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CREDAI-MCHI UNITS

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Ashit Shah

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PRESIDENT, NAVI MUMBAI
Vijay Lakhani

To,
Smt. Nirmala Sitharaman
Hon'ble Finance Minister
Government of India
New Delhi

Sub: Suggestion from CREDAI-MCHI for Central Board of Direct Tax

Respected Madam,

CREDAI-MCHI would like to submit our humble suggestion with regard to CBDT department for duly consideration

1) Mode of accepting and repayment of loans or deposits - Section 269 SS and 269T:

Issue:

As per Section 269SS a person cannot accept loan or deposit or any other specified sum from another person otherwise than by an account payee cheque or account payee bank draft or use of electronic clearing system through a bank account, if amount of loan or deposit or specified sum is Rs. 20,000 or more. Similarly, section 269T prohibits any person to repay the loan or deposit or specified sum otherwise than by an account payee cheque or account payee bank draft or by use of electronic clearing system through a bank account, if amount of loan or deposit, including interest amount, is Rs. 20,000 or more.

The intention of introducing the section was to curb cash loan or deposit transactions which resulted into tax evasion. However, income tax authorities are levying penalties even on the genuine business transaction (other than loan / deposits) which are through journal entries. This has resulted in huge litigation.

Suggestion:

It is suggested that a suitable amendment / clarification should be issued to exclude journal entries related to business transactions.

2) Requirement to pay 20% of disputed demand for granting stay of demand while filing appeal before Commissioner of Income Tax (Appeals) :

Issue:

In this regards, we would like to draw your attention to office Memorandum of Central Board of direct taxes F.No.404/72/93-ITCC dated 31st July, 2017, wherein it had been clarified that in case of outstanding demand which is disputed before the CIT(A), the assessing officer shall grant stay of demand till the disposal of first appeal on payment of 20% of the disputed demand.

During faceless tax assessment regime, we have observed that income tax authorities has made huge disallowances and additions which has resulted into huge tax demands. The payment of 20% of demand to stay the balance demand is putting undue hardship on the assessee.

Suggestion:

It is suggested that the payment of 20% of the disputed demand for the purpose of stay should be reduced to 10%.

Thanking you and looking forward to your positive action on the above mentioned suggestion

Yours faithfully,

For CREDAI-MCHI



Deepak Goradia
President



Pritam Chivukula
Hon. Secretary

CC

- 1) **Shri Tarun Bajaj (I.A.S)**
Secretary
Department of Revenue