

## **Reopen of undisclosed income by tax department, in India for both Resident and Non Resident assesseees**

As per current Income tax act, Income tax officers (ITO) can reopen tax cases for last 6 years to scrutinise books of accounts. Whereas according to new amendment ITO can reopen tax cases for last 10 years now if search reveal undisclosed income and assets of over INR 50 lacs. I.e. according to the memorandum to the Finance Bill 2017, the amendment to Income tax act will take effect from April 1, 2017 which means that books can be reopened of an assessee back till 2007. This amendment seeks to check tax evasion where tangible evidences in the form of undisclosed investment in assets are found during search or seizure operation.

As per amendment notices can be issued by ITO, if he has evidence which reveal that the income has been escaped assessments amounting to INR 50 lacs or more in a year or in aggregate of four assessment years. This is also applicable if the income which escaped assessment is in the form of assets.

These amended provisions of section 153A shall apply where search u/s 132 is initiated or requisition u/s 132A is made on or after 1 April 2017.

In case of undisclosed foreign assets, the government had allowed tax authorities to reopen cases up to 16 years.

This move to extend the period for reopening of tax cases is part of overall exercise of government to unearth black money through various initiatives. The Government has earlier come out with disclosure schemes for foreign and domestic black money holders. Then they have demonetised high value bank notes and provided black money holders one last opportunity to disclose unaccounted cash holding in Pradhan Mantri Garib Kalyan Yojana (PMGKY).