

Taxman seeks more details of those earning over Rs.50 lakh

The government has asked wealthy individuals to mandatorily disclose details about assets such as land, property and jewellery in their tax returns to gather more information and prevent accumulation of illegal wealth.

The income-tax department has asked taxpayers with an annual income of more than Rs.50 lakh to declare immovable assets such as land and building and movable assets such as cash in hand, jewellery, vehicles, yachts, boats and aircraft. The tax department notified the new tax return forms for assessment year 2016-17 on Thursday.

“The department is trying to get as much information as possible from these tax return forms,” said N.R. Bhanumurthy, a professor at the National Institute of Public Finance and Policy, New Delhi. “The whole purpose is to minimize tax evasion.”

Since coming to power in 2014, the National Democratic Alliance government has introduced several steps to check domestic black money as well as unaccounted wealth stashed overseas. Prime Minister Narendra Modi had, in fact, promised to recover thousands of crore of rupees in black money in the 2014 Lok Sabha election campaign.

To prevent tax evasion, the tax department last year sought information on foreign travel undertaken by taxpayers and the expenditure incurred, as well as details of all bank accounts along with account balances at the end of a year in the tax return forms. However, the tax department issued revised forms seeking only the passport numbers without details of travel and expenditure and bank account information without the need to disclose the balance, after protests by taxpayers over the tedious tax return forms. The forms also sought the taxpayer’s Aadhaar number, if available.

For assessment year 2016-17, the tax department has now included a schedule on asset and liabilities which will have to be filled by individuals and HUFs, or Hindu Undivided Families, where total income exceeds Rs.50 lakh. It has also asked individuals and HUFs to provide details of pass-through income from business trust or investment fund in ITR form 2 and ITR form 2A.

“Last year, the income-tax department asked for bank account information and this year they have gone a step further and asked for net worth of taxpayers,” said Archit Gupta, founder and chief executive officer of Clear Tax, an electronic tax return filing service provider.

“A large number of taxpayers will need help to file their tax returns and find out the value of assets to be included in the form,” he said.

The Modi government has already enacted the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015, requiring compulsory disclosure of foreign assets and income and subjecting evaders to stiff penalties and jail terms. It has also introduced legislation aimed at amending the Benami Transactions (Prohibition) Act. It will help check creation of black money in India, especially in real estate transactions. In addition, the tax department is also

seeding the permanent account number with Aadhaar—a unique identity number that is already linked to many bank accounts—to bring tax evaders to book.

(HT Mint)