

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:264
ANSWERED ON:25.07.2014
TAX EVASION
Hegde Shri Anant Kumar Dattatreya

Will the Minister of FINANCE be pleased to state:

- (a) whether cases of tax evasion have been on the rise and if so, the number of cases detected by the Central Board of Direct Taxes (CBDT) during each of the last three years and the current year;
- (b) the number of cases pending for settlement/resolution for one year, five years and more than five years as on March, 2014 along with the amount locked up in each such category;
- (c) the action taken by the Government to recover the same and the results achieved therefrom so far; and
- (d) whether the Government proposes to amend and simplify tax administration in the country so as to combat tax evasion effectively and if so, the measures taken in this regard?

Answer

FINANCE MINISTER (SHRI ARUN JAITLEY)

(a) to (d): A statement is laid on the table of the House.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO. 264, RAISED BY SHRI ANANTKUMAR HEGDE, HON'BLE MEMBER OF PARLIAMENT, FOR REPLY ON 25TH JULY, 2014

(a): In the last three financial years, direct tax collections of the Government have been increasing with annual growth rates of 10.76%, 13.10% and 14.29% in financial years 2011-12, 2012-13 and 2013-14 respectively. Direct tax to GDP ratio has also been showing rising trend and the same has been 5.48%, 5.52% and 5.62% for these financial years respectively. These trends do not appear to suggest that tax evasion has been on rise during the period.

Drive against tax evasion is an on-going process. Whenever any instance of tax evasion is detected, appropriate action under Income Tax Act, 1961 (the Act) is taken. Levy of penalty and launching of prosecution are also undertaken in appropriate cases. Assessment of income is made following the procedure prescribed under the Act and the same is subject to appeals. Besides, tax payers may approach Income-tax Settlement Commission (ITSC) for settlement of their cases.

Details of searches, surveys and scrutiny assessments made in the last three financial years are as under:

Financial Year	Search warrants executed	Number of search seized	Total assets admitted u/s. 132(4) of the Act [In Rs. crore]	Undisclosed income [In Rs. crore]
2011-12	5260	905.6	15070.64	
2012-13	3889	575.08	10291.61	
2013-14	4503	807.84	10791.63	

Surveys

Financial Year	No. of surveys conducted	Undisclosed income detected (In Rs. crore)
2011-12	3706	6572.75
2012-13	4630	19337.46
2013-14	5327	90390.71

Figures are provisional

Scrutiny assessments made

Financial Year	Number of scrutiny assessments
2011-12	362411
2012-13	306400
2013-14	402468

(b): Applications for settlement pending before ITSC are as under:

1. Total number of applications pending as on 01.04.2014 730
2. Number of applications pending out of (1) received in F.Y. 2013-14 216
3. Number of applications pending out of (1) received during F.Y. 2009-10 to 2012-13 156
4. Number of applications pending out of (1) received during F.Y. 2008-09 and earlier years 358

It is not possible to quantify the amount locked up in the above applications as the income is quantified by ITSC only at the time of passing orders settling the income.

Status of pendency of appeals before Commissioners of Income-tax(Appeals) as on 31st March 2014 is as under:

	Appeals filed before 01.04.2012	Appeals filed during F.Y. 2012-13	Appeals filed during F.Y. 2013-14
Number of cases	87935	28814	98425
Amount locked up (in Rs. crore)	90271	39997	157175

Status of pendency of appeals before Income Tax Appellate Tribunal (ITAT), High Courts (HC) and Supreme Court (SC) is as under:

	ITAT	HC	SC
Number of cases	35266	35696	5960
Amount locked up (in Rs. crore)	143256	33128	3202

(c): Government has taken various measures for recovery of the pending tax demands as per provisions of the Income Tax Act, 1961. Steps taken in this regard are monitored at various levels through periodical reports and include identification of assets through increasing use of information technology and use of information available with other organizations, etc. The collections by way of regular assessment tax are as under:

Tax collected on regular assessment

Financial Year	Regular tax collection (in Rs. Crore)
2011-12	63,242
2012-13	64,210
2013-14	74,582

Provisional

(d): Rationalization and reform in tax administration with a view to make it more effective in handling of tax evasion is an ongoing process. Both legislative and administrative measures are taken from time to time to combat tax evasion.