

Income Declaration Scheme, 2016 is an Opportunity for People to Pay Tax and Come Clean, Says Finance Minister Arun Jaitley



To complement the ICAI's role as a partner of Government in disseminating and propagating the Income Declaration Scheme 2016, Hon'ble Finance Minister Shri Arun Jaitley recently shared the ICAI and ICAI-associated platforms to speak his mind on the scheme. On 2nd July 2016, the finance Minister addressed the members and other citizens in a webcast organised by the ICAI titled 'Citizen & Member Awareness Programmes on Income Declaration Scheme'. Later the Finance Minister also addressed a National Seminar on IDS 2016 on 10th July 2016 at Ahmedabad, which was organised by Gujarat Government in partnership with the ICAI. Gujarat Chief Minister Ms. Anandiben Patel and Revenue Secretary Shri Hasmukh Adhia were also present at this seminar. On both the occasions, the Finance Minister Shri Jaitley said the Income Declaration Scheme 2016 is aimed at providing an opportunity to persons who have not paid full tax in the past to come forward and declare the undisclosed income, pay tax and come clean.

Giving the background of the Income Declaration 2016, Shri Jaitley said the Government's measures have ensured that there is a 'significant dip' in the illegal foreign assets held by Indians. "The recent reports have indicated that there is a sizable dip in the Indian holdings outside the country. Today, there is a panic among people who hold illegal assets outside. If you take from 1947 to 2014, the cumulative effect of all steps taken would not even be a miniscule

percentage of what this government has done in the last two years," Jaitley said in Ahmedabad. Jaitley said the Government was trying to make the Tax Department assessee-friendly.

'A disclosure scheme'

"This is a part of our overall approach, we do not want to be vindictive on any section. We don't want to terrorise people. Therefore, we want to give them an opportunity to come out clean. This isn't an immunity scheme, but a disclosure scheme. This is a lifetime

(contributed and compiled by Editorial Board Secretariat of the ICAI)

opportunity for those who have not disclosed their income," he said. "G-20 nations, which control about 85 per cent of the world economy, have decided to cooperate in this direction to share information of illegal assets. It is believed that by 2017, we will have real time information about all those who have assets stashed abroad under the FATCA agreement that we have signed with the US," Jaitley added.

He said the contact between the government and those who voluntarily declare their black money assets through the one-time compliance window till September 30 will be minimal. "Personal contact between the assessing authority and the assessee must be the least possible amount. There will be no questions asked by the government regarding the source of the income, this is an opportunity to make oneself a compliant tax payer," he said.

Emphasising that this is a 'disclosure' scheme and not an 'immunity' scheme, Jaitley said, "Immunity scheme allows discrimination against the honest tax payer. We don't want that; we want the honest tax payer to get premium."

Welcoming the IDS 2016, the Institute of Chartered Accountants of India (ICAI) appealed to its members and clients to come forward and make use of the opportunity provided by the scheme. "This scheme will help in stopping the money from going into safe heavens. Because once the amount is in white, we can start investing here. Now that the scheme is open, there is more trust because of the confidentiality. So it is a good opportunity for businessman and professionals, who have missed the compliance of law," said M Devaraja Reddy, President, ICAI.

Revenue Secretary Hasmukh Adhia, who was also present in Ahmedabad seminar, ruled out any possibility of giving an extension beyond September.

In her address, Gujarat Chief Minister Anandiben Patel said the State had contributed ₹34,865 crore to the Central I-T collections last fiscal with 30 lakh tax payers and 1.57 crore PAN card holders.

Income Tax Dept: Blackmoney Disclosure in AY17-18 to Face Prosecution

The Income Tax Department has warned black money holders of prosecution if they tried to pass off such wealth as current income instead of disclosing it in the one-time compliance window. In its third set of FAQs, the I-T department assured full confidentiality of information even from other law enforcement agencies and no enquiry of source of income. It said the Income Disclosure Scheme (IDS)-2016 provides immunity under the I-T Act, 1961,

Wealth-tax Act, 1957 and the Benami Transactions (Prohibition) Act, 1988. The I-T department assured full confidentiality of information even from other law enforcement agencies and no enquiry of source of income.

Vide Circular No. 24 and 25 2016, the Central Board of Direct Taxed has issued further clarifications in the form of FAQs. The Circular No. 25 inter alia provides clarifications on issues such as confidentiality of information disclosed in the declaration, allowability of TDS credit against declared income, enquiry in respect source of income and payment of tax and initiation of enquiry against third parties on the basis of information furnished in the declaration.

An issue regarding the advantage of declaring undisclosed income and assets under the Scheme vis-à-vis declaration of the same as current income for Assessment Year 2017-18 was also raised. In this regard it has been clarified that declaration of undisclosed income and assets as current income for Assessment Year 2017-18 would attract prosecution for false verification and also cannot explain acquisition of undisclosed assets in the past years. Attention of taxpayers has also been drawn to the comprehensive data-mining programme launched by the Department which will provide pin-pointed information about transactions undertaken by the taxpayer and the year to which the same relate.

Government Revises Time Schedule for Making Payments under IDS 2016

According to a press release by Press Information Bureau, during the course of meetings and seminars held in different parts of the country, various stakeholders have expressed concern that the time period available under the Scheme up to 30th November, 2016 for making payment of tax, surcharge and penalty is very short, especially where funds in liquid form are not readily available with the declarants. It has also been mentioned that for making payment by 30.11.2016, the declarants may have to opt for distress sale of the assets. Taking into consideration the practical difficulties of the stakeholders, the Government has decided to revise the time schedule for making payments under the Scheme as under: (i) a minimum amount of 25% of the tax, surcharge and penalty to be paid by 30.11.2016; (ii) a further amount of 25% of the tax, surcharge and penalty to be paid by 31.3.2017; and (iii) the balance amount to be paid on or before 30.9.2017. A Notification to this effect shall be issued shortly. ■