

## **Government may make declaring of overseas assets details mandatory by taxpayers**

The government may make it mandatory for all taxpayers to provide details of their overseas assets, including bank accounts, while filing their annual tax returns, as the drive against tax evasion gains momentum.

The proposed Direct Tax Code, or DTC, has a provision that seeks to cast an obligation on taxpayers to furnish full details of foreign assets.

The government is now considering a proposal to amend the Income Tax Act to incorporate this provision as the DTC may not come into effect from April 1 2012, as originally planned, an official with knowledge of the matter said.

The official, who declined to be named, said tax authorities are seeking legislative changes to ensure taxpayers declare foreign assets.

Once this is made mandatory, taxpayers will have to come clean on their offshore accounts, as wilful non-compliance would lead to prosecution, the official said.

The move comes in the wake of a determined attempt by India to extract details of overseas accounts of Indians.

India's income-tax laws do not specify that locals have to disclose their foreign assets or income. But there are provisions in the law that state global income of an Indian citizen is taxable in India. Failure to report this is a punishable offence.

However, officials concede that detection of unreported offshore bank accounts or assets and prosecution of the taxpayer are not easy.

The government now thinks it will soon be able to generate more information about global financial activities of Indians than in the past, thanks to tax treaties and agreements it has signed with countries and regions dubbed as tax havens earlier.

By making it mandatory to declare details of overseas assets in the income-tax returns, they reckon that the Income-Tax Department would be able to match the information provided in the returns with data that the government hopes to generate globally.

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