

Commodity, bullion trade to come under the I-T radar

A tardy progress in tax collection has triggered this reform. The government has decided to bring mining along with bullion and commodity trade on the income tax radar in the current financial year so as to promptly detect tax evasion and garner additional revenue.

The Income Tax department has chalked out a multi-pronged strategy to counter the impact of slowdown in growth across sectors, noticing that 2011-12 has failed to paint a rosy picture on direct tax collection so far this year.

A senior official with the Central Board of Direct Taxes (CBDT) said on Thursday that the authorities, as part of the plan, were taking steps to identify potential areas for detecting major tax evasion, act speedily and effectively on the arrear recovery front and verify high-value transaction to identify tax avoidance.

So discouraging has been the direct tax collection performance in the first half of this fiscal that it has made tough the achievement of even the budget estimate of 5.33 lakh crore for 2011-12. "We (CBDT) now expect that these steps will help us meeting the target envisaging a 19.5 per cent growth over previous year's collection of Rs 4.46 lakh crore," the official told Business Standard.

Net direct tax collection for the first half of 2011-12 was up by only seven per cent — to Rs 194,812 crore — after a refund of over Rs 62,000 crore.

"The scams associated with mining in Karnataka and Goa clearly indicate that the potential of detecting tax evasion in the mining cases is huge," the official noted. "Commodity and bullion have also emerged as potential areas in this regard. Realty has always been an area under continued scrutiny."

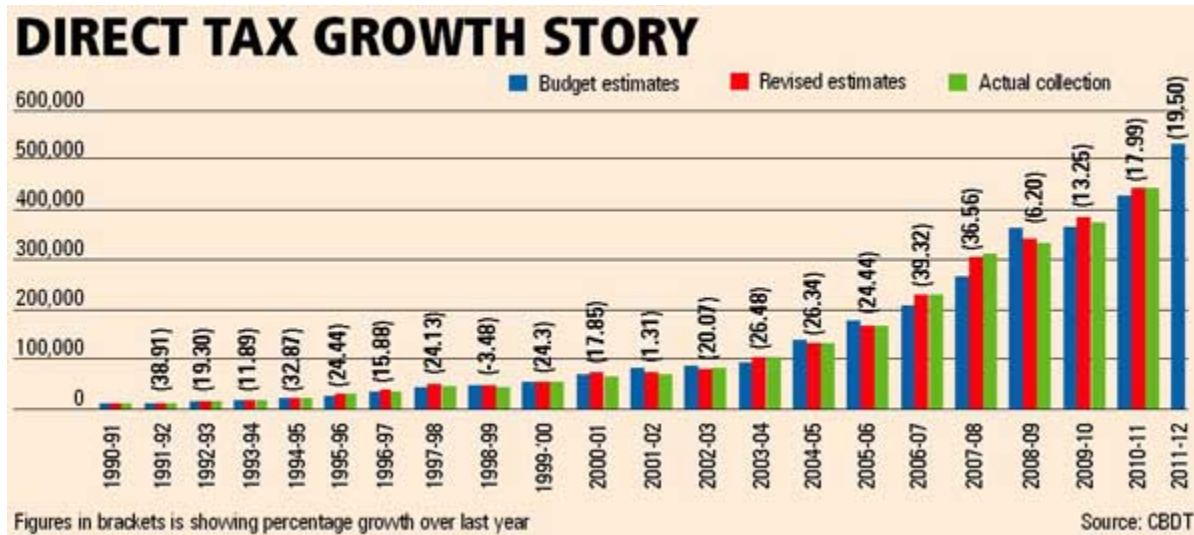
Along with the news steps, the I-T department has initiated a comprehensive exercise of detecting possible tax avoidance and underpayments from the high-value transaction data uploaded in its system. "The idea is to make full use of the available data and compare it with the returns filed by the assesseees to identify gaps and collect additional revenue this year," he pointed out.

The CBDT official said the Central Information Branch (CIB) across the country has been given the powers of verification and intelligence gathering on the high-value transaction information available with the department.

"We now have a robust database of information on transaction of every assessee. The department is equipped with improved 360 degree profiling for anti-evasion action," he informed.

The I-T department has received 6,462 annual information returns on high-value transactions in 2010-11. These contain 43.83 lakh transactions with a total value of Rs 15,328,045 crore. Further, the CIB uploaded 14.57 crore pieces of information about high-value transactions in 2010-11, as compared to 4.45 crore in 2009-10.

As for arrear recovery, the work has gained pace with the CBDT setting up a committee to strengthen steps to swiftly collect demand due in various cases.



The department is also dwelling on the use of third parties for recovery of tax arrears. This is considering that the recovery of older demands has got hampered due to lack of information on assets of the assessee.

As on March 31, 2010, the total income tax arrear demand outstanding stood at Rs 229,032 crore. Out of this, demand worth Rs 9,476 has become difficult to recover because the assesses have turned out to be untraceable. Besides, Rs 92,360 crore stand as arrear demands held up in 'no assets cases'.

(Business Standard)