

16<sup>th</sup> Jun. 2021

**CIRCULAR**

**Sub: Disallowance for cash payments above Rs. 10,000/-**

Reference is invited to Sec. 40A(3) of Income Tax Act, 1961 read with Rule 6DD of Income Tax Rules 1962. During the various audits, it was observed that any cash payments made by the employees of ITPO on behalf of ITPO in excess of Rs. 10,000/- and claimed through Imprest payment/ reimbursement shall be disallowed under Income Tax Act.

1. No employee may pay more than Rs. 10000/- in cash for any official expense such stationary, engineering consumables, maintenance consumables or personal expense such as medical expenses which is reimbursable from office.
2. Accordingly, it is informed that payment of any expenditure exceeding Rs. 10,000/- should be made by way of account payee cheque/ DD/ online transfer/ debit card/ credit card/ UPI only.
3. In case of any employee paying cash to third party anywhere in India/ abroad on behalf of ITPO exceeding Rs. 10,000/- in a single day/ bill, the same shall be borne by employee.  
(Advisory: as ITPO pays online to the employee's bank account, employee may pay by their Debit/ Credit card or any other mode of online transfer).
4. Ceiling does not apply in case payment is made on a day on which the banks were closed on account of holiday/ strike or payment is made to person in a village not served by any bank.
5. In case of projects handled by/ tours in cities of ITPO's Regional Offices, employee may get the hotel bills settled through ITPO's Regional Offices also.
6. Above provisions are applicable in case of foreign events and foreign countries also.
7. In case of transport services, the limit is enhanced to Rs. 35000/- only.

All ITPO officials and concerned sections of Finance Division are advised to take necessary action in this regard please.

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(R K Thakur)  
Dy. Gen. Manager

All ITPO officers/ officials  
Finance Division  
RO- Mumbai, Kolkata, Chennai