

## **Instil fear of jail and social censure in tax evaders, says CBDT**

A taxman should instil the fear of “incarceration, loss of liberty and social opprobrium” in tax evaders and prosecute them in large numbers to create a credible deterrence against the menace of black money, the Central Board of Direct Taxes ( CBDT) said.

The apex policy- making body of the income tax department, in a strategy paper for a recent conference of tax officials, told tax sleuths the “need of the hour” is to effectively launch prosecution in wilful evasion- cases at the earliest“ without” waiting for the outcome of any other appellate processes.

“If the endemic and rampant tax evasion is to be contained, then search/ survey on a few evaders, limited to bringing their concealed income to tax, can never be the solution.

The remedy must lie in creating credible deterrence to desist potential evaders from crossing the line.

Deterrence cannot be built merely by levying tax on concealed income.

“Deviant assesseees take minor financial hiccups in their stride and promptly return to their wayward ways. What scares them is the fear of incarceration, consequent loss of liberty and social opprobrium it brings.

It is to this fear a search/ survey action must address itself,” the CBDT said in its paper for financial year 2015- 16.

It added “prosecution and penalty must, therefore, be the objective of search/ survey action and the principal measure of its success.” “Tax on concealed income should remain merely incidental,” it said.

The department, tasked with combating black money cases in India and abroad, feels effective use of penalties and prosecution is an “important limb” in creating a “credible deterrence” against the menace; its staff and officials should work in this direction.

“It (investigation) should rather be creation of credible deterrence through successful prosecutions and penalties which would go a long way in reducing the menace of black money by improving voluntary compliance,” the strategy paper said.

The officials of the CBDT, while framing the latest action plan, kept in mind a Comptroller and Auditor General (CAG) report of 2013 which pointed to a number of deficiencies” in the administration of penalties and prosecution which required immediate attention of the department which enforces tax laws in the country and collects a variety of taxes like income tax, corporate tax and wealth tax.

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*(Business Standard)*