

CBDT identifies 20.4 million non-filers, asks I-T dept to take action

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The Central Board of Direct Taxes (CBDT) has directed the Income-Tax Department to initiate penalty proceedings by June 30 against non-filers and ‘drop filers’ of tax returns. According to the non-filer monitoring system (NMS) of the I-T department, data for 20.4 million non-filers has been obtained between 2013 and 2017, of which 2.5 million are those who are inconsistent — popularly known as ‘dropped filers’.

“We are issuing notices in all the non-filer/dropped filer cases across the country, and proceedings shall be initiated accordingly in the relevant cases,” said an assessing officer. Typically, the penalty for non-filing is pursued under Section 271F of the Income Tax Act, and that for late filing under Section 234. If an assessee files returns after the due date of August 31 but before December 31, it will attract a penalty of Rs 5,000. For those who file returns after December 31, the penalty rises to Rs 10,000. However, there is an exemption for small taxpayers — if the total income does not exceed Rs 5 lakh per annum, the maximum penalty will be Rs 1,000.

The tax department has initiated action based on the NMS database, which has identified such non-filers and dropped filers. The said data has been shared with assessing officers. This information may be acted upon as efficiently as possible to widen the tax base, said the officer cited above. The NMS data shows a sharp increase in non-filers since 2013. In 2014, the number of non-filers was 1.22 million, which surged to 6.75 million in 2015. The number of dropped filers in FY18 stood at 2.52 million, down from 2.83 million in FY17.

“If the existing database is acted upon, coupled with optimum tax administration, and if legislative impetus — such as periodical review of provisions related to exemption, deductions, tax incentives, tax collection from the third parties, and taxing new areas such as digital economy — is provided, there will be considerable increase in the tax base,” said a senior tax official. An assessing officer can initiate proceedings for prosecution from three months to two years, along with a fine. The period could be extended if the taxable income exceeds Rs 25 lakh.

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