

As per section 230 of the Income-tax Act, 1961, every person is not required to obtain a tax clearance certificate. Only in the case of certain persons, in respect of whom circumstances exist which make it necessary to obtain a tax clearance certificate will be required to obtain such certificate. In this regard, the **CBDT, vide its Instruction No. 1/2004, dated 5-2-2004**, has specified that the tax clearance certificate may be required to be obtained by persons domiciled in India only in the following circumstances:

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| (i)  | where the person is involved in serious financial irregularities and his presence is necessary in investigation of cases under the Income-tax Act or the Wealth-tax Act and it is likely that a tax demand will be raised against him, or |
| (ii) | where the person has direct tax arrears exceeding Rs. 10 lakh outstanding against him which have not been stayed by any authority.  |

Further, a person can be asked to obtain a tax clearance certificate only after recording the reasons for the same and after taking approval from the Principal Chief Commissioner of Income-tax or Chief Commissioner of Income-tax.

Such a certificate is required to be issued by the income-tax authority stating that such person has no liabilities under the Income-tax Act, or the Wealth-tax Act, 1957, or the Gift-tax Act, 1958, or the Expenditure-tax Act, 1987. Since, Black Money Act, 2015 is also administered by CBDT, **vide the recently tabled Finance (No. 2) Bill, 2024, it has been proposed to add the reference of Black Money Act, 2015 in the list of Acts under which any person should clear his liabilities in order to obtain the tax clearance certificate.**

**Hence, as detailed above, the proposed amendment does not require all the residents to obtain the tax clearance certificate.**