

## Transactions carried out in violation of sec. 269SS aren't void; loan advanced is fully recoverable: HC

**Summary – The High Court of Himachal Pradesh in a recent case of Surinder Singh, (the Assessee) held that Even though contravention of section 269SS would be visited with a strict penalty on person taking loan or deposit, yet, section 271D does not in any manner suggest or even provide that such transaction would be null and void**

### Facts

- Even though contravention of section 269-SS would be visited with a strict penalty on person taking loan or deposit, yet, section 271D does not in any manner suggest or even provide that such transaction would be null and void

### Held

- A collective reading of both the sections 269SS and 271D would go to show that even though contravention of section 269SS would be visited with a strict penalty on the person taking the loan or deposit, yet, section 271D does not in any manner suggest or even provide that such transaction would be *null* and *void*. The payer of money in cash, in violation of section 269-SS, can always have the money recovered.
- Thus, it cannot but be said that section 269-SS only provides for the mode of acceptance or payment or repayment in certain cases so as to counteract evasion of tax. However, section 269-SS does not declare all transactions of loan by cash in excess of Rs. 20,000 as invalid, illegal or null and void as the main object of introducing the provision was to curb and unearth black money.