

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF REVENUE

**LOK SABHA**  
**UNSTARRED QUESTION NO. 1231**

TO BE ANSWERED ON SATURDAY THE 19<sup>th</sup> SEPTEMBER 2020  
28, BHADRAPADA 1942 (SAKA)

**TAX EVASION**

**1231. SHRI JYOTIRMAY SINGH MAHATO:**

Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that only one per cent of population in India is direct tax payer;
- (b) if so, the details thereof;
- (c) whether it is also a fact that tax evasion is still at large level in the country; and
- (d) if so, the details thereof along with the steps being taken by the Government to prevent tax evasion?

**ANSWER**

**THE MINISTER OF STATE IN THE MINISTRY OF FINANCE**  
**(SHRI ANURAG SINGH THAKUR)**

- (a)&(b) Yes, approximately, for Financial Year 2018-19 till Feb.2020, 5.78 Crore Returns of Income were filed by individual taxpayers out of which 1.46 Crore individual taxpayers filed Returns declaring income above Rs. 5 Lakh. The Finance Act, 2019 provides that individual taxpayers having income upto Rs. 5 Lakh are not required to pay any income tax from Assessment Year 2020-21 onwards.

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- (c)&(d) The Government has taken several steps for timely detection of tax evasion. Such action under direct tax laws includes searches and seizures, surveys, enquiries, assessment of income, levy of taxes, penalties, etc. and filing of prosecution complaints in criminal courts, wherever applicable. The Government has initiated various measures to prevent tax evasion which includes:
- (i) Enactment of 'The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 which has come into force w.e.f. 01.07.2015 to specifically and more effectively deal with the issue of black money stashed away abroad.
  - (ii) With the increase in electronic form of information being available, the Income Tax Department has developed a wide range of non-intrusive methods for detecting tax evasion. They include important measures like Computer Assisted Scrutiny Selection (CASS) for selection of cases for Scrutiny; Non-filers Monitoring System (NMS) to prioritize action on non-filers; Income Tax Business Application (ITBA) to help in curbing tax evasion through putting in place end to end processes for all verticals of the Department etc.
  - (iii) The Income Tax Department collects information on Specified Financial Transactions (SFT), above notified thresholds, relating to cash deposits, credit card payments, purchase and sale of properties, purchase of shares and mutual funds etc. Such information is collected, collated and analyzed for computer aided scrutiny and risk profiling of taxpayers, identification of non-filers and stop filers etc.
  - (iv) The Government has brought in a large number of legislative provisions in the Income Tax Act, 1961(the Act) to effectively tackle tax evasion. They include mandatory quoting of PAN for various cash transactions, restrictions on cash transaction of Rs. 2 lakh or more, levy of TDS @ 2% on the amount of cash withdrawal by a person exceeding Rs. 1 crore in aggregate from one or more accounts maintained by the recipient with a banking company or a co-operative society engaged in the business of banking or post office during a financial year, prohibiting taxpayers from taking/accepting loans or deposits or a sum of more than Rs.20,000/- in cash or repayment of loans or deposits of a sum of more than Rs. 20,000/- in cash. No deductions under section 80G of the Act is allowed if cash donations exceed Rs. 2000/-.

- (v) To bring transparency in the source of funding to political parties, suitable amendments have been made with effect from 01.04.2018 to provide that no donations of Rs.2000/- or more shall be received otherwise than by an account payee cheque drawn on a bank or an account payee bank draft or use of electronic clearing system through a bank account or through electoral bonds.
- (vi) Introduction of measures to incentivize digital transactions by allowing for transactions through other prescribed electronic modes apart from account payee cheque or account payee bank draft such as payment by credit cards, debit cards, net banking, UPI, RTGS, NEFT, IMPS and BHIM Aadhaar pay.
- (vii) Proactively engaging with foreign governments with a view to facilitate and enhance the exchange of information under Double Taxation Avoidance Agreements (DTAAs)/Tax Information Exchange Agreements (TIEAs)/Multilateral Conventions.
- (viii) Effective enforcement actions including expeditious investigation in foreign assets cases. Such actions include searches, surveys, enquiries, assessment of income, levy of taxes, penalties, etc. and filing of prosecution complaints in criminal courts, wherever applicable.
- (ix) Mandatory linking of Aadhaar with PAN, to aid in de-duplication of PAN but also prevent potential tax frauds and money-laundering.

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