

Pradhan Mantri Garib Kalyan Yojana, 2016

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Topics Covered...



- ❑ Pradhan Mantri Garib Kalyan Yojana, 2016
- ❑ Pradhan Mantri Garib Kalyan Yojana Rules, 2016
- ❑ Pradhan Mantri Garib Kalyan Deposit Scheme, 2016
- ❑ Explanatory notes on the provisions of the Scheme [Circular No.43 of 2016]
- ❑ Clarifications on the Scheme [Circular No.2 of 2017]

Introduction

- ❑ The Taxation Laws (Second Amendment) Act, 2016 has been enacted by Parliament on 15.12.2016. The said Act has inter alia amended the provisions of Income tax Act, 1961 and Finance Act, 2016 and inserted a new Chapter IXA on, 'The Taxation and Investment Regime for Pradhan Mantri Garib Kalyan Yojana, 2016 (hereinafter 'the Scheme') in the Finance Act, 2016.
- ❑ The Scheme provides an opportunity to persons having undisclosed income in the form of cash or deposit in an account maintained with a specified entity (which includes banks, post office etc.) to declare such income and pay tax, surcharge and penalty totalling in all to **49.9%**. of such declared income.

- ❑ Besides, the Scheme provides that a mandatory deposit of not less than 25% of such income shall be made in the Pradhan Mantri Garib Kalyan Deposit Scheme, 2016(hereinafter 'the PMGKY Deposit Scheme') which has separately been notified by the Department of Economic Affairs.
- ❑ The deposit shall bear no interest and the amount deposited shall be allowed to be withdrawn after four years from the date of deposit after fulfilling other conditions as may be specified.

- ❑ A declaration under the aforesaid Scheme may be made in respect of any income in the form of cash or deposit in an account maintained by the person with a specified entity, chargeable to tax under the Income-tax Act for any assessment year commencing on or before the 1st day of April, 2017.
- ❑ No deduction in respect of any expenditure or allowance or set-off of any loss shall be allowed against the income in respect of which a valid declaration is made under the Scheme.

Relevant dates under the Scheme

The Scheme has commenced on 17th December, 2016

The declaration under this Scheme may be made on or before 31st March, 2017

- ❑ The tax and surcharge payable, and the amount liable to be deposited in respect of the undisclosed income, shall be paid and deposited before the filing of declaration in Form - 1.
- ❑ The declaration shall be accompanied by the proof of deposit, payment of tax, surcharge and penalty.

Chapter IX A of Finance Act, 2016

Definitions - Section 199B

- "declarant" means a person making the declaration under sub-section (1) of section 199C;

"Person" as defined u/s 2(31) of the Income Tax Act

"person" includes—

- | | |
|-------------------------------|---|
| i. an individual, | v. an association of persons or a body of |
| ii. a Hindu undivided family, | individuals, whether incorporated or not, |
| iii. a company, | vi. a local authority, and |
| iv. a firm, | vii. every artificial juridical person, not falling within any of the preceding sub-clauses |

Explanation.—For the purposes of this clause, an AOP or BOI or a local authority or an artificial juridical person shall be deemed to be a person, whether or not such person or body or authority or juridical person was formed or established or incorporated with the object of deriving income, profits or gains;

Sec. 199B- Definitions.....

- ❑ "Income-tax Act" means the Income-tax Act, 1961.
- ❑ "Pradhan Mantri Garib Kalyan Deposit Scheme 2016" (hereinafter in this chapter referred to as "the Deposit Scheme") means a scheme notified by the Central Government in consultation with the Reserve Bank of India in the Official Gazette; and
- ❑ all other words and expressions used herein but not defined and defined in the Income-tax Act shall have the meanings respectively assigned to them in that Act.

Declaration of Undisclosed income

Section 199C

- (1) Subject to the provisions of this Scheme, any person may make, on or after the date of commencement of this Scheme but on or before a date to be notified by the Central Government in the Official Gazette, a declaration in respect of any income, in the form of cash or deposit in an account maintained by the person with a specified entity, chargeable to tax under the Income-tax Act for any assessment year commencing on or before the 1st day of April, 2017.
- (2) No deduction in respect of any expenditure or allowance or set-off of any loss shall be allowed against the income in respect of which a declaration under sub-section (1) is made.

Sec. 199C- Declaration of Undisclosed income...

Explanation.—For the purposes of this section, "specified entity" shall mean—

- ❑ the Reserve Bank of India;
- ❑ any banking company or co-operative bank, to which the Banking Regulation Act, 1949 (10 of 1949) applies (including any bank or banking institution referred to in section 51 of that Act);
- ❑ any Head Post Office or Sub-Post Office; and
- ❑ any other entity as may be notified by the Central Government in the Official Gazette in this behalf.

Charge of Tax & Surcharge, Section- 199D

- (1) Notwithstanding anything contained in the Income-tax Act or in any Finance Act, the **undisclosed income declared** under sub-section (1) of section 199C within the time specified therein shall be **chargeable to tax at the rate of thirty per cent of the undisclosed income.**
- (2) The **amount of tax chargeable** under sub-section (1) shall be **increased by a surcharge**, for the purposes of the Union, to be called the Pradhan Mantri Garib Kalyan Cess **calculated at the rate of thirty-three per cent** of such tax so as to fulfil the commitment of the Government for the welfare of the economically weaker sections of the society.

Charge of Penalty - Section 199E

- Notwithstanding anything contained in the Income-tax Act or in any Finance Act, the person making a declaration under sub-section (1) of section 199C shall, in addition to tax and surcharge charged under section 199D, **be liable to pay penalty at the rate of ten per cent of the undisclosed income.**

Deposit of undisclosed income - Section 199F

- (1) Notwithstanding anything contained in the Income-tax Act or in any other law for the time being in force, the **person making a declaration under sub-section (1) of section 199C, shall deposit an amount which shall not be less than twenty-five per cent of the undisclosed income in the Pradhan Mantri Garib Kalyan Deposit Scheme, 2016.**
- (2) The deposit shall bear no interest and the amount deposited shall be allowed to be withdrawn after four years from the date of deposit and shall also fulfil such other conditions as may be specified in the Pradhan Mantri Garib Kalyan Deposit Scheme, 2016.

Manner of Declaration – Section 199G

- A declaration under sub-section (1) of section 199C shall be made by a person competent to verify the return of income under section 140 of the Income-tax Act, to the Principal Commissioner or the Commissioner notified in the Official Gazette for this purpose and shall be in such form and verified in such manner, as may be prescribed. (i.e. Form 1)

Time for payment of Tax – Section 199H

- (1) The tax and surcharge payable under section 199D and penalty payable under section 199E in respect of the undisclosed income, shall be paid before filing of declaration under sub-section (1) of section 199C.
- (2) The amount referred to in sub-section (1) of section 199F shall be deposited before the filing of declaration under sub-section (1) of section 199C. (i.e. **Deposit 25% of the undisclosed income in the Pradhan Mantri Garib Kalyan Deposit Scheme, 2016**)
- (3) The declaration under sub-section (1) of section 199C shall be accompanied by the proof of deposit referred to in sub-section (1) of section 199F, payment of tax, surcharge and penalty under section 199D and section 199E, respectively.

Undisclosed income declared not to be included in total income – Section 199I

- The amount of undisclosed income declared in accordance with sub-section (1) of section 199C shall not be included in the total income of the declarant for any assessment year under the Income-tax Act.

Undisclosed income declared not to affect finality of completed assessments – Section 199J

- A declarant under this Scheme shall not be entitled, in respect of undisclosed income referred to in section 199C or any amount of tax and surcharge paid thereon, to re-open any assessment or reassessment made under the Income-tax Act or the Wealth-tax Act, 1957 (27 of 1957), or to claim any set-off or relief in any appeal, reference or other proceeding in relation to any such assessment or reassessment.

Tax, etc., not refundable– Section 199K

- Any amount of tax and surcharge paid under section 199D or penalty paid under section 199E shall not be refundable.

Declaration not admissible in evidence against declarant – Section 199L

- ❑ Notwithstanding anything contained in any other law for the time being in force, nothing contained in any declaration made under subsection (1) of section 199C shall be admissible in evidence against the declarant for the purpose of any proceeding under any Act other than the Acts mentioned in section 199-O.

Declaration by misrepresentation of facts to be void

Section 199M

- ❑ Notwithstanding anything contained in this Scheme, where a declaration has been made by misrepresentation or suppression of facts or without payment of tax and surcharge under section 199D or penalty under section 199E or without depositing the amount in the Deposit Scheme as per the provisions of section 199F, such declaration shall be void and shall be deemed never to have been made under this Scheme.

Applicability of certain provisions of Income-tax Act

Section 199N

- ❑ The provisions of Chapter XV of the Income-tax Act relating to liability in special cases and section 119 (Instructions to subordinate authorities), section 138 (Disclosure of information respecting assessee) and section 189 (Firm dissolved or business discontinued) of that Act shall, so far as may be, apply in relation to proceedings under this Scheme as they apply in relation to proceedings under the Income-tax Act.

Scheme not to apply to certain persons

Section 199O

The provisions of this Scheme shall not apply —

- a) in relation to any person in respect of whom an order of detention has been made under the Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974 (52 of 1974):

Provided that—

- i. such order of detention, being an order to which the provisions of section 9 or section 12A of the said Act do not apply, has not been revoked on the report of the Advisory Board under section 8 of the said Act or before the receipt of the report of the Advisory Board; or

Scheme not to apply to certain persons

Contd...

Section 199O

- ii. such order of detention, being an order to which the provisions of section 9 of the said Act apply, has not been revoked before the expiry of the time for, or on the basis of, the review under sub-section (3) of section 9, or on the report of the Advisory Board under section 8, read with sub-section (2) of section 9, of the said Act; or
- iii. such order of detention, being an order to which the provisions of section 12A of the said Act apply, has not been revoked before the expiry of the time for, or on the basis of, the first review under sub-section (3) of that section, or on the basis of the report of the Advisory Board under section 8, read with sub-section (6) of section 12A, of the said Act; or

Scheme not to apply to certain persons

Contd...

Section 199O

- iv. such order of detention has not been set aside by a court of competent jurisdiction;

- b) in relation to prosecution for any offence punishable under Chapter IX or Chapter XVII of the Indian Penal Code (45 of 1860), the Narcotic Drugs and Psychotropic Substances Act, 1985 (61 of 1985), the Unlawful Activities (Prevention) Act, 1967 (37 of 1967), the Prevention of Corruption Act, 1988 (49 of 1988), the Prohibition of Benami Property Transactions Act, 1988 (45 of 1988) and the Prevention of Money-Laundering Act, 2002 (15 of 2003);

Scheme not to apply to certain persons

Contd...

Section 199O

- c) to any person notified under section 3 of the Special Court (Trial of Offences Relating to Transactions in Securities) Act, 1992 (27 of 1992);
- d) in relation to any undisclosed foreign income and asset which is chargeable to tax under the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 (22 of 2015).

Removal of Doubts – Section 199P

- ❑ For the removal of doubts, it is hereby declared that save as otherwise expressly provided in sub-section (1) of section 199C, nothing contained in this Scheme shall be construed as conferring any benefit, concession or immunity on any person other than the person making the declaration under this Scheme.

Power to remove difficulties – Section 199Q

- 1) If any difficulty arises in giving effect to the provisions of this Scheme, the Central Government may, by order, not inconsistent with the provisions of this Scheme, remove the difficulty:

Provided that no such order shall be made after the expiry of a period of two years from the date on which the provisions of this Scheme come into force.

- 2) Every order made under this section shall be laid before each House of Parliament.

Power to make rules – Section 199R

- 1) The Board may, subject to the control of the Central Government, by notification in the Official Gazette, make rules for carrying out the provisions of this Scheme.
- 2) Without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—
 - a) the form and manner of declaration and verification to be made under section 199G; and
 - b) any other matter which is to be, or may be, prescribed, or in respect of which provision is to be made, by rules.

Power to make rules – Section 199R

- 3) Every rule made under this Scheme shall be laid, as soon as may be after it is made before each House of Parliament while it is in session for a total period of thirty days which may be comprised in one session or in two or more successive sessions and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

Pradhan Mantri Garib Kalyan Yojana Rules, 2016

Definitions – Rule 2

- 1) In these rules unless the context otherwise requires,-
 - a) “Act” means the finance Act, 2016;
 - b) “Form” means a form appended to these rules;
- 2) The words and expressions used and not defined in these rules but defined in the Act, or the Income-Tax Act, 1961 or the rules made thereunder, shall have the meanings respectively assigned to them in those Acts and rules.

Declaration of income or income in the form of cash or deposit in an account – Rule 3

- 1) A declaration of income in the form of cash or deposit in an account maintained with a specified entity, under sub-section (1) of section 199C shall be made in Form-1.
- 2) The declaration shall be furnished to the Principal Commissioner or the Commissioner, as the case may be, notified under sub-section (1) of section 199G,-
 - a) electronically under digital signature; or
 - b) through transmission of data electronically under electronic verification code; or
 - c) in print form.

Declaration of income or income in the form of cash or deposit in an account – Rule 3

Contd...

- 3) If any person, having furnished a declaration under sub-rule (2), discovers any omission or any wrong statement therein, he may furnish a revised declaration on or before the date notified for filing declaration under sub-section (1) of section 199C.
- 4) The Principal Commissioner or the Commissioner, as the case may be, shall issue a certificate in Form-2 to the declarant within thirty days from the end of the month in which a valid declaration under sub-section (1) of section 199C has been furnished.

Declaration of income or income in the form of cash or deposit in an account – Rule 3

Contd...

- 5) The Principal Director-General of Income-tax (Systems) or Director-General of Income-tax (Systems) shall specify the procedures, formats and standards for ensuring secure capture and transmission of data and shall also be responsible for evolving and implementing appropriate security, archival and retrieval policies in relation to furnishing the form in the manner specified in sub-rule (2) or sub-rule (3).

Explanation.—For the purposes of this rule “electronic verification code” means a code generated for the purpose of electronic verification of the person furnishing the return of income as per the data structure and standards specified by Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems).

Forms under Pradhan Mantri Garib Kalyan Yojana

- ❑ **Form 1 (Form of Declaration u/s 199C)**
- ❑ **Form 2 (Certificate of Declaration u/s 199C issued by the Principal CIT or CIT)**

Form 1

Form of Declaration u/s 199C

Form 1
[See rule 3 (1)]

FORM OF DECLARATION UNDER SECTION 199C OF THE FINANCE ACT, 2016, IN RESPECT OF THE
TAXATION AND INVESTMENT REGIME FOR PRADHAN MANTRI GARIB KALYAN YOJANA RULES, 2016

To,

The Principal Commissioner/Commissioner

.....

Madam/ Sir,

I hereby make a declaration under section 199C of the Finance Act, 2016. I give below the necessary particulars:-

1. Name of the declarant
2. Address: Office.....
..... Telephone No
- Residence.....
.....
- Mobile No. Telephone No..... E-mail.....
3. Permanent Account Number (PAN)
(In case PAN is not held, please apply for PAN and quote the date of application and acknowledgment number)

4. Aadhaar Number issued by UIDAI
(if available)

5. Status of the declarant

(a) Whether individual, HUF, firm, company etc.

(b) Whether Resident/Non-Resident/Not ordinarily resident

6. Filing status

(a) Whether the declaration is original or revised

(b) If revised-

(i) Enter receipt No. and Date of filing original Form-1 (DD/MM/YYYY)

	/	/
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(ii) Reasons for revised declaration (not exceeding 100 words)"

7. (a) Total amount of undisclosed income declared

(b) Out of (a) above:-

(i) Amount held in cash Rs.....

(ii) Details of amount deposited in a bank account/post office account etc.

Sl. No.	Account number	Name of Bank/ Post office etc.	Branch name	IFSC code/ any other identity code	Amount (in Rs.)
Total					

8. Tax payable thereon [@ 30% of item 7(a)] Rs.....
9. Surcharge payable thereon (@ 33% of item 8) Rs.....
10. Penalty payable thereon [@10% of item 7(a)] Rs.....
11. Total of tax, surcharge and penalty payable (8+9+10) Rs.....
12. Details of amount paid on or before the date of declaration Rs.....
(Attach proof of payment and provide details below)

Sl.	BSR Code of Bank	Date of Deposit (DD/MM/YYYY)	Serial Number of Challan	Amount (Rs)
(1)	(2)	(3)	(4)	(5)

13. Details of amount deposited in *Pradhan Mantri Garib Kalyan Deposit Scheme, 2016*
(Attach proof of deposit and provide details below)
- (i) Amount deposited
[Minimum deposit amount is 25% of item 7(a)] Rs.....
- (ii) Date of deposit
- (iii) Acknowledgement/ deposit reference number
- (iv) Name and details of branch of the entity in which
deposit is made

VERIFICATION

Contd...

I son/daughter/wife of Shri.....
(Full name in block letters) (Name of father/husband)

hereby solemnly declare that-

- (a) the information given in this declaration is correct and complete to the best of my knowledge and belief;
- (b) the provisions of clause (a) of section 199-O of the Finance Act, 2016 in respect of Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974 are not applicable to me;
- (c) the provision clause (b) of section 199-O of the Finance Act, 2016 in respect of Indian Penal Code, the Narcotic Drugs and Psychotropic Substances Act, 1985, the Unlawful Activities (Prevention) Act, 1967, the Prevention of Corruption Act, 1988, Prohibition of *Benami* Property Transactions Act, 1988 and the Prevention of Money Laundering Act, 2002 are not applicable to me;
- (d) I am not notified under section 3 of the Special Court (Trial of Offences Relating to Transactions in Securities) Act, 1992;
- (e) the income declared is not chargeable to tax under the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015;

I further declare that I am making this declaration in my capacity as.....
(Designation)

and that I am competent to make this declaration and verify it.

.....
(Signature)

Place.....

Date.....

Form 2

**Certificate of declaration u/s 199C issued
by the Principal CIT or CIT**

Form 2
[See rule 3 (4)]

CERTIFICATE OF DECLARATION UNDER SECTION 199C OF THE FINANCE ACT, 2016, IN RESPECT OF THE
TAXATION AND INVESTMENT REGIME FOR PRADHAN MANTRI GARIB KALYAN YOJANA RULES, 2016

Office of the Principal Commissioner/Commissioner of Income-tax,

.....

.....

This is to acknowledge that a declaration under section 199C of the Finance Act, 2016 has been accepted in respect of the following:

- 1) Name and address of the declarant:
-
-
-
- 2) Son/Daughter/Wife of
- 3) PAN
- 4) Receipt No. and date of filing the Declaration:

5) Details of declaration as per Form-1

(a) Total amount of undisclosed income declared Rs.....

(b) Out of (a) above

(i) Amount held in cash Rs.....

(ii) Details of amount deposited in a bank account/post office account etc.

Sl. No.	Account number	Name of Bank/ Post office etc.	Branch name	IFSC code/ any other identity code	Amount (in Rs.)
Total					

(c) Tax, surcharge and penalty paid on the undisclosed income declared Rs.....

(d) Details of amount deposited in *Pradhan Mantri Garib Kalyan Deposit Scheme, 2016*

Rs.....

(i) Amount deposited

(ii) Date of deposit

(iii) Acknowledgement/ deposit reference number

(iv) Name and details of branch of the entity in which deposit is made

Date:

.....
(Pr. Commissioner/Commissioner of Income-tax)

Pradhan Mantri Garib Kalyan Deposit Scheme, 2016

Commencement and application

- The Scheme “Pradhan Mantri Garib Kalyan Deposit Scheme, 2016” shall come into force from the 17th day of December, 2016 and shall be valid till 31st day of March, 2017.
- The deposit under this Scheme shall be made by any person who intends to declare undisclosed income under sub-section (1) of section 199C of the Taxation and Investment Regime for Pradhan Mantri Garib Kalyan Yojana, 2016.

From Of The Deposits

- (1) The deposits shall be held at the credit of the declarant in Bonds Ledger Account maintained with Reserve Bank of India.
- (2) A certificate of holding the deposit shall be issued to declarant in **Form I**.
- (3) The Reserve Bank of India shall transfer the deposit received under this Scheme into the designated Reserve Fund in the Public account of the Government of India.

Subscription and Mode of investment in the Bonds Ledger Account

- (1) The deposits shall be accepted at all the authorised banks notified by Government of India.
- (2) The deposits shall be made in multiples of rupees one hundred.
- (3) The deposit under sub-section (1) of section 199F by a declarant shall not be less than twenty-five per cent. of the undisclosed income to be declared under sub-section (1) of section 199C of the Act.
- (4) The entire deposit to be made under sub-section (1) of section 199F under this Scheme shall be made, in a single payment, before filing declaration under sub-section (1) of section 199C.
- (5) The deposit shall be made in the form of cash or draft or cheque or by electronic transfer and shall be drawn in favour of the authorised bank accepting such deposit.

Effective Date Of Deposits

- ❑ The effective date of opening of the Bonds Ledger Account shall be the date of tender of cash or the date of realisation of draft or cheque or transfer through electronic transfer.

Applications For Deposits

- 1) An application for the deposit under this Scheme shall be made in **Form II** clearly indicating the amount, full name, Permanent Account Number (hereinafter referred to as “PAN”), Bank Account details (for receiving redemption proceeds), and address of the declarant:

Provided that if the declarant does not hold a PAN, he shall apply for a PAN and provide the details of such PAN application along with acknowledgement number.

- 2) The application shall be accompanied by an amount which shall not be less than twenty-five per cent. of the undisclosed income to be declared in the form of cash or draft or cheque or through electronic transfer.

Authorised Banks

- 1) Application for the deposit in the form of Bonds Ledger Account shall be received by any banking company to which the Banking Regulation Act, 1949 applies.
- 2) The authorised bank shall electronically furnish the details of deposit made in Form V to the Department of Revenue, Ministry of Finance, Government of India not later than next working day to enable the Department to verify the information of the deposit before accepting the declaration.
- 3) The authorised bank shall upload the details of deposit into Reserve Bank of India's core banking solution 'e-kuber'.
- 4) The Reserve Bank of India and authorised bank shall maintain the confidentiality of the data received in this regard.

Nomination

- 1) A sole holder or a sole surviving holder of a Bonds Ledger Account, being an individual, may nominate in **Form III**, one or more persons who shall be entitled to the Bonds Ledger Account and the payment thereon in the event of his death.
- 2) Where any amount is payable to two or more nominees and either or any of them dies before such payment becomes due, the title to the Bonds Ledger Account shall vest in the surviving nominee or nominees and the amount being due thereon shall be paid accordingly. In the event of the nominee or nominees predeceasing the holder, the holder may make a fresh nomination.
- 3) A nomination made by a holder of Bonds Ledger Account may be varied by a fresh nomination, or may be cancelled by giving notice in writing to the Authorised Bank in **Form IV**.

Nomination

- 4) Every nomination and every cancellation or variation shall be registered at the Reserve Bank of India through the authorised bank and shall be effective from the date of such registration.
- 5) If the nominee is a minor, the holder of Bonds Ledger Account may appoint any person to receive the Bonds Ledger Account or the amount due in the event of his death.

Transferability, Interest, Tradability against bonds & Repayment

- ❑ The transferability of the Bonds Ledger Account shall be limited to nominee or to the legal heir of an individual holder, in the event of his death.
- ❑ The deposit under sub-section (1) of section 199F shall not bear any interest.
- ❑ The Bonds Ledger Account shall not be tradable.
- ❑ The Bonds Ledger Account shall be repayable on the expiration of four years from the date of deposit and redemption of such Bonds Ledger Account before its maturity date shall not be allowed.

Forms under Pradhan Mantri Garib Kalyan Deposit Scheme

- ❑ **Form I (Certificate of holding the Deposit)**
- ❑ **Form II (Application Form for Pradhan Mantri Garib Kalyan Deposit Scheme)**
- ❑ **Form III (Nomination Form)**
- ❑ **Form IV (Cancellation of Nomination)**
- ❑ **Form V (Reporting by authorized bank to the Department of Revenue for the deposit made by declarant under the scheme)**

Form I

Certificate of holding the Deposit

Form I

[See paragraph 3(2)]

GOVERNMENT OF INDIA

Certificate of Holding

PRADHAN MANTRI GARIB KALYAN DEPOSIT SCHEME, 2016

Certified that (Name of Subscriber) (Investor ID) is the holder of Bond Ledger Account with Reserve bank of India as per details given below.

Certificate ID.	Amount	Deposit Date	Maturity date	Nominee

Repayment Account details:

Account no:

IFSC:

Account name:

This is issued subject to the terms and conditions laid down in the Govt of India Notification No dated

Computer generated - does not require a signature.

Form II

Application Form for Pradhan Mantri Garib Kalyan Deposit Scheme

FORM II

[See paragraph 6(1)]

APPLICATION FORM FOR PRADHAN MANTRI GARIB KALYAN DEPOSIT SCHEME, 2016

Application No. _____

Bank: Branch:

Applicant(s) name(s) [in block letters]

Name	Date of Birth (DD/MM/YYYY)	Gender	PAN

Communication address of the applicant:

	City:	State:	Pin Code:
Telephones No.	Email:	Mobile No.	

Amount of Deposit: ₹.....(Rupees only)

Mode of subscription: [] Cash [] Cheque or DD [] Electronic Transfer

Cheque/DD No..... dated/...../..... drawn on (Bank/branch)

..... for (Amount) ₹ (Rupees.....

..... only)

Bank Details (for Redemption payment): Bank name.....

Branch.....

Account Number																
IFSC																

Particulars of Nominee

Sr. No.	Full name and address of nominee	Date of birth	Relationship with the holder of Bonds Ledger Account

Note: Additional information may be provided in the respective form available with the bank/branch.

I have read and understood the details of the scheme and the other information provided for declarants including rights and duties.

Signature/Thumb Impression (Applicant)

DATE: _____

Place: _____

Witnesses: (Only in case of thumb impression the same has to be attested by two witnesses)

Name of 1st Witness..... Name of 2nd Witness.....

Address.....

Address.....

Signature.....

Signature.....

Acknowledgement Receipt for declarant

Application No.

Date/...../.....

Received from Mr/Mrs/Ms Cash/ Demand Draft/Cheque No./Electronic Transfer/ dated/...../..... drawn on (Bank and branch) for ₹ (Rupees..... only) for the acceptance of deposits under Pradhan Mantri Garib Kalyan Deposit Scheme, 2016 for a period of four years of the nominal value of ₹..... (Rupees.....only).

Date, Bank stamp and signature of the authorised official of the bank.

A horizontal bar at the top of the slide, divided into a red section on the left and a teal section on the right.

Form III

Nomination

Form III*[See paragraph 8(1)]***NOMINATION**

I (Name and address), the holder of Bonds Ledger Account No for the deposit under *Pradhan Mantri Garib Kalyan* Deposit Scheme, 2016, hereby nominate the following person who shall on my death have the right to the Bonds Ledger Account (number) and receive payment of the amount for the time being due on the Bonds Ledger Account specified below:

PARTICULARS OF THE NOMINEE:

Date of issue	Amount Rs.	Date of repayment	Full name with expanded initials and address of nominee	Date of birth in case of minor	Relationship with the holder of Bonds Ledger Account	Particulars of bank account

To be filled in case if nominee is minor: As, the sole nominee above is a minor on this date, I appoint Shri/Smt./Kum..... to receive the amount for the time being due to the above Bonds Ledger Account in the event of my death during the minority of the said nominee

If the nomination is in substitution of the one already made: This nomination is in substitution of the nomination dated made by me/us and registered on your books at which shall stand cancelled on registration of this nomination.

(Signature of the Bonds Ledger Account Holder)

Place: _____

Date: _____

Signature with name and address of witnesses:

1.....

2.....

Acknowledgment

We acknowledge having registered the nomination in favour of (Name of nominees) for the Bonds Ledger Account No. for the loan and the nomination registration no. is Please quote the above nomination registration no. in all communication pertaining to change or cancellation of nomination.

Date:

Authorised Official

Form IV

Cancellation of Nomination

Form IV
[See paragraph 8(3)]

CANCELLATION OF NOMINATION

I (name and address) do hereby cancel the nomination dated made by me in respect of the following Bonds Ledger Account No.....and registered by the Reserve Bank of India on(date) vide registration no.

Particulars of the Bonds Ledger Account

Date of Issue	Nomenclature of the deposit	Bonds Ledger Account	Amount (Rs.)

Place: _____

(Signature of the Bonds Ledger Account holder)

Date: _____

Signature with name and address of witnesses:

1.....

2.....

Acknowledgment

We acknowledge having cancelled the nomination in favour of (Name of nominees) for the Bonds Ledger Account No. for the Deposit noted *vide* our nomination registration no. dated

Date:

Authorised Official

Form V

Reporting by authorized bank to the Department of Revenue for the deposit made by declarant under the scheme

Form V
[See paragraph 7(2)]

FORM FOR REPORTING UNDER *PRADHAN MANTRI GARIB KALYAN* DEPOSIT SCHEME, 2016.

1. Name of the reporting Bank

2. IFSC Code of Branch

3. Details of deposit made under *Pradhan Mantri Garib Kalyan* Deposit Scheme, 2016:

S.No.	Name and Address of the depositor	PAN/ PAN application reference number (in case applied for PAN)	Amount deposited (in Rs.)	Date of deposit	Acknowledgement or Deposit reference number

Explanatory notes by CBDT

- ❑ **Circular No.43 of 2016 dated 27th Dec, 2016**

Form of Declaration

- ❑ A declaration under the Scheme in **Form-1** as prescribed in the Rules may be made at any time on or before 31.03.2017. After such declaration has been furnished, the notified Principal CIT/ CIT will issue an acknowledgment in **Form-2** to the declarant within 30 days from the end of the month in which the declaration under Form-1 is made.

Filing of declaration

- ❑ A declaration under the Scheme can be filed:
 - a) Electronically under digital signature with CIT(CPC) Bengaluru or jurisdictional Principal CIT/CIT notified under section 120 of the Income-tax Act, 1961.
 - b) Electronically through Electronic Verification Code (EVC) or in print form with jurisdictional Principal CIT /CIT notified under section 120 of the Income-tax Act, 1961.

Declaration Not Eligible in Certain Cases

- ❑ The provisions of this Scheme shall not apply—
 - a) in relation to any person in respect of whom an order of detention has been made under the Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974 subject to the conditions specified under the Scheme.
 - b) in relation to prosecution for any offence punishable under Chapter IX or Chapter XVII of the Indian Penal Code, the Narcotic Drugs and Psychotropic Substances Act, 1985, the Unlawful Activities (Prevention) Act, 1967, the Prevention of Corruption Act, 1988, the Prohibition of Benami Property Transactions Act, 1988 and the Prevention of Money-Laundering Act, 2002;

Declaration Not Eligible in Certain Cases

- c) to any person notified under section 3 of the Special Court (Trial of Offences Relating to Transactions in Securities) Act, 1992;
- d) in relation to any undisclosed foreign income and asset which is chargeable to tax under the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015.

Effect of Valid Declaration

- ❑ Where a valid declaration as detailed above has been made, the following consequences will follow:
 - a) The amount of undisclosed income declared shall not be included in the total income of the declarant under the Income-tax Act for any assessment year;
 - b) A declarant under this Scheme shall not be entitled, in respect of undisclosed income or any amount of tax and surcharge paid thereon, to re-open any assessment or reassessment made under the Income-tax Act or the Wealth-tax Act, 1957, or to claim any set-off or relief in any appeal, reference or other proceeding in relation to any such assessment or reassessment.

Effect of Valid Declaration

- c) **The contents of the declaration shall not be admissible in evidence against the declarant for the purpose of any proceeding under any Act, other than the Acts referred in section 199O (scheme not to apply to certain persons)cases where scheme shall not be applicable.**

Clarifications by CBDT

- ❑ **Circular No.2 of 2017 dated 18th Jan, 2017**

Clarification by CBDT....

Whether the amounts deposited in an account maintained with a bank or post office like Saving account, Current Account, Recurring Deposit Account, Fixed Deposit Account, PPF Account, Senior Citizen Saving Scheme Account, Monthly Income Scheme Account, Jan Dhan Yojana Account are eligible for being declared in the Scheme?

- As per section 199C(1) of the Scheme, a person can make declaration in respect of any income in the form of deposit in an account maintained by the person with a specified entity and as per Explanation to section 199C(2) the banks and post offices come under the definition of specified entity. Hence, the undisclosed income deposited in the accounts specified above can be declared under the Scheme.

Whether declaration under the Scheme can be made in respect of income which is represented in the form of investment in any asset like jewellery, stock or immovable property?

- No. Under the Scheme, only income represented in the form of cash or deposit in an account maintained with specified entity can be declared. The Scheme is hence not available for declaration of an income which is represented in the form of assets like jewellery, stock or immovable property.

In case a deposit is made by interbank transfer i.e. transfers from one account to another account, whether such deposit can be declared under the Scheme?

- Yes, a declaration under the Scheme can be filed in respect of deposits made in an account maintained with a specified entity by any mode such as cash, cheque, RTGS, NEFT, or any electronic transfer system.

Where a notice under section 142(1)/ 143(2)/ 148/ 153A/ 153C of the Income-tax Act has been issued to a person for an assessment year, will such person be eligible for making a declaration under the Scheme?

- Yes, such person is eligible to avail the Scheme subject to fulfilment of conditions specified in the Scheme.

Can a person against whom a search/ survey operation has been initiated, file declaration under the Scheme and whether the cash seized during search operation can be declared under the Scheme?

- Yes, a person against whom a search/survey operation has been initiated is eligible to file declaration under the Scheme in respect of undisclosed income represented in the form of cash or deposit in an account maintained with specified entity.

Whether credit of advance tax paid, tax deducted at source (TDS), tax collected at source (TCS), in respect of an income declared under the Scheme would be available?

- No credit for advance tax paid, TDS or TCS shall be allowed under the Scheme.

Whether undisclosed income represented in the form of deposits in foreign bank account is eligible for the Scheme?

- Clause (d) of section 199-O of the Scheme provides that the Scheme shall not apply in relation to any undisclosed foreign income and asset which is chargeable to tax under the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015. Hence, undisclosed income represented in the form of deposits in foreign bank account is not eligible for the Scheme.

Can a person come under the Scheme with respect to deposit made in a bank account prior to the Financial Year 2016-17?

- A person can avail the Scheme for any assessment year commencing on or before the 1st day of April, 2017. Hence, deposits made in bank account prior to financial year 2016-17 can also be declared under the Scheme.

Clarification by CBDT....

If a person does not declare undisclosed cash deposited in an account between 01.04.2016 to 15.12.2016 under the Scheme, then whether such undisclosed deposit shall attract tax at the rate provided in the Taxation Laws (Second Amendment) Act, 2016?

- ❑ The amended provisions of section 115BBE of the Income-tax Act, 1961 shall apply to A.Y.2017-18, relating to F.Y. 2016-17. Hence, undisclosed deposits between 01.04.2016 to 15.12.2016 shall also attract tax at the rate provided in the Taxation Laws (Second Amendment) Act, 2016.

Whether undisclosed income deposited/repaid in an Overdraft Account or Cash Credit Account or any loan account maintained with a bank is eligible for being declared under the Scheme?

- ❑ Yes, the amount deposited or repaid against an overdraft account/cash credit account/any loan account maintained with a bank or any specified entity is eligible for being declared under the Scheme.

Whether the cash seized during a search and seizure action of the Department and deposited in Public Deposit Account is allowed to be adjusted against the payments required to be made under the Scheme?

- The adjustment of cash seized by the Department and deposited in the Public Deposit Account may be allowed to be adjusted for making payment of tax, surcharge and penalty under the Scheme on the request of the person from whom the cash is seized. However, the said amount shall not be allowed to be adjusted for making deposits under the Pradhan Mantri Garib Kalyan Deposit Scheme.

Person 'A' made an advance in cash for procurement of goods (other than immovable property) or services to person 'B'. Person 'B' deposits this amount in his bank account. Person 'B' subsequently returns this amount to person 'A' in cash or through digital means as the purpose for which advance was made did not materialise. Can person 'A' declare this amount under the Scheme? Whether penalty under section 271D or 271E shall be attracted in the case of person 'B'?

- Yes, person 'A' is eligible to declare the said amount under the Scheme. Since the advance was made for procurement of goods (other than immovable property) or services, no penalty under section 271D or 271E of the Act shall be attracted in respect of the said transactions.

Non declaration of undisclosed cash or deposit in accounts under the Scheme

- ❑ Non declaration of undisclosed cash or deposit in accounts under the Scheme will render such undisclosed income liable to tax u/s 115BBE (leviable on income u/s 68, 69, 69A, 69B, 69C or 69D).
- ❑ Tax payable u/s 115BBE increased from 30% to 60%. Surcharge on income taxable u/s 115BBE is also leviable @ 25% of tax payable. Effective tax rate for income assessable u/s 68, 69, 69A, 69B, 69C or 69D comes to 75% plus cess totaling to **77.25% of such income**. (*Amended by "The Taxation Laws (Second Amendment) Act, 2016"*)
- ❑ Further, penalty @ 10% of tax payable u/s 115BBE could be levied under new section 271AAC. No penalty would be leviable if income is declared in return of income & tax is paid before the end of previous year.

Brief Discussion....

Sl. No.	Question	Answer
1.	The Scheme has commenced on	17th December, 2016
2.	The declaration under this Scheme may be made on or before	31st March, 2017
3.	Period covered under scheme for which declaration can be made	For any A.Y. commencing on or before the 1st day of April, 2017 (Upto to F.Y. 2016-17)

Brief Discussion....

Sl. No.	Question	Answer
4.	Which type of Undisclosed Income can be declared under the scheme?	Only income represented in the form of cash or deposit in an account maintained with specified entity can be declared. (i.e. declaration of an income can not be made under the scheme, for assets like jewellery, stock or immovable property)
5.	Which type of persons covered under the scheme ?	Any person can declare undisclosed income in Form 1 under the scheme, even if notice u/s 142(1)/143(2)/148/153A/153C of the IT Act has been issued to a person.

Brief Discussion....

Sl. No.	Question	Answer
6.	Persons not covered under the scheme ?	The Scheme specifically excludes a list of persons under Section 199O who can not declare undisclosed income under this scheme.
7.	Chargeability of Tax, Surcharge & Penalty on income disclosed under the scheme ?	On the declared undisclosed income, tax at 30% of income, surcharge at 33% of tax, penalty at 10% of income is payable by such person, totaling to 49.9% of the income declared.

Brief Discussion....

Sl. No.	Question	Answer
8.	Amount to be deposited in the Deposit Scheme,2016?	In addition to 49.9% tax liability, at least 25% of the declared income has to be mandatorily deposited in the Deposit Scheme before filing of declaration, for lock-in period of four years without any interest.
9.	Consequences, if scheme is not availed to declare undisclosed income?	Such person shall be liable to pay tax, surcharge & cess totaling to 77.25% of the income (i.e. Section 115BBE of the Act). In addition, penalty at 10% of tax shall be levied, followed by prosecution.

Brief Discussion....

Sl. No.	Question	Answer
10.	Whether any Amount paid under the Scheme shall be refundable.	No, amount paid under the scheme will not be refundable.
11.	Whether credit of advance tax paid, TDS, TCS, in respect of an income declared under the Scheme would be available?	No credit for advance tax paid, TDS or TCS shall be allowed under the Scheme
12.	When taxes, surcharge and penalty under the scheme has to be paid?	The taxes, surcharge and penalty need to be paid before filing the declaration in Form-1 under the scheme, and proof of payment has to accompany the declaration.

Brief Discussion....

Sl. No.	Question	Answer
13.	Whether Income declared under the scheme will be included in total income of the declarant?	The amount of undisclosed income declared under this scheme shall not be included in the total income of the declarant under the Income tax Act, 1961 for any assessment year.
14.	Whether declaration under the scheme can be used as evidence for any other Act?	The declarations made under the scheme shall not be admissible as evidence under any Act (e.g., Companies Act, Wealth-tax Act, Central Excise Act, etc.)

THANK YOU..!!

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