

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2377

ANSWERED ON:23.07.2004

INCOME TAX DEFAULTERS

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**Will the Minister of FINANCE be pleased to state:**

- (a) the top twenty individuals and corporate bodies who have defaulted in paying income tax during last three years as on 31st March, 2004;
- (b) the amount outstanding against each one of them alongwith the time since it is outstanding;
- (c) whether the Central Government has taken any measures to recover the income tax dues from these defaulters or given concessions, incentive for timely payment of income tax on time;
- (d) if so, the details thereof;
- (e) whether the Government has taken any steps to debar these defaulters from getting any further loan and advances till these defaulters repay the income tax dues; and
- (f) if so, the details thereof?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

- (a) Whether an assessee is a defaulter or not would depend upon a number of factors as laid down in the provisions of Section 220 of the Income Tax Act, 1961. In some cases, demand may be covered by orders granted by authorities agreeing not to treat the assessee in default or payment may be allowed through instalments. The circumstances governing the state of default may keep changing from time to time due to initiation or completion of proceedings before Income tax Authorities, Appellate Authorities, Tribunals and Courts. As such, in the interest of natural justice, it may not be possible to categorise all companies and individuals with outstanding demand as `defaulters`.
- (b) Question does not arise.
- (c) Recovery of outstanding tax is a continuous process governed by the provisions of Chapter XVII read with Second Schedule to the Income Tax Act, 1961. There are no specific incentives for timely payment of taxes. However, interest charged under Section 234 B&C for delayed/deferred payment of Advance Tax and interest charged under Section 220(2) of Income Tax Act is not levied if taxes are paid in time. Penalty leviable under Section 221(1) when tax is in default can also be avoided by paying taxes in time.
- (d) Question does not arise.
- (e) There is no stipulation in the Income tax Act, linking payment of outstanding tax with availing of loans and advances by any assessee.
- (f) Question does not arise.