

1. Partial Relaxation with respect to Electronic Submission of FORM 10F by select Category of Taxpayers in accordance with DGIT (SYSTEMS) Notification no- 3/2022, Dated 16-7-2022

CIRCULAR F.NO. DGIT(S)-ADG(S)-3/e-FILING NOTIFICATION/FORMS/2022/9227, DATED 12-12-2022

Reference is invited to Notification No. 3/2022, dated 16th July, 2022 issued by Directorate of Income Tax(Systems) New Delhi in exercise of powers conferred under Rule 131(1)/(2) of the Income-tax Rules mandating, inter alia, furnishing of Form 10F electronically.

On consideration of the practical challenge being faced by non-resident (NR) taxpayers not having PAN in making compliance as per the above notification, and with a view to mitigate genuine hardship to such taxpayers, it has been decided by the Competent Authority that such category of Non-resident taxpayers who are not having PAN and not required to have PAN as per relevant provisions of the Income-tax Act, 1961, read with Income-tax Rules, 1962, are exempted from mandatory electronic filing of Form 10F till 31st March, 2023. For the sake of clarity, it is reiterated that such category of taxpayers may make statutory compliance of filing Form 10F till 31st March, 2023 in manual form as was being done prior to issuance of the DGIT (Systems) Notification No. 3 of 2022.

2. Format Procedure and guidelines for submission of Statement of financial transactions (SFT) for Interest income [Abolishing of limit of Rs 5000] - Addendum to notification no-2 of 2021.

NOTIFICATION NO. 1 OF 2023 [DGIT(S)/ADG(S)-2/REPORTING PORTAL/2021/180], DATED 5-1-2023

Section 285BA of the Income Tax Act, 1961 and Rule 114E requires specified reporting persons to furnish statement of financial transaction (SFT). For the purposes of prefilling the return of income, CBDT has issued Notification No. 16/2021, dated 12-3-2021 to include reporting of information relating to interest income.

The Format, Procedure and Guidelines for submission of Statement of Financial Transactions (SFT) for Interest income was notified via Notification 2 of 2021, dated 20th April, 2021.

As per sub-rule (4)(b) of Rule 114E Director General of Income-tax (Systems) shall specify the procedures, data structures and standards for ensuring secure capture and transmission of data, evolving and implementing appropriate security, archival and retrieval policies

The Remarks column point 1 at Annexure A- Guidelines for Preparation of Statement of Financial Transactions (SFT) mentioned "The information is to be reported for all account/deposit holders where cumulative interest exceeds Rs. 5,000/ per person in the financial year".

The Remarks column at Annexure A is hereby being modified and may be read as "The information is to be reported for all account/deposit holders where any interest exceeds zero per account in the financial year excluding Jan Dhan Accounts".

In the view of the changes mentioned above, the limit prescribed in Notification 2 of 2021, dated 20th April 2021 stands abolished and this addendum will come into effect from 5-1-2023.

3. Extension of time limit for Compliance to be made for Claiming any Exemption under Section 54 to 54GB of Income Tax Act in view of the then- COVID-19 Pandemic

CIRCULAR NO. 1 OF 2023 [F. NO. 225/49/2021-ITA-II], DATED 6-1-2023

The Central Board of Direct Taxes (CBDT) had vide Circular No. 12 of 2021, dated 25-6-2021 provided relaxation in respect of certain compliances to be made by taxpayers including inter alia investment, deposit, payment, acquisition, purchase, construction or such other action, by whatever name called, for the purpose of claiming any exemption under the provisions contained in Sections 54 to 54GB of the Income-tax Act, 1961.

By point 7 of the Circular it was provided that the aforementioned compliances for which the last date of such compliance fell between 1st April, 2021 to 29th September, 2021 (both days inclusive), may be completed on or before 30th September, 2021.

In view of the representations received and on further consideration of the then-prevailing COVID-19 pandemic and resultant restrictions imposed, causing genuine hardship faced by taxpayers in making the aforementioned compliances under the Act, the CBDT, in exercise of its power under Section 119 of the Act, hereby provides that the compliances to be made by the taxpayers such as investment, deposit, payment, acquisition, purchase, construction or such other action, by whatever name called, for the purpose of claiming any exemption under the provisions contained in Sections 54 to 54 GB of the Act, for which the last date of such compliance falls between 1st April, 2021 to 28th February, 2022 (both days inclusive), may be completed on or before 31st March, 2023

4. Clarification for the purpose of Section 269ST(C) of Income Tax Act in respect of Dealership / Distributorship Contract in case of Cooperative Societies.

CIRCULAR NO. 25/2022 [F.NO. 225/129/2022/ITA-II], DATED 30-12-2022

Section 269ST prohibits receipt of an amount of two lakh rupees or more by a person, in the circumstances specified therein, through modes other than by way of an account payee cheque or an account payee bank draft or use of electronic clearing system through a bank account or through such other electronic mode as may be prescribed.

References have been received by CBDT in respect of Milk Producers' Co-operative as to whether under the provisions of Section 269ST of the Act, 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 this regard, it is clarified by CBDT that in respect of Co-operative Societies, a dealership/ distributorship contract by itself may not constitute an event or occasion for the purposes of Section 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 Section 269ST (a) and (b) may not be aggregated across multiple days for purposes of Section 269ST (c) for that previous year.