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CHAPTER VII

BANKING CASH TRANSACTION TAX

93. (1) This Chapter extends to the whole of India except the State of Jammu and Kashmir.

(2) It shall come into force on the 1st day of June, 2005.

(3) It shall apply to taxable banking transactions entered into on or after the commencement of this Chapter.

Extent,
commencement
and
application.

94. In this Chapter, unless the context otherwise requires,—

Definitions.

43 of 1961.

(1) "Appellate Tribunal" means the Appellate Tribunal constituted under section 252 of the Income-tax Act, 1961;

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(2) "Assessing Officer" means the Income-tax Officer or Assistant Commissioner of Income-tax or Deputy Commissioner of Income-tax or Joint Commissioner of Income-tax or Additional Commissioner of Income-tax who is authorised by the Board to exercise or perform all or any of the powers and functions conferred on, or assigned to, an Assessing Officer under this Chapter;

(3) "banking cash transaction tax" means tax leviable on the taxable banking transactions under the provisions of this Chapter;

54 of 1963.

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(4) "Board" means the Central Board of Direct Taxes constituted under the Central Boards of Revenue Act, 1963;

43 of 1961.

(5) "person" shall have the same meaning as in clause (31) of section 2 of the Income-tax Act, 1961 and includes an office or establishment of the Central Government or the Government of a State;

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(6) "prescribed" means prescribed by rules made by the Board under this Chapter;

23 of 1955.
38 of 1959.

(7) "scheduled bank" means the State Bank of India constituted under the State Bank of India Act, 1955, a subsidiary bank as defined in the State Bank of India (Subsidiary Banks) Act, 1959, a corresponding new bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, or under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980, or any other bank being a bank included in the Second Schedule to the Reserve Bank of India Act, 1934;

5 of 1970.
40 of 1980.
2 of 1934.

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(8) "taxable banking transaction" means—

(a) a transaction, being withdrawal of cash (by whatever mode) exceeding ten thousand rupees on any single day by a person from any scheduled bank; or

(b) a transaction, being purchase of a bank draft or banker's cheque or any other financial instrument on payment of cash exceeding ten thousand rupees on any single day by a person from any scheduled bank; or

(c) a transaction, being receipt of cash from any scheduled bank exceeding ten thousand rupees on any single day by a person on encashment of term deposit, whether on maturity or otherwise, from that bank;

(9) words and expressions used but not defined in this Chapter and defined in the Negotiable Instruments Act, 1881, the Reserve Bank of India Act, 1934, the Banking Regulation Act, 1949, the Income-tax Act, 1961, or the rules or regulations made thereunder, shall apply, so far as may be, in relation to banking cash transaction tax.

95. (1) On and from the commencement of this Chapter, there shall be charged a banking cash transaction tax, in respect of every taxable banking transaction of the value exceeding ten thousand rupees and entered into on or after the 1st day of June, 2005, at the rate of 0.1 per cent. of the value of every such taxable banking transaction.

(2) The banking cash transaction tax referred to in sub-section (1) shall be payable,—

(i) in respect of taxable banking transaction referred to in sub-clause (a) of clause (8) of section 94, by the person who withdraws the cash from any scheduled bank;

(ii) in respect of taxable banking transaction referred to in sub-clause (b) of clause (8) of section 94, by the person who purchases a bank draft or banker's cheque or any other financial instrument from any scheduled bank;

(iii) in respect of taxable banking transaction referred to in sub-clause (c) of clause (8) of section 94, by the person who received the cash on encashment of term deposit;

(iv) in respect of taxable banking transaction being withdrawal of cash exceeding ten thousand rupees by way of bearer cheque or such other instrument, by the bearer of such cheque or instrument to whom such payment is made in cash by the scheduled bank:

Provided that no banking cash transaction tax shall be payable if the amount of term deposit is credited to any account with the bank.

96. The value of taxable banking transaction shall be,—

(i) in respect of taxable banking transaction referred to in sub-clause (a) of clause (8) of section 94, the amount of cash withdrawn;

(ii) in respect of taxable banking transaction referred to in sub-clause (b) of clause (8) of section 94, the amount of cash deposited;

(iii) in respect of taxable banking transaction referred to in sub-clause (c) of clause (8) of section 94, the amount of cash received on encashment of term deposit.

97. (1) Every scheduled bank shall collect the banking cash transaction tax from every person, being a person referred to in clause (i) or clause (ii) or clause (iii) of sub-section (2) of section 95 who enters into a taxable banking transaction with that bank, at the rate specified in section 95.

(2) The banking cash transaction tax collected during any calendar month in accordance with the provisions of sub-section (1) shall be paid by every scheduled bank to the credit of the Central Government by the fifteenth day of the month immediately following the said calendar month.

(3) Any scheduled bank, who fails to collect the tax in accordance with the provisions of sub-section (1), shall, notwithstanding such failure, be liable to pay the tax to the credit of the Central Government in accordance with the provisions of sub-section (2).

98. (1) Every scheduled bank (hereafter in this Chapter referred to as assessee) shall, within the prescribed time after the end of each financial year, prepare and deliver or cause to be delivered to the Assessing Officer or to any other authority or agency authorised by the Board in this behalf, a return in such form and verified in such manner and setting forth such particulars as may be prescribed, in respect of all taxable banking transactions entered into during such financial year in the scheduled bank.

(2) Where any assessee fails to furnish the return under sub-section (1) within the prescribed time, the Assessing Officer may issue a notice to such assessee and serve it upon him, requiring him to furnish the return in the prescribed form and verified in the prescribed manner setting forth such particulars within such time as may be prescribed.

(3) Any assessee who has not furnished the return within the time allowed under sub-section (1) or sub-section (2), or having furnished a return under sub-section (1) or sub-section (2), discovers any omission or wrong statement therein, may furnish a return or a revised return, as the case may be, at any time before the assessment is made.

5 **99.** (1) For the purposes of making an assessment under this Chapter, the Assessing Officer may serve on any assessee, who has furnished a return under sub-section (1) or sub-section (3) of section 98 or upon whom a notice has been served under sub-section (2) of section 98 (whether a return has been furnished or not), a notice requiring him to produce or cause to be produced on a date to be specified therein such accounts or documents or other evidence as the Assessing Officer may require
10 for the purposes of this Chapter and may, from time to time, serve further notices requiring the production of such further accounts or documents or other evidence as he may require.

Assessment.

(2) The Assessing Officer, after considering such accounts, documents or other evidence, if any, as he has obtained under sub-section (1) and after taking into account any other relevant material which he has gathered, shall, by an order in writing, assess the value of taxable banking transactions during
15 the relevant financial year and determine the amount of banking cash transaction tax payable or refundable on the basis of such assessment:

Provided that no assessment shall be made under this sub-section after the expiry of two years from the end of the relevant financial year.

(3) Every assessee, in case any amount is refunded to it on assessment under sub-section (2),
20 shall, within such time as may be prescribed, refund such amount to the concerned person from whom such amount was collected.

100. (1) With a view to rectifying any mistake apparent from the record, the Assessing Officer may amend any order passed by him under the provisions of this Chapter within one year from the end of the financial year in which the order sought to be amended was passed.

Rectification of mistake.

25 (2) Where any matter has been considered and decided in any proceeding by way of appeal relating to an order referred to in sub-section (1), the Assessing Officer passing such order may, notwithstanding anything contained in any law for the time being in force, amend the order under that sub-section in relation to any matter other than the matter which has been so considered and decided.

(3) Subject to the other provisions of this section, the Assessing Officer may—

30 (a) make an amendment under sub-section (1) of his own motion; or

(b) make such amendment if any mistake is brought to his notice by the assessee.

(4) An amendment, which has the effect of enhancing an assessment or reducing a refund or otherwise increasing the liability of the assessee, shall not be made under this section unless the Assessing Officer concerned has given notice to the assessee of his intention so to do and has allowed the
35 assessee a reasonable opportunity of being heard.

(5) Where an amendment is made under this section, an order shall be passed in writing by the Assessing Officer.

(6) Subject to the other provisions of this Chapter, where any such amendment has the effect of reducing the assessment, the Assessing Officer shall make any refund, which may be due to such
40 assessee.

(7) Where any such amendment has the effect of enhancing the assessment or reducing the refund already made, the Assessing Officer shall make an order specifying the sum payable by the assessee and the provisions of this Chapter shall apply accordingly.

101. Every assessee who fails to credit the banking cash transaction tax or any part thereof as
45 required under section 97, to the account of the Central Government within the period specified in that section, shall pay simple interest at the rate of one per cent. of such tax for every month or part of a month by which such crediting of the tax or any part thereof is delayed.

Interest on delayed payment of banking cash transaction tax.

102. Any assessee who—

50 (a) fails to collect the whole or any part of the banking cash transaction tax as required under section 97; or

(b) having collected the banking cash transaction tax, fails to pay such tax to the credit of the Central Government in accordance with the provisions of sub-section (2) of section 97,

Penalty for failure to collect or pay banking cash transaction tax.

shall be liable to pay,—

55 (i) in the case referred to in clause (a), in addition to paying the tax in accordance with the provisions of sub-section (3) of section 97, or interest, if any, in accordance with the provisions of section 101, by way of penalty, a sum equal to the amount of banking cash transaction tax that it failed to collect; and

(ii) in the case referred to in clause (b), in addition to paying the tax in accordance with the provisions of sub-section (2) of section 97 and interest in accordance with the provisions of section 101, by way of penalty, a sum of one thousand rupees for every day during which the failure continues, so, however, that the penalty under this clause shall not exceed the amount of banking cash transaction tax that it failed to pay.

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Penalty for failure to furnish prescribed return.

103. If an assessee fails to furnish in due time the return which it is required to furnish under sub-section (1) of section 98 or by notice given under sub-section (2) of that section, it shall be liable to pay, by way of penalty, a sum of one hundred rupees for every day during which the failure continues.

Penalty for failure to comply with notice.

104. If the Assessing Officer in the course of any proceedings under this Chapter is satisfied that any person has failed to comply with a notice under sub-section (1) of section 99, he may direct that such person shall pay, by way of penalty, in addition to any banking cash withdrawal transaction tax and interest, if any, payable by him, a sum of ten thousand rupees for each such failure.

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Penalty not to be imposed in certain cases.

105. Notwithstanding anything contained in the provisions of section 102 or section 103 or section 104, no penalty shall be imposable for any failure referred to in the said provisions if the assessee proves that there was reasonable cause for the said failure:

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Provided that no order imposing a penalty under this Chapter shall be made unless the assessee has been given a reasonable opportunity of being heard.

Application of certain provisions of Act 43 of 1961.

106. The provisions of the following sections of the Income-tax Act, 1961, as in force from time to time, shall apply, so far as may be, in relation to banking cash transaction tax as they apply in relation to income-tax:—

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120,131,133A, 156, 178, 220 to 227, 229, 232, 260A, 261, 262, 265 to 269, 278B, 282 and 288 to 293.

Appeals to Commissioner of Income-tax (Appeals).

107. (1) Any assessee aggrieved by any assessment order passed by the Assessing Officer under section 99 or any order under section 100, or denying his liability to be assessed under this Chapter, or by an order levying penalty under this Chapter, may appeal to the Commissioner of Income-tax (Appeals) within thirty days from the date of receipt of the order of the Assessing Officer.

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(2) Every appeal under sub-section (1) shall be in the prescribed form and shall be verified in the prescribed manner and shall be accompanied by a fee of one thousand rupees.

(3) Where an appeal has been filed under the provisions of sub-section (1), the provisions of sections 249 to 251 of the Income-tax Act, 1961, shall, as far as may be, apply.

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43 of 1961.

Appeals to Appellate Tribunal.

108. (1) Any assessee aggrieved by an order passed by a Commissioner of Income-tax (Appeals) under section 107 may appeal to the Appellate Tribunal against such order.

(2) The Commissioner of Income-tax may, if he objects to any order passed by the Commissioner of Income-tax (Appeals) under section 107, direct the Assessing Officer to appeal to the Appellate Tribunal against such order.

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(3) Every appeal under sub-section (1) or sub-section (2) shall be filed within sixty days of the date on which the order sought to be appealed against is received by the assessee, or by the Commissioner of Income-tax, as the case may be.

(4) Every appeal under sub-section (1) or sub-section (2) shall be in the prescribed form and shall be verified in the prescribed manner and in the case of an appeal filed under sub-section (1) shall be accompanied by a fee of one thousand rupees.

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(5) Where an appeal has been filed before the Appellate Tribunal under sub-section (1) or sub-section (2), the provisions of sections 252 to 255 of the Income-tax Act, 1961, shall, as far as may be, apply.

43 of 1961.

False statement in verification, etc.

109. (1) If a person makes a statement in any verification under this Chapter or any rule made thereunder, or delivers an account or statement, which is false, and which he either knows or believes to be false, or does not believe to be true, he shall be punishable with imprisonment for a term which may extend to three years and with fine.

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(2) Notwithstanding anything contained in the Code of Criminal Procedure, 1973, an offence punishable under sub-section (1) shall be deemed to be non-cognizable within the meaning of that Code.

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2 of 1974.

Institution of proceedings.

110. A person shall not be proceeded against for any offence under section 109 except with the previous sanction of the Chief Commissioner of Income-tax.

Power to make rules.

111. (1) The Central Government may, by notification in the Official Gazette, make rules for carrying out the provisions of this Chapter.

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(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

- (a) the time within which the return shall be delivered or caused to be delivered to the Assessing Officer or to any other agency and the form and the manner in which such return shall be furnished under sub-section (1) or sub-section (2) of section 98;
- 5 (b) the time within which the return shall be furnished on receipt of notice under sub-section (2) of section 98;
- (c) the time within which refund shall be made under sub-section (3) of section 99;
- (d) the form in which an appeal under section 107 or section 108 may be filed and the manner in which they may be verified;
- (e) any other matter which by this Chapter is to be, or may be, prescribed.
- 10 (3) Every rule made under this Chapter shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect
- 15 only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.
- 112. (1)** If any difficulty arises in giving effect to the provisions of this Chapter, the Central Government may, by order published in the Official Gazette, not inconsistent with the provisions of this Chapter, remove the difficulty:
- 20 Provided that no such order shall be made after the expiry of a period of two years from the date on which the provisions of this Chapter come into force.
- (2) Every order made under this section shall be laid, as soon as may be after it is made, before each House of Parliament.

Power to
remove
difficulties.