

What's New

News Flash



July 2017

Receipt of loan repayment by NBFCs and HFCs - Clarification regarding applicability of section 269ST issued by the CBDT

Background

The Finance Act, 2017 introduced new section 269ST in the Income-tax Act, 1961 (the Act) with the objective of reducing transactions in cash. Section 269ST of the Act prohibits receipt of an amount of INR 0.2 million or more by a person, *inter alia*, in respect of a single transaction other than by way of an account payee cheque or account payee bank draft or use of electronic clearing system through a bank account.

Further, the Finance Act, 2017 also introduced provisions for levying penalty in case of contravention of the provisions of section 269ST of the Act.

CBDT clarification

The Central Board of Direct Taxes (CBDT) has issued Circular No. 22/2017 dated 3 July, 2017 clarifying that the receipt of one instalment of loan repayment by non-banking financial companies (NBFCs) and housing finance companies (HFCs) will constitute a 'single transaction' and all the instalments paid for a loan would not be aggregated for the purposes of determining applicability of the provisions of section 269ST of the Act.

The above comes as a relief for various NBFCs and HFCs operating in the retail/ rural segments.

You may click [here](#) to access a copy of the CBDT circular.

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