

## **Cash economy on income tax radar**

Those conducting their businesses predominantly in cash and evading income tax have reasons to worry.

Under pressure to enhance tax realisation amid apprehensions of sluggish industrial growth, the Central Board of Direct Taxes has decided to target the cash economy in a big way to boost the income tax mop-up this year. A senior finance ministry official told Business Standard the income tax department had asked its officials through the country to collect information on the income, expenditure and investments of those dealing in cash.

He said a large chunk of this segment, from small traders to bullion and jewellery merchants, either paid no tax or under-reported their income massively. "The idea is to bring all cash-based business activities within the tax ambit and improve the compliance level for enhancing revenue realisation," he said.

The department is devising ways through which large cash transactions could be brought under the reporting norms, said the official. For the time being, information received through Annual Information Returns (AIR) on high-value transactions, enhanced reporting to the Financial Intelligence Unit and estimation of income based on information gathered from different sources would be utilised for raising tax demands.

Finance Minister Pranab Mukherjee indicated in Parliament last week the government was trying to maintain tax buoyancy by enhancing and strengthening the collection machinery and by bringing more people within the tax net through surveys and other information.

The department is also focusing on the tax deducted at source payments, which contribute nearly 37 per cent to the direct tax kitty, for additional collection. It wants the percentage to reach 40.

(Economic Times)