

**FIFTEENTH REPORT
COMMITTEE ON PETITIONS**

(SIXTEENTH LOK SABHA)

**MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE)**

(Presented to Lok Sabha on)



**LOK SABHA SECRETARIAT
NEW DELHI**

..... August, 2016/Shravana, 1938 (Saka)

CPB. NO. 1 Vol. XV

Price: Rs.....

(c) 2016 BY LOK SABHA SECRETARIAT

Published under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha (Sixteenth Edition) and printed by the Manager, Government of India press, Minto Road, New Delhi

CONTENTS

	Pages
Composition of the Committee on Petitions:	(iii)
INTRODUCTION.....	(v)

REPORT

Representation received from Shri Manish Jain regarding mandatory quoting of Permanent Account Number (PAN) for transactions made for purchase of bullion or jewellery.

ANNEXURES

- i) Minutes of the 23rd sitting of the Committee held on 26.04.2016.
- ii) Minutes of the 26th sitting of the Committee held on 4.8.2016

COMPOSITION OF THE COMMITTEE ON PETITIONS (2015-2016)

Shri Bhagat Singh Koshyari - *Chairperson*

MEMBERS

2. Shri Suresh C. Angadi
3. Shri Om Birla
4. Shri Jitendra Chaudhury
5. Shri Ram Tahal Choudhary
6. Shri Rajen Gohain*
7. Dr. K. Gopal
8. Shri Chhedi Paswan
9. Shri Kamlesh Paswan
10. Smt. Krishna Raj**
11. Shri Arjun Charan Sethi
12. Shri Kodikunnil Suresh
13. Shri Dinesh Trivedi
14. Shri Rajan Vichare
15. Shri Dharmendra Yadav

SECRETARIAT

- | | | |
|----------------------------|---|----------------------|
| 1. Shri K. Vijaykrishnan | - | Additional Secretary |
| 2. Shri Shiv Kumar | - | Joint Secretary |
| 3. Shri A.K. Srivastava | - | Director |
| 4. Shri Raju Srivastava | - | Additional Director |
| 5. Shri Anand Kumar Hansda | - | Executive Assistant |

*Shri Rajen Gohain ceased to be Member of the Committee *w.e.f.* 5th July, 2016 on his appointment as Minister of State, Government of India.

**Smt. Krishna Raj ceased to be Member of the Committee *w.e.f.* 5th July, 2016 on her appointment as Minister of State, Government of India.

(iii)

FIFTEENTH REPORT OF THE COMMITTEE ON PETITIONS

(SIXTEENTH LOK SABHA)

INTRODUCTION

I, the Chairperson, Committee on Petitions, having been authorized by the Committee to present the Report on their behalf, present this Fifteenth Report (Sixteenth Lok Sabha) of the Committee to the House on the representation received from Shri Manish Jain regarding mandatory quoting of Permanent Account Number (PAN) for transactions made for purchase of bullion or jewellery.

2. The Committee considered and adopted the draft Fifteenth Report at their sitting held on 4 August, 2016.
3. The observations / recommendations of the Committee on the above matters have been included in the Report.

NEW DELHI;

**August, 2016
Shravana, 1938 (Saka)**

**BHAGAT SINGH KOSHYARI
Chairperson,
Committee on Petitions**

REPORT

REPRESENTATION RECEIVED FROM SHRI MANISH JAIN REGARDING MANDATORY QUOTING OF PERMANENT ACCOUNT NUMBER (PAN) FOR TRANSACTIONS MADE FOR PURCHASE OF BULLION OR JEWELLERY.

Shri Manish Jain submitted a representation to the Committee on Petitions regarding quoting of Permanent Account Number (PAN) for transactions made for the purchase of bullion or jewellery and its impact on the gems and jewellery industry in the country.

2. The Petitioner, in his representation, *inter alia* stated that the All India Gems & Jewellery Trade Federation represents the interests of over three lakh gems and jewellery traders and around one crore work force across the country. The Petitioner further stated that the gems and jewellery industry contributes 3.5% to the Gross Domestic Product of the country.

3. In this connection, the Petitioner drew reference to the Finance Minister's announcement during his Budget Speech of 2015-16 on mandatory quoting of PAN for transactions made for the sale and purchase of goods and services where the payment exceeds Rs. 1 lakh. Elaborating on the issue, the Petitioner submitted before the Committee that on receipt of various representations regarding burden of compliance that the above proposal would entail, the Government, subsequently, had decided that quoting of PAN would be required for transactions of an amount exceeding Rs. 2 lakh, regardless of the mode of payment.

4. The Petitioner further stated that as a large number of people in the country still do not possess PAN Card, therefore, the impact of mandatory quoting of PAN for transactions made for the sale and purchase of bullion or jewellery after the implementation of such policy by the Government would not be beneficial for the gems and jewellery business. As such, the Petitioner requested the Committee to urge the Government to withdraw the mandatory quoting of PAN in respect of the gems and jewellery business.

5. The Committee took up the matter under Direction 95 of the Directions by the Speaker, Lok Sabha and the representation was forwarded to the Ministry of Finance (Department of Revenue) for furnishing their comments on the issues raised in the representation.

6. In response, the Ministry of Finance (Department of Revenue), *vide* their communication dated 23.3.2016, furnished the following comments:-

"The recently amended Rule 114-B of the Income Tax Rules, 1962, inter alia, required that every person shall quote his/her PAN in all documents pertaining to sale or purchase, by any person, of goods or services of any nature, where the amount exceeds Rs. 2 lakh per transaction. Such requirement had come into force with effect from 1.1.2016.

The aforesaid Rule regarding mandatory quoting of PAN had been brought, inter alia, taking into consideration the recommendations of the Special Investigation Team (SIT) on Black Money, chaired and vice-chaired by two former Judges of the Hon'ble Supreme Court. One of the recommendations of the SIT

was that quoting of PAN should be made mandatory for all sales and purchases of goods and services where the payment exceeds Rs. 1 lakh. Considering the aforesaid recommendations of the SIT and concerns raised in the representations from various quarters, in this regard, the Government decided to make the quoting of PAN mandatory for the transactions exceeding Rs. 2 lakh per transaction.

Mandatory quoting of PAN for purchase of bullion or jewellery for an amount of Rs. 5 lakh or more had been in existence since July, 2011. Reports show that between 2010 and 2013, the number of jewellery retail stores (by six organised players in the Gems and Jewellery industry such as Tanishq, Reliance, etc.) in the country has increased from 263 to 386, registering a growth of 47%. Considering the aforesaid growth, there does not appear a sound basis to infer that the requirement of quoting PAN per se would lead to contraction in the relevant trade and consequent adverse impact on employment.

Any person, including a person having exempt income such as agricultural income who does not possess PAN, is not prohibited from making transaction of sale or purchase of bullion, gems and jewellery. Such person is required to give a declaration in Form 60 (with proof of identity and address) to the dealer where quoting of PAN is mandatory for transactions entered into by him.

The requirement of mandatory quoting of PAN in high value financial transactions is part of the overall non-intrusive measures being taken by the Government to curb tax evasion.

The income tax Department had consciously moved towards a technology-driven, non-intrusive tax regime which minimizes the interface between the tax-payer and the Department. The requirement of quoting PAN for specified transactions above a specified threshold helps the Department in capturing information in a non-intrusive manner. Such information is used to expand the tax base and enhance the tax-GDP ratio."

7. The Committee undertook a study visit to Chandigarh from 19 to 20 February, 2016 to have a realistic assessment of the impact of mandatory quoting of PAN for transactions made for the purchase of bullion or jewellery for an amount of Rs. 2 lakh or more on the jewellery traders as well as problems faced by rural/agrarian population in purchase of gems or jewellery who are neither in the tax net or possess PAN Card. The Committee were, *inter alia*, informed that any person, including a person from rural section/agrarian population who does not possess PAN is not prohibited from purchase of bullion, gems or jewellery. In case a person does not have PAN and purchases jewellery, etc., of a value exceeding Rs. 2 lakh, he/she is required to give a simple declaration in Form 60 to the dealer.

8. The Committee enquired about the co-relation between mandatory quoting of PAN for purchase of bullion or jewellery and Tax Collected at Source (TCS). The representative of the Ministry of Finance (Central Board of Direct Taxes) submitted:-

"As per Section 206-C(1D) of the IT Act, 1961 (inserted by the Finance Act with effect from 1 July, 2012), every person being a seller who receives any amount in cash as consideration for sale of bullion exceeding two lakh rupees or jewellery exceeding five lakh rupees shall at the time of receipt of such amount in cash collect from the buyer a sum equal to 1% as Tax Collected at

Source (TCS) of the sale consideration. No TCS is to be made if the purchase is in cheque/ draft. The amount of TCS collected for cash purchases of bullion and jewellery has no co-relation with the mandatory quoting of PAN under Rule 114-B, which applies to all the transactions of sale and purchase. Further, the TCS provision alone is not considered adequate in tackling the menace of black money particularly in the context of investments in gems and jewellery. The requirement of quoting PAN is part of the overall efforts of the Government in keeping a track of high value transactions. It helps in strengthening the non-intrusive methods of curbing tax evasion."

9. Keeping in view the fact that Rule 114-B of the Income Tax Rules, 1962, as amended, specifies various transactions, viz., sale or purchase of immovable property, motor vehicle, etc., the Committee wanted to know the reasons for including the purchase of bullion or jewellery, under the amended Rules. The Ministry of Finance (Department of Revenue), in a written note, submitted:-

"The relevant rules requiring quoting of PAN for purchase of bullion and jewellery had been amended by Notification No. 95/2015 dated 30.12.2015 and as per the amended rules, every person is required to quote his PAN on documents pertaining to sale or purchase of goods or services of any nature if the value of transaction exceeds Rs. 2 lakh."

10. On being enquired by the Committee about the reasons for decreasing the limit of mandatory quoting of PAN from Rs. 5 lakh to Rs. 2 lakh pertaining to sale and purchase of goods and services, including bullion and jewellery, the Ministry of Finance (Department of Revenue), in their written reply, submitted that the Special Investigation Team (SIT) on black money, in its second report, had observed that it is necessary to curb fake/bogus bills by making PAN mandatory for all sales and purchases of goods and services where the payment, either in cash or cheque, exceeds Rs. 1 lakh. The Finance Minister, in the Budget Speech of 2015, announced that quoting of PAN is being made mandatory for any purchase or sale exceeding the value of Rs. 1 lakh. Several representations from various stakeholders and Members of Parliament were received since making of the announcement by the Finance Minister. After due examination of the representations and keeping in view Rs. 1 lakh suggested by the SIT, the threshold limit was increased to Rs. 2 lakh and, accordingly, quoting of PAN had been made mandatory on sale or purchase, by any person, of goods or service of any nature for consideration exceeding Rs. 2 lakh.

11. The Committee then desired to know as to whether any assessment/ study had been made by the Tax Authorities to identify the evasion of mandatory quoting of PAN while entering into transaction for the sale or purchase of bullion and jewellery. The Ministry of Finance (Department of Revenue), in a written reply, submitted as follows:-

"Assessment/ study of the above nature has not been conducted by the Income Tax Department. In view of the nature of business of bullion and jewellery, its vast spread across urban and rural areas of the country as also across organized and unorganized sectors of economy, the subject matter, i.e., identification of non-quoting of PAN while entering into transaction of sale or purchase of bullion and jewellery does not appear amenable to a reliable estimation/assessment. However, appropriate action against tax evasion or non-compliance of statutory requirements under direct tax laws is an on-going process. Such action under the laws includes searches,

surveys, enquiries, assessment of income, levy of taxes, penalties, etc., and filing of prosecution complaints in criminal Courts, wherever applicable."

12. The Committee then specifically wanted to know as to whether the Government has any reliable data of the total number of unregistered dealers/shopkeepers dealing in bullion and jewellery trade in the country. The Ministry of Finance (Department of Revenue), in a written note, submitted that such details are not maintained by the Income-tax Department. Further, it also stated that prior to 1.3.2016, there was no excise duty on articles of precious metals, including gold jewellery. Central Excise duty at the rate of 1% *(without input tax credit)* and 12.5% *(with input tax credit)* on all articles of jewellery *(except for silver jewellery, other than those studded with diamond, ruby, emerald or sapphire)* had been levied in the Budget of 2016-17. This levy became effective from 1.03.2016. As there was no excise duty prior to 01.03.2016, therefore, there is no data in respect of jewellery manufacturers and traders involved in the sale or purchase of bullion and jewellery. However, after imposition of excise duty in the Budget of 2016-17, 25 manufacturers have taken registration, so far.

13. On being asked by the Committee about mandatory quoting of PAN or filling up of Form 60 for the sale of old or ancestral bullion and jewellery for an amount of Rs. 2 lakh or more, the Ministry of Finance (Department of Revenue), in a written note, submitted:-

"As per the amended Rule 114-B of Income- tax Rules, 1962 quoting of PAN or filling up of Form 60 is mandatory for sale or purchase of goods or services of any nature if the value of transaction exceeds Rs. 2 lakh. Thus, the Rules apply to the sale of old and/or ancestral bullion and jewellery, as well."

14. The Committee, thereupon, enquired about the procedure being followed by the Income Tax Authorities regarding quoting of PAN when an individual intends to sell his/her old/ancestral bullion or jewellery for purchase of a motor vehicle, i.e., at the time of selling his old/ancestral bullion or jewellery and while purchasing a new motor vehicle. In response, the Ministry of Finance (Department of Revenue), in a written reply, submitted that as per the amended Rule 114-B of the Income Tax Rules, 1962, quoting of PAN or filling up of Form 60 is mandatory for sale or purchase of goods or services of any nature if the value of transaction exceeds Rs. 2 lakh. Further, sale or purchase of a motor vehicle or vehicle, as defined in Clause (28) of Section 2 of the Motor Vehicles Act, 1988, which requires registration by a registering authority under Chapter IV of that Act, other than two-wheeled vehicles, also requires quoting of PAN. It may be seen that there is a monetary limit for quoting of PAN in case of sale or purchase of goods or services as mentioned at Serial No. 18 of the Table in Rule 114-B, whereas there is no monetary limit for quoting of PAN on sale or purchase of motor vehicles *(other than two wheelers)* requiring registration. Therefore, it is submitted that these two transactions *(sale of old/ancestral bullion or jewellery and subsequent purchase of a motor vehicle)* are separate transactions and may also occur independent of each other.

15. Keeping in view the fact that when the buyer or seller enters into any transaction exceeding Rs. 2 lakh and does not have a PAN, in that case, he/she is required to submit a declaration in Form 60 *(which*

captures the identity and address of the transactee) to the dealer, the Committee further desired to know the alternate mechanism put in place by the Tax Authorities in the form of acceptance of Form 60, if a person from a rural area is not in possession of any proof of identity and address, viz., Aadhaar Card, Ration Card, Voter ID, etc., and the value of his/her transaction exceeds Rs. 2 lakh. The Ministry of Finance (Department of Revenue), in a written reply, submitted as follows:-

"There are large number of documents such as Aadhar card, Bank/ Post office passbook, Elector's Photo Identity Card, Ration/Public Distribution System Card, National Rural Employment Guarantee Scheme (NREGS) Job Card, etc., which can be produced in support of identity and address (not required if a person has applied for PAN and acknowledgment number and date of application is filled up in Form 60) along with Form 60. There is remote possibility that a person entering into the transaction mentioned in Rule 114-B has none of these documents.

PAN gets allotted within 7 working days of successful application and if it is applied on E-Biz platform, it takes 2 days to allot the PAN."

16. On the basis of detailed deliberations with the representatives of the Ministry of Finance (Department of Revenue) during the oral evidence held on 26.4.2016, the Committee were further informed that Form 60 is a type of declaration to be filled by an individual or a *person (not being a Company or Firm)* who does not have a permanent account number and who enters into any transaction specified in Rule 114-B, which contains the following 24 attributes:-

- (1) Name
- (2) Date of Birth/ Incorporation of declarant
- (3) Father's Name (*in case of individual*)
- (4) Flat/ Room Number
- (5) Floor Number
- (6) Name of premises
- (7) Block Name/ Number
- (8) Road/Street/Lane
- (9) Area/ Locality
- (10) Town/ City
- (11) District
- (12) State
- (13) Pin Code
- (14) Telephone Number (*with STD code*)
- (15) Mobile Number
- (16) Amount of transaction (*Rs.*)
- (17) Date of transaction
- (18) In case of transaction in joint names, number of persons involved in the transaction
- (19) Mode of transaction (*Cash, Cheque, Card, Draft/ Banker's Cheque, Online transfer, Other*)
- (20) Aadhaar Number issued by UIDAI (*if available*)
- (21) If applied for PAN and it is not yet generated, enter the date of application and the acknowledgement number

(22) If PAN not applied, fill estimated total income (including income of spouse, minor child, etc., as per Section 64 of the Income Tax Act, 1961) for the financial year in which the above transaction is held

- (a) Agricultural income (Rs.)
- (b) Other than agricultural income (Rs.)

(23) Details of documents being produced in support of identity in Column 1 (Refer Instruction overleaf) - Document Code, Document Identification Number and Name and address of the Authority issuing the document.

(24) Details of documents being produced in support of address in Columns 4 to 13 (Refer Instruction overleaf) - Document Code, Document Identification Number and Name and address of the Authority issuing the document.

17. The Committee were also informed that Form 60 also contained the following declaration and a 'Note' to be filled in by an individual while entering into any transaction, including purchase of bullion or jewellery, if the value of such transaction exceeds Rs. 2 lakh:-

Declaration

I do not have a Permanent Account Number and my/ our estimated total income (including income from spouse, minor child, etc., as per Section 64 of Income Tax Act, 1961) computed in accordance with the provisions of Income Tax Act, 1961 for the financial year_____.

Note

(1) Before signing the declaration, the declarant should satisfy himself that the information furnished in this form is true, correct and complete in all respects. Any person making a false statement in the declaration shall be liable to prosecution under section 277 of the Income Tax Act, 1961 and on conviction be punishable -

(i) in a case where tax sought to be evaded exceeds Rs. 25 lakh, with rigorous imprisonment which shall not be less than six months but which may extend to seven years and with fine;

(ii) in any other case, with rigorous imprisonment which shall not be less than three months but which may extend to two years and with fine.

(2) The person accepting the declaration shall not accept the declaration where the amount of income of the nature referred to in Item 22-b exceeds the maximum amount which is not chargeable to tax, unless PAN is applied for and Column 21 is duly filled.

18. Keeping in view the usage of various technical terms, mentioning of stringent punishment for making false declaration, and an express caveat to the shopkeepers/dealers for not accepting Form 60 where the amount of income referred to in item 22-b (if PAN not applied, fill estimated total income including income of spouse, minor child, etc., as per Section 64 of the Income Tax Act, 1961 in respect of 'other than agricultural income') for the financial year exceeds the maximum amount which is not

chargeable to tax, unless PAN is applied for and Column 21 (*if applied for PAN and it is not yet generated, enter date of application and acknowledgement number*) is duly filled in, the Committee voiced the general perception amongst a majority of the population in the country that the mandatory quoting of PAN or filling up of Form 60 will invite the attention of tax authorities, and wanted to know as to how the Income Tax Authorities would dispel this notion. The Ministry of Finance (Department of Revenue), in a written reply, submitted as follows:-

"Collection of information about high value transactions from different sources is part of non-intrusive methods of tax administration. Such information is collected by the Income Tax Department (ITD) about millions of specified transactions of various types. However, ITD demonstrates faith in the disclosures made by the tax payers in their statutory filings such as returns of income. It is in less than 1% of returns filed that the ITD conducts scrutiny. Further, the numbers of intrusive actions (search and survey) are very less as the same are resorted to on reliable information/basis of large scale tax evasion and/or serious/deliberate violations of the statutory provisions. Therefore, the honest taxpayers and general population have little reason to be apprehensive of the requirement of quoting of PAN in transactions. Further, where a person is not required to file return of income on account of exempt income such as agricultural income and does not possess PAN, he is not prohibited from making transaction of sale or purchase of bullion, gems and jewellery. Such person is required to give a declaration in Form 60 (with proof of identity and address) to the dealer where quoting of PAN is mandatory for transactions entered into by him."

19. During oral evidence, the representative of the Ministry of Finance (Department of Revenue), while elaborating the reasons for including bullion or jewellery under Rule 114-B of the Income Tax Act, 1961, status of Aadhaar Cards issued, and the cumbersome process involved in filling up of Form 60, submitted:-

"The rule regarding mandatory quoting of PAN has been amended in December, 2015 inter alia taking into consideration the recommendations of the Special Investigation Team (SIT) on black money - where one of the recommendations of the SIT was to make quoting of PAN mandatory for all the sales and purchases of goods and services - if the payment exceeds Rs. 1 lakh. Considering the aforesaid recommendations of the SIT and concerns raised in the representations received from various quarters on the issue, the Government decided that quoting of PAN will be mandatory for making transactions of an amount exceeding Rs. 2 lakh, including the purchase of bullion or jewellery.

Till date, 24.99 crore PAN cards and 100 crore Aadhar Cards have been issued. Where the buyer or seller of bullion or jewellery enters into transaction exceeding Rs. 2 lakh and does not have a PAN, the transactee is required to submit a declaration in Form 60 which captures the identity and address of the transactee before the dealer. The relevant rules also applies to the sale of old, ancestral or 'stree dhan' bullion or jewellery. "

OBSERVATIONS/RECOMMENDATIONS

Mandatory quoting of Permanent Account Number (PAN)

20. The Committee note that the provision for mandatory quoting of Permanent Account Number (PAN) was governed by Section 139-A(5)(c) of the Income Tax Act, 1961. The Section *ibid* laid down that every person shall quote PAN in all documents pertaining to such transactions as entered into by him/her. The Committee also note that the Central Board of Direct Taxes (CBDT) *vide* Notification dated 26.5.2011, had amended Rule 114-B of the Income Tax Rules, 1962 to include Clause (r) - making quoting of PAN mandatory on payment to a dealer and also against a bill for an amount of Rs. 5 lakh or more, for the purchase of bullion or jewellery. The Rule came into effect from 1.7.2011. The Rule had been amended by the CBDT Notification dated 30.12.2015 and as per the amended Rule 114-B, every person shall quote his/her PAN, in all documents, pertaining to the sale and purchase of goods or services of any nature where the amount of transaction exceeds Rs. 2 lakh, per transaction. The Rule *ibid* had come into force with effect from 1.1.2016.

21. The Ministry of Finance (Department of Revenue) have further stated that as per the amended Rule 114-B, the requirement of mandatory quoting of PAN on sale or purchase of goods and services applies to all kinds of trade and not specific or restricted to sale or purchase of bullion or jewellery. As a matter of fact, mandatory quoting of PAN for purchase of bullion or jewellery for an amount of Rs. 5 lakh had been in existence since the year 2011.

22. The Committee have also been informed that the amended Rule 114-B had been brought, *inter alia*, taking into consideration the recommendations of the Special Investigation Team (SIT) on Black Money. One of the recommendations of the SIT was that quoting of PAN should be made mandatory for all sales and purchases of goods and services where the payment exceeds Rs. 1 lakh. However, considering the concerns raised in representations received from various quarters, the Government had decided to make quoting of PAN mandatory for transactions exceeding Rs. 2 lakh per transaction.

23. The Committee take note of the initiatives taken by the Government to curb the menace of Black Money and also to expand the tax base and enhance the Tax-Gross Domestic Product (GDP) ratio. The Committee would like to point out that mandatory quoting of PAN while entering into sale and purchase of goods or services, including bullion and/or jewellery, has a cap of Rs. 2 lakh, that too for each transaction. That being so, the Committee feel that any person may enter into multiple transactions, intermittently, for purchase of bullion and/or jewellery where the amount of each transaction does not exceed Rs. 2 lakh. In that eventuality, the provisions of Rule 114-B of the Income Tax Rules, 1962, *inter alia*, regarding mandatory quoting of PAN would not be attracted and the objective of curbing Black Money from the economy would not yield the desired results. The Committee, therefore, call upon the Ministry of Finance (Department of Revenue) to work out a two-pronged strategy, i.e., on the one hand, to empower the Tax Authorities to keep a tab on

transactions made, in cash, for sale or purchase of bullion and/or jewellery, where the value of each transaction is below Rs. 2 lakh, and on the other, undertake a study to find out the impact of excluding the requirement of mandatory quoting of PAN for the sale or purchase of bullion or jewellery - where the payment is made through Cheque, Credit/Debit Card, Draft/ Banker's cheque or through online transfer. The Committee would like to be apprised of the action taken by the Ministry in this regard.

Unregistered dealers/shopkeepers dealing in bullion and jewellery

24. The Committee note that prior to 1.3.2016, since there was no excise duty on articles of precious metals including gold jewellery, reliable data in respect of jewellery manufacturers and sale or purchase of bullion and jewellery in the country were not maintained by the Income Tax Department. The Committee also note that Central Excise Duty at the rate of 1% (*without input tax credit*) and 12.5% (*with input tax credit*) on all articles of jewellery (*except for silver jewellery, other than those studded with diamond, ruby, emerald or sapphire*) had been levied in the Budget of 2016-17. This levy is effective from 1.3.2016. The Committee have also been given to understand that after imposition of Excise Duty in the Budget of 2016-17, 25 manufacturers had taken registration, so far. The Committee are not fully satisfied with the progress made by the Tax Authorities on the aspect of registration of jewellery manufacturers, dealers or shopkeepers, thereby hampering the development and maintenance of reliable database as an overall non-intrusive mechanism to curb tax evasion. In this connection, the Committee strongly feel that since out of the 25 crore Pan Card holders in the country, only a meagre 6 crore people (24%) are paying income tax, the Ministry of Finance (Department of Revenue) should resort to innovative methods to ensure the formulation of a reliable database in respect of jewellery manufacturers and dealers/shopkeepers dealing in sale or purchase of bullion and jewellery in the country. The Committee would like to be apprised of the measures taken by the Ministry in this regard.

Filling up of Form 60

25. The Committee note that as per the amended Rule 114-B of the Income Tax Rules, 1962, quoting of PAN is mandatory for sale or purchase of goods or services of any nature, if the value of transaction exceeds Rs. 2 lakh. The Committee also note that when a person is not required to file return of income on account of exempt income such as agricultural income and does not possess PAN, he/she is not prohibited from making transaction for sale or purchase of bullion, gems and jewellery. Such person is required to give a declaration in Form 60 (*with proof of identity and address*) to the dealer where quoting of PAN is mandatory for transactions entered into by him. The Committee are dismayed to find that though Form 60 is a type of declaration to be filled in by an individual who does not have a permanent account number, the same consists of 24 different parameters, which not only includes general information like Name, Date of Birth, Father's Name, etc., but also some intricate information like filling up of estimated total income [Agricultural income/ Other than Agricultural income] (*including income of spouse, minor child, etc., as per*

Section 64 of the Income Tax Act, 1961), details of documents being produced in support of identity and address, and also an express warning to the user of Form 60 that any person making a false statement shall be liable to be prosecuted under Section 277 of the Income Tax Act, 1961 and on conviction, be punishable with rigorous imprisonment which shall not be less than six months but which may extend to seven years with fine. Considering the fact that Form 60, in its present format, appears regressive rather than progressive and the comprehensibility of various parameters contained in the Form seen from the point of view of an average educated person also appears doubtful, the Committee urge the Ministry of Finance (Department of Revenue) to re-visit the various parameters contained in Form 60 and devise a user-friendly Declaration Form so that the public at large, especially the people from rural areas, do not feel apprehensive, if not afraid while filling up the Form for purchasing bullion or jewellery. The Committee would like to be informed of the concrete action taken in the matter.
