

## 2.12

### STATEMENT OF FINANCIAL TRANSACTION (SFT)

<b>STATEMENT OF FINANCIAL TRANSACTION (SFT) [SECTION 285BA]</b>			
<i>What is SFT?</i>	Statement of Financial Transaction ('SFT') is a return to be furnished by the specified person wherein specified financial transactions shall be reported to the Income-tax Deptt. These specified persons are those who register, maintain or record the specified financial transaction		
<i>Which transactions shall be reported?</i>	Following 'Specified Financial Transaction' are required to be reported under this provision if the value of transaction exceeds the threshold limit.		
	<i>S. No.</i>	<i>Nature of Transaction</i>	<i>Value of Transaction</i>
			<i>Reporting Person</i>
	<i>Cash Transactions</i>		
	1	Cash payment for purchase of bank drafts or pay orders or banker's cheque	If aggregate payment is Rs. 10 lakhs or more in a financial year.
			Bank or Co-op Bank
	2	Cash payment for purchase of pre-paid instruments issued by the RBI	If aggregate payment is Rs. 10 lakhs or more in a financial year
			Bank or Co-op Bank
	3	Cash deposits in one or more current account of a person	If aggregate amount is Rs. 50 lakhs or more in a financial year
			Bank or Co-op Bank
	4	Cash withdrawals (including through bearer's cheque) from one or more current account of a person	If aggregate amount is Rs. 50 lakhs or more in a financial year
			Bank or Co-op Bank
	5	Cash deposits in one or more accounts (other than current account and time deposit) of a person	If aggregate amount is Rs. 10 lakhs or more in a financial year
			Bank or Co-op Bank/ Post Master General
	6	Receipt of cash payment for sale, by any person, of goods or services of any nature	If amount is more than Rs. 2 lakhs
			Any person who is liable for tax audit under Section 44AB
	<i>Credit Cards</i>		
	7	Payment in cash for one or more credit cards issued to that person	If aggregate payment is Rs. 1 lakh or more in a financial year
			Bank or Co-op Bank

8	Payment in any mode for one or more credit cards issued to that person	If aggregate payment is Rs. 10 lakhs or more in a financial year	Bank or Co-op Bank
<i>Investments</i>			
9	One or more time deposits (other than a time deposit made through renewal of another time deposit) of a person	If aggregate amount is Rs. 10 lakhs or more in a financial year	Bank or Co-op bank/ Post Master General/ Nidhi Companies/ NBFCs
10	Receipt from any person 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)	If aggregate amount is Rs. 10 lakhs or more in a financial year	A company or institution issuing bonds or debentures
11	Receipt from any person for acquiring shares (including share application money) issued by the company	If aggregate amount is Rs. 10 lakhs or more in a financial year	A company issuing shares
12	Buy back of shares from any person (other than the shares bought in the open market)	If aggregate amount is Rs. 10 lakhs or more in a financial year	A company listed on a recognized stock exchange purchasing its own securities
13	Receipt from any person 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)	If aggregate amount is Rs. 10 lakhs or more in a financial year	A trustee of a Mutual Fund or such other authorized person managing the affairs of Mutual Fund
14	Purchase or sale by any person of immovable property	If transaction value or valuation by Stamp Valuation Authority is Rs. 30 lakhs or more	Inspector-General or Registrar or Sub-Registrar under the Registration Act, 1908
<i>Foreign Currency Transactions</i>			
15	Receipt from any person for sale of foreign currency	If aggregate amount is Rs. 10 lakhs or more in a financial year	Authorized Dealer/ Money Changer/ Off-shore Banking Unit/ Any other person authorised to deal in foreign exchange or foreign securities

	16	Receipt from any person for credit foreign currency to Foreign Exchange Card	If aggregate amount is Rs. 10 lakhs or more in a financial year	Authorised Dealer/ Money Changer/ Off-shore Banking Unit/ Any other person authorised to deal in foreign exchange or foreign securities
	17	Expense in foreign currency through a debit or credit card or through issue of Travellers Cheque or Draft or any other instrument.	Aggregating to 10 lakh rupees or more in a financial year.	Authorised Dealer/ Money Changer/ Off-shore Banking Unit/ Any other person authorised to deal in foreign exchange or foreign securities
<i>Aggregation of transactions</i>	While aggregating the amount for determining the thresholds for reporting in respect of any person (except for sale or purchase of immovable property and for cash transactions in excess of Rs. 2 lakhs), the reporting person shall consider following <ol style="list-style-type: none"> <li>1. Consider all accounts of same nature maintained in respect of that person during the financial year.</li> <li>2. Aggregate all transactions of same nature as recorded in respect of that person during the financial year.</li> <li>3. Attribute entire value of transaction or 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</li> <li>4. Apply the threshold limit separately to cash deposits and cash withdrawals (including through bearer's cheque) in or from one or more current account of a person</li> </ol>			
<i>How to file SFT?</i>	The Statement of Financial Transaction in respect of a financial year, shall be furnished electronically in Form No. 61A			
<i>Due Date of Furnishing SFT</i>	The Statement of Financial Transactions shall be furnished on or before 31st May, immediately following the financial year in which transaction is registered or recorded			
<i>Who shall verify SFT?</i>	The statement of financial transaction referred shall be signed, verified and furnished by the following persons			
	<i>Status of Reporting Person</i>		<i>To be verified by</i>	
	Company		Managing Director or Whole-time Director duly authorized by the Board of Directors	
	Partnership Firm		Managing Partner	
	Proprietorship Concern		Proprietor	
	Trust		Managing Trustee	
	Non-resident		A person who holds a valid power of attorney	
	Any unincorporated association or body of individuals		Any individual who controls and manages the affairs of such reporting person	
<i>Defects in SFT</i>	If SFT filed by the reporting person is considered to be defective by the Income-tax authority, it shall be intimated to such person. An opportunity shall be given to him to rectify the defect within 30 days from the date of such intimation. This time limit for rectification of default can be extended further by the Income-tax authority at his discretion on an application made			

	in his behalf. If defect is not rectified within 30 days or such extended period then it shall be treated as if the reporting person has furnished the inaccurate information in the statement!			
<i>Correction of SFT</i>	Where after furnishing of SFT, the reporting person comes to know or discovers any inaccuracy in the information provided in the statement, he shall, within a period of 10 days, inform the Income-tax authority, the inaccuracy in such statement and furnish the correct information.			
<i>Consequences of defaults</i>	<i>If inaccurate particulars are furnished</i>	A person is liable to pay penalty of Rs. 5,000 under section 271FAA if he furnishes inaccurate information in the statement and: <ol style="list-style-type: none"> <li>1. Such inaccuracy is due to failure to comply with the due diligence to be carried out for the purpose of identification of any reportable account or such inaccuracy is deliberate on part of the reporting entity; or</li> <li>2. The reporting entity knows the inaccuracy at the time of furnishing the statement of financial transaction or reportable account but does not inform the prescribed income-tax authority or such other authority or agency; or</li> <li>3. The person discovers the inaccuracy after the statement of financial transaction or reportable account is furnished and fails to inform and furnish correct information's within the 10 days.</li> </ol>		
	<i>If SFT is not furnished</i>	(a) If a person fails to furnish a Statement of Financial Transaction, he is liable to pay penalty under Section 271FA which shall be Rs. 500 per day for every day during which such default continues.  (b) In case of non-furnishing of SFT within due date, the prescribed income-tax authority may serve notice upon such person requiring him to furnish SFT within a period not exceeding 30 days from the date of service of such notice. If no report is furnished even within the extended due date specified in the notice, penalty of Rs. 1,000 per day will be levied from the day immediately following the day on which the specified time in the notice expires.		
<i>Overview</i>	<i>Status of filing</i>	<i>Furnished inaccurate particulars</i>	<i>Revised statement filed within time to rectify the error</i>	<i>Penalty</i>
	Statement not filed and no notice has been issued by the authorities	-	-	Rs. 500 per day of default

1. With effect from September 1, 2019.

2.265

STATEMENT OF FINANCIAL TRANSACTION

	Statement not filed even in response to notice issued by the authorities	-	-	Rs. 1,000 per day of default (to be levied from the day on which period specified in notice expires)
	Statement filed within 30 days in response to notice issued by the authorities	-	-	Rs. 500 per day of default (to be levied for the period of delay in filing of such statement)
	Statement filed voluntarily	Yes	No	Rs. 50,000
	Statement filed voluntarily	Yes	Yes	-