

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1838
ANSWERED ON:01.08.2003
WEALTH TAX ASSESSEES
CHANDRA VIJAY SINGH;SURESH KODIKUNNIL

Will the Minister of FINANCE be pleased to state:

- (a) whether the actual collection of wealth tax ranged from only 9 to 19 percent of the total outstanding arrears of wealth tax demand during 1997-98 to 2001-02;
- (b) if so, the reasons for a steady decline in number of wealth tax assesseees though no major amendments have been made in the wealth tax law; and
- (c) the steps taken or proposed to be taken to increase wealth tax assesseees?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO V. ADSUL)

(a) Yes, Sir.

However, it may be noted that most of the outstanding wealth tax demand is not recoverable immediately as it is under various stages of litigation and also includes demands stayed by Courts/ Settlement Commission/Appellate Tribunals and various Income tax Authorities.

(b): The number of Wealth-tax assesseees is declining progressively because of the fact that with effect from AY 1993-94, only non-productive assets are being charged to Wealth-tax. Further, assesseees may also be making investments in exempt productive assets such as Bonds, Shares, Securities, Fixed Deposits, etc. for the purpose of availing the benefits of exemption from Wealth-tax. Another reason for the decline in the number of assesseees is that the exemption limit for filing of Wealth-tax returns has been raised to Rs.15 lakhs with effect from AY 1993-94.

Further, due to recent amendments in the Wealth-tax Act, w.e.f. 1.4.1999, the following classes of assets have also been exempted from the charge of Wealth-tax:-

- (i) Any residential property that has been let-out for a minimum period of three hundred days in the previous year;
- (ii) Any property in the nature of commercial establishments or complexes. Thus it can be seen that Wealth-tax is presently chargeable only on a select few categories of "non-productive assets". It is because of these reasons that smaller Wealth tax assesseees have gone out of the tax net resulting in the decline in the number of Wealth-tax assesseees.
- (c): The Government is taking a number of steps to bring more and more people under the wealth-tax net such as :
- (i) Introduction of One by Six scheme making it compulsory for persons satisfying any one of the six economic indicators such as ownership of house, car, etc. to file their returns of income.
- (ii) Introduction of changes in the Income-tax return forms to bring on record the ownership of various assets by the assesseees.
- (iii) Moreover, the Income Tax Department has undertaken a comprehensive computerization programme wherein all the 501 Income Tax Offices throughout the country are gradually being brought on an All India computerized network. With the proposed Tax Information Network (TIN) in place, it will soon be possible to ensure that a person carrying out any business activity / financial transaction would fall within the tax net.