

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:911

ANSWERED ON:10.07.2009

RECOVERY OF IT ARREARS

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Will the Minister of FINANCE be pleased to state:

- (a) the Income-Tax arrears as on 31st March, 2009;
- (b) whether the Government had constituted a task force for recovery of income tax arrears;
- (c) if so, the details thereof;
- (d) the amount recovered by this task force as on 31st December,2008; and
- (e) the time by when the Government is likely to recover the full arrears?

Answer

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

(a) The total Income Tax arrears including arrear and current demands as on 31ST March Rs. 2,01,276 Crore.

(b) Yes Sir, Task Force had been constituted in F.Y. 04-05, 05-06 & 07-08.

(c) F.Y. 04-05 & 05-06: A Task force was set up within the income tax Department in August 2004 with the object of evolving and implementing a multi-pronged strategy for collection of arrears of tax. Due to the efforts of the Task Force and the special attention given by the Income-tax Department to the recovery of arrears, an amount of Rs. 7084 Crore was collected out of arrears during 2004-05 as compared to Rs. 5540 Crore and Rs. 5470 Crore collected during 03-04 and 02-03 respectively. The special drive for the collection of arrears was continued during 2005-06, and an amount of Rs. 8064 Crore has been collected during the said financial year.

F.Y. 07-08: The FM had directed the constitution of task force for each CCIT region to go into the statements of entire arrears of taxes and classify them into:

- i. cases of assesseees who are available, visible and carrying on some business or activity even while avoiding/evading payment of tax;
- ii. cases where the assessee is available but there are no assets or there are inadequate assets for recovery;
- iii. cases where the assesseees are not traceable.

The task force was to identify the persons in whose cases the demand is confirmed till ITAT or who have not contested the demand raised but have not paid the taxes and then classify the cases into the above mentioned three categories.

The officers in the field were simultaneously directed to ensure analysis of each demand categorized in the 'demand difficult to recover' category. So that the same may be effectively monitored by the higher authorities. The Task Force was to particularly consider each of the items categorized at 'demand difficult to recover' category while monitoring the outstanding demand. The entire effort resulted in collection of Rs. 9070 Crore. of arrear demand in F.Y. 07-08.

(d) The amount of tax arrears recovered by the Department including the task force as on 31st Dec. 2008 are as under:

F.Y. Amount Recovered

2004-05 7084 Crore

2005-06 8064 Crore

2007-08 9070 Crore

(e) Tax outstanding get added on every month and become arrears when they are carried forward to the next year. As such, tax arrears is not a static concept. It is not possible to recover arrears in full at any given point of time. The recovery of tax arrears in F.Y. 08-09 was Rs. 10016 Crore.