

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4362
ANSWERED ON:19.05.2006
TAX ON NON- FARM RURAL INCOME
Mohite Shri Subodh

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is considering to impose tax on non-farm rural income like money lending, trading in produce etc.;
- (b) if not, the reasons thereto;
- (c) whether big agriculturists and other people are evading tax on pretext of agricultural income in urban and rural area;
- (d) if so, the details thereof; and
- (e) the measures to be proposed to stop this practice?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE: (SHRI S.S. PALANIMANICKAM)

- (a) & (b) All persons having taxable income including income from non-farm activities like money lending and trading in produce are already taxable under the Income-tax Act, 1961.
- (c) Some instances have come to the notice of the Income Tax Department where attempts have been made to show taxable income as agricultural income in order to evade tax.
- (d) & (e) The Department does not maintain a central data base of all such instances where taxable income has been shown as agricultural income in order to evade tax. Wherever such instances are noticed, appropriate action is taken to tax such income and penalize the offender as per law.