

CBDT extends till Jan 31 deadline for compounding of I-T offences

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The CBDT has extended till January 31 the last date for taxpayers to avail a "one-time" facility to apply for compounding of income tax offences, an order issued on Friday said.

The earlier deadline was December 31, 2019.

In I-T parlance, compounding means that the taxman does not file a prosecution case against the offender or tax evader in court in lieu of payment of due taxes and surcharges.

The decision to extend the last date was taken "in view of references received from field formations, including requests made by ICAI (Institute of Chartered Accountants of India) chapters wherein it has been brought to the notice of the CBDT that the taxpayers could not avail the benefit of the one-time relaxation window due to genuine hardships," the order issued by the Central Board of Direct Taxation (CBDT) said.

The order was accessed by PTI.

Hence, the order stated, the date has been extended to give a final opportunity to such taxpayers and reduce the pendency of existing prosecution cases before the courts.

Applications, as per the procedure of the scheme, are to be filed before the appropriate competent authority that is either a principal chief commissioner or a chief commissioner or a principal director general or director general of the Income-Tax Department "on or before" January 31, 2020.

The CBDT, while launching the scheme in September last year, had said that this "one-time measure" is being undertaken to mitigate unintended hardship to taxpayers in deserving cases and to reduce the pendency of existing prosecution cases before the courts.

"Cases have been brought to the notice of CBDT where the taxpayers could not apply for compounding of the offence as the compounding application was filed beyond 12 months," it had said.

The relaxation, however, shall not be available in respect of an offence which is generally or normally not compoundable, indicating instances of serious tax evasion, financial crime, terror financing, money laundering, possession of illegal foreign assets, benami properties or conviction by a court in the past.

The CBDT circular added that application for compounding of an income tax offence can be filed in cases where:

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Prosecution proceedings are pending before any court of law for more than 12 months or any compounding application for an offence filed previously was withdrawn by the applicant solely for the reason that such application was filed beyond 12 months or any compounding application for an offence had been rejected previously solely for technical reasons.

The CBDT, which frames policy for the tax department, had earlier said that compounding of offences is "not a matter of right" and the department can extend such a relief only in certain cases.

This will be done keeping in view factors like "conduct of the person, the nature and magnitude of the offence on the context of the facts and circumstances of each case," it had said.