

## **Income Declaration Scheme, 2016- India**

1. Income Declaration Scheme 2016 came into effect from 1 June, 2016. It's an opportunity for those who didn't disclose income or pay taxes thereon in the past.
2. Under this scheme, such persons can declare the undisclosed income and pay tax, surcharge and penalty on the declared undisclosed income.
3. Declaration of undisclosed income or asset should have been chargeable to tax for any assessment year prior to the assessment year 2017-18.
4. Additionally, the person will be liable to pay a penalty at the rate of 25% of the tax, which would make the total payment 45% of the undisclosed income.
5. The Centre has declared 30 September 2016 as the last date for making a declaration and 30 November 2016 as the date by which the tax, surcharge and penalty may be paid.

### **Who Can Make a Declaration?**

All 'persons', such as individuals, HUFs, companies, firms, association of persons (AOP) etc., are eligible to make declaration under the Scheme.

### **Scope & Coverage of Scheme Declaration can be made in respect of—**

Any undisclosed income -investment in any asset representing undisclosed income relating to any financial year up to 2015-16

Amounts payable by declarant

1. Tax @ 30% of undisclosed income
2. Surcharge @ 7.5% of undisclosed income
3. Penalty @ 7.5% of undisclosed income

**TOTAL: 45% OF UNDISCLOSED INCOME DECLARED**

## **Benefits of Declaration**

1. No Wealth Tax on assets declared
2. No scrutiny or enquiry under Income-tax Act and Wealth Tax Act in respect of declaration
3. Immunity from prosecution under Income Tax Act and Wealth Tax Act in respect of declaration
4. Immunity from Benami Transactions (Prohibition) Act, subject to transfer of assets by the benamidar to the real owner before 30.09.2017

## **Effect of Non-declaration**

Undisclosed income and the value of any asset acquired out of such income in any year upto FY 2015-16 which is not declared under the Scheme will be brought to tax in the year in which notice is issued by the Department and All consequences including, interest, penalty & prosecution under I-T Act will follow accordingly.

## **Critical Dates**

Scheme is effective from: 1<sup>st</sup> June, 2016

Declarations may be filed up to: 30th September, 2016

Tax, surcharge and penalty to be paid by: 30th November, 2016

## **Declaration when void**

- Misrepresentation or suppression of facts
- Non-payment of tax, surcharge and penalty by 30.11.2016.

## **Scheme does not apply if**

Notice has been issued under section 142(1)/143(2)/148/153A/153C of I-T Act (debarred only for AY for which notice is issued)

Search/Survey have been conducted (debarred for affected years only)

COFEPOSA detainees, persons notified under Special Courts Act (1992), cases of prosecution under NDPS Act, Prevention of Corruption Act, and certain offences under Indian Penal Code

## Forms

- ♣ Form 1 - Declaration form (to be filed by declarant by 30th Sep, 2016)
- ♣ Form 2 - Acknowledgment of declaration (to be issued by PCIT/CIT within 15 days from the end of the month in which declaration is filed)
- ♣ Form 3 - Intimation of payment of tax, surcharge & penalty (to be furnished by declarant to PCIT/CIT by 30th Nov, 2016).
- ♣ Form 4 - Certificate of declaration (to be granted by PCIT/CIT within 15 days from the date of intimation of payment).