

Receiving Payments via Mandatory Electronic Modes

INTRODUCTION

The Central Board of Direct Taxes (CBDT) has prescribed Section 269SU of the Income Tax Act, 1961 requiring all companies or business entities with **total sales, turnover or gross receipts exceeding INR 50 Crores during the immediately preceding previous year** to provide facilities for accepting payments through prescribed electronic modes. The electronic mode of payments was prescribed vide Notification No. 105/2019 read with Circular 32/2019 dated 30th December, 2019.

EFFECTIVE DATE

The CBDT has issued Notification prescribing the mandatory electronic modes of payments with effect from 1st January, 2020. However, relaxation has been granted till 31st January, 2020 in order to allow sufficient time to specified persons to install and operationalize the facility for accepting payments through prescribed modes.

IMPLICATIONS & MODES OF PAYMENT

Eligible persons now have to provide facility for accepting payment through following electronic modes, in addition to the existing facility of various electronic modes of payment. The prescribed modes of payment are as under:

- **Debit Card powered by RuPay**

RuPay is India's Indigenous card scheme created by the National Payments Corporation of India. It was conceived to fulfill RBI's vision to offer a domestic, open-loop, multilateral system which will allow all Indian banks and financial Institutions in India to participate in electronic payments.

- **Unified Payments Interface (UPI) (BHIM-UPI)**

Bharat Interface for Money (BHIM) is a payment app that lets us make simple, easy and quick transactions using Unified Payments Interface (UPI). One can make direct bank payments to anyone on UPI using their UPI ID. One can also request money through the app from one's UPI ID.

- **Unified Payments Interface Quick Response Code (UPI QR Code) (BHIM-UPI QR Code)**

One can also make payments on UPI by scanning their QR Code with the BHIM app.

COMPLIANCE ON INCOME TAX PORTAL

The Income Tax Department has also sent automated emails to those tax payers and businesses whose turnover exceeds INR 50 Crores in the immediately preceding year, intimating them to furnish certain details on the Income Tax Portal. Following is a snapshot of such email.

This is in continuation to the previous mail dated _____ related to compliance of section 269SU with respect to providing of information related to payment modes facilitated to customers in the prescribed mode.

To facilitate furnishing to the Income Tax Department of the prescribed modes made available to the customers, a functionality is enabled in the e-Filing Portal.

You are hereby requested to furnish the details by following the steps:

- Login with User id and password in e-Filing portal (<https://www.incometaxindiaefiling.gov.in>)
- Navigate to .Compliance. . .Prescribed Payment Modes. . Submit response.

The last date for furnishing the details is 31st January 2020. Failure to do so attracts a penalty of Rs.5000 per day.

This is a system generated e-mail and please do not reply.
Add donotreply@incometaxindiaefiling.gov.in to your white list / safe sender list. Else, your mailbox filter or ISP (Internet Service Provider) may stop you from receiving e-mails.

Regards,
Income Tax Department.

The eligible assesseees who haven't received such mails can follow the steps as mentioned in the above snapshot to complete the compliance on the Income Tax Portal by 31st January, 2020.

CONSEQUENCES OF NON COMPLIANCE

The penalty of INR 5,000 per day may be attracted effective from 01st February, 2020 under Section 271DB for failure to comply with provisions of Section 269SU.

BANK CHARGES FOR USING PRESCRIBED PAYMENT MODES

As per newly inserted section 10A of Payment and Settlement Systems Act, 2007, bank will not impose any charges for using the electronic modes of payment prescribed under Section 269SU of the Income

Tax Act, 1961. Consequently, any charge including the MDR (Merchant Discount Rate) shall not be applicable on or after 01st January, 2020 on payment made through prescribed electronic modes.

ACTIONS TO BE TAKEN

The facilities for accepting payments through RuPay Cards and BHIM-UPI is being provided by almost all the banks along with the normal current accounts. There may be some one-time setup costs involved to avail this facilities. The eligible persons are advised to contact their respective banks to avail these facilities and comply with the requirements of the law.

29th January, 2020

Disclaimer:

The information contained in this write up is to provide a general guidance to the intended user. The information is based on our interpretation of various prevailing laws, rules, regulations, pronouncements as on date mentioned below. The information should not be used as a substitute for specific consultations. The information has been provided in simplified manner for general reference of the public which can lead to interpretation not intended under law. Hence, we recommend that professional advice is sought before taking any action on specific issues before entering into any investment or financial obligation based on this Content. No part of this document should be distributed or copied by anyone without express written permission of the publisher.