

## DEMONETISATION: TAX LENS ON 87,000 FOR FAILING TO COMPLY WITH DEMONETISATION NOTICES

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Public Finance, Taxation & Black Money incl. Government Budgeting

NEW DELHI: The Central Board of Direct Taxes ( [CBDT](#) ) has ordered “best judgment assessment” of individuals who failed to comply with the income tax department’s repeated alerts on bank deposits made soon after [demonetisation](#).

The [income tax department](#) had sent out SMSes, emails and also issued notices to around 300,000 individuals, who made substantial cash deposits after the November 2016 demonetisation, to furnish income-tax returns for the assessment year 2017-18. But, around 87,000 [taxpayers](#) failed to comply with those notices.

The apex body for direct taxes has now instructed assessing officers (AO) to conclude “best judgment assessment proceedings” to deal with such noncompliance.

The CBDT has authorised the AO to assess the total income of the taxpayer to the best of his judgement. This is usually done in cases where the taxpayer fails to respond to the queries of the AO.

The board has laid out a broad standard operating procedures for these assessments. Updated details of the taxpayer such as address, bank accounts and transaction records would be provided to the AO along with an internal guidance note for verification of cases and framing of assessments.

The AO shall be allowed to gather information about the taxpayer utilising provisions of tax laws such as Section 133(6) of the Income-Tax Act, 1961, Rule 127 of Income-Tax Rules, 1962, and analyse maximum information available thoroughly before framing the assessment.

The assessee will be given an opportunity to explain his case, according to the directive. The range head may examine the record of assessment proceedings and issue direction for guiding the AO in the task.

The CBDT has said that wherever possible, the assessment should be completed by March 31 and, in any case, by June 30.

“The measure would not only deal with tax non-compliers but also ensure integrity in the conduct of assessment proceedings. Imposing a check by the senior authorities on the work conducted by tax officers and also affording a chance to taxpayers for explaining their case would aid a fair play,” said Rakesh Nangia, managing partner at Nangia Advisors (Andersen Global).

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