

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4034
ANSWERED ON:26.08.2011
REWARD TO INFORMERS OF TAX EVASION
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Will the Minister of FINANCE be pleased to state:

- (a) whether many informers of tax evasion has not been rewarded or neglected by the Government;
- (b) if so, the details thereof along with reasons therefore; and
- (c) the reaction of the Government thereto ?

Answer

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

(a) & (b): The informers of tax evasion are rewarded by the Govt. as per instructions/guidelines on the subject and are not neglected. However in the instances when the information given by the informers do not fulfill the conditions stipulated in the guidelines for payment of reward, they are not rewarded. As per the reward Guidelines, the authorities competent to grant reward 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. The Hon'ble Supreme Court has also upheld the ex gratia nature of payment of reward to informants.

(c) The Reward policy of the Government is available In the public domain for encouraging informers to provide information relating to tax evasion. The investigative agencies have become more accessible to the informers through advancement of information technology. These measures have resulted in increase in number of actionable intelligence and consequent detection of tax evasion cases.