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INCOME-TAX ACT, 2025

Chapter XII: MODE OF PAYMENT IN CERTAIN CASES, ETC.

Section 185 - Mode of taking or accepting certain loans, deposits and specified sum.

(1) No person shall take or accept from another person any loan or deposit or specified sum, except through—

(a) an account payee cheque; or

(b) account payee bank draft; or

(c) electronic clearing system through a bank account; or

(d) any other prescribed electronic mode,

if,––

(i) the amount or the aggregate amount of such loan, deposit, or specified sum; or

(ii) the amount or the aggregate amount of any previously taken or accepted loan or deposit or specified sum by such person from such another person, which is remaining unpaid, whether due for repayment or not, as on the date of taking or accepting such amount as referred to in clause (i); or

(iii) the aggregate of the amounts referred to in clauses (i) and (ii), is ₹ 20000 or more.

(2) Sub-section (1) shall not apply to loans or deposits or specified sums taken or accepted from or by,––

(a) the Government;

(b) any banking company, post office savings bank, or co-operative bank;

(c) any corporation established by a Central, State or Provincial Act;

(d) any Government company as defined under section 2(45) of the Companies Act, 2013;

(e) any institution, association, or body or class of institutions, associations or bodies notified by the Central Government.

(3) The provisions of sub-section (1) shall not apply to any loan or deposit or specified sum where, the person taking or accepting such loan or deposit or specified sum and person from whom such loan or deposit or specified sum is taken or accepted, both, have agricultural income and neither has any income chargeable to tax under this Act.

(4) In sub-section (1), “₹ 200000” shall be substituted for “₹ 20000” in the case of any deposit or loan, where—

(a) such deposit is accepted by a primary agricultural credit society or a primary co-operative agricultural and rural development bank from its member; or

(b) such loan is taken from a primary agricultural credit society or primary co-operative agricultural and development bank by its member.

(5) For the purposes of this section, the expression “loan or deposit” means loan or deposit of money.

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