

## **Income Tax Update**

**CBDT notifies format, procedure  
and guidelines for SFT  
submission for interest &  
dividend income**



## **CBDT notifies format, procedure and guidelines for submission of Statement of Financial Transactions (SFT) for interest and dividend income**

Earlier, CBDT vide Notification No. 16/2021 dated 12.03.2021 had notified inclusion of reporting of information relating to dividend income, interest income and capital gains on transfer of listed securities or units of mutual funds for the purpose of SFT.

In pursuance of the same, CBDT vide Notification No. 1/2021 and 2/2021 has now notified format, procedure & guidelines for submission of SFT for Dividend income & Interest income.

Format, procedure and guidelines for submission of SFT for capital gains income is yet to be notified by CBDT.

The subject notifications inter alia provides for:

- Class of persons required to furnish the dividend and interest income SFT:

### ***For dividend income SFT:***

- A company paying dividend.

### ***For interest income SFT:***

- A banking company or a cooperative bank to which the Banking Regulation Act, 1949 (10 of 1949) applies (including any bank or banking institution referred to in section 51 of that Act)
- Post Master General as referred to in clause (j) of section 2 of the Indian Post Office Act, 1898 (6 of 1898).

- Non-banking financial company which holds a certificate of registration under section 45IA of the Reserve Bank of India Act, 1934 (2 of 1934), to hold or accept deposit from public
- Guidelines for preparation of SFT;

***For dividend income SFT:***

- Dividend income refers to dividend distributed during the year.
- The information is to be reported for all dividend distributed during the financial year.
- Dividend will be the total amount of dividend distributed during the financial year.

***For interest income SFT:***

- Interest income refers to interest paid/credited during the financial year.
- Interest income to be reported for all account/deposit holders where cumulative interest exceeds Rs 5,000 per person in the financial year.
- Interest which is exempt from tax under the Income tax Act, 1961 such as interest on Public Provident Fund (PPF) Account, Foreign Currency Non-resident (FCNR) Account, Sukanya Samriddhi Account, Resident Foreign Currency Account etc. need not be reported.
- While reporting the interest amount, deduction of Rs. 10,000/- available under section 80TTA should not be reduced from interest amount paid/credited.
- In case of joint account, the interest paid/credited should be assigned to the first/primary account holder or specified assigned person as per Form 37BA.

- In case of minor being the account holder, the information to be reported in the name of Legal Guardian.
  - Separate report is required to be submitted for each account type (i.e. Savings, Time Deposit, Recurring Deposit, Others) and Interest on same account type is required to be aggregated in the report.
  - Interest will be the total amount of Interest paid/credited during the financial year.
- Manner of preparation of data using an excel based report preparation utility & validation of data file using Submission utility.
  - SFT to be signed by designated director
  - SFT to be furnished on or before the **31<sup>st</sup> May**, immediately following the financial year in which the transaction is registered or recorded.

*(For detailed format, procedure and guidelines please refer Notification No. 1/2021 & 2/2021 dated 20.04.2021. Also, for details regarding applicability of SFT for transactions other than mentioned above which may be applicable in your case, please refer Rule 114E & section 285A)*

**DISCLAIMER:**

*The information contained herein is in summary form based on interpretation of Notification No. 1/2021 & 2/2021 dated 20.04.2021. While the information is believed to be accurate to the best of our knowledge, we do not make any representations or warranties, express or implied, as to the accuracy or completeness of this information. Reader should conduct and rely upon their own examination and analysis and are advised to seek their own professional advice. This document is not an offer, invitation, advice or solicitation of any kind. We accept no responsibility for any errors it may contain, whether caused by negligence or otherwise or for any loss, howsoever caused or sustained, by the person who relies upon it.*