



GOVERNMENT OF INDIA
MINISTRY OF FINANCE
INCOME TAX DEPARTMENT
PCCIT, ODISHA

To, CENTRAL RESERVE POLICE FORCE CGO COMPLEX LIDI ROAD , NEWDELHI,Delhi India	
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TAN: DELC00555C	Dated: 14/12/2023	DIN & Letter No : ITBA/COM/F/17/2023-24/1058748238(1)
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Sir/ Madam/ M/s,

Subject: Communication with - Government departments and authorities

With regard to the issue of "Suspicious Refund Claims", please find enclosed herewith:

- 1) Appeal to salaried class employees to file up-dated / Revised ITRs(**Annexure :A**)
- 2) Salient Tax provisions related to salaried class employees and DDOs,(**Annexure:B**)
- 3) News Paper Clipping(**Annexure :C**)

There are many employees working in your organization (department) / for which you are the DDO (drawing and disbursement officer responsible for paying their salaries and other emoluments and making the TDS as per the Income Tax Act, 1961), in whose cases "Income Tax department" is contemplating verification/action, because of suspected incorrect claims of deductions/exemptions, made in their "Income Tax Returns"

Initially, we would like to educate them about consequences of wrong claims, and give them an opportunity to voluntarily rectify their mistakes by filing updated/revised ITRs and avoid penalties, prosecutions under I.T. Act, disciplinary proceedings from their own department/organization and any possible action from enforcement agencies like CBI, ACB, EOW etc.

- In this context, you are requested to get it circulated among your employees and give wide publicity.
- "An advisory" may be issued to your employees to recheck the deductions/exemptions claims which are not in consonance with Form 16 and to file the Revised/Updated ITRs as the case may be.

The details as mentioned above also contain the related provisions and your

Enclosed: Refer to attachment ATTACHMENT_100071135848.zip

Note: If digitally signed, the date of digital signature may be taken as date of document.
,AAYAKAR BHAWAN, RAJASWA VIHAR, BHUBANESWAR, Odisha, 751007
Email: BHUBANESWAR.PCCIT@INCOMETAX.GOV.IN,

Note:- The website address of the e-filing portal has been changed from www.incometaxindiaefiling.gov.in to www.incometax.gov.in.

* DIN- Document identification No.

responsibilities as DDO.

In FY 23-24, till 10th October, 2023 1.68 million taxpayers have withdrawn incorrect claims, by filing Updated/Revised Income Tax Returns and have paid about Rs. 1,300 crores additional tax to the Government after the department flagged discrepancies in the ITRs filed.

Seeking your cooperation,

Yours Truly,



MORA BHUPAL REDDY
PCCIT, ODISHA

(In case the document is digitally signed please refer Digital Signature at the bottom of the page)

This document is digitally signed

Signer: BHUPAL REDDY MORA
Date: 14 December 2023 14:07
Location: BHUBANESWAR, India

Income Tax dept. Odisha

Appeal to "Salaried class Tax Payers"

Dear Sir /Madam

Sub: ITRs of salaried employees- suspicious claims under various sections-reg.

CASES OF WRONG CLAIMS

Test check of "details as reflected in ITRs filed" and compared with 'the details as shown in Form-16 / 26 AS' resulted in variations in figures shown...especially w.r.t. the following items.

- A. Gross Total Income.
- B. Exemptions / deductions claimed under various sections like u/s 10(5), 10(13A), 10(14), 24(b), 80C, 80D, 80DD, 80DDB, 80G, 80GG, 80GGC & 80U.

SCOPE FOR RECTIFICATION

If wrong claims are mistakenly made out of innocence or under mis-guidance of any other person, the same can be rectified by filing:-

Updated ITRs for A.Ys 2021-22(F.Y. 2020-21), 2022-23(F.Y-2021-22)

Revised ITRs for A.Y 2023-24(F.Y-2022-23)

Such response may be treated as "voluntary compliance".

AVOIDANCE OF PUNITIVE ACTION

If ITRs are updated / revised, "after specific mistakes are pointed out by the dept / after the issuance of notices u/s 148/133(6) etc. by the dept. ," the taxpayers/assesseees may be liable for **penalty u/s 270A, /prosecution proceedings u/s 276C & 277 etc. under the Income Tax Act, 1961.**

If and when punitive provisions are invoked by IT dept, in the cases of Govt employees/ employees of public sector undertakings, it may also lead to initiation of **disciplinary proceedings by the respective departments/organisations.**

The Principal Chief Commissioner of Income Tax, Odisha region, being the Chairperson of the Regional Economic Intelligence Council, Bhubaneswar may have to share the cases of incorrect claims (if not rectified voluntarily) with other **enforcement agencies like CBI, EOW, ACB etc.**

REQUEST / APPEAL

In case of incorrect claims of deductions/exemption, you are earnestly requested to revise your ITR for the A.Y 2023-24 before 31.12.2023/ update you ITRs for A.Ys 2021-22 & 2022-23 immediately.

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P.S : Note on variations in claims under various sections of IT Act , Duties / responsibilities of employees, DDOs, penal and prosecution provisions under IT Act etc are as per annexure.

Income Tax Department, Odisha

TAX PROVISIONS FOR SALARIED EMPLOYEES
(TAX EDUCATION SERIES)

A. Responsibilities of the employee/assessee before the DDO

As per the Income Tax Act, 1961, every employee is required to submit the details of Income earned not only by way of salary but also by way of income from other sources like income from house property, capital gains etc. **Similarly details of savings and investments along with evidence have to be provided to the DDO.**

B. Responsibilities of the DDO

The DDOs are required to verify the declaration submitted by the employee/assessee to ascertain the correctness of the income declared, taxes paid, **the evidences filed by the employees with reference to savings and investments** and allowability of deductions/exemptions claimed under the different provisions of the Income Tax Act, 1961 and deduct the tax accordingly. **The necessary evidences in support of the declarations as submitted by the employees are also required to be retained by the DDOs.**

C. Nature of suspicious claims

As all the sources of income and details of savings and investments have already been considered by the DDO in Form 16, salary returns after being processed result in no refund or refund of around Rs.5,000/- in each case.

On verification of the data relevant for A.Y. 2021-22, 2022-23 and 2023-24, it appears that many employees have claimed deductions/exemptions which were not claimed as per the declaration submitted before their respective DDOs.

Instances have come to the notice, wherein even the gross total income has been understated while filing the ITRs.

As a result of such excess/wrong claims of deductions/exemptions, and also because of understatement of gross total income, in hundreds of the cases refund claim of more than Rs.50,000/- by each employee were made in their return of income.

D. Reasons for wrong claims

The reasons for making wrong claims of deductions/exemptions resulting in refund of tax deducted at source may be due to innocence or because of misguidance by different stakeholders. This is not only in violation of the existing provisions of the Act but may also be in violation of the respective service rules of the organisation to which they serve which may also lead to disciplinary action from the employer.

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E. Action from side of dept

The Department has initiated/is initiating necessary action by calling for evidences from the employees as well as the DDOs regarding the declarations of the employees vis-à-vis their Income Tax return and will be able to identify each such employee/DDO who are resorting to such unethical practices.

F. Necessity of furnishing of evidence by the employee to the DDO:

Rule 26C(1): The assessee shall furnish to the person responsible for making payment under sub-section(1) of section 192, the evidence or the particulars of the claims referred to in sub-Rule 2, in Form No.12BB for the purpose of estimating his income or computing the tax deduction at source.

Sub-Rule 2 – The assessee shall furnish the evidence or the particulars specified in Col.(3) of the table below, of the claim specified in the corresponding entry in Col. (2) of the said table:-

Sl.No.	Nature of claim	Evidence or particulars
1.	House Rent Allowance	Name, address and permanent account number of the landlord/landlords where the aggregate rent paid during the previous year exceeds rupees one lakh.
2.	Leave travel concession or assistance	Evidence of expenditure
3.	Deduction of interest under the head “Income from house property”	Name, address and permanent account number of the lender
4.	Deduction under Chapter VI-A	Evidence of investment or expenditure.

Note: Para 8 (page – 70) of CBDT Circular of 2022 – DDOs to obtain evidence/proof of claims –

G. Instances of wrong claims:

1. Understatement of gross total income

Instances have come to the notice wherein gross total income shown by the assessee while filing ITR is very much less than what is reflected in Form No.16/received from the employer.

2. Exemption u/s 10(5) –For Leave Travel Concession or Assistance

Exemption claimed towards LTC/LTA without making a travel, or without taking leave or without providing the evidence of expenditure as required under Rule 26C.

3. Exemption u/s.10(13A) – House Rent Allowance

Exemption is claimed where the assesseees are staying in their own houses or where they actually not incurred any rental payment. As per Rule 26C the assesseees are required to provide the name, address and PAN of the landlord where aggregate rent paid during the P.Y. is more than Rs.1 lakh.

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4. Exemption u/s.10(14) –Special allowances

The employees/assesseees are claiming exemption u/s.10(14) without specifically mentioning the nature of the allowance. The quantum of exemption differs with the nature of special allowance received by the employee and non-mentioning the specific allowance results in incorrect allowance of exemption.

5. Interest on house building loan u/s.24(b)

Claim of interest u/s.24b without taking any loan for house building or showing excess interest than what is paid.

In case of co-owners, in some cases it is found that both the co-owners have claimed deduction although the loan has been taken by one.

6. Deduction u/s.80C

Deductions are claimed without actual contribution under the different schemes like LIC/GPF/PPF/NSC etc.

7. Deduction u/s.80D – Health Insurance Premium – Max. Limit – Rs.25,000/- (for Senior Citizens – Rs.50,000/-)

8. Deduction u/s.80DD – Medical treatment of dependents with disability – Max. Limit – Rs.75,000/- (in case of sever disability the max. limit is Rs.1,25,000/-)

Note: Instances have come where there are claims for A.Y. 2021-22 but no claims for A.Y. 2022-23 and 2023-24 leading suspicion in the very claim.

9. Deduction u/s.80DDB – Medical treatment for specified diseases – Max. Limit – Rs.40,000/- but in case of Sr. Citizens the maximum amount is Rs. 1 Lakh

Note: A certificate is required from Super Specialist Doctor having qualification of DM/MCH.

10. Deduction u/s.80GG in respect of rent paid –Max. Limit Rs.5,000/- p.m. or 25% of total income whichever is less.

11. Deduction u/s.80GGC – Contributions to Political parties/electoral trusts.

(Note: Service Rules prohibit employees from giving such donations and may call for disciplinary action from the employer)

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12. Deduction u/s. 80U - Medical treatment of persons with disability – Max. Limit – Rs.75,000/- (in case of sever disability the max. limit is Rs.1,25,000/-)

Note: Instances have come where there are claims for A.Y. 2021-22 but no claims for A.Y. 2022-23 and 2023-24 leading suspicion in the very claim.

H. Options available with the assessee and the Department.

A.Y.	Last date to file Updated ITR	Last date to file Revised ITR	Last date to issue notice u/s 148 by the Department.
2021-22	31.03.2024	Time barred	31.03.2025/2032
2022-23	31.03.2025	Time barred	31.03.2026/2033
2023-24	31.03.2026	31.12.2023	31.03.2027/2034

I. Consequences of issuance of notice u/s.148/absence of voluntary compliance

In absence of voluntary compliance from the assessee/employees by way of filing revised/updated ITR well within time, if notice u/s.148 is issued by the Department the same may lead to

- The unexplained investment/money/expenditure calls for taxation at higher rates i.e. u/s.115BBE i.e. tax @ 60%, surcharge @25% and cess @4%
- Penalty u/s. 270A for under reporting and misreporting of income ranging from 50 to 200%
- Penalty u/s.271AAC – 10% of the tax computed u/s.115BBE
- Prosecution u/s.276C – Wilful attempt to evade tax – RI from 6 months to 7 years.

J. Adverse effect on service conditions in cases of Government employees and employees of Public Sector Undertakings.

K. Penalty & Prosecution provisions relating to DDOs

Para 8 (page – 70) of CBDT Circular No. 24 of 2022 – DDOs to obtain evidence/proof of claims – Failure to comply with the above Circular/Provisions by the DDOs may lead to :

As per section 272A(1)(c) – Rs.10,000/- penalty for each such default for not providing the details.

As per section 277 making false statement in verification – RI from 6 months to 7 years.

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Updated I-T returns fetch Rs 1,300 crore ✓ additional tax

ET Bureau Last Updated: Oct 11, 2023, 12:24:52 AM IST

Synopsis

Taxpayers in India have filed 1.68 million updated income-tax returns, resulting in an additional tax payment of around ₹1,300 crore. The Central Board of Direct Taxes (CBDT) chairman, Nitin Gupta, credits technology and tax deducted at source for ensuring compliance. The CBDT has also collected ₹600 crore from online gaming companies and ₹105 crore from cryptocurrencies in the current fiscal year.



Taxpayers have filed 1.68 million updated income-tax returns (ITRs) in this ✓
financial year and have paid about ₹1,300 crore additional tax to the government
after the department flagged discrepancies in the ITRs filed, Central Board of
Direct Taxes (CBDT) chairman Nitin Gupta said on Tuesday.

He said technology and tax deducted at source have helped ensure compliance and that the Centre has collected ₹600 crore from online gaming companies and ₹105 crore from cryptocurrencies in this fiscal so far.

"In last six month 16.8 lakh updated returns were filed and additional tax has been paid of around ₹1,300 crore," Gupta said.

The Centre had introduced updated income tax return in the budget for 2022-23, allowing taxpayers to file corrected returns in case they missed any details or if there was a mismatch in the returns they filed and their annual information statement.

The CBDT chairman said despite lower than budgeted corporate tax collections, the Centre will exceed its direct tax revenue target for 2023-24. "As on October 9, we are growing at around 21.8% and in actual terms the net collection is ₹9.57 lakh crore.... we will surpass the budget targets," Gupta said.