



CA Yash Verma

STATEMENT OF FINANCIAL TRANSACTIONS

May 17, 2017

Agenda

- 1. Introduction**
- 2. AIR Vs. SFT**
- 3. Rule 114E - Nature and value of transactions to be reported**
- 4. SFT – Periodicity, Due Date, Consequences of non compliance**
- 5. SFT – Inaccurate or defective SFT & consequences if not corrected**
- 6. SFT – Transaction Types**
- 7. Aggregation Rule**
- 8. SFT – Steps for registration and submission**

1. To keep a watch on high value transactions undertaken by taxpayer, the Income-Tax Law has framed the new concept of furnishing of “Statement of Financial Transactions” in Form No 61A .
2. Section 285BA is substituted with effect from 1st April 2015.
3. Statement of ‘high value financial transactions’ is required to be furnished under section 285BA of the IT Act, 1961 by ‘specified persons’ in respect of ‘specified transactions’ registered or recorded by them during the financial year.
4. The ‘specified persons’ and the ‘specified transactions’ are listed in new Rule 114E of the Income-tax Rules, 1962.

5. Rule 114E shall come into force from the 1st April, 2016. - vide notification dated 30th December,2015
6. Modified rule 114E covers 13 types of transactions (including earlier 7 types) to be reported by specified class of persons. Significant change as compared to erstwhile rule is inclusion of Persons liable for audit u/s 44AB in specified class of persons.
7. Rule 114E (1) prescribes Form No. 61A to report Specified Financial Transactions.
8. 13 types of Transactions are notified along with monetary limits which are registered or recorded by specified persons on or after 1st April 2016.

9. **First Version of the SFT Report Generation Utility was released in January 2017.**

Version 2.0 was released in May 2017.

10. **In the new Version 2.0 in Account Details (Part C), the fields Amount Credited to account before demonetization and Amount Credited to account after demonetization are non-mandatory for SFT 3 and SFT 4 and mandatory only for SFT 14.**

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AIR Vs. SFT

#	Annual Information Return(AIR)	Statement of Financial Transactions (SFT)
1	Till F.Y. 2015-16, u/s 285BA, AIR was to be filed by specified entities	With effect from 01/04/2015 (as substituted by The Finance Act,2014), and as notified by Notification No. 1 of 2017, SFT is to be filed by specified class of persons
2	There were 7 specified persons who were to report corresponding specified transactions u/r 114E	Modified rule 114E covers 13 specified transactions to be reported by specified class of persons.
3	The due date for filing AIR was 31st August immediately following the Financial Year in which the transaction is registered or recorded.	The due date for filing SFT is 31st May immediately following the Financial Year in which the transaction is registered or recorded.
4	It was not required to be filed by class of persons liable for audit u/s 44AB	SFT is to be mandatorily filed by the persons liable for audit u/s 44AB

#	Annual Information Return(AIR)	Statement of Financial Transactions (SFT)
5	Period for furnishing statement under subsection (5) in response to notice issued by IT authority, if the same was not furnished within the prescribed time, was sixty days from the date of service of notice.	Period for furnishing statement under subsection (5) in response to notice issued by IT authority, if the same was not furnished within the prescribed time, is thirty days from the date of service of notice.
6	No registration is required for filing of AIR	For the purpose of filing of SFT return, reporting entity has to obtain registration and generate Income Tax Department Reporting Entity Identification Number (ITDREIN)
7	AIR is to be filed with income tax department either in CD Rom / floppy diskette, magnetic cartridge tape or any computer readable media.	SFT returns are required to be e-filed in Form 61A and have to be digitally signed after generating XML file of form 61A.

#	Nature & Value of Transaction	Class of person (reporting person)
1	<p>a) Payment made in cash for purchase of bank drafts or pay orders or banker's cheque of an amount aggregating to 10 lakh rupees or more in a financial year.</p> <p>b) Payments made in cash aggregating to 10 lakhs rupees or more during the financial year for purchase of pre-paid instruments issued by Reserve Bank of India under section 18 of the Payment and Settlement Systems Act, 2007 (51 of 2007).</p> <p>c) Cash deposits or cash withdrawals (including through bearer's cheque) aggregating to 50 lakhs rupees or more in a financial year, in or from one or more current account of a person</p>	<p>A banking company or a co-operative bank to which the Banking Regulation Act, 1949 (10 of 1949) applies (including any bank or banking institution referred to in section 51 of that Act).</p>

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Rule 114E - Nature and value of transactions to be reported

(2/6)

#	Nature & Value of Transaction	Class of person (reporting person)
2	Cash deposits aggregating to 10 lakhs rupees or more in a financial year, in one or more accounts (other than a current account and time deposit) of a person.	<ul style="list-style-type: none"> i. A banking company or a co-operative bank to which the Banking Regulation Act, 1949 (10 of 1949) applies (including any bank or banking institution referred to in section 51 of that Act); ii. Post Master General as referred to in clause (j) of section 2 of the Indian Post Office Act, 1898 (6 of 1898).
3	One or more time deposits (other than a time deposit made through renewal of another time deposit) of a person aggregating to 10 lakhs rupees or more in a financial year of a person.	<ul style="list-style-type: none"> i. A banking company or a co-operative bank to which the Banking Regulation Act, 1949 (10 of 1949) applies (including any bank or banking institution referred to in section 51 of that Act); ii. Post Master General as referred to in clause (j) of section 2 of the Indian Post Office Act, 1898 (6 of 1898); iii. Nidhi referred to in section 406 of the Companies Act, 2013 (18 of 2013); iv. Non-banking financial company which holds a certificate of registration under section 45-IA of the Reserve Bank of India Act, 1934 (6 of 1934), to hold or accept deposit from public.

Rule 114E - Nature and value of transactions to be reported

#	Nature & Value of Transaction	Class of person (reporting person)
4	<p>Payments made by any person of an amount aggregating to—</p> <p>(i) one lakh rupees or more in cash; or</p> <p>(ii) ten lakhs rupees or more by any other mode, against bills raised in respect of one or more credit cards issued to that person, in a financial year.</p>	<p>A banking company or a co-operative bank to which the Banking Regulation Act, 1949 (10 of 1949) applies (including any bank or banking institution referred to in section 51 of that Act) or any other company or institution issuing credit card.</p>
5	<p>Receipt from any person of an amount aggregating to ten lakh rupees or more in a financial year for acquiring bonds or debentures issued by the company or institution (other than the amount received on account of renewal of the bond or debenture issued by that company).</p>	<p>A company or institution issuing bonds or debentures.</p>

#	Nature & Value of Transaction	Class of person (reporting person)
6	Receipt from any person of an amount aggregating to ten lakh rupees or more in a financial year for acquiring shares (including share application money) issued by the company.	A company issuing shares.
7	Buy back of shares from any person (other than the shares bought in the open market) for an amount or value aggregating to ten lakh rupees or more in a financial year.	A company listed on a recognized stock exchange purchasing its own securities under section 68 of the Companies Act, 2013 (18 of 2013).
8	Receipt from any person of an amount aggregating to ten lakh rupees or more in a financial year for acquiring units of one or more schemes of a Mutual Fund (other than the amount received on account of transfer from one scheme to another scheme of that Mutual Fund).	A trustee of a Mutual Fund or such other person managing the affairs of the Mutual Fund as may be duly authorized by the trustee in this behalf.

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Rule 114E - Nature and value of transactions to be reported

(5/6)

#	Nature & Value of Transaction	Class of person (reporting person)
9	Receipt from any person for sale of foreign currency including any credit of such currency to foreign exchange card or expense in such currency through a debit or credit card or through issue of travelers cheque or draft or any other instrument of an amount aggregating to ten lakh rupees or more during a financial year.	Authorized person as referred to in clause (c) of section 2 of the Foreign Exchange Management Act, 1999 (42 of 1999).
10	Purchase or sale by any person of immovable property for an amount of thirty lakh rupees or more or valued by the stamp valuation authority referred to in section 50C of the Act at thirty lakh rupees or more	Inspector-General appointed U/s 3 of the Registration Act, 1908 or Registrar or Sub-Registrar appointed U/s 6 of that Act.
11	Receipt of cash payment exceeding two lakh rupees for sale , by any person, of goods or services of any nature (other than those specified at Sl. Nos. 1 to 10 of this rule, if any.)	Any person who is liable for audit under section 44AB of the Act.

Rule 114E - Nature and value of transactions to be reported

#	Nature & Value of Transaction	Class of person (reporting person)
12	<p>Cash deposits during the period 09th November, 2016 to 30th December, 2016 aggregating to—</p> <p>(i) twelve lakhs fifty thousand rupees or more, in one or more current account of a person; or</p> <p>(ii) two lakhs fifty thousand rupees or more, in one or more accounts (other than a current account) of a person.</p>	<p>(i) A banking company or a co-operative bank to which the Banking Regulation Act, 1949 (10 of 1949) applies (including any bank or banking institution referred to in section 51 of that Act);</p> <p>(ii) Post Master General as referred to in clause (j) of section 2 of the Indian Post Office Act, 1898 (6 of 1898)</p>
13	<p>Cash deposits during the period 1st April, 2016 to 9th November, 2016 in respect of accounts that are reportable under Sl.No.12.</p>	<p>(i) A banking company or a co-operative bank to which the Banking Regulation Act, 1949 (10 of 1949) applies (including any bank or banking institution referred to in section 51 of that Act);</p> <p>(ii) Post Master General as referred to in clause (j) of section 2 of the Indian Post Office Act, 1898 (6 of 1898).</p>

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SFT – Periodicity, Due Date, Consequences of non compliance

Periodicity, Due Date

1. The statement of financial transactions (online return in Form No. 61A with digital signature) shall be furnished **on or before the 31st May**, immediately following the financial year in which the transaction is registered or recorded.
2. **For Financial Year 2016 -17, the due date is 31st May 2017.**

Consequences of non compliance

1. Non-furnishing of statement of financial transaction or reportable account will **attract penalty under section 271FA.**
2. Penalty can be levied of **Rs. 100 per day of default.**
3. Section **285BA(5)** empowers the tax authorities to **issue a notice to the person** who had not filed the statement within prescribed time, directing him to file the statement within a **period not exceeding 30 days from the date of service of such notice.** If person **fails to file the statement within the specified time**, then a **penalty of Rs. 500 per day** will be levied from the day immediately following the day on which the time specified in such notice for furnishing the statement expires.

Inaccurate or defective SFT

1. If any person, after filing the statement, **comes to know or discovers any inaccuracy** in the information provided in the statement, he shall **inform such inaccuracy** to the prescribed income-tax authority **within a period of ten days and furnish the correct information** in such manner as may be prescribed.
2. On the other hand, the prescribed **income-tax authority may also intimate the defect** to the person and give him an **opportunity of rectifying the defect** within a period of **thirty days from the date of such intimation** or within such extended period as may be allowed by prescribed income-tax authority.
3. However, if a **person fails to rectify the defect** within the said period than such statement shall be **treated as an invalid statement** and the **provisions of this Act shall apply** as if such person had **failed to furnish the statement**.

Consequences of Inaccurate or defective SFT and failure to correct

As per section 271FAA of the Income-tax Act, if a prescribed reporting financial institution who is required to furnish statement of financial transaction or reportable account, provides inaccurate information in the statement, and where:

- (a) the inaccuracy is due to a failure to comply with the due diligence requirement prescribed* under section 285BA(7) or is deliberate on the part of that person;
- (b) the person knows of the inaccuracy at the time of furnishing the statement but does not inform the prescribed income-tax authority or such other authority or agency;
- (c) the person discovers the inaccuracy after the statement is furnished and fails to inform and furnish correct information within a period of 10 days as specified under section 285BA(6),

then, the prescribed income-tax authority may direct that such person shall pay, by way of **penalty, a sum of fifty thousand rupees.**

*Rules in this regard are yet to be notified.

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SFT – Transaction Types (1/2)

The transaction types under SFT have been categorized in 4 parts

1. Part A

- a. contains statement level information which is common to all transaction types.

2. Part B (Person Based Reporting):

- a. SFT-001: Purchase of bank drafts or pay orders in cash
- b. SFT-002: Purchase of pre-paid instruments in cash
- c. SFT-005: Time deposit
- d. SFT-006: Payment for credit card
- e. SFT-007: Purchase of debentures
- f. SFT-008: Purchase of shares
- g. SFT-009: Buy back of shares
- h. SFT-010: Purchase of mutual fund units
- i. SFT-011: Purchase of foreign currency
- j. SFT-013: Cash payment for goods and services

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SFT – Transaction Types (2/2)

3. Part C (Account Based Reporting)

- a. SFT-003: Cash deposit in current account
- b. SFT-004: Cash deposit in account other than current account
- c. SFT-014: Cash deposits during specified period (1st April, 2016 to 8th November, 2016 and 9th Nov to 30th Dec, 2016).

4. Part D (Immovable Property Transaction Reporting)

- a. SFT- 012: shall be used for reporting of purchase or sale of immovable property.
- b. The reportable immovable property transactions have to be determined by applying the threshold limit.
- c. The reporting person/entity is required to submit specified details of immovable property transactions which are determined as reportable.

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Aggregation Rule

1. Aggregation rule needs to be applied for specified transaction types to identify transactions/persons/accounts which are reportable.
2. Rule 114E specifies that the reporting person shall, while aggregating the amounts for determining the threshold amount for reporting in respect of any person –
 - a. take into account all the accounts of the same nature maintained in respect of that person during the financial year;
 - b. aggregate all the transactions of the same nature recorded in respect of that person during the financial year;
 - c. attribute the entire value of the transaction or the aggregated value of all the transactions to all the persons, in a case where the account is maintained or transaction is recorded in the name of more than one person;
 - d. The aggregation rule is applicable for all transaction types **except SFT- 012 (Purchase or sale of immovable property) and SFT- 013 (Cash payment for goods and services)**.

- PART 1** : Generation of ITDREIN
- PART 2** : Adding Authorized Person
- PART 3** : Download, Prepare & Upload Form 61A
- PART 4** : View Status of Form 61A
- PART 5** : How to de activate the Authorized Person?

PART 1 : Generation of ITDREIN

Step #	Step Description
1	Login to e-filing portal using USER ID, e-filing password and DOB/DOI
2	Go to My Account>Manage ITDREIN
3	To generate ITDREIN click on the button “Generate New ITDREIN” .
4	A pop up with form type and reporting entity category is displayed. Select the form type and reporting entity category from the dropdown.
5	Based on the form type and reporting entity category selected, the ITDREIN will be generated and the user will be able to upload and view the corresponding form.

If you intend to report the cash transactions for sale of goods/services, you need to select ‘Form 61A’ i.e. code ‘A’ and reporting entity category as ‘Z’ [i.e. others who are covered under Tax Audit U/s 44AB]

PART 2 : Adding Authorized Person

Step #	Step Description
1	Login to e-filing portal using USER ID, e-filing password and DOB/DOI
2	Go to My Account>Manage ITDREIN
3	To add an authorized person for generated ITDREIN, click on link provided in ITDREIN column
4	Click on add authorized person button. Pop up window will open.
5	<p>Fill all mandatory details in the pop up window. Click on Add Authorized Person button. Success message will be displayed.</p> <p>The details of “Authorized Person” cannot be edited further.</p> <p>Authorized Person Type > Designated Director > Upload & View Access</p> <p>Authorized Person Type > Principal Officer > View Access</p>
6	<p>Authorized Person receives a confirmation email with an activation link and an SMS along with OTP.</p> <p>In order to activate the account, the user should click on the activation link, enter the mobile PIN, password and confirm password and click on activate button. On success, user account is activated and database is updated.</p>

PART 3 : Download, Prepare & Upload Form 61A

Download of Form 61A

The Report Generation Utility is available on the e-filing website home page under forms (other than ITR) tab on of the e-filing portal. The Utility can be downloaded as follows:

Step #	Step Description
1	Go to e-filing portal at https://incometaxindiaefiling.gov.in/
2	Click on the Forms (other than ITR) tab under the Downloads section.
3	Click on the Download link against Form 61A to download the Utility. It allows the user to save the file in the location selected by the user.

PART 3 : Download, **Prepare** & Upload Form 61A

Preparation of Form 61A

1. **Form 61A has four parts.**

2. **Part A**

contains statement details, which is common to all transaction types.

3. **Other three parts relate to report level information** (depending on transaction type), which are as follows:

Part-B Person Based Reporting

Part-C Account Based Reporting

Part-D Immovable Property Transaction Reporting

4. **Statement Type-**

One statement can contain only one type of statement. Permissible values for types of statement are –

a) NB – New Statement Containing new information;

b) CB – Correction Statement containing corrections for previously submitted information; and

c) ND – No Data to report.

PART 3 : Download, Prepare & **Upload** Form 61A

Upload of Form 61A

Step #	Step Description
1	Login to e-filing portal using User ID(ITDREIN), Authorized Person PAN, and Password
2	Go to e-file > Upload Form 61A
3	The Upload Screen will have the below details. Reporting Entity PAN Form Name Reporting Entity Category
4	Attach the Form 61A(.zip) File along with the Signature File and Click on Upload
5	On successful validation, the success message shall be displayed.

PART 4 : View Status of Form 61A

Step #	Step Description
1	Login to e-filing portal using User ID(ITDREIN), Authorized Person PAN, and Password
2	Go to e-file > View Form 61A
3	The user has to select the assessment year, filing status and click on View Details .
4	<p>The filing status field will have the below details: Uploaded / Accepted / Rejected</p> <p>This status will initially be displayed as “Uploaded”. When User selects filing status as “Uploaded” a screen is displayed with Transaction Details.</p> <p>If uploaded form is processed then filing status shall be updated based on validation done on uploaded file and displayed as Accepted/Rejected.</p> <p>Updated status can be checked by the user after 24 hours of upload.</p>
5	<p>By clicking on “Transaction No.”, the options of Status whether Accepted or Not, Acknowledgement No. and ZIP will be shown.</p> <p>The uploaded file can be downloaded by clicking on the link “ZIP”.</p>

PART 4 : View Status of Form 61A

If the Status is “Rejected” then the following screen is displayed to the user

Dashboard My Account e-File					
View Filed Form 61A					
Reporting Entity PAN	PERHA8001W	Calendar Year	2016	Form Name	FORM61A
S.No	Transaction No	Filed On	Filing Type	Status	
1	1000728145	14/01/2017	-	Rejected	

By Clicking on “Transaction No.,” the error description is displayed on the screen

Details Of Acknowledgement Number - 1000728145		
Reporting Entity PAN	Calendar Year	Form Name
PERHA8001W	2016	FORM61A
Error Details		
Status	Error Description	
Rejected	The XML Schema is invalid. Please upload the XML in the correct schema.	

PART 5 : How to de activate the Authorized Person?

Step #	Step Description
1	Login to e-filing portal using User ID, e-filing password and DOB/DOI
2	Go to My Account > Manage ITDREIN
3	Click on the ITDREIN under which the “Authorized Person” to be De-activated
4	Click on the De-activate link to deactivate the Authorized Person
5	After clicking on the de-activate link, a Success Message for De-Activating will be displayed and the date of de-activation will be recorded

Manage ITDREIN

S.No.	Authorised Person Type	PAN	Name	Designation	Access Type	Created date	Date of De-Activation	Status
1	Designated Director	PERPA5001A	USER	Designated Director	Upload and View	10/05/2016	11/05/2016	In-Active

[Back](#)
[Add Authorised Person](#)

Questions?





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Thank You

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