

INDIA JURIS

Taxation Laws (Second Amendment) Bill, 2016 Introduced In Lok Sabha.

The taxation Laws (Second Amendment) Bill, 2016 has been introduced in the Parliament on 28th November, 2016 to amend existing laws to impose a higher rate of tax and penalty in respect of undisclosed incomes. This bill seeks to make people disclose their unaccounted cash and to use it for the welfare of the people especially in the rural areas.

Reserve bank of India have recently withdrawn, bank notes of existing series of denomination of the value of Rs. 500 and Rs. 1000 as step forward to curb black money in India. Tax Evasion deprives the nation of resources which could enable the Government to undertake programmes like anti-poverty and development. It also puts a disproportionate burden on the honest taxpayers who have to pay higher taxes to make up for the revenue leakage.

Government of India has also proposed an alternative scheme in the bill namely, 'Taxation and Investment Regime for Pradhan Mantri Garib Kalyan Yojana, 2016' to refrain people from finding an illegal way of converting their black money into black again. Under this scheme the declarant shall be required to pay tax @ 30% of the undisclosed income and penalty @10% of the undisclosed income. Further, 'Pradhan Mantri Garib Kalyan Cess' @33% of tax is also proposed to be levied as a surcharge. The Declarant shall also have to deposit 25% of undisclosed income in a Deposit Scheme under the 'Pradhan Mantri Garib Kalyan Deposit Scheme, 2016'. This amount is proposed to be utilized not only for the welfare of the poor but also to be utilized for the schemes related to irrigation, housing, infrastructure, toilets, primary health, primary education, etc.

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7 December 2016

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