

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:323
ANSWERED ON:11.12.2009
REWARD TO INFORMERS
Naranbhai Shri Kachhadia

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government provides rewards to informers who provide specific information in regard to evasion of direct taxes and which sometimes also may lead to seizure of goods, currency etc.;
- (b) if so, the details thereof;
- (c) whether such information to various departments can electronically be passed on;
- (d) if so, the details thereof; and
- (e) the protection made available to the informers?

Answer

FINANCE MINISTER(SHRI PRANAB MUKHERJEE)

- (a) to (e) A statement is laid on the table of the House.

Statement referred in the reply to Lok Sabha Starred Question No.323 for answer on 11.12.2009

(a) Yes, Sir. There are Guidelines for 'Grant of Reward to Informants'. Rewards are given to informants who provide specific information about evasion of direct taxes if such information leads to recovery of taxes, penalties and interest, which might not be recovered, but for the information received.

(b) The Income Tax Department considers cases of informants for payment of reward, whenever action is taken in pursuance to the information furnished by the informants, and it results in recovery of additional revenues directly attributable to the information furnished. As per the Reward Guidelines, the authorities competent to grant reward will keep the following circumstances in mind while granting any reward:

- (i) The accuracy of the information given by the informant
- (ii) The extent and nature of the help rendered by the informant
- (iii) The risk and trouble undertaken and the expense and odium incurred by the informant in securing and furnishing the information and documents.
- (iv) The quantum of work involved in utilizing the information furnished and in making the assessment.
- (v) The quantum of extra taxes levied and actually realized or realizable which are directly attributable to the information and documents supplied by the informant.

It is further stated in the guidelines that the quantum of extra taxes realizable will be determined only after all the assessments have become final and no appeal etc. is pending or filed; and the time for filing of appeal has expired.

As per the guidelines, Rewards to informants are in the nature of ex-gratia payment granted in absolute discretion of the authority and no reward would be granted if the information is of vague and general nature.

(c) No Sir. Where such information is furnished by any informant in expectation of a reward, he is required to furnish a written undertaking in the presence of an officer not below the rank of an Income Tax officer that the information is true and correct and that he is liable for prosecution u/s.182 of the Indian Penal Code in case of furnishing of false information. Secrecy of the source is important as it can also endanger the life and security of the informant. Therefore, such information can not be electronically passed on.

(d) Does not arise in view of (c) above.

(e) For protection of the informants, the identity of the informants is kept secret by the Income Tax Department by assigning them a

code number. Information relating to informants or the rewards paid to them is not disclosed to any authority, except in accordance with law.