

F. No. 225/129/2022/ITA-II

Government of India
Ministry of Finance
Department of Revenue
(Central Board of Direct Taxes)

New Delhi, Dated 30th December, 2022

Subject: Clarification for the purposes of clause (c) of Section 269ST of the Income-tax Act, 1961 in respect of dealership/distributorship contract in case of Co-operative Societies – reg.

Section 269ST *inter-alia* prohibits receipt of an amount of two lakh rupees or more (*hereinafter referred to as 'the prescribed limit'*) by a person, in the circumstances specified therein, through modes other than by way of an account payee cheque or an account payee bank draft or use of electronic clearing system through a bank account or through such other electronic mode as may be prescribed.

2. References have been received in respect of Milk Producers' Cooperative as to whether under the provisions of Section 269ST of the Act, receipt(s) in cash in a day of bank holiday/closure of bank day within 'the prescribed limit' from a distributor against sale of milk when payments were through bank on all other days is to be considered as a single transaction or whether all such receipts in cash in a previous year would be aggregated in respect of transactions with a distributor to treat it as one event or occasion.

3. With respect to the reference at Para 2 above, it is clarified that in respect of Co-operative Societies, a dealership/ distributorship contract by itself may not constitute an event or occasion for the purposes of clause (c) of Section 269ST. Receipt related to such a dealership/distributorship contract by the Co-operative Society on any day in a previous year, which is within 'the prescribed limit' and complies with clause (a) as well as clause (b) of Section 269ST, may not be aggregated across multiple days for purposes of clause (c) of Section 269ST for that previous year.

sd/-

(Ravinder Maini)

Director to the Government India

Copy to:

1. PS to FM/ OSD to FM/ OSD to MoS(R).
2. PS to Secretary (Revenue).
3. The Chairperson, Members and all other officers in CBDT of the rank of Under Secretary and above.
4. All Pr. Chief Commissioners/ Pr. Director General of Income-tax - with a request to circulate amongst all officers in their regions/ charges.
5. CIT (M&TP), CBDT.
6. Web manager for posting on the Departmental website.
7. Database Cell for posting on the irsofficersonline website.
8. Guard File.

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Director to the Government India