

10 High value transactions that can attract Income Tax notice under Income Tax Act, 1961

1. Cash deposit in Savings account For an individual, the cash deposit limit in savings account exceeds Rs 10 lakh in a year, the Bank is required to report this to Income Tax department. In case assesses fails to report the income in the Income Tax Return than department may issue notice for Reassessment of income under the Income Tax Act, 1961.
2. Non Reporting of Savings Bank Interest / FDR Interest in ITR. The Bank submits report to the Income Tax Department providing details with respect to amount of savings bank interest and FD interest earned by a person during the financial year in case the person fails to report the same in the Income Tax Return than the same may lead to under reporting of income and due to this the department may issue notice with respect to under reporting of income.
3. High Value Cash Deposit in current account If you cash deposit or cash withdraw more than Rs.50 lakhs to / from your current bank account than the bank will report it to Income Tax authority. Cash deposits or withdrawals aggregating to Rs 50 lakh or more in a financial year in one or more Current Account of a person will have to be reported by the bank to the I-T authorities.
4. High Value Transactions e.g. Share Trading or Derivatives: Assessses investing in mutual funds, stocks, bond or debenture must ensure that its cash infusion in the above mentioned investment options doesn't go beyond Rs. 10 lakh limit.
5. Payment made from credit card If you do paid more than Rs.10 lakhs to a credit card company in a financial year than the Credit Card Company will report to Income Tax authority. While paying credit card bill, one should not cross Rs. 1 lakh limit in cash.
6. Bank Fixed Deposit (fixed deposit) If you do fixed deposit more than Rs.10 lakhs in a financial year than bank will report it to Income Tax authority. Cash deposit in bank FD is allowed but it should not go beyond Rs. 10 lakh.
7. Purchases of bank drafts, pay orders, purchase order's or bankers cheque in cash for Rs 10 lakh or more in a year must be report. If assessses purchases bank draft, , pay orders, purchase order's or bankers cheque of more than Rs.10 lakhs in a financial year than bank will report it to Income Tax authority.
8. Purchase or sale of immovable property The Registrar of properties will have to report purchase & sale of all immovable property exceeding Rs 30 Lakh to the Income Tax authorities. While buying or selling a property, one must make sure that cash transaction above Rs. 30 lakh is questionable as income tax department discourages cash transaction beyond this limit in a real estate deal.
9. Cash received for 2 lakhs or more against sale of goods or services. Any person who

is liable for audit under section 44AB of the Act is liable to report Cash received for 2 lakhs or more against sale of goods or services. Aggregation rule is not applicable for above transaction type i.e. Rs. 2,00,000 to be consider only for single transaction entered by Assesses in which he receive amount in Cash only.

10. Foreign Currency expenses of more than Rs. 10 Lakhs: Expenditure in foreign currency via debit card, credit card or traveller's cheque for the amount Rs.10 Lakh or above in a year. If you do paid more than Rs.10 lakhs in foreign currency expenses through a debit/credit card in a financial year than the Credit Card Company will report to Income Tax authority.