



**GOVERNMENT OF INDIA  
DEPARTMENT OF REVENUE**

**DIRECTORATE OF INCOME-TAX (RECOVERY)**

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F.No.1(153)/DIT(R)/I. T. Demand Cate./2015-16/  
1704

**Dated:15.02.2016**

To

**All the Pr. CCsIT/CcsIT & DgsIT**

Sir,

**Sub:- Guidelines on the procedure to be followed for seeking information from Financial Intelligence Unit-India (FIU-IND) and confidentiality to be maintained in handling such information-reg. –**

Kindly refer to the above mentioned subject.

As you are aware, FIU-IND is an intelligence organization under Ministry of Finance and provides information to designated agencies as per the established protocol of sharing of information. Information is provided by FIU-IND under section 66 of the Prevention of Money Laundering Act, 2002.

2. It has been informed by the FIU-IND that it is in receipt of numerous letters and notices under section 133(6), of Income Tax Act from various field units of CBDT calling for information regarding bank accounts, assets etc. of the assesseees which are required for recovering tax arrears.

3. Financial Intelligence Unit-India (FIU-IND) is the designated authority under Prevention of Money laundering Act, 2002 (PMLA) to receive information from different reporting entities. Accordingly, it has a database of, inter alia, bank accounts and transactions therein, transaction in securities, insurance premium paid on policies etc.

4. FIU-IND shares information spontaneously and on request basis with, inter alia, CBDT under Section 66 of PMLA. Also, Central Board of Direct Taxes (CBDT) and FIU-

IND have executed Memorandum of Understanding (MOU) for exchange of information. On the basis of these, Income Tax Authorities under CBDT can seek information from FIU-IND for both domestic bank accounts etc as well as those from foreign countries. Such information may be extremely useful for recovery from bank accounts hitherto unknown to Income Tax Authorities or bringing to tax the transactions that might have been done through undisclosed bank account(s).

5. It is seen that while sending requests to obtain information from FIU-IND a simple letter by the AO/TRO/CIT is sent to this office without filling in & signing the Annexure – I & II prescribed as per CBDT letter dated 29.09.2011. The copy of letter of CBDT dated 29.09.2011 is enclosed herewith vide which the procedure for seeking information from FIU-IND has been prescribed. The field authorities may be directed to go through this letter and Annexure I & II which are to be filled in and signed by the concerned Pr. CIT.

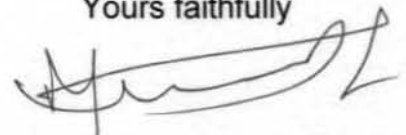
6. It is reiterated that requests to FIU-IND may be made only through this Directorate as the FIU-IND will not entertain direct requests from the Field Authorities/Officers.

7. It may be noted by all Income Tax Authorities in field formation that information received from FIU-IND is confidential and utmost confidentiality must be maintained in handling and with respect to custody of such information. It should be protected from unauthorized use and proliferation. The information received from FIU-IND, domestic as well as foreign, needs to be treated as intelligence and the same be further developed by the department's own investigation. Accordingly, FIU-IND will not be mentioned as the source of information in any place or occasion or document like assessment order/correspondence etc, except when required by a competent court of law.

8. This is issued with the prior approval of the Competent Authority.

Encl.: As above.

Yours faithfully



**(Yaduvir Singh)**  
**Joint DIT(Recovery)**

F.No. 404/02/2011-ITCC  
Government of India  
Ministry of Finance  
Department of Revenue  
Central Board of Direct Taxes

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New Delhi, the 29<sup>th</sup> September, 2011.

To

All Chief Commissioners of Income Tax,  
All Directors General of Income Tax,

Madam

**Subject: - Recovery of outstanding tax dues classified under the categories "Assessee not traceable" and "No assets/inadequate assets for recovery" - regarding.**

Substantial Direct Tax Demand is outstanding against the assessees who are currently not traceable or in whose case as per the information available with the Income Tax Department, adequate assets to make recovery are not available. The Board has reviewed such demands and has decided that following procedure should be adopted for handling such outstanding demand:

- (i) In order to ensure the correctness of the demand as well as its classification, the jurisdictional CsIT should ensure that the basic verification with respect to departmental data bases available with the field formations (such as PAN database, IIS etc ), is carried out:
- (ii) In addition to normal recovery measures information available on internet and in public domain, Registrar of Companies etc. should be explored to get clues on the present whereabouts of the assessee/assets.
- (iii) Thus as step one, the arrear demands classified under the above mentioned categories are to be verified/certified as per check list at Annexure-I by the jurisdictional CsIT.
- (iv) The CsIT are required to get fresh enquiries conducted every six months specifically in those areas or sources which may be useful to supplant the existing information for clues for tracing the assessee/assets.
- (v) The next step would be to utilize the database available with Directorate of Systems & Directorate of Investigation. For this purpose, the CCsIT/DsGIT concerned should get in touch with the Directorate of Income Tax (Systems), for getting further clues about the traceability of the assessee or its assets. Directorate of Systems would create a nodal point to receive such requests from field formations for data mining and for

conveying results to them. Simultaneously, 360 degree profile of the assessee (to the extent possible) can be built by using ITDMS data available with DGIT(Inv)/DIT(Inv) of the area concerned.

- (vi) The FIU-IND of Department of Revenue is regularly collecting information from various authorities such as Banks, Financial Institutions etc. Once the demand is classified under the categories "assessee not traceable" and "No assets/inadequate assets for recovery", the information should be sent by the CCITs/DsGIT concerned to the Directorate of Income Tax (Recovery) in the prescribed proforma (Annexure-II). The Directorate of Recovery would thereafter forward the data to FIU-IND for matching the data base available with them and the result of such matching shall be transmitted back by DIT (R) to the CCsIT/DsGIT concerned.

While carrying out the above exercise, priority may be given by CCsIT/DsGIT to the cases where outstanding demand is Rs. 1 crore and above and the cases involving demand of less than Rs. 1 crore may be taken thereafter.

## 2. Reporting: (Special Cell) ✓

A special cell to exclusively deal with matters relating the recovery of arrears classified as "Assessee not traceable" and "No assets/inadequate assets for recovery" has been created in the Directorate of Recovery.

You are requested to send Dossier reports in all cases where outstanding demand is Rs. 1 crore and above with the demand classified as "Assessee not traceable" or "No assets/inadequate assets for recovery", to the Special Cell on a quarterly basis along with the verified checklist as mentioned in Para 1(iii). For the quarter ending 30.09.2011 the dossiers should reach the Special Cell by the 30.10.2011 and thereafter such dossiers/check list should be sent within a period of 15 days from the end of the quarter. Besides other functions, this cell shall function as a nodal for obtaining information from FIN-IND or any other source/agency/database and transmitting that to the field formations on a quarterly basis. Accordingly, Proforma (Annexure-II) for seeking information from FIU-IND should also be sent along with the dossiers.

## 3. Putting up the names of Tax defaulters in Public domain:

The Board has decided that the names of tax defaulters for the arrear demands classified as "Assessee not traceable" and "No assets/inadequate assets for recovery" should be put in public domain in a phased manner:

In the first phase (the names of the assesseees with arrears of Rs. 10 crores and above (as on 31.12.2010) will be considered for putting in public domain.) The Committee constituted by the

Board under the Chairmanship of DGIT (Admn.) has already obtained information for such cases from the Directorate of Systems as well as FIU-IND and the information has been sent to the CCsIT/DsGIT for taking actions for recovery. The CCsIT/DsGIT concerned are immediately required to.

- (i) Get verification done from ITDMS for demands of Rs. 10 crores and above as on 31.12.2010 which are classified as "Assessee not traceable" and "No assets/inadequate assets for recovery". This exercise should be completed by 15.10.2011.
- (ii) Issue Show Cause Notices to the assessee's figuring in the category "No Assets/inadequate assets for recovery", asking them as to why their names should not be published and after considering their replies recommend cases fit for publication. This exercise should be completed by 30.10.2011.
- (iii) The particulars of recommended cases are required to be forwarded to the Directorate of Recovery in the prescribed proforma signed by the CsIT concerned and the undertaking signed by the CCsIT/DsGIT (Annexure-III).] Along with this, the information which would be published has to be provided in the proforma (Annexure-IV) by the CsIT. This exercise should be completed by 15.11.2011.]
- (iv) The Special Cell would compile the list of recommended cases for necessary approvals before publication.
- (v) The particulars of defaulters will be placed in a separate area to be created on the official website.

In the second phase, cases of arrears of Rs. 1 crore and less than Rs. 10 crore as on 31.03.2011, may be considered for publishing as per the procedure mentioned above and the requisite information in Annexure III and IV should be sent to DIT(R) by 31.01.2012.]

Hereafter, this exercise of putting up names of cases of Arrear of Rs. 1 crore and above in public domain shall be a quarterly exercise as per the following calendar:

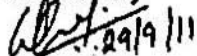
Information to reach DIT(R) in Annexure III and IV for the quarter ending March.	By 15 <sup>th</sup> April
Information to reach DIT (R) in Annexure III and IV for the quarter ending June.	By 15 <sup>th</sup> July
Information to reach DIT (R) Annexure III and IV for the quarter ending September.	By 15 <sup>th</sup> October
Information to reach DIT (R) Annexure III and IV for the quarter ending December.	By 15 <sup>th</sup> January

## 1. Suggestions to prevent accumulation of Arrear Demands

In order to prevent accumulation of arrear demands in these categories, following actions are suggested:

- (i) Ensure that provisions of provisional attachment are used more frequently by the assessing officers.
- (ii) The details of current assets including debtors should be placed on record before passing of assessment order.
- (iii) The appellate orders in high demand appeal cases should be passed on priority.
- (iv) The Range heads are required to ensure that the assessment orders are not passed in a hurry, making unjustified additions raising in fructuous demand. Ex-party orders where notices are issued at the flag end of available period to make assessment, and assessee could not even be located/contacted, should be strongly discouraged.

Yours faithfully



(Deepak Garg)

Director (ITCC)

Tel No. 23092939\

**CHECK LIST FOR PRELIMINARY VERIFICATION BY CsIT**

1	CCIT/DGIT	
2	CIT	
3	NAME	
4	PAN	
5	CATEGORY (I/II)	
6	AMOUNT (Rs.)	
7	ASSESSMENT YEAR (S)	
8	<b>Factual Check list:</b>	<b>Y/N</b>
i)	PAN enquiry showed jurisdiction of the taxpayer with the AO and not some other officer.	
ii)	The Range head did not find any Individual Transaction Statement (ITS-populated from AIR/CIB/TDS etc. databases) for the taxpayer or enquiries made based on ITS information met with a dead end	
iii)	Internet search made to get clues on the present whereabouts of the taxpayer and either no clues were available or further enquiries from the clues so obtained did not result in locating the taxpayer	
iv)	Enquiries made from banks where the taxpayer's last known bank accounts were maintained or his other creditors did not yield any result.	
v)	Enquiries made with local Police/Municipal Authorities did not yield any result regarding the whereabouts of the taxpayer or his assets.	
vi)	This being a company case, verification was done from the Registrar of Companies and MCA 21, which did not result in tracing the company or finding assets.	
vii)	This being a company case, enquiries did not indicate that there had been any merger/demerger/ amalgamation.	
viii)	Assets as per record on the date of creation of the demand were identified and enquiries made ruled out alienation of these assets to evade payment of tax inviting action u/s 281 or for prosecution in terms of sub-section 2 of section 276C.	
9	<b>Calendar Check list</b>	
	Last date of enquiry for areas listed in factual check list which can have updated information, is less than 6 months.	

**(Commissioner of Income Tax)**

(Signature with stamp)

Place:

Date:

**PROFORMA IN CASE OF DOSSIER OF MORE THAN RS. 1 CRORE WHERE 'ASSEESSEE NOT TRACEABLE' (CATEGORY-I) OR 'ASSEESSEE WITH NO/INADEQUATE ASSETS' (CATEGORY-II)**

(QUARTER ENDING - 30<sup>th</sup> JUNE/ 30<sup>th</sup> SEPT/ 31<sup>th</sup> DEC/ 31<sup>st</sup> MARCH)

1	CCIT/DGIT	
2	CIT	
3	CATEGORY (I/II)	
4	AMOUNT (RS.)	
5	ASSESSMENT YEAR (S)	
6	NAME	
7	PAN	
8	FATHER'S NAME	
9	DATE OF BIRTH	
10	ADDRESS	
11	TELEPHONE / MOBILE NO.	
12	PASSPORT NO. (if available)	

(Commissioner of Income Tax)  
(Signature with stamp)

Place:

Date:

**PROFORMA FOR INFORMATION TO BE PUBLISHED AND UNDERTAKING BY THE CCIT/DGIT IN CASE OF DOSSIER OF MORE THAN RS. 10 CRORE WHERE 'ASSEESSEE NOT TRACEABLE' (CATEGORY-I) OR 'ASSEESSEE WITH NO/INADEQUATE ASSETS' (CATEGORY-II)**

1	CCIT/DGIT	
2	CIT	
3	NAME OF THE INDIVIDUAL/FIRM/COY./AOP	
4	PAN OF THE ASSESSEE	
5	DATE OF BIRTH/ DATE OF INCORPORATION	
6	FATHER'S NAME  (In the case of firm, company, AOP etc., the names of the partners of the firm, Directors, Members of the AOP, Manager of the Company etc.) <b>alongwith their PAN details and last known address.</b>	
7	LAST KNOWN ADDRESS	
8	AMOUNT OF ARREARS (RS.)	
9	ASSESSMENT YEAR (S)	
10	CATEGORY (I / II)	

<b>A</b>	<b>VERIFICATION</b>	
i)	In addition to normal recovery measures, verification of elements of the check-list done (Y/N)	
ii)	Reference made to Directorate of Income Tax (Systems) and action on information received, if any, taken (Y/N)	
iii)	Reference made for matching of data with that on ITDMS and action on information received, if any, taken (Y/N)	
iv)	In case information from FIU-IND has been provided by Directorate of Income Tax (Recovery), action taken thereupon (Y/N)	

<b>B</b>	<b>IN CASE DEMAND RELATES TO PENALTY</b>	
ii)	The time for filing appeal before CIT(A) expired without any appeal having been presented (Y/N)	
ii)	Appeal presented before CIT(A) has been disposed of (Y/N)	

<b>C</b>	<b>NOTICE TO ASSESSEE FOR PUBLICATION OF NAME IN CASE OF CATEGORY-II</b>	
i)	Notice for publishing of name given to assessee (Y/N)	
ii)	Reply received and considered (Y/N)	

(Commissioner of Income Tax)  
(Signature with stamp)

Place:

Date:

### UNDERTAKING

This is to confirm that all efforts for recovery of arrear demand as indicated at S.No. 8 have been undertaken and the assessee is not traceable / demand is irrecoverable in spite of all the efforts including those mentioned in A(i) to A(iv).

2. It is also certified that the {time for filing appeal before CIT(A) has expired without any appeal having been presented} / {appeal presented before CIT(A) has been disposed of}. *(Strike out whichever is not applicable)*

3. It is also certified that a notice to the assessee for publication of name on the website has been issued, the reply received and considered and it is a fit case for publication of name on the website. *(Applicable to Category-II cases - please strike out if not applicable.)*

(CCIT/DGIT)  
(Signature with stamp)

Place:

Date:

