

# Rs. 2 lakhs – Income tax compliance trigger

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## Quoting of PAN

Wef 1<sup>st</sup> January 2016, some provisions have been added to quoting of PAN as per rule 114B of Income Tax rules. The new provision says any sale or purchase, by **any person** of any goods or services (*other than Hotel/ restaurant bill, foreign country travel/ foreign currency payment, life insurance premium, immovable property, motor vehicle, mutual fund, shares, debentures, bonds: separate limits defined for all these*) for an amount exceeding Rs. 2 lakhs per transaction shall have PAN quoted in all the documents related to the transaction.

Purchase and sale both are included in the new provision so PAN of both purchasing and selling party has to be mentioned in the bill. Seller should ensure that in all the transactions above Rs. 2 Lakhs, his PAN is mentioned apart from the PAN of buyer. This is applicable to jewellers also.

## Annual Information return

A new provision has been added in Rule 114E wef 1<sup>st</sup> April 2016 for furnishing of statement of financial transactions (Annual Information return). The new provisions says any person **who is liable to audit under section 44AB of the act** has to furnish information in Form 61A for all the transactions in which receipt of cash payment exceeds Rs. 2 lakhs for sale of goods and services of any nature (*other than immovable property, bonds, debentures, shares, mutual fund, foreign currency, foreign tour; separate limits defined for all these*).

This reporting has to be done by 31<sup>st</sup> May of succeeding financial year. TAN of the principal office is prerequisite for AIR submission.

## Tax collected at source

As per section 206C (1D), wef 1<sup>st</sup> June 2016, every seller who receives any amount in cash as consideration for sale of bullion or jewellery or any other goods or providing any service (*other than on which TDS has been deducted*) shall, at the time of receipt of such amount in cash, collect from the buyer, a sum equal to 1% of **sale consideration** as income tax, if such consideration:

- i) *in the case of jewellery, exceeds Rs. 5 lakhs and*
- ii) *in the case of bullion and other goods and services, exceeds Rs. 2 lakhs.*

The seller has to also collect income tax from the purchaser of motor vehicle of the value exceeding 10 lakh rupees @ 1% of sale consideration at the time of receipt of such amount.

Seller means: Central Government, State government, Local authority, authority established under an act, company, firm, cooperative society and *individual & HUF who are liable to audit under section 44AB of the act.*