

I-T lens on current account deposits over Rs 12.5 lakh

CBDT asks banks and post office to report such deposits between Nov 9 and Dec 30

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The Central Board of Direct Taxes (CBDT) amended rules in the Income Tax Act and asked banks to furnish a statement of financial

transaction in one or more current accounts of a person for cash deposits of Rs 12.5 lakh and above between November 9 and December 30.

The CBDT's notification on November 15 also said that for all accounts except current accounts, banks would have to submit details of persons depositing Rs 2.5 lakh and above for all accounts except current accounts.

Sources in Income Tax department indicated that notices would be issued to persons whose cash deposits comes under the annual information report or statement of financial transaction and ask to explain their source of income.

The notification also said that compulsory quoting of permanent account number (PAN) was required in case of cash deposits exceeding Rs 50,000 on a single day or over Rs 2.5 lakh between November 9 and December 30.

The new rule comes in the wake of demonetisation of Rs 500 and Rs 1,000 currency notes, where the government had on 8 November directed Income-Tax department to coordinate with all banks and post

offices to furnish details of individuals who deposit cash of Rs 2.5 lakh and above.

Prior to this amendment, cash deposits of Rs 10 lakh and more in a financial year in accounts other than current accounts were to be reported under the annual information report (AIR) by banks to tax authorities. For the period under demonetisation, it has been reduced to Rs 2.5 lakh and more.

In case of current accounts, cash deposits of Rs 50 lakh and above, were to be reported under AIR.

The amendments to the Income Tax Act are limited to the period under demonetisation,

AIR is meant for high value transactions which is required to be furnished under section 285BA of the I-T Act by 'specified person' in respect of 'specified transactions' registered or recorded by them during fiscal year. Banks has to sent AIR once in a year to the department. But now, under the new rule, banks, post offices need to generate separate report of the given period.

Confirming the development, a senior Income Tax official said that we need to check the source of income of the deposits in the given time period as there could be chances of mismatch between their tax filing and deposits.

He further added, the department was pursuing the non-filers/tax evaders vigorously till all high-potential individuals are covered. "If an assessee fails to explain deposits, there could be a scrutiny. As per the rule, if deposits in banks/post offices do not match with individual tax filing, it could attract 200 per cent penalty on the tax.

Mitil Chokshi, senior partner, Chokshi & Chokshi, a leading Mumbai-based chartered accountant firm, said, "It will be critical for the assesseees to ensure accurate records and complete basis of source of funds during this period in context of their preceding years' history. Failure to satisfy the assessing officer could lead to reopening of assessments of previous years. Hence, the deposits have to be very carefully calculated procedures," he added.