

Verification of high value transactions (investments/deposits/expenditure) of persons who are not assessed to income tax

Press Release No. 402/92/2006-MC (03 of 2012), dated 18-1-2012

The Central Board of Direct Taxes has directed the Income Tax department to launch a special drive, from 20th January to 20th March, 2012, for verifying high value transactions (investments/deposits/expenditure) from persons who are not assessed to income tax or who have not furnished their PAN while entering into such transactions. In an instruction issued today, the CBDT issued proforma for query letters and responses to be issued to the high value investors/depositors/spenders.

2. Addressees will be required to furnish their PAN if they already have one, or apply immediately for PAN to NSDL/UTIISL if they do not have one. They will also be required to explain the source of the high value investments/deposits/expenditure, and whether these are properly accounted for/explained in the income tax return filed by them. Persons who have not properly accounted for the high value transactions, are required to pay due taxes and file the income tax return within this financial year, i.e., by 31st March, 2012. For furnishing the information called for, visit to the tax office is not necessary. Information can be sent by speed/registered post.

3. In some cases, the tax officials may also visit the premises of the high value investors/depositors/spenders. In such cases, the taxpayer should verify the identity of the tax official before furnishing information in the prescribed proforma. In case of any grievance or complaint, taxpayer may contact the Assessing Officer or the Additional/Joint Commissioner or the Commissioner concerned. The visiting tax official is required to furnish the telephone numbers of his supervisory officers.

4. There are penal consequences of not obtaining PAN or reporting it. For not paying proper taxes, there can be penalty up to 300% of the unpaid tax, and also prosecution in some cases.

Annex A

Office of DCIT/ACIT, Circle-XYZ/ITO, Ward-XYZ (Office Address & Telephone/FAX)

REF No:

Dated:

To:

Sir/Madam,

Sub : Verification of financial transaction – request for information – reg.

1. The Income-tax Department is in possession of information that you have entered into financial transaction(s), as per details given below, without quoting your Permanent Account Number (PAN). Please note that the transaction(s) are covered under Rules 114B to 114D of Income Tax Rules, 1962 read with section 139A(5) of the Income-tax Act, 1961 in which quoting of PAN is mandatory.

Sl. No.
Nature of Transaction
Value (Rs.)
Financial Year
Assessment Year

This document has been compiled as service to our clients. We recommend that you seek professional advise prior to initiating action on specific issues.

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2. You are requested to furnish your reply within 15 days in the enclosed proforma and also enclose a legible self-attested photo-copy of the PAN card. In case you do not have a PAN, you may apply for the same at the authorized service centre of NSDL/UTIISL and furnish a copy of the acknowledgement along-with reply to this letter. As and when PAN is allotted, you may send a legible self-attested photo-copy of the PAN card to this office.

3. In case you are not assessed to tax, or your income is not taxable or below the minimum amount chargeable to tax, you are required to give details of the sources of your financial transaction (s) along with copies of documents in support of your claim.

4. In case you wish to pay the due taxes, please visit the web-site of the Income Tax department at <http://incometaxindia.gov.in> for details, or visit this office, or contact a chartered accountant or a tax return preparer. You may also search the internet for these details.

5. This information is requisitioned u/s section 133(6) of the Income-tax Act, 1961 with the approval of Commissioner/Director of Income Tax. You may, however, reply by registered/speed post or hand-deliver your reply to this office. Kindly note that if no reply is furnished within the specified date, it shall be presumed that you have wilfully concealed the aforesaid transaction (s) from the Income Tax department and further necessary action will be initiated under the Income-tax Act, 1961 to bring this amount to taxation. Please note that non-compliance may result in fiscal penalties ranging from 100% to 300% of the tax evaded, and may even result in prosecution.

Yours faithfully,

AO

Annex B

To

DCIT/ACIT, Circle-XX/ITO, Ward-XX,

Sir,

In response to your letter Ref. No. dt., I submit as under :

1. (a) My PAN No. is (self-attested copy of PAN card is enclosed).

Or

(b) I do not have a PAN but I have applied for allotment of PAN with NSDL/UTIISL (copy of acknowledgement is enclosed).

Or

(c) I do not have a PAN and do not pay income tax, as I do not have taxable income.

2. (a) I have filed my income tax return for AYon (date) vide acknowledgement No. (copy of the acknowledgement is enclosed).

Or

(b) I have not filed the return of income for AY....., but I have paid total income tax of Rs. (copy of challans/TDS certificates are enclosed).

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Or

(c) I have not filed the return of income as * I am not assessed to tax as my total income is less than minimum amount chargeable to tax/* I have income from sources that are not subject to income tax (details are enclosed).

3. (a) The above investment/deposit/expenditure is from sources which are disclosed/reflected in my income tax return (details in the statement attached herewith).

Or

(b) I am not assessable to tax. Details of sources from which the above investment/deposit/expenditure is made are enclosed.

Date :

Signature of the Transacting party

Name:

Address:

(*Cross out whichever is not applicable)

In Para 1, 2 and 3 above, tick [] whichever is applicable out of (a), (b) and (c).

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