

Tax certificate not mandatory for all travelling abroad

Applicable to those involved in serious financial irregularities, tax dues over ₹10 lakh

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The Union finance ministry on Sunday said a tax certificate was mandatory for Indians involved in serious financial irregularities or having substantial tax dues.

The clarification comes amid the stir over new rules that mandate Indians going abroad to obtain a tax-clearance certificate under the Black Money Act before leaving the country.

In the Finance Bill, 2024, it was proposed including the Black Money Act in the list of laws under which residents can clear their tax liabilities.

The ministry said a tax-clearance certificate was necessary only for individuals with significant direct tax arrears exceeding ₹10 lakh if their case had not been stayed by any authority.

The rule, effective from October 1, has been introduced to combat tax evasion with respect to undisclosed foreign assets.

The ministry said a person could be asked to obtain a tax-clearance certificate only after recording the reasons for it and after taking approval from the principal chief commissioner or chief commissioner of income tax.

"The proposed amendment (Section 230 of the Income-Tax Act) does not require all the residents to obtain the tax clearance certificate," the ministry said, citing a 2004 notification by the Income

I-T dept: Bogus claims for refunds punishable

The Income-Tax (I-T) department has asked income tax return filers to not make bogus claims for expenses, under report their earnings or exaggerate deductions as this is a punishable offence and causes a delay in refunds. In a recent public communication, the I-T Department asked taxpayers to file their returns correctly to get timely refunds. "Refund claims are subject to verification checks, which may cause delays. Accurate filing of ITR leads to quicker processing of refunds. Any discrepancies in claims made will prompt a request for a revised return," it said.

PTI



Tax Department.

A tax-clearance certificate is required only by those domiciled in India "only in certain circumstances", the ministry underlined.

It has been further clarified that the I-T authority must issue such a certificate, stating that the person has no liabilities under the Income Tax Act; the Wealth Tax Act, 1957; the Gift Tax Act, 1958; or the Expenditure Tax Act, 1987.

This certificate will verify the individual has no tax liabilities or has made arrangements to settle dues before leaving India.