

CLARIFICATION IN RESPECT OF PRESCRIBED ELECTRONIC MODE UNDER SECTION 269SU OF INCOME TAX ACT, 1961:

- To encourage digital transactions and move towards a less-cash economy, the government has introduced Section 269SU, vide the Finance (No.2) Act 2019, which requires every person carrying on business and having sales/turnover/gross receipts from business of more than Rs.50 Crores ("specified person") in the immediately preceding previous year to mandatorily provide facilities for accepting payments through prescribed electronic modes. Subsequently vide notification no. 105/2019 dated 30.12.2019 (i) Debit Card powered by RuPay, (ii) Unified Payments Interface (UPI) (BH IM-UPI) and (iii) Unified Payments Interface Quick Response Code (UPI QR Code) (BHIM-UPI QR Code) were notified as prescribed electronic modes.
- However, the prescribed electronic modes have a maximum payment limit per transaction or per day and are not so relevant to B2B (Business to Business) businesses, where generally large payments are received through other electronic modes such as NEFT or RTGS. Mandating such businesses to provide the facility for accepting payments through prescribed electronic modes would cause administrative inconvenience and impose additional costs.
- **In order to give relief to those persons, CBDT has clarified that the provisions of section 269SU shall not be applicable in case of persons having only B2B transactions (i.e. no transaction with retail customers) and at least 95% of business receipts during the previous year shall be in any mode other than cash.**

20 May 2020

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