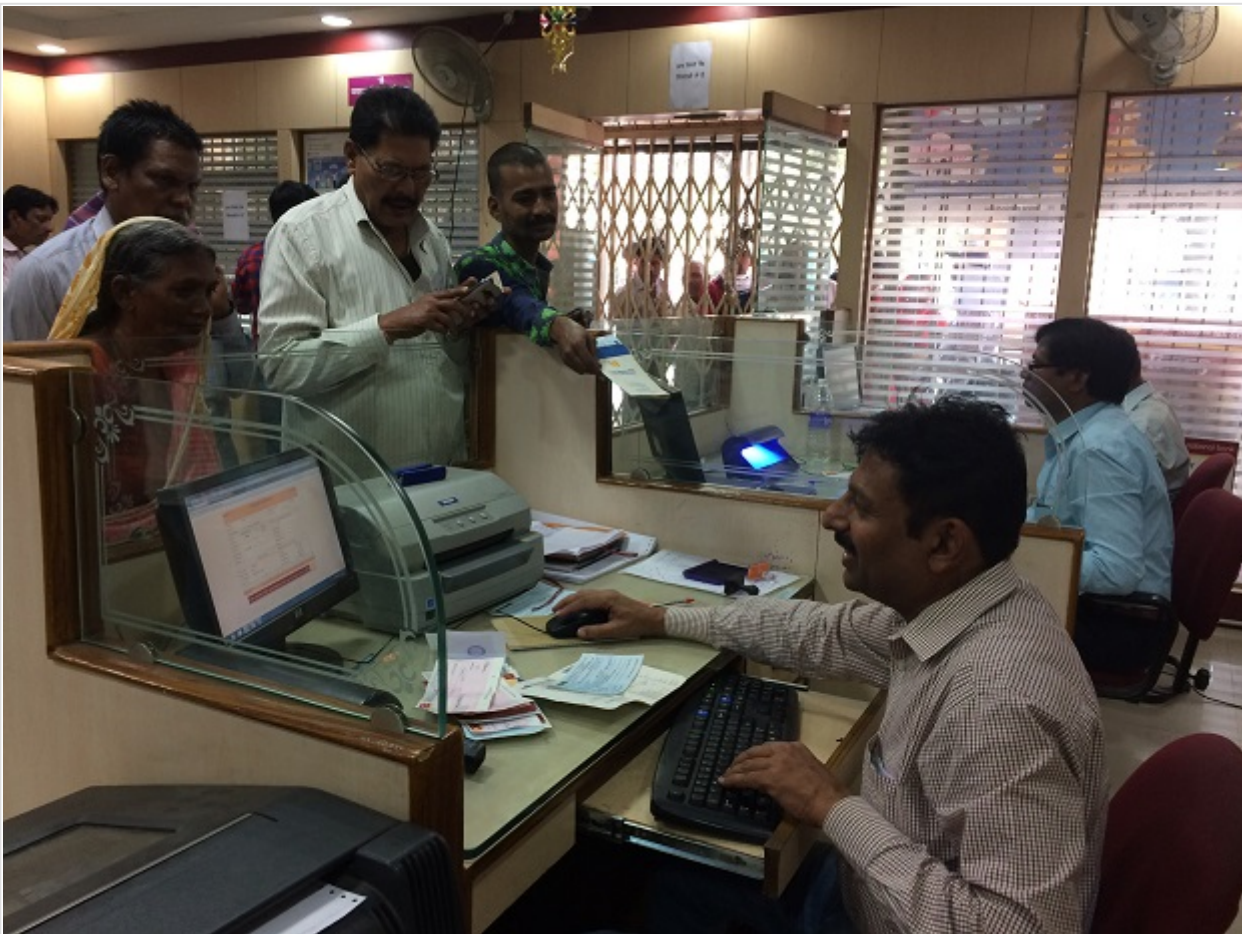


Business Standard

Smaller deposits to be probed only if big accounts indicate irregularities

Limited personnel at the income tax department might compel them to focus on big fish than small depositors

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The tax

department will go after 'big fish' in probing deposits made in demonetised Rs 500 and Rs 1,000 notes but also intend to investigate small deposits, including Jan-Dhan accounts, if the probe into big tax evaders gives clues for irregularities in these accounts.

“If our investigation team cracks down on a person using, say 20 accounts to convert his black money, we will investigate all those accounts involved, irrespective of whether they have Rs 40,000 deposited in Jan-Dhan or Rs 1 lakh in other accounts,” said an official. He added that enquiries are already on in full swing.

However, limited personnel at the income tax department might compel them to focus on big fish than small depositors. Notices might be sent only after January 2018, as tax returns are filed by July and assessments happen after six months, since these accounts would come up for scrutiny only in assessment year 2017-18.

Enquiries, though, have already started in some accounts and will be used as information at the time of scrutiny. “We will be running various models on the vast pool of data we will get. We might look at accounts where the deposits are more than 40 per cent of an individual’s income. The criteria will be decided by a committee for assessment. But, manpower crunch will compel the department to only go after large

defaulters,” said the official.

The second disclosure scheme, called Pradhan Mantri Garib Kalyan Yojana, has no specified end-date. “If the government feels the need to extend the demonetisation scheme beyond December 30, the disclosure scheme window will be extended parallel to that. Therefore, we have not put an end-date to the scheme in the Bill (accordingly amending the Income Tax Act),” said a senior official.

Minister of state for finance Arjun Ram Meghwal told Parliament the government was not considering extending the deadline of December 30 for deposit of invalid Rs 500 and Rs 1,000 notes.

The amendments were approved by the Lok Sabha on Tuesday. The Bill goes to the Rajya Sabha, which can only hold it for 14 days.

If this happens, almost half of December will go and 15 days left for the window under the new scheme, in case time period for depositing old currency notes in denomination of Rs 500 and Rs 1,000 is not extended beyond December 30. So, the government would try to get the Rajya Sabha to return the Bill as soon as possible, sources said.

Payments under the scheme — 50 per cent payment, including tax, surcharge and penalty, and lock-in of 25 per cent of the remaining sum in an interest-free deposit — will have to be made at the bank, in prescribed formats, before filing a declaration. The new scheme in this sense is different from the Income Declaration Scheme (IDS) that ended on September 30, where the payment had to be made in three instalments running up to September 30 next year.

“More than Rs 8 lakh crore has already been deposited in the banks. So, here we will not have to go and dig for information as in the case of IDS. We are constantly getting information of deposits of over Rs 2.5 lakh from banks,” said an official.