

**F. No. 370142/27/2020-TPL
Government of India
Ministry of Finance
Department of Revenue
Central Board of Direct Taxes
(TPL Division)**

Room no. 147B-II, North Block,
New Delhi, dated 20th July, 2020

Subject: Clarification in relation to notification issued under clause (v) of proviso to section 194N of the Income-tax Act, 1961 (the Act) prior to its amendment by Finance Act, 2020 (FA, 2020)-Reg.

Section 194N of the Act as inserted by Finance (No. 2) Act 2019 provided for deduction of tax at source on payment made by a banking company, a cooperative society engaged in the business of banking or post office, in cash to a recipient exceeding Rs. 1 crore in aggregate during a financial year from one or more account maintained by such recipient. Clause (v) of proviso to the said section had empowered the Central Government, in consultation with the Reserve Bank of India (RBI), to exempt by way of notification in Official Gazette, persons or class of persons so that payments made to such persons or class of persons shall not be subjected to TDS under this section. Accordingly, in exercise of the said power, Central Government has issued three notifications which are as under:

- (a) *Notification 68 of 2019 dated 18.09.2019: Cash Replenishment Agencies (CRAs) and franchise agents of White Label Automated Teller Machine Operators (WLATMOs) for the purpose of replenishing cash in ATMs operated by these entities subject to conditions mentioned in the said notification*
- (b) *Notification 70 of 2019 dated 20.09.2019: Commission agent or trader operating under Agriculture Produce market Committee (APMC) and registered under any law relating to Agriculture Produce Market of the concerned State have been exempted subject to conditions specified in the said notification*
- (c) *Notification 80 of 2019 dated 15.10.2019: the authorized dealer and its franchise agent and sub-agent and Full Fledged Money Changer (FFMC) licensed by the Reserve Bank of India and its franchise agent for the purposes of,-*
 - (i) *Purchase of foreign currency from foreign tourists or non-residents visiting India or from resident Indians on their return to India, in cash as per the directions or guidelines issued by Reserve bank of India; or*
 - (ii) *Disbursement of inward remittances to the recipient beneficiaries in India in cash under Money Transfer Service Scheme (MTSS) of the Reserve Bank of India;**and subject to the conditions specified in the said notification.*

2. Section 194N of the Act was amended by the Finance Act, 2020 (the FA, 2020) in order to make the provisions of the said section more stringent for non ITR filers. It is to note

that the clause (v) of the proviso to section 194N prior to its amendment has now become fourth proviso to the said section. Representations have been received seeking clarification regarding the validity of the above mentioned notifications in light of the amendments carried out by FA, 2020.

3. The matter has been examined by the Board and it is hereby clarified that the above mentioned three notifications shall be deemed to be issued under fourth proviso to section 194N as amended by the FA, 2020. It is further reiterated that the exemption allowed under the said notifications shall be subject to the conditions laid down therein.

Ankit Jain
20/07/2020
Ankit Jain

Under Secretary (TPL)-III

Copy to:

1. PS to FM/PS to MoS(F)
2. OSD to Secretary (Finance)
3. The Chairman and all Members, CBDT
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5. All Joint Secretaries/CsIT, CBDT
6. Directors/Deputy Secretaries/Under Secretaries of CBDT
7. The C&AG of India (30 copies)
8. The JS & Legal Adviser, Ministry of Law & Justice, New Delhi
9. The Institute of Chartered Accountants of India
10. CIT (M&TP), Official Spokesperson of CBDT
11. O/o Pr. DGIT (Systems) for uploading on official website
12. JCIT (Database Cell) for uploading on departmental website

Ankit Jain
20/07/2020
Ankit Jain

Under Secretary (TPL)-III