

(12) “tax treaty” means an agreement referred to in section 159(1) or (2).

CHAPTER XII

MODE OF PAYMENT IN CERTAIN CASES ETC.

Mode of taking
or accepting
certain loans,
deposits and
specified sum.

185.(1) No person shall take or accept from another person any loan or deposit or specified sum, except through— 5

- (a) an account payee cheque;
- (b) account payee bank draft;
- (c) electronic clearing system through a bank account; or
- (d) any other prescribed electronic mode,

if,— 10

(i) the amount or the aggregate amount of such loan, deposit, or specified sum; or

(ii) the amount or the aggregate amount of any previously taken or accepted loan or deposit or specified sum by such person from such another person, which is remaining unpaid, whether due for repayment or not, as on the date of taking or accepting such amount as referred to in clause (i); or 15

(iii) the aggregate of the amounts referred to in of clauses (i) and (ii),
is twenty thousand rupees or more. 20

(2) Sub-section (1) shall not apply to loans or deposits or specified sums taken or accepted from or by,— 20

- (a) the Government;
- (b) any banking company, post office savings bank, or co-operative bank;
- (c) any corporation established by a Central, State or Provincial Act; 25
- (d) any Government company as defined under section 2(45) of the Companies Act, 2013; 18 of 2013.
- (e) any institution, association, or body or class of institutions, associations or bodies notified by the Central Government.

(3) The provisions of sub-section (1) shall not apply to any loan or deposit or specified sum where, the person taking or accepting such loan or deposit or specified sum and person from whom such loan or deposit or specified sum is taken or accepted, both, have agricultural income and neither has any income chargeable to tax under this Act. 30

(4) In sub-section (1), “two lakh rupees” shall be substituted for “twenty thousand rupees” in the case of any deposit or loan, where— 35

- (a) such deposit is accepted by a primary agricultural credit society or a primary co-operative agricultural and rural development bank from its member; or
 - (b) such loan is taken from a primary agricultural credit society or primary co-operative agricultural and development bank by its member. 40
- (5) In this section, “loan or deposit” means loan or deposit of money.

186. (1) No person shall receive two lakh rupees or more—

Mode of
undertaking
transactions.

- (a) in aggregate from a person in a day; or
- (b) in respect of a single transaction; or
- (c) in respect of transactions relating to one event or occasion from a person,

5 except through—

- (i) an account payee cheque;
- (ii) account payee bank draft;
- (iii) electronic clearing system through a bank account; or
- (iv) any other electronic mode, as prescribed.

10 (2) Sub-section (1) shall not apply to—

- (a) any receipt by Government, any banking company, post office savings bank, or co-operative bank;
- (b) transactions of the nature referred to in section 185;
- (c) such other persons or class of persons or receipts, as notified by the

15 Central Government.

187. Every person shall provide facility for accepting payment, through electronic modes as prescribed, in addition to other electronic modes, if any, being provided by him, where—

Acceptance of
payment through
prescribed
electronic
modes.

(a) such person is carrying on business; and

20 (b) total sales, turnover, or gross receipts in such business exceeds fifty crore rupees during the immediately preceding tax year.

188. (1) No branch of a banking company or co-operative bank and no other company or co-operative society and no firm or other person shall repay—

Mode of
repayment of
certain loans or
deposits.

(a) any loan or deposit made with it; or

25 (b) any specified advance received by it,

except through—

- (i) an account payee cheque; or
- (ii) account payee bank draft drawn in the name of the person who has made the loan or deposit or paid the specified advance; or
- (iii) by use of electronic clearing system through a bank account, or any other prescribed electronic mode,

30 if,—

(A) loan or deposit or specified advance, together with the interest, if any, payable thereon; or

35 (B) the aggregate amount of the loans or deposits held by such person with the branch of the banking company or co-operative bank or, as the case may be, the other company or co-operative society or the firm or other person (either individually or jointly) on the date of such repayment together with interest, if any, payable thereon; or

40 (C) the aggregate amount of the specified advances received by such person (either individually or jointly) on the date of such repayment together with the interest, if any, payable thereon,

is twenty thousand rupees or more.

(2) Irrespective of the provision in sub-section (1), a branch of a banking company or co-operative bank, may also make the repayment by crediting such loan or deposit to the savings bank account or current account, if any, with such branch of the person to whom such loan or deposit has to be repaid.

(3) Sub-section (1) shall not apply to repayment of any loan, deposit, or specified advance taken or accepted from—

(a) Government;

(b) any banking company, post office savings bank, or co-operative bank;

(c) any corporation established by a Central, State, or Provincial Act;

(d) any Government company as defined in section 2 (45) of the Companies Act, 2013;

(e) any institution, association, or body or class of institutions, associations or bodies notified by the Central Government.

(4) In sub-section (1), “two lakh rupees” shall be substituted for “twenty thousand rupees” in the case of any deposit or loan where—

(a) such deposit is paid to a member by a primary agricultural credit society or a primary co-operative agricultural and rural development bank; or

(b) such loan is repaid by a member to a primary agricultural credit society or a primary co-operative agricultural and rural development bank.

(5) In this section, “loan or deposit” means any loan or deposit of money which is repayable after notice or repayable after a period and, in the case of a person other than a company, includes loan or deposit of any nature.

Interpretation.

189. In this Chapter, unless the context otherwise requires,—

(a) “banking company” means a company to which the provisions of the Banking Regulation Act, 1949 applies and includes any bank or banking institution referred to in section 51 of that Act;

(b) “primary agricultural credit society”, and “primary co-operative agricultural and rural development bank” shall have the meanings respectively assigned to them in section 149(6);

(c) “specified sum” means any sum of money receivable, whether as advance or otherwise, in relation to transfer of an immovable property, whether or not the transfer takes place;

(d) “specified advance” means any sum of money in the nature of advance, by whatever name called, in relation to transfer of an immovable property, whether or not the transfer takes place.

CHAPTER XIII

DETERMINATION OF TAX IN SPECIAL CASES

A.—*Determination of tax in certain special cases*

Determination of tax where total income includes income on which no tax is payable.

Tax on accumulated balance of recognised provident fund.

190. Where there is included in the total income of an assessee any income on which no income-tax is payable under the provisions of this Act, the assessee shall be entitled to a deduction, from income-tax with which he is chargeable on his total income, of an amount equal to the income-tax calculated at the average rate of income-tax on the amount on which no income-tax is payable.

191. Where the accumulated balance due to an employee participating in a recognised provident fund is included in his total income, owing to the provisions of paragraph 8 of Part A of Schedule XI not being applicable, the Assessing Officer shall calculate the total of the various sums of tax as per the provisions of paragraph 9 thereof.