IDS-II gets cold response

With the Pradhan Mantri Garib Kalyan Yojana (PMGKY), also known as the Income Declaration Scheme (IDS)-II, coming to an end on March 31, disclosures under the scheme had not even crossed Rs 6,000 crore, said sources in the income tax (I-T) department.

While an official target has not been announced, the government is believed to have asked the tax department to collect at least double of the previous scheme, the Income Declaration Scheme, 2016, or IDS-I, which had mopped up Rs 55,000 crore.

With just four days to go, the I-T department has gone into overdrive to snag more tax evaders escaping the dragnet.

Tax officials are conducting 20-plus surveys every day to have tax evaders fall in line. In the past week alone, over 2,000 surveys and searches were conducted and around 10,000 notices were served to depositors, sources added.

Sources said tax officials were asked to call all those persons who had deposited Rs 10 lakh and above during the demonetisation of old currency of Rs 500 and Rs 1,000 denominations. On March 16, the Central Board of Direct Taxes (CBDT), upset with the poor response, had called an emergency meeting and asked I-T officials to intensify the search and survey operations.

Sources in the tax department said that responses from southern states and small circles had been better than in the metros. Mumbai, which contributes 33 per cent of the direct collection, saw a disclosure of only Rs 200 crore under the PMGKY. The Maharashtra region has, so far, collected Rs 500 crore under the scheme.

At present, the PMGKY allows taxpayers to disclose their unaccounted cash deposits till the end of the month, by paying 50 per cent of the total amount — including 30 per cent as tax, 10 per cent as penalty and 33 per cent of the taxed amount (that is, 10 per cent as Garib Kalyan Cess. Additionally, under this scheme, 25 per cent of the amount would be locked up for four years in the interest-free Pradhan Mantri Garib Kalyan Deposit Scheme.

However, if the assessee does not comply under the scheme, the penalty would be raised to 60 per cent, in addition to the tax required to be paid, indicated a senior CBDT official.

He further explained that if a declarant admits to the undisclosed amount under the PMGKY scheme after the March 31 deadline, he would be levied an additional penalty of 60 per cent, plus the 50 per cent tax and penalty under the PMGKY scheme, taking the total tax liability to 110 per cent.

After the deadline, if the I-T department can establish that the amount deposited was unaccounted for, then the person would be liable to pay 137 per cent tax, being 77 per cent tax and 60 per cent penalty. For the I-T department, the challenge is that despite reminders and efforts, people are reluctant to come voluntarily, said an official cited above.

I-T sources say that declarants have been asking for more time to explain sources of undisclosed income, and those who are explaining their source of income need to be investigated further. Both of these cases are becoming challenges for I-T officials.

A source further said that a similar trend was observed in the foreign black money scheme in 2015, which had seen disclosures of over Rs 4,000 crore. Sources said that the government could extend the scheme deadline, if it gets valid reasons to do so.

Sources said the I-T department remains focused on the 1.8 million persons who had deposited a combined Rs 4.5 lakh crore. These were identified under Operation Clean Money and had come under the lens, as their cash deposits did not match their tax profiles.

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