

Black money: Income Tax dept may get to re-open returns beyond 6 years

Government may grant the Income Tax department powers to re-open tax returns of beyond six years in specific cases of black money where "foreign assets" are involved.

The I-T department needs these powers to pursue the ongoing cases where funds were found to be stashed abroad and these came to light after India received a classified list of bank account holders which include those in HSBC bank Geneva and LGT Bank of Liechtenstein.

The department, according to current rules, can only open I-T returns for the past six years if they need to probe hidden income and assets.

The recommendation on extending the period was also made by the committee on black money headed by the Chairman of the Central Board of Direct Taxes (CBDT). Finance Minister Pranab Mukherjee is expected to take into account this issue before he presents his Budget next month.

"This specific clause is being seriously thought. Numerous instances in the department's on-going probe in black money cases warrant such a clause as unreported investments date back to many years. The I-T investigations have also asked for such a clause in the I-T Act," a senior Finance Ministry official said.

The clause, however, is needed in cases where foreign assets are traced as in these cases we need to prepare a tight case before we approach a foreign country for help under the Double Taxation Avoidance Agreement (DTAA) or other relevant treaty, the official said.

The official said the time frame that I-T authorities want to go back is about 12 years but the limit can only be decided by the Finance Ministry and Mukherjee's office after consulting all stakeholders.

While Germany had last year provided the names of some Indians having secret accounts in Liechtenstein's LGT Bank, many other such classified data is now with India.

Officials of the probe wings of the I-T department have carried out a number of searches and visits in the last four months on various entities based in Delhi, Mumbai, Ahmedabad and few other cities of people who have admitted to holding accounts and stashing funds in the foreign bank after their names figured in the classified lists.

In cases where the individuals have denied holding secret foreign bank accounts, the department has already decided to re-open their past tax returns.

(PTI)