



Dealing in cash? Make sure you're not dealing with

penalties!



Stay tax-smart.





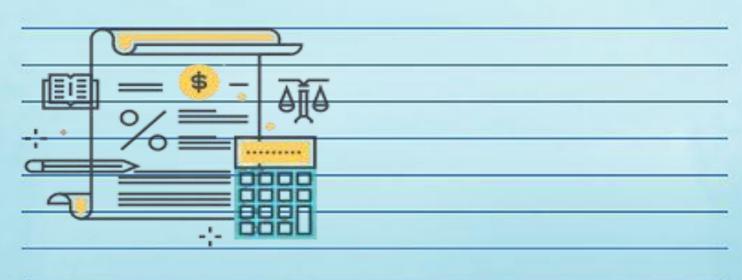
Cash Deposit Limit in Savings Account

The cash deposit limit in savings accounts is set to monitor high-value transactions and prevent tax evasion.

- Savings Account: Cash deposits exceeding ₹10 lakh per financial year.
- **Current Account:** The reporting threshold for current accounts is ₹50 lakh per financial year.
- Financial institutions must report transactions exceeding these limits to the tax authorities.

Unexplained deposits may trigger scrutiny under Section 68 and attract 60% tax + 25% surcharge + 4% cess.





TAX LAW



Key Sections of the Income Tax Act



Section 194N – TDS on Cash Withdrawals

- More than ₹1 crore/year: 2% TDS on withdrawals.
- Non-filers (Last 3 years ITR not filed):
 - o 2% TDS on withdrawals above ₹20 lakh/year.
 - 5% TDS on withdrawals exceeding ₹1 crore/year.
- . TDS deducted under this section can be claimed while filing ITR.

Section 269ST – Cash Receipt Limit

Section 269ST prohibits any person from receiving ₹2 lakh or more in cash:

- ✓ In aggregate from a person in a day iiii
- √ In a single transaction §
- **✓** For transactions related to one event or occasion
- Violation attracts a penalty equal to the received amount.
- Not applicable to bank withdrawals, but TDS applies on withdrawals beyond limits under Section 194N.

SWIPE

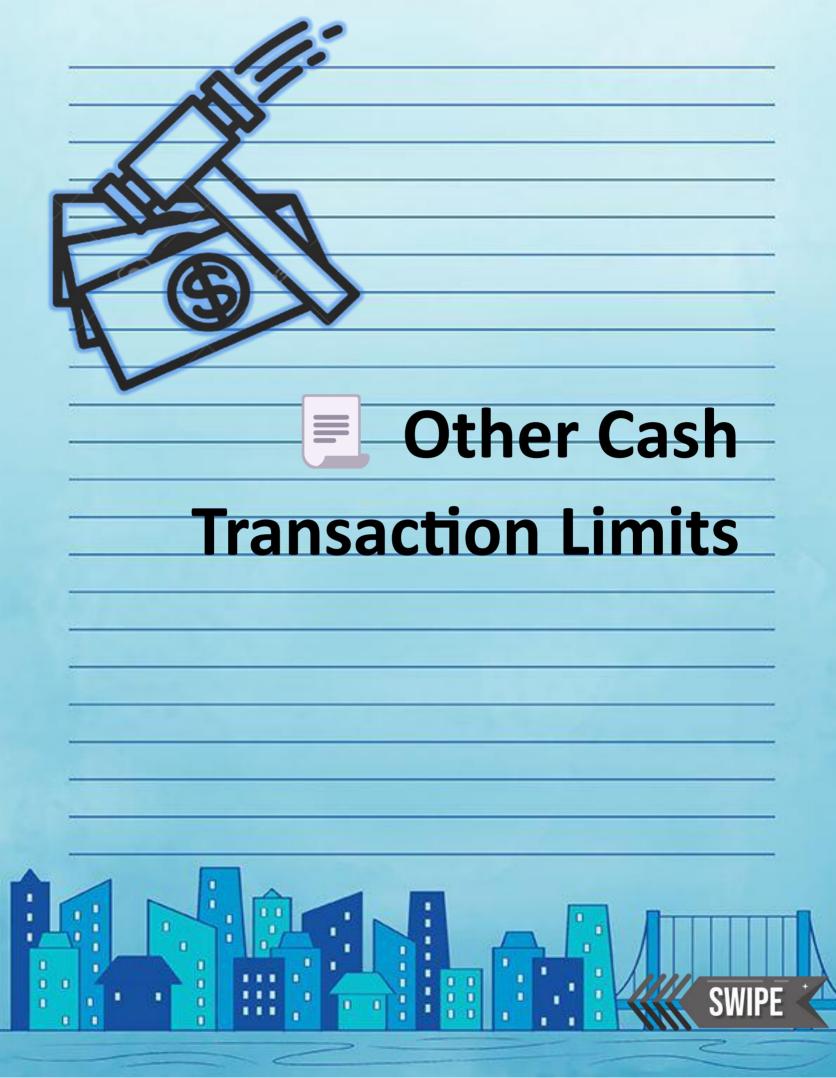


Accepting or repaying cash loans above ₹20,000
attracts a penalty equal to the transaction
amount, Subject to exceptions.

Section 40A(3) − Disallowance of Cash Expenditure

- Any business expenditure over ₹10,000 paid in cash is disallowed under the Income Tax Act.
- Taxpayers must use banking methods like:
 - Debit card
 - Account transfer
 - Cheque
 - Demand draft
- Cash Payment to Transporters (Rule 6DD Exemption)





Cash Deposit Limit in Current Account Varies by bank. Example: SBI: ₹5 lakh to ₹100 crore per month. HDFC: ₹60 lakh or 10× AMB, beyond

which charges apply.

Cash Gift Limit

- . Gifts up to ₹50,000 per financial year are tax-free.
- Gifts from relatives (parents, spouse, siblings) are fully exempt.





Fixed Deposit Limit

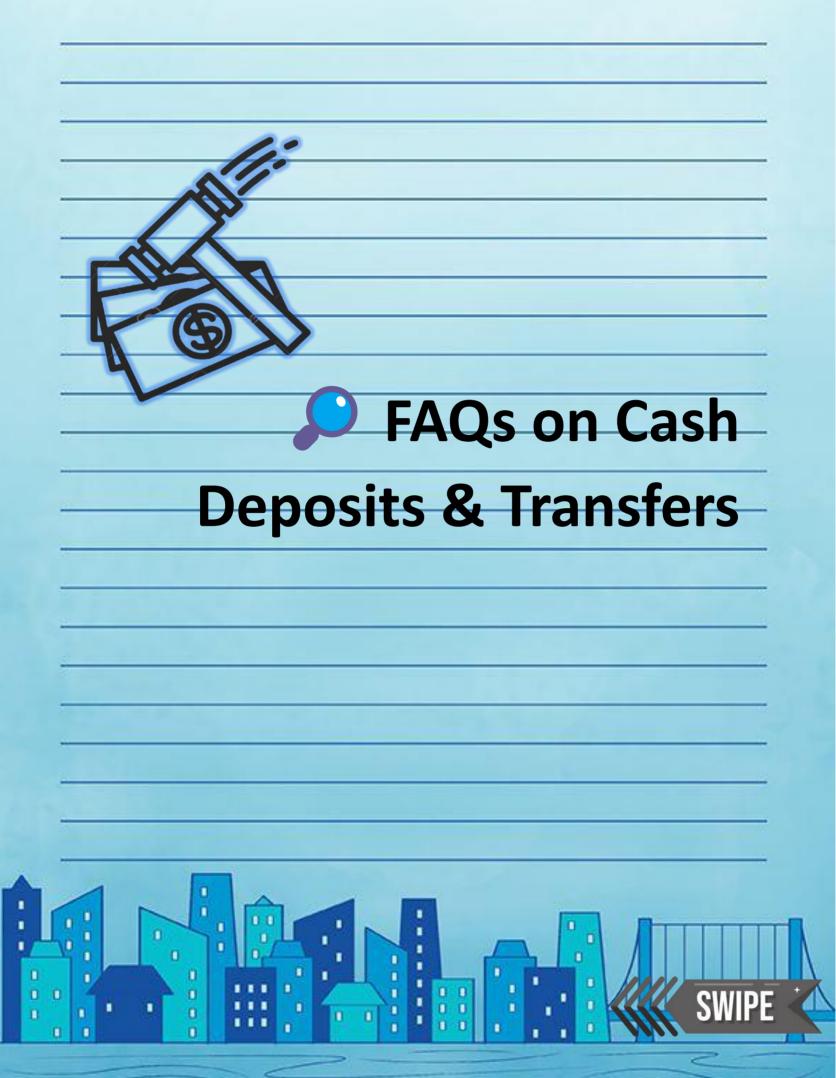
Tax-saving FDs have a maximum deposit limit of ₹1.5 lakh/year for tax benefits.

Real Estate Transaction Limit

- More than ₹20,000 in cash for property purchases is not allowed.
- . Sellers accepting cash over this limit face 100% penalty under Section **269SS.**

Cash transactions must be properly documented in real estate deals





How much cash can I deposit in a savings account?

There is no government-mandated limit, but banks may impose internal restrictions.

What are the rules for large deposits in savings accounts?

Deposits exceeding ₹2 lakh/day may be scrutinized by tax authorities, requiring proof of source.

How much can I transfer without raising suspicion?

There's no fixed cap, but large/frequent transfers may need documentation for compliance.

What's the maximum amount I can keep in a savings account?

No specific limit, but transactions must align with tax regulations.

Stay compliant by keeping track of these limits and maintaining proper financial records.

Thank you for reading!



