

**Comprehensive update on  
Notification No. 95/2015 dated 30.12.2015  
relating to rule 114E  
issued by  
Central Board of Direct Taxes**

**u/s 285BA - Obligation to furnish  
Statement of Financial Transaction or reportable account in Form 61A  
and**

**Rule 114E - Furnishing of statement of financial transaction  
{applicable w.e.f 1.4.2016}  
as updated by**

*{Notification No. 91 /2016/F. No. 370142/27/2016-TPL dated 6.10.2016}  
{Notification No. 104/2016}[F.No.370142/32/2016-TPL dated 15.11.2016}*

**Section 285BA**

1. **Section 285BA** of the Income Tax Act, 1961 *{hereinafter referred to as the Act}* was **substituted** by the Finance (No.2) Act, 2014 *w.e.f 1.4.2015* obliging certain persons and agencies to furnish “Statement of Financial Transactions” (SFT) *{earlier named “AIR”}*.

**Rule 114E**

**Rule 114E - Furnishing of statement of financial transaction**  
*{Applicable w.e.f 1.4.2016}*

- (1) The **statement of financial transaction** required to be furnished under sub-section (1) of **section 285BA** of the Act shall be **furnished in respect of a financial year in Form No. 61A and** shall be **verified** in the manner indicated therein.
- (2) The **statement** referred to in sub-rule (1) shall be **furnished** by **every person** mentioned in column (3) of the Table below in respect of all the **transactions** of the **nature and value** specified in the corresponding entry in column (2) 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**, namely:-

**TABLE**

Sl. No.	Nature and value of transaction	Class of person (reporting person)
(1)	(2)	(3)
1.	<p>(a) <b>Payment</b> made in <b>cash</b> for purchase of</p> <ul style="list-style-type: none"> <li>➤ bank drafts <b>or</b></li> <li>➤ pay orders <b>or</b></li> <li>➤ banker's cheque</li> </ul> <p>of an amount <b>aggregating to ten lakh rupees</b> <b>or more in a financial year.</b></p> <p>(b) <b>Payments</b> made in <b>cash</b> <b>aggregating to ten lakh rupees</b> <b>or more during the financial year</b> for purchase of</p> <ul style="list-style-type: none"> <li>➤ pre-paid instruments issued by Reserve Bank of India under section 18 of the Payment and Settlement Systems Act, 2007 (51 of 2007).</li> </ul> <p>(c) <b>Cash deposits or cash withdrawals</b> (including through bearer's cheque) <b>aggregating to fifty lakh rupees or more</b> <b>in a financial year,</b> in <b>or</b> from one <b>or</b> more <b>current account</b> of a <b>person.</b></p>	<p>A <b>banking company or</b> a <b>co-operative bank</b> to which the Banking Regulation Act, 1949 (10 of 1949) applies (including any bank or banking institution referred to in section 51 of that Act).</p>
2.	<p><b>Cash deposits aggregating to ten lakh</b> <b>rupees or more in a financial year,</b> in one <b>or</b> more accounts (<b>other than</b> a</p> <ul style="list-style-type: none"> <li>➤ current account <b>and</b></li> <li>➤ time deposit)</li> </ul> <p>of a <b>person.</b></p>	<p>(i) A <b>banking company or</b> a <b>co-operative bank</b> to which the Banking Regulation Act, 1949 (10 of 1949) applies (including any <b>bank or banking</b> <b>institution</b> referred to in section 51 of that Act);</p> <p>(ii) <b>Post Master General</b> as referred to in clause (j) of section 2 of the Indian Post Office Act, 1898 (6 of 1898).</p>
3.	<p>One or more <b>time deposits</b> (<b>other than</b> a time deposit made through renewal of</p>	<p>(i) A <b>banking company or</b> a <b>co-operative bank</b></p>

	<p>another time deposit) of a <b>person aggregating to ten lakh</b> rupees <b>or more in a financial year</b> of a <b>person</b>.</p>	<p>to which the Banking Regulation Act, 1949 (10 of 1949) applies (including any <b>bank or banking institution</b> referred to in section 51 of that Act);</p> <p>(ii) <b>Post Master General</b> as referred to in clause (j) of section 2 of the Indian Post Office Act, 1898 (6 of 1898);</p> <p>(iii) <b>Nidhi</b> referred to in section 406 of the Companies Act, 2013 (18 of 2013);</p> <p>(iv) <b>Non-banking financial company</b> which holds a certificate of registration under section 45-IA of the Reserve Bank of India Act, 1934 (6 of 1934), to hold <b>or</b> accept deposit from public.</p>
4.	<p><b>Payments</b> made by any person of an amount <b>aggregating to -</b></p> <p>(i) <b>one lakh rupees or</b> more in <b>cash; or</b></p> <p>(ii) <b>ten lakh rupees or</b> more by <b>any other mode,</b> against bills raised in respect of one <b>or</b> more <b>credit cards</b> issued to that person, in a financial year.</p>	<p>A <b>banking company or</b> a <b>co-operative bank</b> to which the Banking Regulation Act, 1949 (10 of 1949) applies (including any <b>bank or banking institution</b> referred to in section 51 of that Act) <b>or any other company or institution</b> issuing <b>credit card</b>.</p>
5.	<p><b>Receipt</b> from any <b>person</b> of an amount <b>aggregating to ten lakh rupees or</b> more in a financial year for <b>acquiring</b></p> <ul style="list-style-type: none"> <li>➤ bonds <b>or</b></li> <li>➤ debentures</li> </ul> <p>issued by the company <b>or</b> institution</p>	<p>A <b>company or institution</b> issuing</p> <ul style="list-style-type: none"> <li>➤ bonds <b>or</b></li> <li>➤ debentures.</li> </ul>

	<p>(<b>other than</b> the amount received on account of renewal of the</p> <ul style="list-style-type: none"> <li>➤ bond <b>or</b></li> <li>➤ debenture</li> </ul> <p>issued by that company).</p>	
6.	<p><b>Receipt</b> from any <b>person</b> of an amount <b>aggregating to ten lakh rupees or more in a financial year</b> for <b>acquiring</b></p> <ul style="list-style-type: none"> <li>➤ shares</li> <li>➤ (including share application money)</li> </ul> <p>issued by the <b>company</b>.</p>	A <b>company issuing</b> shares.
7.	<p><b>Buy back</b> of shares from any <b>person</b> (<b>other than</b> the shares bought in the open market) for an amount <b>or</b> value <b>aggregating to ten lakh rupees or more in a financial year</b>.</p>	A <b>company</b> listed on a recognised stock exchange purchasing its own securities under section 68 of the Companies Act, 2013 (18 of 2013).
8.	<p><b>Receipt</b> from any <b>person</b> of an amount <b>aggregating to ten lakh rupees or more in a financial year</b> for <b>acquiring units</b> of one <b>or</b> more <b>schemes</b> of a <b>Mutual Fund</b> (<b>other than</b> the amount received on account of transfer from one scheme to another scheme of that <b>Mutual Fund</b>).</p>	A trustee of a <b>Mutual Fund or</b> such other person managing the affairs of the Mutual Fund as may be duly authorised by the trustee in this behalf.
9.	<p><b>Receipt</b> from any <b>person</b></p> <ul style="list-style-type: none"> <li>➤ for <b>sale</b> of <b>foreign currency</b></li> <li>➤ including</li> <li>➤ any <b>credit</b> of <b>such currency</b> to foreign exchange card <b>or</b></li> <li>➤ <b>expense</b> in <b>such currency</b> through a <ul style="list-style-type: none"> <li>• debit <b>or</b></li> <li>• credit card <b>or</b></li> <li>• through issue of <ul style="list-style-type: none"> <li>▪ travellers cheque <b>or</b></li> <li>▪ draft <b>or</b></li> </ul> </li> </ul> </li> </ul>	<b>Authorised person</b> as referred to in clause (c) of section 2 of the Foreign Exchange Management Act, 1999 (42 of 1999).

	<ul style="list-style-type: none"> <li>▪ any other instrument of an amount <b>aggregating to ten lakh rupees or more during a financial year.</b></li> </ul>	
10.	<b>Purchase or sale</b> by any person of <b>immovable property</b> for <b>an amount</b> of <b>thirty lakh rupees or more</b> or valued by the stamp valuation authority referred to in <b>section 50C</b> of the Act at <b>thirty lakh rupees or more.</b>	<b>Inspector-General</b> appointed under section 3 of the Registration Act, 1908 <b>or Registrar or Sub-Registrar</b> appointed under section 6 of that Act.
11.	<b>Receipt of cash payment</b> exceeding <b>two lakh rupees</b> for <b>sale</b> , by any person, of <ul style="list-style-type: none"> <li>➤ goods <b>or</b></li> <li>➤ services</li> </ul> of <b>any</b> nature ( <b>other than</b> those specified at Sl. No. 1 to 10 of this rule, if any).	Any <b>person</b> who <b>is liable</b> for audit under <b>section 44AB</b> of the Act.

(3) The **reporting person** mentioned in column (3) of the Table under sub-rule (2) (**other than** the person at **Sl. No. 9**) shall, while **aggregating the amounts for determining the threshold amount for reporting** in respect of **any person** as specified in column (2) of the said Table,-

- (a) take into account **all the accounts of the same nature** as specified in column (2) of the said Table **maintained in respect of that person during the financial year;**
- (b) **aggregate all the transactions of the same nature** as specified in column (2) of the said Table **recorded in respect of that person during the financial year;**
- (c) **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;
- (d) **apply** the **threshold limit separately** to **deposits and withdrawals** in respect of transaction specified in item (c) under column (2), against Sl. No. 1 of the said Table.

- (4) (a) The return in **Form No. 61A** referred to in sub-rule (1) shall be furnished to the Director of Income-tax (Intelligence and Criminal Investigation) **or** the Joint Director of Income-tax (Intelligence and Criminal Investigation) through **online transmission** of electronic data to a server designated for this purpose **under the digital signature** of the person specified in sub-rule (7) **and** in accordance with the **data structure** specified in this regard by the Principal Director General of Income-tax (Systems):

**Provided that** in case of a **reporting person**, being a Post Master General **or** a Registrar **or** an Inspector General referred to in sub-rule (2), the said return in **Form 61A** may be furnished in a computer readable media, being a Compact Disc **or** Digital Video Disc (DVD), **alongwith** the verification in Form-V on paper.

**Explanation.-** For the purposes of this sub-rule, **“digital signature”** means a digital signature issued by any Certifying Authority authorised to issue such certificates by the Controller of Certifying Authorities.

- (b) **Principal 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.
- (c) The **Board** may designate an officer as **Information Statement Administrator**, not below the rank of a Joint Director of Income-tax for the purposes of day to day administration in relation to the furnishing of returns or statements.
- (5) The statement of financial transactions referred to in sub-rule (1) **shall be furnished on or before the 31st May, immediately following the financial year** in which the transaction is –
- registered **or**
  - recorded.
- (6) (a) Every **reporting person** mentioned in column (3) of the Table under sub-rule (2) shall –
- **communicate** to the Principal Director General of Income-tax (Systems) the -
    - name,
    - designation,
    - address **and**
    - telephone number

- of the Designated Director **and** the Principal Officer **and**
- **obtain a registration number.**

(b) It shall be the **duty** of every person specified in column (3) of the Table under sub-rule (2), its Designated Director, Principal Officer **and** employees **to observe** the **procedure and the manner** of maintaining information as specified by its regulator **and ensure** -

- **compliance** with the obligations –
  - imposed under section 285BA of the Act **and**
  - rules 114B **to** 114D **and**
  - this rule.

**Explanation 1.- “Designated Director”** means a person **designated** by the **reporting person** to ensure overall compliance with the obligations imposed under section 285BA of the Act **and** the rules 114B to 114D **and** this rule **and includes** -

- (i) the Managing Director **or** a whole-time Director, as defined in the Companies Act, 2013 (18 of 2013), duly authorised by the Board of Directors if the reporting person is a **company**;
- (ii) the **managing partner** if the **reporting person** is a **partnership firm**;
- (iii) the **proprietor** if the **reporting person** is a **proprietorship concern**;
- (iv) the **managing trustee** if the **reporting person** is a **trust**;
- (v) a **person or individual**, as the case may be, who **controls and manages** the affairs of the reporting entity if the **reporting person** is,
  - an unincorporated association **or**
  - a body of individuals **or**
  - any other person.

**Explanation 2.- “Principal Officer”** means an **officer designated** by the **reporting person** referred to in the Table in sub-rule (2).

**Explanation 3.- “Regulator”** means a person **or** an authority **or** a Government which is vested with the power to –

- license,
- authorise,
- register,
- regulate **or**
- supervise

the activity of the **reporting person** referred to in the Table in sub-rule (2).

- (7) The **statement** of financial transaction referred to in sub-rule (1) shall be
- signed,
  - verified **and**
  - furnished
- by the **Designated Director** specified in sub-rule (6):

**Provided that** where the **reporting person** is a **non-resident**, the statement may be -

- signed,
- verified **and**
- furnished

by a person who **holds a valid power of attorney** from such **Designated Director**.

### Comments

- CBDT has, vide **Income-tax (26<sup>th</sup> Amendment) Rules, 2016** dated 6.10.2016, amended sub-rule (3) *w.e.f.* **6.10.2016** as follows:

“3. In the said rules, in **rule 114E**, in **sub-rule (3)**, for the brackets, words and number “**(other than the person at Sl. No. 9)**”, the brackets, words and numbers “**(other than the persons at Sl.No.10 and Sl. No. 11)**” shall be substituted.

- After the amendment the said sub-rule (3) reads as follows:

“3. The **reporting person** mentioned in column (3) of the Table under sub-rule (2) **(other than the persons at Sl. No.10 and Sl. No. 11)** shall, while **aggregating the amounts for determining the threshold amount for reporting** in respect of **any person** as specified in column (2) of the said Table,- “

- It means that *w.e.f.* **6.10.2016** threshold of Rs. 2,00,000/- shall **not** apply for aggregate transactions of a financial year **but** for **each transaction** of receipt of cash against sale of goods or services.
- Now, the Government has clarified on 23.12.2016 that -
  - **Rule 114E** of Income-Tax Rules, 1962, for furnishing Statement of Financial Transactions (SFT) came into force with effect from 1st April, 2016. Any person who is liable for audit under section 44AB of the



Income-Tax Act, 1961 is required to furnish a statement in respect of transaction at serial no. 11 of Rule 114E(2) relating to receipt of cash payment exceeding Rupees 2,00,000/- (Rupees Two Lakh) for sale of goods or service. **Doubts were raised if such transactions are required to be aggregated for reporting**

- The norms of aggregation contained in sub-rule 3 of Rule 114E have been amended vide CBDT's Notification No. 91/2016 dated 6th October, 2016; clearly indicating that the said transactions ***did not*** require aggregation and the reporting requirement under SFT for this purpose is on receipt of cash payment exceeding Rupees Two Lakh for sale of goods or services **per transaction.**

➤ Now, CBDT has, vide **Income-tax (30<sup>th</sup> Amendment) Rules, 2016**, amended by way of **insertion** of **“serial No. 12”** in the aforesaid Table *w.e.f* **15.11.2016**, the analysis of which is as follows:

Sl. No.	Nature and value of transaction	Class of person (reporting person)	Comments
12	<p><b>Cash</b> deposits during the period 09th November, 2016 to 30th December, 2016 aggregating to—</p> <p>(i) twelve lakh fifty thousand rupees <b>or</b> more, in one <b>or</b> more current account of a person; <b>or</b></p> <p>(ii) two lakh fifty thousand rupees <b>or</b> more, in one <b>or</b> more accounts (<b>other than</b> a current account) of a person.</p>	<p>(i) <b>A</b> banking company <b>or a</b> co-operative bank to which the Banking Regulation Act, 1949 (10 of 1949) applies (including any bank <b>or</b> banking institution referred to in section 51 of that Act);</p> <p>(ii) Post Master General as referred to in clause (j) of section 2 of the Indian Post Office Act, 1898 (6 of 1898).</p>	<p><b>Clause (i)</b></p> <p>The <b>Bank</b> shall furnish the details of <b>cash deposits</b> during the period <b>from</b> 9.11.216 <b>to</b> 30.12.2016 <b>aggregating to</b> Rs. 12,50,000/- <b>in one or more current account</b> of a person * It may be pertinent to note that the reporting requirement is for <b>Rs. 12,50,000/- or more.</b></p> <p><b>Clause (ii)</b></p> <p>The <b>Bank</b> as well as the <b>Post Office</b> shall furnish the details of <b>cash deposits</b> during the period <b>from</b> 9.11.216 <b>to</b> 30.12.2016 <b>aggregating to</b></p>

Rs. 2,50,000/-  
in **one or more  
account (s)**  
(other than a  
current account)  
of a person  
\* It may be pertinent to  
note that the reporting  
requirement is for  
**Rs. 2,50,000/- or more.**

**Other than a current  
account**

The threshold of  
Rs. 2,50,000/- relates to  
all accounts **other than  
'current account'**. It  
means that this threshold  
may be applied to deposits  
in any bank or post office  
account which is not  
of the nature of a current  
account e.g. –  
\* recurring deposit a/c  
\* small savings a/c  
\* PPF a/c  
\* Sukanya Samridhi a/c  
\* Senior Citizen Saving  
a/c *etc.*

**Reporting Person – Use  
of letter “A”**

Use of letter **“A”** before  
'banking company' **and**  
'Co-operative Bank'  
signifies that the  
'reporting person' shall be  
'a banking company' **or**  
'a Co-operative Bank'  
and not all the the  
banking companies or all  
the Co-operative banks  
taken together.

			<p><b><u>Form 61A</u></b></p> <p>The 'Reporting Person' is required to furnish the 'Statement of Financial Transactions, in Form 61A online.</p> <p>As per serial No. A.1.2. of Part A of Form 61A the Reporting person is required to mention its Income-tax Department Reporting Entity Identification Number (ITDREIN), which is a Unique ID issued by ITD which will be communicated by ITD after the registration of the reporting entity with ITD. The ITDREIN is a 16-character identification number, which is PAN based number.</p> <p><b><u>Thresholds</u></b></p> <p>From the above it appears that the threshold of Rs. 12,50,000 for 'Current accounts, <b>and</b> of Rs. 2,50,000/- for 'other than current accounts' are applicable for such type of accounts with "A" Banking Company etc. and not all the banking companies taken together, as the reporting in Form 61A is PAN based.</p>
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