

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5089
ANSWERED ON:27.08.2010
TAX PAYERS GOING BANKRUPT
Kaswan Shri Ram Singh

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government gives relief to such tax payers who suffer loss in their business during the intervening period of filling their return.
- (b) if so, the details thereof;
- (c) whether any ex-post facto circular has been issued during the last five years in this regard.
- (d) if so, the details thereof;
- (e) whether refunds will be made to such tax payers who have gone bankrupt after filing their return.
- (f) if so, the details thereof; and
- (g) if not, the scheme of the Government to help out such tax payers?

Answer

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

- (a) to (d): There is no concept of intervening period in the Income Tax Act, 1961 and consequently, the loss suffered in a year can be claimed in the corresponding return of income. The loss can be carried forward to subsequent year(s) and set-off in accordance with the provision of Income Tax Act.
- (e) to (g): The Income Tax Act, 1961 provides that a receiver or a liquidator, as the case may be, can claim refund due to an insolvent or a company in liquidation.