

NDA Update on clarification by CBDT on applicability of Section 269SU

Section 269SU, which was inserted by Finance (No. 2) Act 2019, requires specified persons (persons carrying on business and having turnover, sales or gross receipt of Rs 50 crores or more in immediately preceding previous year) to provide facility for accepting payment through “*prescribed electronic modes*” (Rupay Debit Card, BHIM UPI, BHIM-UPI QR Code) in addition to the facility of other electronic modes like NEFT, RTGS etc.

In case of B2B (Business to Business) businesses, the applicability of the aforesaid provision seems to be impracticable since the prescribed electronic modes have a maximum payment limit per transaction or per day whereas such businesses receive large sum of money through other electronic modes like NEFT, RTGS etc.

In view of the above, it is hereby clarified that the provisions of section 269SU shall not be applicable to a specified person having B2B transaction if the following conditions are satisfied:

- It is not having any transaction with retail consumer / customer
- At least 95% of aggregate of all amounts received during the previous year, including amount received for sales, turnover or gross receipts, are by any mode other than cash.

In order to take benefit, businesses have to ensure that there is no transaction with retail customer/consumer. To ensure this necessary declaration may be taken from the customers.

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https://www.incometaxindia.gov.in/communications/circular/circular_no_12_2020.pdf