

**Government of India  
Ministry of Finance  
Department of Revenue  
Central Board of Direct Taxes**

**PRESS RELEASE**

**New Delhi, 14<sup>th</sup> July, 2016**

**Sub : The Income Declaration Scheme 2016 - Issue of further FAQs**

The Income Declaration Scheme, 2016 provides an opportunity to persons who have not paid full taxes in the past to come forward and declare their undisclosed income and assets. The Board has issued three sets of clarifications in the form of FAQs. The fourth set of Frequently Asked Questions (FAQs) providing clarification on various issues are in the process of being issued and will be available on the official website of the Income Tax Department i.e., [www.incometaxindia.gov.in](http://www.incometaxindia.gov.in) later today.

Queries have been received from various stakeholders whether the payment under the Scheme can be made out of undisclosed income without including the same in the income declared, thereby bringing down the effective rate of tax, surcharge and penalty payable under the Scheme to around 31%. The fourth set of FAQs seek to set this issue at rest as follows:

***“Question No. 6: With reference to Question No.5 issued vide Circular No.25 of 2016, wherein it has been stated that the department will not make any enquiry in respect of sources of income, payment of tax, surcharge and penalty, it may be clarified that whether the payment under the Scheme can be made out of undisclosed income without including the same in the income declared, thereby bringing down the effective rate of tax, surcharge and penalty payable under the Scheme to round 31 per cent?”***

***Answer:*** *It is clarified that the intent of the clarification issued vide Question No.5 of Circular No.25 of 2016 was limited to conduct of enquiry by the Department. It in no way intends to modify or alter the rate of tax, surcharge and penalty payable under the Scheme which have been clearly specified in the Scheme itself. Sections 184 & 185 of the Finance Act, 2016 unambiguously provide for payment of tax, surcharge and penalty at the rate of 45 per cent of undisclosed income. This is illustrated by the following example—*

*In a case a person declares Rs.100 lakh as undisclosed income, being the fair market value of undisclosed immovable property as on 1<sup>st</sup> June, 2016 and pays tax, surcharge and penalty or Rs.45 lakh (30 lakh + 7.5 lakh + 7.5 lakh) on the same out of his other undisclosed income. In*

*this case the declarant will not get any immunity under the Scheme in respect of undisclosed income of 45 lakh utilized for payment of tax, surcharge and penalty but not included in the declaration filed under the Scheme. To get immunity under the Scheme in respect of the entire undisclosed income of Rs.145 lakh (Rs.100 lakh being undisclosed income represented by immovable property and Rs.45 lakh being the payment made from undisclosed income) and pay tax, surcharge and penalty under the Scheme amounting to Rs.65.25 lakh i.e., 45 per cent of Rs. 145 lakh.”*

Other queries related to revision of declaration, chargeability of capital gain and TDS on transfer of property from benamidar to beneficial owner etc. have also been dealt with in the circular.

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