

Circular No. 32/2019

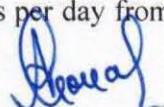
F.No.370142/35/2019-TPL
Government of India
Ministry of Finance
Department of Revenue
Central Board of Direct Taxes

Dated: 30th December, 2019

Sub.: Clarifications in respect of prescribed electronic modes under section 269SU of the Income-tax Act, 1961 – reg.

In furtherance to the declared policy objective of the Government to encourage digital economy and move towards a less-cash economy, a new provision namely Section 269SU was inserted in the Income-tax Act, 1961 (**“the Act”**), *vide* the Finance (No. 2) Act 2019 (**“the Finance Act”**), which provides that every person having a business turnover of more than Rs 50 Crore (**“specified person”**) shall mandatorily provide facilities for accepting payments through prescribed electronic modes. The said electronic modes have been prescribed vide notification no. 105/2019 dated 30.12.2019 (**“prescribed electronic modes”**). Therefore, with effect from 01st January, 2020, the specified person must provide the facilities for accepting payment through the prescribed electronic modes. Further, Section 10A of the Payment and Settlement Systems Act 2007, inserted by the Finance Act, provides that no Bank or system provider shall impose any charge on a payer making payment, or a beneficiary receiving payment, through electronic modes prescribed under Section 269SU of the Act. 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.

2. In this connection, it may be noted that the Finance Act has also inserted section 271DB in the Act, which provides for levy of penalty of five thousand rupees per day in case of failure by the specified person to comply with the provisions of section 269SU. In order to allow sufficient time to the specified person to install and operationalise the facility for accepting payment through the prescribed electronic modes, it is hereby clarified that the penalty under section 271DB of the Act shall not be levied if the specified person installs and operationalises the facilities on or before 31st January, 2020. However, if the specified person fails to do so, he shall be liable to pay a penalty of five thousand rupees per day from 01st February, 2020 under section 271DB of the Act for such failure.


(Ankur Goyal)

Under Secretary to the Govt. of India

30.12.2019

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7. The JS & Legal Adviser, Ministry of Law & Justice, New Delhi
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