

I-T lens on big spenders, aims to widen tax base

Targets adding 10% new filers in FY24, raising base to about 86 million

SHRIMI CHOUDHARY

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As part of its plan to broaden the tax base, the Central Board of Direct Taxes (CBDT) may tighten the noose on high-value spenders such as those going on extravagant foreign travels, paying excessively high electricity bills, purchasing designer clothes, taking service from fertility clinics, etc. The aim is to widen the taxpayer base by 10 per cent to about 86 million in FY24.

“An elaborate central action plan is in the works on tax-broadening measures such as scrutinising statements on specified financial transactions by reporting entities in the case of high-value purchases, tightening the organised collection of data from various agencies and third parties, and proper checks on statements on tax deducted at source/tax collected at source by certain entities, among others,” a government official told *Business Standard*.

High-value transactions came under the tax net after demonetisation, with the

PLUGGING TAX LEAKAGE

- I-T dept to obtain data from discoms on individuals/HUFs paying electricity bill in excess of ₹1 lakh in a year to identify potential taxpayers
- To capture data from immigration dept on foreign travel expenditure exceeding ₹2 lakh each, if stay is 10 days or more

IMAGING: AJAY MOHANTY

tax department, through data analytics, identifying potential non-filers who did high-value transactions in 2017-18 (the year after the note ban) but did not file tax returns.

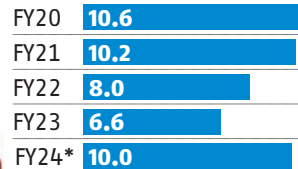
A draft of the plan will be submitted to the CBDT this week for approval, and is

- A verification mechanism to be put in place to ensure compliance of “specified financial transaction (SFT)” filing
- SFT non-compliance noticed in IVF clinics, luxury brand retailers, hotels, hospitals, etc



HOW TAXPAYER BASE HAS GROWN IN RECENT YEARS

YoY growth (in %)



Tax filers as of FY23 end: 77.8 million

Note: *Target for adding new tax filers fixed at 10% of the FY23 base; targets fixed considering Covid, base effect and other parameters

Source: CBDT sources

likely to be effective this month itself, officials said.

The plan is learnt to have suggested a verification mechanism to see to it that entities mandated to report specified financial transactions or related matters ensure that they are compliant with tax provisions.

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announcing the global results: “The (India) results were driven by another standout performance from home care and were delivered against a challenging operating environment, particularly in rural areas, where market volumes continue to be quite depressed.” Graeme Pitkethly, CFO of Unilever, added: “India saw some weakness in market volumes, especially in rural areas. Inflation remains high but appears to be moderating and the rural economy does now seem to be improving slowly.”

Tiwari also explained that over two years, commodity inflation shot up before witnessing a decline over the last couple of quarters. “If I look [at a] two-year [period], we’ve seen 30 per cent commodity inflation... Sequentially, we have seen commodity inflation moderating,” Tiwari said.

Mehta added that the company is clear that if commodity prices go down, it will pass the benefits on to consumers.

I-T lens...

Specified financial transactions are those that exceed the threshold prescribed in tax laws. These entities that must report such transactions include post offices, stock exchanges, and banks.

“It has been noticed that high-value consumption expenses are not being reported (in accordance with) the tax provisions particularly those concerning hotels, banquets, luxury brand retailers, IVF clinics, hospitals, designer clothing stores, NRI-quota medical col-

lege seats, etc,” the action plan highlighted. “Section 139A requires PAN to be obtained in specified transactions, but there is no reporting/verification mechanism for determining whether they are compliant ... Therefore, it is imperative to identify the sources which could be involved in possible circumvention of the rule and a verification exercise could be conducted in a non-intrusive manner,” the plan suggested.

Besides, the I-T department will be asked to keep a watch on individuals/Hindu undivided families if their electricity bills exceed ₹lakh a year. Discoms should pass on such information in such cases. Similarly, individuals /Hindu undivided families must report expenditure in any financial year on foreign travel exceeding ₹2 lakh. Information on this can be obtained from the Bureau of Immigration to capture the data of staying 10 days or more outside India.

“There is a widening gap between the number of persons who have TDS (tax deducted at source) credit available to them but are yet not filing the returns of income, particularly those deals in virtual digital assets or cryptocurrencies, online gaming, rules of which have been tightened recently,” an official said. During FY23, the number of I-T returns filed rose to 77.8 million as against 73 million in FY22. The taxpayer base grew 10.60 per cent in FY20, 10.18 per cent in FY21, and 8 per cent in FY22. The current year’s target has been set considering Covid, the base effect and other parameters, another source said.

