PRESS RELEASE

Sub: Notification of The Taxation Laws (Second Amendment) Act, 2016

The Taxation Laws (Second Amendment) Act, 2016 has come into force on 15th December, 2016. The Taxation and Investment Regime for Pradhan Mantri Garib Kalyan Yojana, 2016 (the Scheme) introduced vide the said Act shall commence on 17th December, 2016 and shall remain open for declarations up to 31st March, 2017. The rules in this regard have been notified vide Notification No.116 dated 16th December, 2016 and have been placed in public domain. A separate notification has been issued for Pradhan Mantri Garib Kalyan Deposit Scheme, 2016 by Department of Economic Affairs.

The salient features of the Scheme are as under:

(i) Declaration under the Scheme can be made by any person in respect of undisclosed income in the form of cash or deposits in an account with bank or post office or specified entity.

(ii) Tax @30% of the undisclosed income, surcharge @33% of tax and penalty @10% of such income is payable besides mandatory deposit of 25% of the undisclosed income in Pradhan Mantri Garib Kalyan Deposit Scheme, 2016. The deposits are interest free and have a lock-in period of four years.

(iii) The income declared under the Scheme shall not be included in the total income of the declarant under the Income-tax Act for any assessment year.

(iv) The declarations made under the Scheme shall not be admissible as evidence under any Act (e.g., Central Excise Act, Wealth-tax Act, Companies Act etc.). However, no immunity will be available under Criminal Acts mentioned in section 199-0 of the Scheme.

Non declaration of undisclosed cash or deposit in accounts under the Scheme will render such undisclosed income liable to tax, surcharge and cess totaling to 77.25% of such income, if declared in the return of income. In case the same is not shown in the return of income a further penalty @10% of tax shall also be levied followed by prosecution. It may be noted that the provisions for levy of penalty for misreporting of income @200% of tax payable under section 270A of the Income-tax Act have not been amended and shall continue to apply with respect to cases falling under the said section.

The Taxation Laws (Second Amendment) Act, 2016 has also amended the penalty provisions in respect of search and seizure cases. The existing slab for penalty of 10%, 20% & 60% of income levied under section 271AAB has been rationalised to 30% of income, if the income is admitted and taxes are paid. Otherwise a penalty @60% of income shall be levied.

The Scheme, Rules and Notifications are available on the official website of the Department www.incometaxindia.gov.in. Any queries/clarifications relating to the Scheme may be emailed at ts.mapwal@nic.in.

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