

THE INCOME DECLARATION SCHEME, 2016

BY

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Presentation Framework

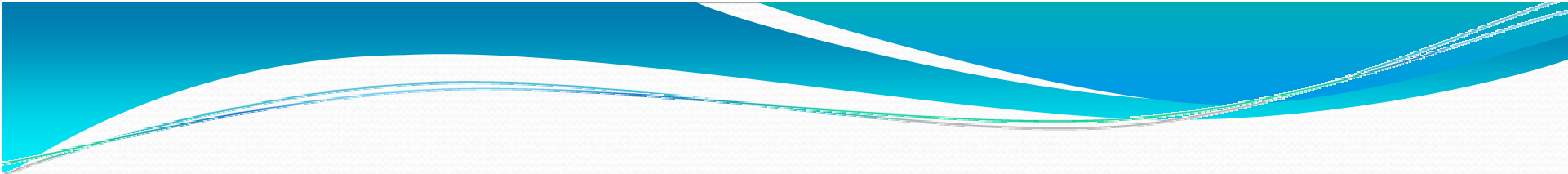
- Benefits of IDS
- Items of Undisclosed Income and assets for consideration in IDS
- Situations when Cash can be introduced in the books on account of IDS
- Benami transactions (prohibition) Act 1988
- Why should anyone Avail IDS ?
- Brief outline of Dispute Resolution Scheme.

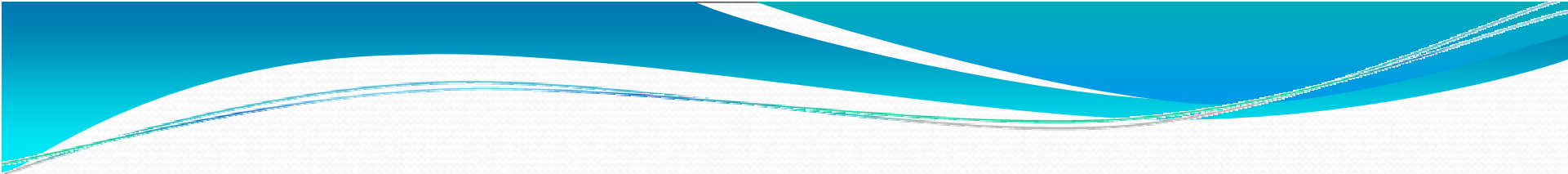
BENEFITS OF IDS

- The declared income shall not be included in total income for any a.y.
- Declaration shall not be an admissible evidence for the purpose of it act and wt act.
- Immunity from the benami transactions (prohibition) act, 1988 and entitled for transfer of such assets to the declarant.
- No tax liability under wealth tax act.
- Immunity from penalty and prosecution.
- **DEFUSE THE TENSION**

ITEMS OF UNDISCLOSED INCOME/ASSETS

- Profit / income from bogus purchases
- Penny stock transactions resulting in LTCG
- Client Code Modification by brokers resulting in LTCG or loss
- Unexplained loan / creditors
- Unexplained share capital
- Bogus donation / Contribution to Trust or institution not working for the object
- Undisclosed bank account and investment in such account

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- Investment in immovable property at the rate lower than stamp duty rate
 - Unaccounted expenditure
 - Bogus expenditure
 - Substantial cash deposit in the bank account
 - Undisclosed investment in FD, shares, mutual funds, land, building etc.
 - Any claim of deduction or exemption not allowable as per law
 - Profit on unaccounted production or sales

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- Interest or other income earned but not disclosed in return filed
 - Deemed gift u/s.56 (1)(vii),(viia) and(viib) not offered for tax
 - Income to be clubbed u/s.64 not done in return filed.
 - Any asset purchased in benami names
 - Investment or transactions in benami names
 - Fictitious / benami / dummy account in share broker's case


SITUATIONS IN WHICH CASH CAN BE INTRODUCED IN THE BOOKS

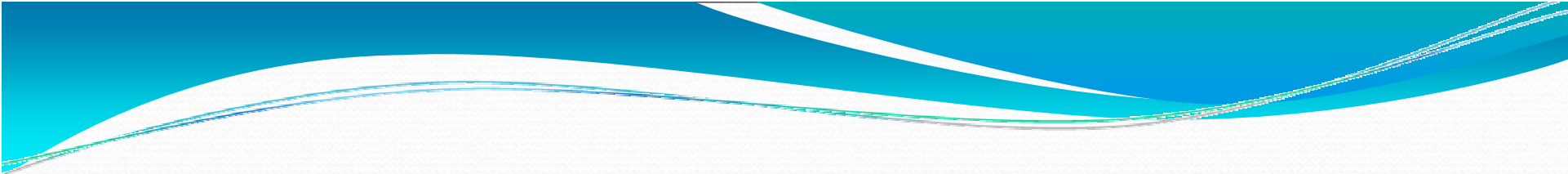
- When income is disclosed on account of disallowance of expenses or deduction
- When profit on account of unaccounted production or sale is disclosed
- Disclosure in respect of credits in the balance sheet does not result in cash
- Cash can be introduced in the books on account of disclosure generally on items relating to P&L account. However on account of disclosure of balance sheet item, the same may not be possible.

BENAMI TRANSACTIONS **(PROHIBITION) ACT 1988**

- Benami Transaction means any transaction in which property is transferred to one person for a consideration paid/provided by another person.
- Scope of transactions which qualify benami expanded and to include –
 - Transactions made in a **fictitious name** or
 - The **owner is not aware or denies knowledge of ownership of property** or
 - The person providing consideration for the property **is not traceable or is fictitious.**



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- Property means property of any kind, whether **movable or immovable, tangible or intangible** and includes **any right or interest** in such property.
 - Amendment is brought to include any right or interest or legal documents etc. evidencing title or interest in the property. Also **includes the proceeds from the property**.
 - No person shall enter into any benami transactions

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- Whoever enters in benami transactions shall be punishable with imprisonment from 1 to 7 years and fine upto 25% of fair market value of benami property.
 - Penalty for giving false information to have rigorous punishment of six months upto 5 years and fine upto 10% of property value.
 - Allow Central Government to confiscate benami property without consideration.

Why should anyone avail scheme?

- ❖ **If scheme is not availed and subsequently, any undisclosed income or asset is detected, it shall be taxed in the year in which notice (u/s 142(1), 143(2), 148, 153A or 153C) is issued by the Assessing Officer**
- ❖ **With digitization, Govt. has huge database of information.**
- ❖ **Amended Benami transactions (prohibition) Act 1988 will apply in all assets and investments in benami names.**
- ❖ **Searches and Surveys will detect undisclosed income and assets**
- ❖ **This is the last opportunity to come clean and sleep peacefully.**
- ❖ **Avail the scheme before 30th September 2016.**
- ❖ **1st October 2016 would be another day.**

Is 45% excessive?

Tax on undisclosed income of Rs 100 relating to FY 2013-14 after 30th September, 2016:

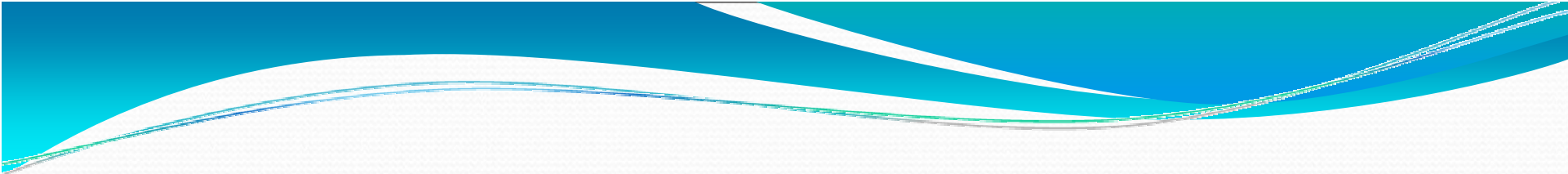
▪ Tax	:	33.99
▪ Interest	:	10.2
▪ Minimum Penalty	:	33.99
Total	:	78.18

Prosecution will be separate.

Is 45% still excessive?

DISPUTE RESOLUTION SCHEME

- Introduced w.e.f. 01.06.2016 and will remain in operation till 31.12.2016
- Applies to all appeals pending with CIT(A) as on 29.02.2016
- Upto the disputed tax of Rs.10 lakhs- only tax and interest upto the date of assessment is payable.
- Disputed tax above Rs.10 lakhs- additional 25% penalty will be payable.
- In case of penalty appeal- 25% of the penalty is payable.

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- Application to be made in Form No.1 to concerned PCIT who will issue form no. 3 determining the tax liability which is to be paid within 30 days by the assessee.
 - On payment of tax dues PCIT will issue certificate in form no. 5
 - Appeal filed in that case is deemed to have been withdrawn on issue of certificate in form no. 5 by PCIT

Thank
you

