

Project Insight to give tax officials more teeth

Those evading taxes could soon find tax officials at their doorstep, with a rather insightful account of their big purchases.

In a tough stance against those with undisclosed money, the government is going to launch Project Insight. The income tax department will use technology to track assesses using their PAN details.

Implementing the project will cost the government Rs. 800- 1,000 crore. It will allow the government to collate all information available with the I-T department from various sources.

Through profiling, all transactions such as purchase of immovable property, jewellery and vehicles will be available with the tax department in a systemic manner, making identification of tax evaders simpler. The move is also aimed at widening the tax base, currently 54.3 million.

The project is also expected to rank evaders based on the amount that could be recovered from them, so that the authorities could go after the highest targets first.

“We will obviously be interested in high- value cases. Through the project, we will be able to run models to identify for instance, people who bought more than three houses a year or more than Rs. 20 lakh of jewellery. Therefore, identification will become much easier,” said a government official.

These models could vary said tax authorities.

The project will track PANs being quoted in financial transactions and tally these with income tax filings. “This way we will also be able to identify those with more than one PAN,” said the official.

The project will integrate enterprise data warehouse, data mining, web mining, predictive modelling, data exchange, master data management, centralised processing, compliance management and case analytics capabilities.

Currently, the government gets the information from various channels and reporting agencies besides return filing, but these are used in a scattered way.

For instance, seven third- party sources have to mandatorily report transactions and file an annual information return (AIR).

These include banks that accept cash deposit of Rs. 10 lakh or more in a year from any person; bank or a company issuing credit cards where payment against bills exceeds Rs. 2 lakh in a year for any person; mutual funds collecting Rs. 2 lakh or more for sale of units by any person; company receiving Rs. 5 lakh or more against issue of shares, bonds/debentures and registrar/ sub- registrars in respect of sale/ purchase of immovable property exceeding Rs. 30 lakh and the RBI for issue of bonds exceeding Rs. 5 lakh.

Project Insight will collate the information in an integrated way.

“The project has been cleared by Finance Minister Arun Jaitley and will come into effect shortly. Through that we will be able to collate information from many different sources and profile people,” said a government official.

The government will provide the fund for the project through supplementary demand for grants, which could come only in upcoming monsoon session of Parliament that begins on July 18.

Several government departments like Central Board of Direct Taxes, intelligence bureau and others are working closely on the project. .

Prime Minister Narendra Modi in his address at the tax conference last month had pointed out that 92 per cent of tax department revenue comes from TDS, advance tax and self- assessment tax, while the remaining eight per cent comes after scrutiny. He said if 42,000 officials of CBDT are engaged to ensure direct tax revenue, then the tax net should increase further.

The government also made it mandatory to furnish PAN for all transactions over Rs. 2 lakh through all payment modes with effect from January 1, 2016. It also rationalised monetary limits to furnish PAN for certain transactions, doubling it for sale and purchase of immovable property, hotels and restaurant bills to Rs. 10 lakh and Rs.50,000 respectively.

The government has also launched a domestic black money window scheme, giving a four months for black money holders to disclose unaccounted money and assets till September 30 and come clean by paying 45 per cent tax on that. A similar scheme for black money stashed overseas was launched last year, which got declarations worth just Rs.4,147 crore.

(Business Standard)