

Tax Hotline

October 31, 2000

ALL INCOME TAX RETURNS SHALL NOT BE SUBJECT TO SCRUTINY

The Central Board of Direct Taxes (CBDT) has recently issued a circular barring the assessing officers from scrutinizing income tax returns, except in cases of glaring tax concealment.

Such a decision was taken by the CBDT a couple of months ago to enable the officers to complete the ongoing computerization process, the first phase which is scheduled to be completed by March 2001. However chief commissioners are vested with powers to order a scrutiny of a return if they suspect income concealment.

The chief commissioner is reported to have said that even after the completion of the first phase of the computerization process the computers would do such a scrutiny. Computerized scrutiny models that are in vogue in other countries are being examined to determine which system would be the most suitable for the Indian scenario.

In a fully developed computer system all the transactions in which Permanent Account Numbers (PAN) are recorded will be matched with the returns of the assessee so that no transaction goes undetected. It is reported that there shall soon be an amendment to the Income Tax Act, 1961, whereby it would become mandatory to record the PAN on all transactions.

Source: *The Economic Times*, October 31, 2000

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