

Central Board of Direct Taxes (CBDT) has issued a clarification on 20th May 2020, that the provisions of section 269SU of the Income Tax Act 1961 shall not be applicable to a specified person having only B2B transactions i.e. no transaction with the retail customers if at least 95% of the aggregate of all amounts received during the previous year, including the amount received for sales, turnover or gross receipts are by any mode other than cash.

The regulations were introduced with effect from January 1st, 2020 by mandating all companies or business entities with a business volume of ₹ 50 crore or more annually to provide facilities and accept payments through following digital modes:

- Debit Card powered by RuPay
- Unified Payment Interface (UPI/BHIM-UPI)
- Unified Payments Interface Quick Response Code (UPI QR Code/ BHIM-UPI QR Code)

Non-compliance with these regulations shall lead to a fine of ₹ 5,000 per day. The fine will be effective from 1st February 2020 and will be initiated through the rules as informed in Section 271DB.

The Board has received various representations highlighting that, the requirement of the mandatory facility for payments through the prescribed electronic modes is generally applicable in Business to Consumer, which directly deals with retail customers. Moreover, since the prescribed electronic modes have a maximum payment limit per transaction or per day, they are not so relevant to the business to Business, which generally receive large payments through other electronic modes of payment such as NEFT or RTGS.

The aforesaid clarification would provide much needed breather from unnecessary cost and compliance being required for companies/ businesses having no or minimal retail sales.

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