

Time, Tide & Taxman Wait for None, not Even Pandemic

Investigation wing summoning people whose names they have been tipped off about or come across in the course of an enquiry

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Mumbai: After illness and death, the other grim reality of life is tax—as many who masked earnings and dodged taxes are realising in the middle of a Covid-19 second wave.

The investigation wing of the Income tax (I-T) department has been summoning people whose names they have been tipped off or have come across in the course of an enquiry, to physically appear to respond to their questions.

Unsure of the consequences of ignoring summons beyond a penalty of Rs10,000, many of them are reluctantly meeting the officers in Mumbai's Air India building and Scindia House offices of the tax investigation arm. Some are see-

king more time citing their difficulty to travel amid a lockdown and rising Covid positive cases.

Unlike regular tax assessments, there is no provision for faceless 'proceedings' for tax investigation matters. Also, unlike criminal laws, there is a limitation of statute

under tax laws which require enquiries to be completed before they are time-barred.

According to Mumbai-based chartered accountant Shardul Shah, "Income tax is governed by a central law and the tax department has to complete work in a time-bound

manner. While we understand the compulsions, I think health and safety come first under the current circumstances. So all information should be shared online with the tax investigation department or through a video conference to avoid physical meetings. If possible, all deadlines

should be extended by three months."

Compared to normal times, investigations may involve tracking transaction trails, checking the authenticity of assessments, and cross-checking the information on foreign bank accounts and offshore trusts under the Black Money (Undisclosed Foreign Income and Assets) and Unexplained Income Act, a law that came into force on April 1, 2016.

Before they act, the investigation wing examines information from various sources like suspicious transaction reports generated by banks and tax evasion reports based on details shared by informants, corporate rivals, disgruntled employees and whistleblowers.

I-T's Time to Summon

Tax dept has to finish cases before these are time-barred

Proceedings of investigation wing are not faceless

Assessees & tax practitioners prefer video conference due to Covid

Several matters have to be closed by April unless deadline extended



Illustration: ANURAG BHADA

Nas to Chase 50% Revenue Targets in 4