

Govt not considering modifications in ITR form: Report

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Any expansion in reporting under the statement of financial transactions (SFT) will mean that such reporting of high-value transactions to the income tax department will be done by financial institutions, the sources said.

Taxpayers will not have to mention their high-value transactions in their income tax return (ITR) and the government is not considering any modification in the form, according to sources.

Any expansion in reporting under the statement of financial transactions (SFT) will mean that such reporting of high-value transactions to the income tax department will be done by financial institutions, the sources said.

"There is no such proposal to modify income tax returns forms," the sources said. "The taxpayer would not need to mention his/her high value transactions in his/her return."

They said collecting reports of high-value transactions was the most non-intrusive way to identify those who spend big money on various items and yet they do not file income tax returns by claiming that their income was less than ₹2.5 lakh per annum.

These items include business class air travel, foreign travel, spending big money in expensive hotels or sending children to expensive schools.

Finance Ministry sources said the Income-tax Act already provided for quoting of PAN/Aadhaar for certain high-value transactions and their reporting by the third parties mainly for the purpose of widening the tax base.

"It's an open fact that in India, only a tiny segment of people pay taxes and all those who should be paying their taxes are actually not paying their taxes," sources said.

The I-T Department is relying more and more on voluntary compliance and, hence, expenditure data collected from third parties through SFT is the best and the most effective non-intrusive method to catch evaders, the sources said.

The Income Tax Department currently receives information like cash deposit/withdrawal from saving bank accounts, sale/purchase of immovable property, credit card payments, purchase of shares, debentures, foreign currency, mutual funds, among others.

It receives such information "specified persons" like banks, mutual funds, institutions issuing bonds and registrars or sub-registrars with regard to individuals having high-value financial transactions since the financial year 2016 onwards.

In 2020-21 Budget, the government revised the format of Form 26AS, stating that all such information from different SFTs would be shown in the new Form 26AS. It is an annual consolidated tax statement that can be accessed from the income-tax website by taxpayers using their permanent account number (PAN).

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