Sub: Cautionary Advisory on Reports of tax evasion by under-reporting income or inflating deductions/Exemptions by salaried taxpayers

The Income Tax Department has from time to time issued advertisements requesting taxpayers to report their correct income in their Income Tax Returns.

In this connection, the attempt salaried taxpayers to under-report income or inflate deductions aided and abetted by unscrupulous intermediaries has been noted with concern. Such offences are punishable under various penal and prosecution provisions of the Income Tax Act.

The processing of Income Tax Returns by CPC-Bangalore is done in an automated rule based manner to ensure world class taxpayer services for issuance of refunds in an efficient manner. The CPC Bangalore operates as a back office with no human interface with the taxpayer.

The Income Tax Department has an extensive risk analysis system aimed at identifying persons who are non-compliant and aim to subvert the trust based system envisioned while processing of ITRs at CPC Bangalore. In all such cases of high risk, the Department may examine and verify the details submitted by taxpayers in their ITR, subsequent to processing of returns in CPC.

If the Department notices any fraudulent claims in the returns, such tax payers may be punishable under various provisions of the Income Tax Act. This may also delay issuance of refunds in such cases.

Taxpayers are, therefore, strictly advised not to fall prey to false promises or mis-advice by unscrupulous intermediaries and submit wrong claims in their ITRs, which would be treated as cases of tax evasion. In the cases of such wrong claims by Government / PSU employees, reference would be made to the concerned vigilance division for action under conduct rules.

Department may also prosecute the intermediaries and abettors under relevant sections of the Income Tax Act and may refer such cases to other law enforcement agencies for appropriate action. Hence, the Department also advises all intermediaries to strictly confine their advice to taxpayers within the four corners of the Income Tax Act.

This advisory is being issued with the approval of Pr DGIT (Systems), CBDT