

Business Standard

Beware, taxman to watch your posts on social media

Information gathered from a person's social media account will be matched with his or her declared income

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Don't be surprised if you get a notice from the income tax (I-T)

department for flaunting an expensive watch or car on social media platforms such as Facebook, Twitter or Instagram.

I-T department's Project Insight, to be launched in the 2017-18 financial year, aims to mine big data from social media to scrutinise potential tax evaders. "If you flaunt that you have gone on an expensive trip to a foreign location on Facebook and other social media, we will gather that information to match it with your income declared," a finance ministry official said.

Another official confirmed that Project Insight will include data from social media platforms. "Project Insight will essentially do data mining. It will use inputs from various sources. Social media would be one of those," he said. The work on Project Insight has already begun and the department plans to launch it soon.

When asked whether the project would come into force from the beginning of the next financial year, an official said such details were yet to be finalised. Through annual information return and third party reporting, the Central Board of Direct Taxes (CBDT) gets a lot of information. Since it is not humanly possible to look into all the data, Project Insight will help taxmen in pinpointing potential offenders.

The project would identify the expenses incurred and investments made by assesseees. L&T Infotech will assist the I-T department with data mining. The private firm will profile all taxpayers and flag high-risk individuals, using cutting-edge technology. The about Rs 1,000-crore project will collate all the information available with the I-T department from various sources and systemically profile individuals, using permanent account number (PAN) details.

The project will integrate enterprise data warehouse, data mining, web mining, predictive modelling, data exchange, master data management, centralised processing, compliance management and case analytics capabilities.

Several government departments like CBDT, intelligence bureau and others are working closely on the project. Through profiling, all transactions by a person, including purchase of immovable property, jewellery and vehicles will be available with the tax department in a systematised manner, making identification of tax evaders simpler and faster. The move is also aimed to widen the tax base, which is currently at about 54.3 million only.

The project will also track the PANs being quoted in financial transactions and tally the data with income tax filings. The special investigative team on black money has recommended banning cash transactions over Rs 3 lakh. The project is also expected to rank tax evaders, based on the amount of tax that could be recovered, so that the authorities could go after the big evader first.