

Pay tax, get rewards from the government

A cup of tea with the state governor, priority check-in at the airport, passports on priority, dedicated toll lanes, airport lounge access — these are some of the rewards that could be offered to exemplary taxpayers.

The government is looking to put in place an incentive programme to reward and recognise honest taxpayers to encourage a culture of compliance. A committee has been set up under Central Board of Direct Taxes (CBDT) to draw up the scheme, a top official told ET.

The government has launched several measures to root out black money, including stringent legislation, comprehensive amendments to the benami law and a major crackdown against tax evaders under Operation Clean Money. With a number of deterrents having been put in place, the government feels there is a need to reward honest citizens as more people are filing income-tax returns.

The committee will look at reward programmes instituted in various countries and draw from the best practices, said the official. The selection of people may not be based on the amount of tax paid but on criteria such as regularity in filing of returns, not being penalised or prosecuted and not having been subjected to searches or surveys. The income tax department earlier had a scheme called Samman that rewarded taxpayers, but it was discontinued after 2004.

SCHEMES IN OTHER COUNTRIES

Such initiatives are in place in several countries. In Japan, model taxpayers can get a photograph taken with the emperor. In the Philippines, they can have their name on a lottery for compliance under the value added tax regime.

In South Korea, honest taxpayers receive certificates and have access to airport VIP rooms and free parking. Pakistan has a scheme to reward the top 100 taxpayers every year with access to VIP lounges at airports, fast-track clearance at immigration counters, free passports and enhanced baggage allowance.

“While the focus has been to increase the tax base and revenue collections through various measures like demonetisation, GST, linking of Aadhaar with tax returns etc., there is a need to bridge the trust gap between tax administration and the tax payer, especially the honest tax payers who have been contributing to the national development through payment of taxes,” said Vikas Vasal, national leader, tax, Grant Thornton India. “Therefore, any scheme to cut down on disputes and litigation, and to acknowledge / reward tax payers will be a welcome move.”

(Economic Times)