can Collect Specified Demonetized notes as legal tender between 08.11.2016 to 15.12.2016. Whether they can deposited that amount in Banks ?

Ans : They should give party wise details of the money collected. Unidentified Collections will be liable to tax u/s 115 BBE and it will be trapped in PMGKY.

FAQ on Operation Clean Money



Q 7 : A Concern had collected Specified Denomination Notes after 08.11.2016 , Whether which can be directly deposited in Banks by the Customer ?

Ans : In this Case, the third party deposit details with Identitiy PAN Should be given.

FAQ on Operation Clean Money



Q 8 : An NRI (Non Resident Individual) wants to deposit Old High Denomination (OHD) Notes in India and he is not available in India. How he can deposit the OHD Notes ?

Ans : The NRI can authorize the person in India to deposit the OHD Notes in the bank. If funds can not be deposited in the banks by 30.12.2016, there is time available to deposit the same with RBI up to 31st March 2017.

FAQ on Operation Clean Money



Q 9 : If a persons get loan from the party who has old high denomination notes. What will be the Consequences ?

Ans : A person borrowing funds from the persons who has deposited demonetised currency will have to satisfy the conditions of Sec. 68 and lender may be required to explain his source of deposit.

Cash Deposits from Various Scenario



Scenario 1 :

If the Assessee got compliance from Income Tax Department related to Cash Deposits made during 9th November 2016 to 30th December 2016 and which is not related to his PAN. How to submit the Response.

The Assessee can select the response option “The Account does not relate to PAN”. Then message your feedback will be sent to the Information Source for Confirmation will be displayed.

Cash Deposits from Various Scenario



Scenario 2 :

If the Assessee selects the option “ Account Relates to the PAN “. The Screen Capturing details will be displayed to the user.

Account Relates to the PAN

Cash Deposits from Various Scenario



Scenario 3 :

If the Assessee has made cash deposit out of his own Savings or accumulated savings prior to demonetisation.

The Assessee should report the amount under Option B1. Cash out of earlier Income or Savings. The Assessee can also provide further details under Remarks Column.

Cash Deposits from Various Scenario



Scenario 4 :

If the Assessee has made cash deposits out of Receipts exempt from Tax (Agricultural Income etc.).

The Assessee should report the amount under Option B2. Cash out of receipts exempt from tax. The Assessee can also provide further details under Remarks Column.

Cash Deposits from Various Scenario



Scenario 5 :

If the Assessee has made cash deposits out of the cash withdrawn from bank A/cs earlier

The Assessee should report the amount under Option B3. Cash Withdrawn out of Bank A/cs. The Assessee has to mention **Account wise** list with full bank details such as A/c No., IFSC Code, Bank Name, Amount Withdrawn

Cash Deposits from Various Scenario



Scenario 6 :

If the Assessee has made cash deposits out of the cash received from Identifiable Persons with PAN.

The Assessee should report the amount under Option B4. Cash Received from Identifiable Persons (with PAN). The Assessee has to mention **PAN Wise** list such as Name of the Person, PAN of the Person, Nature of the Transactions, Amount Received.



Help

Choose File

No file chosen



B.4 Cash received from identifiable persons (with PAN)

0

Sl. No.	<input type="checkbox"/> Select all	PAN of person*	Name of person*	Nature of Transaction *	Amount Received*	Remarks
1	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>	Select	<input type="text"/>	<input type="text"/>

- Select
- Select
- Cash Sales
- Loan received in Cash
- Loan repayment in Cash
- Gift Received in Cash
- Donation Received in Cash
- Other Cash Receipt



Help

Choose File

No file chosen



B.5 Cash received from identifiable persons (without PAN)

0

Sl. No.	<input type="checkbox"/> Select all	Name of person*	Address of person*	Pincode of person*	Nature of transaction*	Amount Received*	Remarks
1	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Select	<input type="text"/>	<input type="text"/>



Help

Choose File

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B.6 Cash received from un-identifiable persons

0

Sl. No.	<input type="checkbox"/> Select all	Nature of transaction*	Amount Received*	Remarks
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Cash Deposits from Various Scenario



Scenario 7 :

If the Assessee has made cash deposits out of the cash received from Identifiable Persons without PAN.

The Assessee should report the amount under Option B5. Cash Received from Identifiable Persons (without PAN). The Assessee has to mention **Person Wise** list such as Name of the Person, Nature of the Transactions, Amount Received.

Cash Deposits from Various Scenario



Scenario 8 :

If the Assessee has made cash deposits out of the cash received from Unidentified Persons.

The Assessee should report the amount under Option B6. Cash Received from Unidentifiable Persons. The Assessee has to mention **Nature of Transaction Wise** list such as Nature of the Transactions and Amount Received.

Cash Deposits from Various Scenario



Scenario 9 :

If the Assessee has made cash deposits out of undisclosed Income and wants to declare under PMGKY.

The Assessee should report the amount under Option B7. Cash disclosed/to be disclosed under PMGKY.

The Sum of all sources of cash deposits (B1 to B7) should match with the cash deposit amount

Annexures



1. The Bombay Chartered Accountant Journal – Jan 2017
2. The Chamber's Journal – Dec 2016
3. User guide for online verification of cash deposits during 9th November to 30th December 2016
4. Quick Reference guide for online verification of Cash deposits during 9th November to 30th December 2016
5. Press Release by CBDT – 18.11.2016
6. Press Release by CBDT on filing of Revised ITR by the tax payer Post demonetisation – 14.12.2016

Thank You

