

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE**

LOK SABHA

STARRED QUESTION NO.*116

TO BE ANSWERED ON FRIDAY, THE 9th FEBRAURY, 2018

20 MAGHA, 1939 (SAKA)

INCREASING TAX BASE

***116. SHRI VISHNU DAYAL RAM:**

Will the Minister of FINANCE be pleased to state:

- (a) whether the Income Tax (IT) Department has prepared a comprehensive strategy with the objective of increasing tax base and if so, the details thereof;
- (b) whether the IT Department has enforced Non-Filers Monitoring System (NMS) to identify those individuals who have made high value financial transaction but did not file income tax return;
- (c) if so, the details thereof and the number of individuals identified through the said system who have not filed income tax return as per their potential tax liabilities; and
- (d) the measures taken to ensure filing of the income tax return by such individuals?

ANSWER

**FINANCE MINISTER
(SHRI ARUN JAITLEY)**

(a), (b) (c) & (d): A statement is laid on the Table of the House.

**STATEMENT REFERRED TO IN REPLY TO PARTS (A) TO (D) OF LOK SABHA
STARRED QUESTION NUMBER *116 FOR ANSWER ON 9TH FEBRUARY 2018.**

(a) Yes Madam. Widening of tax base is a core function of the Income tax Department, for which various measures have been taken, notably:

- (i) The Income Tax Department has implemented the Non-Filer Monitoring System (NMS) which assimilates and analyses in-house information as well as transactional data received from third-parties, including Statement of Financial transaction (SFT), Tax Deduction at Source (TDS) and Tax Collection at Source (TCS) statements, Intelligence & Criminal Investigation (I&CI) data etc. to identify such persons/entities who have undertaken high value financial transactions but have not filed their returns.
- (ii) The mechanism for collection and verification of financial information has been broadened to include data in respect of various types of high-value transactions from banks and financial institutions and high-value expenditure from commercial establishments in the form of Statement of Financial Transaction (SFT).
- (iii) The scope of TDS and TCS has been expanded by bringing more taxable transactions within their ambit.
- (iv) Quoting of Permanent Account Number (PAN) has been made mandatory for all transactions above rupees two lakh and for specified transactions in respect of property, shares, bonds, insurance, foreign travel, demat account, etc.

(b) Yes Madam.

(c) The number of non-filers with potential tax liabilities identified in various NMS cycles is as under:

- (a) Cycle 1 (2013): 12.19 lakh
- (b) Cycle 2 (2014): 22.09 lakh
- (c) Cycle 3 (2015): 44.07 lakh
- (d) Cycle 4 (2015): 58.95 lakh
- (e) Cycle 5 (2016): 67.54 lakh
- (f) Cycle 6 (2017): 35.10 lakh

Contd....2/-

(d) Following measures have been taken to ensure filing of returns by the persons identified under NMS:

- (i) Rule based algorithms have been applied to classify the cases under different risk categories for graded monitoring. SMS and email were sent to the target segment asking them to access e-filing portal and submit their response.
- (ii) Compliance Management Cell (CMC) has been set up for sending letters and capturing responses from the non-filers centrally without interface with the field officers.
- (iii) Statutory notices for filing of return are issued in appropriate cases.
- (iv) Under the Project Insight, a new Compliance Management Central Processing Centre (CMCPC) has been operationalized for leveraging campaign management approach (consisting of emails, SMS, reminders, outbound calls, letters) to support voluntary compliance.
- (v) The Income Tax Department has also set a target of adding 1.25 crore new return filers during F.Y. 2017-18. Till December, 2017, 63.86 lakh new ITR filers have already been added.

Due to constant and intensive follow-up of NMS data, more than 1.72 Crore returns have been filed by the persons identified in different NMS Cycles and self-assessment tax of about Rs.26,425 crore has been paid by them till December, 2017.
