**I-T seeks disclosure of transactions to boost revenue**

The Income Tax Department has amended rules to make professionals and companies earning above specified levels to disclose more details of their transactions as well as defaults in tax payment in their auditor's report as part of a national strategy to boost revenue receipts.

Professionals earning above `25 lakh and companies with gross turnover of Rs one crore a year are required to report details of their income certified by an the auditor as true subject to any observation or qualification that the auditor may make.

As per Income Tax (7th Amendment) Rules, 2014, auditors have to now report in detail the amounts paid outside India or to non-residents within the country by way of interest, royalty and fee for technical services on which taxes have not been deducted at source or paid to the government and hence, are not admissible as business expenditure.

Income Tax Act says that if tax is not deducted at source on interest, royalty and fee for technical services paid to non-residents at 25% or the (lesser) rate given in double tax avoidance treaties, then such payments will not be allowed as a business expenditure while calculating taxable income of the company under assessment. In the case of defaults, these amounts become part of the total income and is taxed at the applicable rate. The Department has processed data about high value TDS defaults in the last seven years and is planning to reach out to corporate houses and auditors to explain the ramifications of non-compliance. It will also offer an opportunity to resolve the issue online by paying the shortfall amount, late payment interest and other fees. From 2007-08 onwards, TDS defaults have risen to `26,000 crore. The amended rules also say that auditors have to give details of amounts received by assessees for transfer of immovable assets if these are lower than the value state authorities would accept for levy of stamp duty. The law says that in such cases, the department would deem the amount accepted by state authorities as the full consideration for the transfer for calculating taxable profit or gain.

From now on, auditors will also have to report details of share premium received by closely held companies, which has been made taxable from 2013-14 onwards. Auditors will also need to report details of taxes deducted at source but return of which has been filed late.

Also, demand and refunds under any other law in the previous year have to be reported along with details of audits conducted under indirect tax laws.

***Source : The Financial Express***

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