

Black money: No compounding of cases falling under new Act, says CBDT

Cases of Indians holding funds stashed abroad and falling under the purview of the new anti-black money law will not have scope to enjoy the facility of compounding of the offence as compared to such provisions existing in the Income Tax Act, the CBDT has said.

The Compounding of Offences is a provision undertaken by the taxman under section 279(2) of the I-T Act keeping in view factors such as conduct of the person, nature and magnitude of the offence, cooperation extended by the assessee to the department during probe and facts and merits of each case.

Once a tax evasion offence is compounded, the accused is given relief by way of exempting him or her from paying penalty or reduction or abolishing of a jail term.

"The Central Board of Direct Taxes has made it clear in a recent directive to all the assessment and investigation ranges of the I-T department that the provision of compounding or to say settlement of an overseas tax evasion case under the new anti-black money Act is not be allowed as the scheme of the Act does not have such a feature," a senior I-T officer said.

The government has from July 1, 2015 enacted the Blackmoney (Undisclosed Foreign Income and Assets) and Imposition of Tax Act to deal with instances of Indians holding black money in foreign shores.

The new Act provides for tax and penalty of 120 per cent and jail term of up to 10 years for holding undisclosed foreign assets.

It has also provided for a 90-day compliance window to escape the harsh punishment by declaring the assets and paying 60 per cent tax and penalty, which can be availed till this month only.

"A simple reading of the new Act will tell you that the provision of compounding has been removed. The new directives by the apex policy-making body of the tax department (CBDT) has just reinforced that, in case the taxman has any doubt," the official said.

Taking a tough stance against black money, the CBDT recently directed the I-T department to mandatorily launch court cases against people found to be holding funds and tainted assets stashed abroad and consider "compounding" of such offences only at a later stage under the Income Tax Act, 1961 and Wealth Tax Act, 1957.

(Economic Times)