

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3784
ANSWERED ON:27.04.2012
RECOVERY OF IT
Semmalai Shri S.

Will the Minister of FINANCE be pleased to state:

- (a) Whether a statutory audit has found fault with the Income Tax Recovery process;
- (b) If so, the details thereof and the suggestions made therein;
- (c) The amount of certified demand left uncollected for the year 2009-10 and 2010-11; and
- (d) The steps taken by the Ministry to recover the uncollected amount?

Answer

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

(a) & (b) The C&AG conducted performance audit of Recovery of Arrears of Tax Demand of the Income Tax Department and the report Number 23 of 2011-12 was laid on the table of the Lok Sabha/Rajya Sabha on 16-12-2011. In the report, the C&AG has identified weakening of certain control mechanism and non-adherence by the field formation to prescribed procedures in some cases and made observations/ recommendations to further improve internal control mechanism and to monitor the recovery of Income Tax Arrears more effectively. The observations / recommendations of the C&AG and the response of the Ministry thereto are included in the above- mentioned report of the C&AG.

(c) The amount of certified demand left uncollected for the year 2009-10 and 2010-11 is as under : (as on 31-03-2011)

Year	No. of certificates	No. of defaulters	Amount (Rs. Lakhs)
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2009-10	19,162	14,891	81,04,083
2010-11	22,025	15,489	5,35,123

(d) Raising of demand and recovery of taxes is a continuous process which is affected by many factors due to which arrears are accumulated. Some of the factors which lead to pendency of arrears are -non-traceable assesses, assesses with inadequate or nil assets, assesses notified under Special Court (Trial of offences relating to transaction in securities) Act, 1992, cases before BIFR, companies in liquidation etc.. The position of uncollected tax dues is monitored on regular basis in each case and the possibilities of collection are constantly evaluated. Cases of large demand (Rs. 10 crores and above) are also monitored at the level of CBDT on quarterly basis.