



Ministry of Finance

Clarification on Cash sale of agricultural produce by cultivators/agriculturists

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The Central Board of Direct Taxes (CBDT) has received representations from the stakeholders regarding applicability of provisions of Income-tax Act, 1961 ('the Act') to cash sale of agricultural produce by the cultivators/agriculturists.

The issue has been examined and vide Circular No. 27/2017 dated 3rd November, 2017, CBDT has clarified that cash sale of the agricultural produce by its cultivator to the trader for an amount less than Rs 2 lakh will not:-

1. a) Result in any disallowance of expenditure under section 40A (3) of the Act in the case of trader;
2. b) Attract prohibition under section 269ST of the Act in the case of the cultivator; and
3. c) Require the cultivator to quote his PAN/ or furnish Form No.60.

The Circular is available on www.incometaxindia.gov.in.

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