

Department To Launch 2nd Phase of Bank Accounts' Scrutiny in March 2017

The I-T Department has begun analysing accounts which show a pattern of deposits or have some common linkage like common address, PAN, telephone number, email address or name. The Tax Department had launched a massive operation to catch evaders who deposited unaccounted cash in junked 500 and 1,000 rupee notes in bank accounts post demonetisation. In the first phase of the project code named 'Operation Clean Money', the department sent SMS/emails to 18 lakh people who made suspicious deposits over ₹5 lakh during the 50-day demonetisation period. Over 7 lakh people have replied in e-filing portal and acknowledged to have made such deposits. The second phase of the project will begin in March 2017 after data analytics firm conduct Big Data analysis matching I-T data with the SFT report from banks, officials said.

(Source: www.moneycontrol.com)

War on Black Money: Govt. Cracks Down on Shell Companies Used for Money Laundering

In the latest crackdown on the parallel economy of black money, the government has introduced strict measures to discourage individuals and companies indulging in tax evasion and money laundering. The new set of measures promises "harsh punitive action" against deviant shell companies, which will include freezing of bank accounts, striking off the names of dormant companies, and invocation of Benami Transactions (Prohibition) Amendment Act, 2016. Following a review by the Prime Minister's Office, a whole-government approach involving coordinated efforts and leveraging technology has been initiated to deter financial malpractices. Red flag indicators will be used to identify shell companies and a database of such companies and their directors would be built by pulling in information from various agencies. The database will also capture Aadhar number of individual directors in the companies. A special task force with members from various regulatory ministries and enforcement agencies has been constituted to monitor the actions taken against deviant shell companies by various agencies.

Meanwhile, The I-T department is likely to launch the second phase of 'Operation Clean Money' next month to close in on unaccounted money making its way into banks but may ignore standalone deposits below ₹5 lakh for now. The Income Tax department will appoint two data analytics firms in next 10 days to analyse the deposits in bank accounts before and after November 8 last year -- the day the government decided to junk 86 per cent of the currency in circulation. The exercise will attempt to link individuals with multiple accounts or PAN numbers who have deposited large sums of money, officials said.

(Source: [Times of India](http://timesofindia.com) and www.ndtv.com)

Soon, Faster PAN, An App For Filing Tax Returns

In a bid to simplify the tax-filing process, the government is planning to introduce a quicker method for getting a Permanent Account Number (PAN) and an app that will allow filing of income tax easily through smartphone. The Central Board of Direct Taxes (CBDT) is planning to roll out a faster method to obtain a PAN, powered by the Aadhaar database, even as a mobile application is being prepared for filing of tax returns and other services, news agency Press Trust of India reported quoting a senior tax official. The Income Tax Department has also opened e-nivaran (electronic solution) facility for online redressal of taxpayers' grievances at its 60 special offices across the country. The e-nivaran system was launched by the CBDT last year.

(Source: <http://www.business-standard.com/>)

Budget Introduces Secondary Adjustments in Transfer Pricing

Seeking to align transfer pricing norms with OECD guidelines, Finance Minister Arun Jaitley has proposed introduction of a new section in the I-T Act to allow secondary adjustments in books of accounts to reflect actual allocation of profits between a company and its arm. Secondary adjustments may take the form of "constructive dividends, constructive equity contributions, or constructive loans", said the memorandum to the Finance Bill 2017. "It is also proposed to provide that such secondary adjustment shall not be carried out if the amount of primary adjustment made in the case of an assessee in any previous year does not exceed ₹1 crore and the primary adjustment is made in respect of an assessment year commencing on or before April 1, 2016" the memorandum stated. This amendment will take effect from assessment year 2018-19.

(Source: <http://www.business-standard.com/>)

CBDT to Taxman: Step up TDS Survey Operations to Boost Collections

The CBDT has directed the taxman to step up survey operations to check non-deduction of TDS by firms and employers, especially in cases where such payments have dropped by more than 15 per cent as compared to last time. The Central Board of Direct Taxes (CBDT) recently reviewed Tax Deducted at Source (TDS) collections and found that the Income Tax department had netted ₹2.85 lakh crore revenue till January 31, at a growth rate of 14.79 per cent over the corresponding period of last fiscal. The set target in this regard is ₹3.50 lakh crore. The overall direct tax collection for the current 2016-17 fiscal, that ends on March 31, is over ₹8.47 lakh crore, of which TDS collections constitute a major chunk.

(Source: www.financialexpress.com)