**Government of India**

**Ministry of Finance**

**Central Board of Direct Taxes**

**Directorate of Income Tax (Systems)**

**Notification No. 4 of 2021**

New Delhi, 30th April, 2021

**Format, Procedure and Guidelines for submission of Statement of Financial Transactions (SFT) for Mutual Fund Transactions by Registrar and Share Transfer Agent**
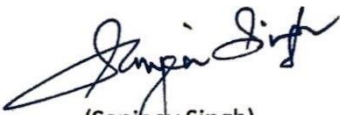
Section 285BA of the Income Tax Act, 1961 and Rule 114E requires specified reporting persons to furnish statement of financial transaction (SFT).

2.      For the purposes of pre-filling the return of income, CBDT has issued Notification No. 16/2021 dated 12.03.2021 to include reporting of information relating to Capital gains on transfer of units of Mutual Funds. The new sub rule 5A of rule 114E specifies that the information shall be furnished in such form, at such frequency, and in such manner, as may be specified by the Director General of Income Tax (Systems), with the approval of the Board.

3.      The guidelines for preparation and submission of Statement of Financial Transactions (SFT) information are enclosed in **Annexure A** and **Annexure B** respectively**.** The format of control statement to be submitted by the Designated Director is given in **Annexure C**. The data structure and validation rules are enclosed in **Annexure D and Annexure E** respectively**.** Notification No. 3 of 2018 dated 05.04.2018 may be referred for the procedure for registration.

4.      All Registrar and Share Transfer Agents are required to prepare the data file in prescribed format from their internal system. Reporting entities are required to submit the data files using SFTP Server using the login credentials (To be communicated separately).

5.      A separate control statement (refer annexure C) is required to be signed, verified and furnished by the Designated Director.

6.      The statement of financial transactions relating to Financial Year 2020-21 shall be furnished on or before the 31st May 2021. Thereafter, the statement of financial transactions relating to the quarter ending 30th June, 31st September, 31st December and 31st March shall be furnished on or before 25th of July, October, January and April respectively.

7.      The reporting entities are also required to provide information of mutual fund transactions, reported to Income Tax Department, to the account holder which will enable taxpayers to reconcile the information displayed in the Annual Information Statement (AIS) (Form 26AS).

8.       In case, the reporting person/entity comes to know or discovers any Inaccuracy in the information provided in the statement or the defects have been communicated to the reporting person/entity, it is required to remove the defects by submitting a correction/deletion statement.

9.       The reporting person/entity is required to document and implement appropriate information security policies and procedures with clearly defined roles and responsibilities to ensure security of submitted information and related information/documents. The reporting person/entity is also required to document and implement appropriate archival and retrieval policies and procedures with clearly defined roles and responsibilities to ensure that submitted information and related information/documents are available promptly to the competent authorities.

10.      This issues with the approval of CBDT. This Notification shall come into effect from the date of issue.

(Sanjeev Singh)
ADG(Systems)-2, CBDT

Copy to:

1.  PPS to the Chairman and Members, CBDT, North Block, New Delhi.
2.  All Pr. Chief Commissioners/ Pr. Director Generals of Income Tax and all Chief Commissioners/ Director Generals of Income Tax — with a request to circulate amongst all officers in their regions/ charges.
3.  JS (TPL)-I &2/ Media coordination and Official spokesperson of CBDT
4.  DIT (IT)/ DIT (Audit)/ DIT (Vig.)/ ADG (System) 1, 2, 3, 4, / CIT (CPC) Bangalore, CIT (CPC-TDS) Ghaziabad.
5.  ADG (PR, PP&OL) with a request for advertisement campaign for the Notification.
6.  TPL and ITA Divisions of CBDT.
7.  The Institute of Chartered Accountants of India, IP Estate, New Delhi.
8.  Web Manager, "incometaxindia.gov.in" for hosting on the website.
9.  Database cell for uploading on www.irsofficersoniine.zov.in and in DGIT (S) Comer.
10. ITBA publisher for uploading on ITBA portal.

(Sanjeev Singh)
ADG(Systems)-2, CBDT

## Annexure A

## Guidelines for Preparation of Statement of Financial Transactions (SFT)

The guidelines for preparation of Statement of Financial Transactions (SFT) for Mutual Fund transactions are as under:

1.  The Mutual Fund transaction summary file will be used for pre-filling the gain/income/loss from Mutual Fund transactions.

2.  The Mutual Fund Transaction Summary is required to be prepared for user-initiated debit transactions during the reporting period. For debits through transfers, information need not be provided if transferor and transferee are same person.

3.  In case of a minor, details of legal or natural guardian (PAN, Name etc.) may be provided.

4.  Data with respect to exchange traded funds and exchange-based transactions, , may not be provided.

5.  The Estimated Sale Consideration for the debit transaction should be determined on the best possible available price of the asset with the RTA. In case the sale consideration related to a sale/transfer is not available, Redemption Offer Price (Exit Load adjusted NAV) on the date of sale/transfer may be taken. The taxpayer will be able to modify the sales consideration before filing the return.

6.  The securities should be classified into specified security class for determining the type of asset (short term/long term) and applicable rate.

7.  The period of holding (difference between date of sale and date of acquisition of any security) should be used to classify the asset as short term or long-term asset. First in First out (FIFO) method should be used for identification of corresponding purchases and computation of period of holding. Any capital asset held by the taxpayer for a period of more than minimum period of holding will be treated as long-term capital asset and remaining assets will be classified as short-term asset. The specified minimum period of holding for different asset class is as under:

| Security Class Code | Security Class Description | Minimum Period of Holding |
|---|---|---|
| EMF | Unit of Equity Oriented Mutual Fund | 12 months |
| UTI | Unit of UTI | 12 months |
| OTU | Other Units | 36 months |

8.  For every debit transaction, the corresponding credit should be identified using First in First Out (FIFO) method. The estimated cost of acquisition for the credit should be determined on the best possible available price with the RTA. In case the cost of acquisition related to a credit/transfer is not available, NAV for the end of the day of the credit may be taken. The taxpayer will be able to modify the cost of acquisition before filing the return.

9. In relation to a long-term capital asset, being a unit of an equity-oriented fund acquired before the 1st day of February, 2018, adjusted cost of acquisition shall be higher of (i) the cost of acquisition of such asset; and (ii) lower of (A) the fair market value of such asset as on 31st January, 2018; and (B) the full value of consideration received or accruing as a result of the transfer of the capital asset.

10. The Cost Inflation Index should be used to determine estimated indexed cost of acquisition wherever applicable.

11. The details of clients and summary values for the transactions for the reporting period should be reported in MF Account Summary (MF_ACC_SUMM.TXT)

12. The details of transactions effected through transmission and recorded by the RTA during the year along with off-market transactions recorded in the RTA system should be reported in Mutual Funds Off-Market Transactions (MF_OFF_TRN.TXT)

## Annexure B

# Guidelines for Submission of Statement of Financial Transactions (SFT)

1. Reporting entities are required to prepare the data file in prescribed format from their internal system. Reporting entities are required to submit the data files using SFTP Server using the login credentials (to be communicated separately). A separate control statement (refer Annexure C) is required to be signed, verified and furnished by the Designated Director.

2. Any file which does not meet the validation requirements will be rejected.

3. In case Reporting Entity needs to modify uploaded data, Correction Statement is required to be filed. In the Correction Statement, only those records should be uploaded in which correction is required. In case Reporting Entity needs to delete uploaded data, Deletion request is required to be filed.

# Annexure C
## Control Statement for Mutual Fund Transactions (RTA)

| | Number of Records Values | |
|---|---|---|
| A.1 | Reporting Entity Name | |
| A.2 | ITDREIN | |
| A.3 | Registration Number | |
| A.4 | Statement Type | |
| A.5 | Statement Number | |
| A.6 | Original Statement Id | |
| A.7 | Reason for Correction | |
| A.8 | Statement Date | |
| A.9 | Reporting Period Start Date | |
| A.10 | Reporting Period End Date | |
| | **Number of Records** | |
| B.1 | Mutual Fund Batch File (MF_BATCH.TXT) | |
| B.2 | Mutual Fund Account Summary (MF_ACC_SUMM.TXT) | |
| B.3 | Mutual Fund Transaction Summary (MF_TRN_SUMM.TXT) | |
| B.4 | Mutual Fund Off-Market Transaction (MF_OFF_TRN.TXT) | |
| | **Sum of Key Values in Rs. (Refer Mutual Fund Account Summary)** | |
| C.1 | Opening Value | |
| C.2 | Purchase Value | |
| C.3 | Sale Value | |
| C.4 | Closing Value | |

I, declare that to the best of my knowledge and belief, the information given in the data files is correct and complete and is in accordance with the provisions of the Income-tax Act, 1961.

Name

Designation

## Annexure D

## Data Structure

The information is required to be uploaded in data file. The data file should be in ASCII format with one report per line. All fields in each file should be delimited with the delimiter "|". The first record in the file should contain header text.

### D.1. Mutual Fund Batch File (MF_BATCH.TXT)

This file contains details of reporting entity, principal officer and files uploaded by the reporting entity

| # | Field | Mandatory | Format | Remarks |
|---|---|---|---|---|
| 1. | Reporting Entity Name | Y | VARCHAR (150) | Reporting Entity Name |
| 2. | ITDREIN | Y | VARCHAR (20) | Registration number allotted by ITD |
| 3. | Registration Number | N | VARCHAR (150) | SEBI Registration number |
| 4. | Statement Type | Y | VARCHAR (2) | NB - New Statement containing new information DB - Deletion Statement CB - Correction Statement containing corrections for previously submitted information |
| 5. | Statement Number | Y | VARCHAR (20) | Internal reference number for reporting entity |
| 6. | Original Statement Id | Y | DECIMAL (18,0) | Statement ID of the original Statement which is being replaced deleted or referred in the current Statement. In case the Statement is new and unrelated to any previous Statement, mention '0' here. |
| 7. | Reason for Correction | Y | VARCHAR (1) | Reason for revision to be stated when the original Statement is corrected. (Refer Permissible values) |

| # | Field | Mandatory | Format | Remarks |
|---|---|---|---|---|
| 8. | Statement Date | Y | DATE | Statement Date DD-MM-YYYY |
| 9. | Reporting Period Start Date | Y | DATE | First day of the reporting period DD-MM-YYYY |
| 10. | Reporting Period End Date | Y | DATE | Last day of the reporting period DD-MM-YYYY |
| 11. | Principal Officer Name | Y | VARCHAR (150) | |
| 12. | Principal Officer Designation | Y | VARCHAR (150) | |
| 13. | Principal Officer Address | Y | VARCHAR (500) | |
| 14. | Principal Officer Mobile | Y | VARCHAR (15) | |
| 15. | Principal Officer Email | Y | VARCHAR (50) | |

## D.2. Mutual Fund Account Summary (MF_ACC_SUMM.TXT)

This file contains details of a person and summary values of the financial transactions for the reporting period.

| # | Field | Mandatory | Format | Remarks |
|---|---|---|---|---|
| 1. | Sequence Number | Y | DECIMAL (18,0) | Running sequence number for each line in the file. This number will be used during validation checks. |
| 2. | Financial Year | Y | VARCHAR (4) | FY in which transaction was recorded-YYYY |
| 3. | Reporting Period | Y | DATE | Last day of the reporting period DD-MM-YYYY |
| 4. | AMC Name | Y | VARCHAR (100) | AMC's Name |
| 5. | AMC Code | Y | VARCHAR (5) | |
| 6. | Client ID | Y | VARCHAR (20) | Unique Client ID maintained by the reporting entity |
| 7. | Client PAN | Y | VARCHAR (10) | PAN of the Client. Mention PANNOTAVBL if no PAN is available. |
| 8. | Client Name | Y | VARCHAR (250) | First Holder's name |

| # | Field | Mandatory | Format | Remarks |
|---|-------|-----------|--------|---------|
| 9. | Client Type | Y | VARCHAR (1) | R - Resident<br>N- Non-resident<br>F - FII<br>Z – Not Classified |
| 10. | Client Status | Y | VARCHAR (1) | M – Minor<br>O - Other<br>X - Not Classified |
| 11. | Guardian Name | N | VARCHAR(250) | Mandatory if Client Status is 'Minor' |
| 12. | Guardian PAN | N | VARCHAR(10) | Mandatory if Client Status is 'Minor'. Mention PANNOTAVBL if no PAN is available. |
| 13. | Client Aadhaar | N | VARCHAR (12) | First Holder's Aadhaar |
| 14. | Client DOB | N | DATE | First Holder's DOB/DOI in DD-MM-YYYY |
| 15. | Client Address | Y | VARCHAR (400) | First Holder's Address |
| 16. | Client City | N | VARCHAR (40) | First Holder's Address-city |
| 17. | Client State code | N | VARCHAR (2) | First Holder's Address- State (Refer Permissible values) |
| 18. | Client Pincode | N | DECIMAL (6,0) | First Holder's Address-Pincode |
| 19. | Client Mobile Number | N | VARCHAR (15) | First Holder's Mobile Number |
| 20. | Client E-mail ID | N | VARCHAR (100) | First Holder's E-mail ID |
| 21. | Joint holding | Y | VARCHAR (1) | Whether joint holding exists (Y/N) |
| 22. | Second Holder PAN | N | VARCHAR (10) | Mandatory if Joint holding exists. Mention PANNOTAVBL if no PAN is available. |
| 23. | Second Holder Name | N | VARCHAR (250) | Mandatory if Joint holding exists |
| 24. | Second Holder DOB | N | DATE | Second Holder's DOB/DOI in DD-MM-YYYY |
| 25. | Third Holder PAN | N | VARCHAR (10) | Mandatory if Joint holding exists. Mention PANNOTAVBL if no PAN is available. |
| 26. | Third Holder Name | N | VARCHAR (250) | Mandatory if Joint holding exists |
| 27. | Third Holder DOB | N | DATE | Third Holder's DOB/DOI in DD-MM-YYYY |

| # | Field | Mandatory | Format | Remarks |
|---|---|---|---|---|
| 28. | Opening Value | Y | DECIMAL (18,2) | Value of Holding as on first day of reporting period |
| 29. | Purchase Value | Y | DECIMAL (18,2) | Sum of purchase cost (net of transaction charges and stamp duty) during reporting period |
| 30. | Transaction Charges | Y | DECIMAL (18,2) | Sum of transaction charges during reporting period |
| 31. | Stamp Duty | Y | DECIMAL (18,2) | Sum of stamp duty during reporting period |
| 32. | Sale Value | Y | DECIMAL (18,2) | Sum of Value of Units Sold (including TDS and excluding STT and Exit Load) during reporting period |
| 33. | STT | Y | DECIMAL (18,2) | Sum of STT during reporting period |
| 34. | Dividend Paid | Y | DECIMAL (18,2) | Sum of dividend received (inclusive of TDS) during reporting period |
| 35. | Closing Value | Y | DECIMAL (18,2) | Total Value of Holding as on the last day of reporting period |

Note: Refer Guidelines for preparation of SFT for more details

## D.3. Mutual Fund Transaction Summary (MF_TRN_SUMM.TXT)

This file shall contain details of security level transaction summary in respect of sales/debits during the reporting period.

| # | Field | Mandatory | Format | Remarks |
|---|---|---|---|---|
| 1. | Sequence Number | Y | DECIMAL (18,0) | Running sequence number for each line in the file. This number will be used during validation checks. |
| 2. | Financial Year | Y | VARCHAR (4) | FY in which sale transaction was recorded-YYYY |
| 3. | Reporting Period | Y | DATE | Last day of the reporting period DD/MM/YYYY |
| 4. | AMC Code | Y | VARCHAR (5) | |
| 5. | Client ID | Y | VARCHAR (20) | Client ID maintained by the reporting entity |
| 6. | Client PAN | Y | VARCHAR (10) | PAN of the Client. Mention PANNOTAVBL if no PAN is available. |

| # | Field | Mandatory | Format | Remarks |
|---|---|---|---|---|
| 7. | Client Name | Y | VARCHAR (250) | First Holder's name |
| 8. | Security Class Code | Y | VARCHAR (3) | See permissible values |
| 9. | Security Code | Y | VARCHAR (12) | Unique security code (e.g. ISIN). Mention ISINNOTAVBLE if no ISIN is available. |
| 10. | Security Name | Y | VARCHAR (200) | Name of security (scheme, plan and option) |
| 11. | Debit Date | Y | DATE | Date of Debit in DD/MM/YYYY |
| 12. | Debit Type | Y | VARCHAR (1) | Refer Guidelines<br>A – AMC (redemption)<br>T – Transfer |
| 13. | Credit Type | Y | VARCHAR (1) | Refer Guidelines<br>A – AMC (purchase)<br>T – Transfer |
| 14. | Asset Type | Y | VARCHAR (1) | Refer Guidelines<br>S – Short Term<br>L – Long Term |
| 15. | Units | Y | DECIMAL (18,3) | Units sold or transferred. Refer Guidelines. |
| 16. | Unit price | Y | DECIMAL (18,2) | Estimated Sale price per unit. |
| 17. | Sale Consideration | Y | DECIMAL (18,2) | Estimated Sale Consideration. |
| 18. | COA | Y | DECIMAL (18,2) | Estimated Cost of acquisition without indexation. |
| 19. | Unit FMV | Y | DECIMAL (18,2) | FMV per unit as on 31.01.2018. Refer Guidelines |
| 20. | Total FMV | Y | DECIMAL (18,2) | Total FMV as on 31.01.2018. |
| 21. | Adjusted FMV | N | DECIMAL (18,2) | If the long term capital asset was acquired before 01.02.2018, Lower of Sale Consideration and Total FMV. |
| 22. | Adjusted COA | N | DECIMAL (18,2) | Cost of acquisition without indexation (higher of COA and Adjusted FMV) |
| 23. | Indexed COA | N | DECIMAL (18,2) | Wherever applicable |
| 24. | STT | Y | DECIMAL (18,2) | STT |

Note: Refer Guidelines for preparation of SFT for more details

### D.4. Mutual Funds Off-Market Transaction (MF_OFF_TRN.TXT)

This file shall contain details of Mutual Fund off-market transactions recorded for a person/client during the year.

| # | Field | Mandatory | Format | Remarks |
|---|-------|-----------|--------|---------|
| 1. | Sequence Number | Y | DECIMAL (18,0) | Running sequence number for each line in the file. |
| 2. | Financial Year | Y | VARCHAR (4) | |
| 3. | Reporting Period | Y | DATE | Last day of the reporting period DD-MM-YYYY |
| 4. | Transfer Date | Y | DATE | Date format- DD-MM-YYYY |
| 5. | Transferor AMC Code | Y | VARCHAR (5) | |
| 6. | Transferor Client ID | Y | VARCHAR (20) | |
| 7. | Transferor PAN | Y | VARCHAR (10) | Mention PANNOTAVBL if no PAN is available. |
| 8. | Transferor Name | Y | VARCHAR (250) | First Holder's name |
| 9. | Transferee AMC Code | Y | VARCHAR (5) | |
| 10. | Transferee Client ID | Y | VARCHAR (20) | |
| 11. | Transferee PAN | Y | VARCHAR (10) | Mention PANNOTAVBL if no PAN is available. |
| 12. | Transferee Name | Y | VARCHAR (250) | |
| 13. | Security Class Code | | VARCHAR (3) | Refer Permissible values |
| 14. | Security Code | Y | VARCHAR (12) | Unique Security Code (e.g. ISIN) |
| 15. | Security Name | Y | VARCHAR (200) | Name of Security |
| 16. | Quantity transferred | Y | DECIMAL (18,3) | No of Units transferred |
| 17. | Reported Consideration | N | DECIMAL (18,2) | Consideration reported during transfer |
| 18. | EOD Unit Price | Y | DECIMAL (18,2) | Redemption Offer Price (Exit Load adjusted NAV) on the date of transfer |
| 19. | EOD Value | Y | DECIMAL (18,2) | Estimated Transaction Value (End of day price) |
| 20. | Reason Code | Y | VARCHAR (3) | Refer Permissible Values |
| 21. | Remarks | N | VARCHAR (100) | Reason |

Note: Refer Guidelines for preparation of SFT for more details

**Permissible Values - Statement Type**

| # | Code | Description |
|---|------|-------------|
| 1. | NB | New Batch (Statement) containing new information |
| 2. | DB | Deletion Batch (Statement) |
| 3. | CB | Correction Batch (Statement) containing corrections for previously submitted information |

**Permissible Values - Reason for Correction**

| # | Code | Description |
|---|------|-------------|
| 1. | A | Acknowledgement of original Statement had many errors which are being resolved |
| 2. | B | Errors in original Statement are being corrected suo-motu |
| 3. | C | The correction report is on account of additional information being submitted |
| 4. | N | Not applicable as this is a new statement/test data/ there is no data to report |
| 5. | Z | Other reason |

**Permissible Values – Security Class Code**

| # | Security Class Code | Description |
|---|---------------------|-------------|
| 1. | EMF | Unit of Equity Oriented Mutual Fund |
| 2. | UTI | Unit of UTI |
| 3. | OTU | Other Units |

**Permissible Values – Transaction Reason**

| # | Reason Code | Reason Description |
|---|-------------|--------------------|
| 1. | TRD | Transmission (change in holding in event of death of a holder) |
| 2. | OTH | Other |
| 3. | ZZZ | Not Specified |

**Permissible Values - *State code***

| # | State/Union Territories | Code |
|---|---|---|
| 1. | Andaman and Nicobar | AN |
| 2. | Andhra Pradesh | AP |
| 3. | Arunachal Pradesh | AR |
| 4. | Assam | AS |
| 5. | Bihar | BR |
| 6. | Chandigarh | CH |
| 7. | Dadra and Nagar Haveli | DN |
| 8. | Daman and Diu | DD |
| 9. | Delhi | DL |
| 10. | Goa | GA |
| 11. | Gujarat | GJ |
| 12. | Haryana | HR |
| 13. | Himachal Pradesh | HP |
| 14. | Jammu and Kashmir | JK |
| 15. | Karnataka | KA |
| 16. | Kerala | KL |
| 17. | Lakshadweep | LD |
| 18. | Madhya Pradesh | MP |
| 19. | Maharashtra | MH |
| 20. | Manipur | MN |
| 21. | Meghalaya | ML |
| 22. | Mizoram | MZ |
| 23. | Nagaland | NL |
| 24. | Orissa | OR |
| 25. | Pondicherry | PY |
| 26. | Punjab | PN |
| 27. | Rajasthan | RJ |
| 28. | Sikkim | SK |
| 29. | Tamil Nadu | TN |
| 30. | Telangana | TS |
| 31. | Tripura | TR |
| 32. | Uttar Pradesh | UP |
| 33. | West Bengal | WB |
| 34. | Ladakh | LA |
| 35. | Chhattisgarh | CG |
| 36. | Uttarakhand | UK |
| 37. | Jharkhand | JH |

**Table - *Capital Gain Index Chart***

| Financial Year | Cost Inflation Index (CII) |
|---|---:|
| 2001-02 (Base year) | 100 |
| 2002-03 | 105 |
| 2003-04 | 109 |
| 2004-05 | 113 |
| 2005-06 | 117 |
| 2006-07 | 122 |
| 2007-08 | 129 |
| 2008-09 | 137 |
| 2009-10 | 148 |
| 2010-11 | 167 |
| 2011-12 | 184 |
| 2012-13 | 200 |
| 2013-14 | 220 |
| 2014-15 | 240 |
| 2015-16 | 254 |
| 2016-17 | 264 |
| 2017-18 | 272 |
| 2018-19 | 280 |
| 2019-20 | 289 |
| 2020-21 | 301 |

# Annexure  E

# Validation Rules

The errors have been classified in following categories:

| Errors | Record or report level errors which need to be resolved by user as per the specific error code. |
| --- | --- |
| Defects | The reporting entity needs to correct and submit the reports again in the corrected statement. |
| Exceptions | The exceptions should be reviewed by the reporting person/entities and if any information is available, the reporting entity may provide the information. If any defect is noticed, the reporting entity needs to rectify the defect by submitting a correction statement. |

The validation rules are as under:

| # | Error Message | Error Type | File Rejection |
| --- | --- | --- | --- |
| 1. | Control Statement Values Mismatch | Error | Y |
| 2. | Sequence Number in Submitted file is not running sequence number | Error | Y |
| 3. | Client Data not provided for reported transaction | Defect | N |
| 4. | Mandatory Field is blank | Defect | N |
| 5. | Invalid PAN reported | Exception | N |
| 6. | Excessive Value Reported | Exception | N |
| 7. | Mismatch identified after matching data with other submitted data | Exception | N |