

CASH TRANSACTION LIMIT: THINGS YOU SHOULD KNOW

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Cash exchange and transactions are still pretty common and habitual for Indians despite various initiatives taken by the government to control it. A recent PTI report suggested that India's cash withdrawals were up by 22 percent in the past year, clearly pointing out that the citizens and businesses are still highly dependant on cash.

The government had introduced the UPI and even took up the burden of MDR (merchant discount rate) on transactions less than Rs 2,000 in 2017 to encourage Indians to adopt digital payment methods.

While we are all in the practice of cash transactions, here are 4 cash transaction limits to keep in mind before you accept more cash because it is the receiver that gets into trouble:

Daily limit

The cash transaction law does not allow an individual to accept Rs 2 lakh or more from a single person in a day or even for the same event through different transactions in cash.

Earlier, the slab was Rs 3 lakh, and it was amended to Rs 2 lakh in March 2017. The penal section 271 DA, imposes a penalty equal to the amount that was received by the receiver.

The limit does not apply to a withdrawal from bank or post office.

Immovable property

Say 'no' when you receive Rs 20,000 or more in cash for transferring immovable property (example: house) as it can lead to penalty from the tax department. Also, the receiver and not the giver will be the target of the penalty.

Donations

Donation more than Rs 2,000 to a registered trust or a political party is also a violation of the tax law. From FY 2017-18, you cannot claim tax deductions under section 80G on donations made in cash exceeding Rs 2,000.

Business

A payment of more than Rs 10,000 on a business or professional expenditure will also attract penalty. The section 43 of the income tax prohibits payments towards the acquisition of an asset for more than Rs 10,000 in cash.

Source by [goodreturn](#)

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