

Pradhan Mantri Garib Kalyan Yojana: Opportunity For You

When this scheme was launched, there was a hue and cry from opposition that why is the government giving the black money hoarders a change to convert the black into white when it was announced at the time of erstwhile '[Income Disclosure Scheme](#)' that no further chance would be given. I personally feel that Government was left with no option but to bring the [PRADHAN MANTRI GARIB KALYAN YOJANA](#). The situation was such that people were trying various means and options of converting their black money into white money illegally. Various bank officials and managers were also arrested in this connection. Innocent people who had earned the money by hard way but never filed their income tax returns were the most hit, their money was not actually black but they cannot prove it now.

I personally advise that this YOGNA should be embraced with open hands, it is better to invest here than to go after some crook who only assures that their money will be converted into white (at least some part). Such money will never escape scrutiny from the Income Tax Department and the money paid to such crook is a dead loss.

When the old 500/- and 1000/- notes were banned, people lamented that they did not opt for **INCOME DISCLOSURE SCHEME** where tax rate was 45%, believe me that if you do not opt for PRADHAN MANTRI GARIB KALYAN YOJANA then you will lament that why did you miss this opportunity. I am saying so because, going by the track record of our Honorable Prime Minister, he does what he says. He is saying that this is just a beginning, the picture is yet to come. Dear friends, he is going to come in a big way with [THE BENAMI TRANSACTIONS \(PROHIBITION\) ACT](#).

Three steps are required to be taken in this PMGK Yojana:

1. Declaring about the deposits and cash
2. Pay taxes and make the deposit:

The declarant has to pay 30% tax, 33% as surcharge tax, 10% penalty on overall income. This will come to almost around 50% of the total income. The person has to pay 25% of total declared amount to [Pradhan Mantri Garib Kalyan Yojana, 2016](#). This deposit shall be blocked for a period of four (4) years and thereafter shall be paid without interest.

Suppose declared income is	100
Tax (30%)	30.00
Surcharge (33%)	9.90
Penalty (10%)	10.0

3. Declaration shall be made with payment and deposit proof

The last date for availing this YOJANA is upto 31st January, 2017 so hurry up.

The following persons are not eligible to opt for the PMGKY:

- Any person in respect of whom an order of detention has been made Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974
- Any person who is liable to punishment under Prevention of Corruption Act, 1988, [Benami Property Transaction Act, 1988](#) or [Prevention of Money-laundering Act, 2002](#)
- The persons having undisclosed foreign income and asset which is chargeable to tax under the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 1992
- Any person notified under Special Court Act, 1992

Government had brought certain amendments in the Income tax provisions so that tax on undisclosed income is 30% and with surcharge etc upto 50% but once the time is over the dreaded sections of Income Tax Act, 1961 will be unleashed. They will make you dole out 60% tax and interest and penalty that will add up to a figure sufficient enough to your head a whirling experience.

Just have a look at some of the penalty provisions of the Income Tax Act:

Section (1)	Nature of default (2)	Penalty leviable (3)
158BFA(2)	Determination of undisclosed income of block period	Minimum: 100 per cent of tax leviable in respect of undisclosed income Maximum: 300 per cent of tax leviable in respect of undisclosed income.
221(1)	Default in making payment of tax	Such amount as Assessing Officer may impose but not exceeding amount of tax in arrears A sum equal to 50% of the amount of tax payable on under-reported income.
270A(1)	Under-reporting and misreporting of income	However, if under-reported income is in consequence of any misreporting thereof by any person, the penalty shall be equal to 200% of the amount of tax payable on under-reported income
271A	Failure to keep, maintain, or retain books of account, documents, etc., as required under section 44AA	Rs. 25,000
271AA(1)	(1) Failure to keep and maintain	2% of value of each international

	information and documents required by transaction/or specified domestic transaction section 92D(1) or 92D(2)	entered into
	(2) Failure to report such transaction	
	(3) Maintaining or furnishing incorrect information or document	
271AA(2)	Failure to furnish information and document as required under Section 92D(4)	Rs. 5,00,000/-
		(a) 10% of undisclosed income of the specified previous year if assessee admits the undisclosed income; substantiates the manner in which it was derived; and on or before the specified date pays the tax, together with interest thereon and furnishes the return of income for the specified previous year declaring such undisclosed income
271AAB	Where search has been initiated on or after 1-7-2012 and undisclosed income found	(b) 20% of undisclosed income of the specified previous year if assessee does not admit the undisclosed income, and on or before the specified date declare such income in the return of income furnished for the specified previous year and pays the tax, together with interest thereon; (c) 60% of undisclosed income of the specified previous year if it is not covered by (a) or (b) above
271B	Failure to get accounts audited or furnish a report of audit as required under section 44AB	One-half per cent of total sales, turnover or gross receipts, etc., or Rs. 1,50,000, whichever is less
271BA	Failure to furnish a report from an accountant as required by section 92E	Rs. 1,00,000
271BB	Failure to subscribe any amount to units issued under scheme referred to in section 88A(1)	20 per cent of such amount
271C	Failure to deduct tax at source, wholly or partly, under sections 192 to 196D (Chapter XVII-B) or failure to pay wholly or partly tax u/s 115-O(2) or second proviso to section 194B	Amount equal to tax not deducted or paid
271CA	Failure to collect tax at source as required under Chapter XVII-BB	Amount equal to tax not collected
271D	Taking or accepting any loan or deposit or specified sum in contravention of the provisions of Section 269SS.	Amount equal to loan or deposit or specified sum so taken or accepted

"Specified sum" means any sum of

money receivable, whether as advance or otherwise, in relation to transfer of an immovable property, whether or not the transfer takes place.

Repayment of any loan or deposit or specified advance otherwise than in accordance with provision of Section 269T.

271E	"Specified advance" means any sum of money in the nature of advance, by whatever name called, in relation to transfer of an immovable property, whether or not transfer takes place.	Amount equal to loan or deposit or specified advance so repaid
271F	Failure to furnish return as required by section 139(1) or by its provisos before the end of the relevant assessment year	Rs. 5,000
271FA1	Failure to furnish an annual information return as required under section 285BA(1)2	Rs. 100 per day of default
	Failure to furnish annual information return within the period specified in notice u/s 285BA(5)	Rs. 500 per day of default
271FAB	Section 9A provides that fund management activity carried out by an eligible offshore investment fund through an eligible fund manager acting on behalf of such fund shall not constitute business connection in India (subject to certain conditions). The provision requires that eligible investment fund shall furnish within 90 days from the end of the financial year a statement, in respect of its activities in a financial year, in the prescribed form containing information relating to fulfilment of specified conditions and such other information or documents as may be prescribed. Penalty to be levied if investment fund failed to comply with the requirement.	Rs. 5,00,000
271FB	Failure by an employer to furnish the return of fringe benefits as required under section 115WD(1)	Rs. 100 for every day of default
271G3	Failure to furnish any information or	2% of the value of the international

	document as required by section 92D(3)	transaction/specified domestic transaction for each failure
	Section 285A provides for reporting by an Indian concern if following two conditions are satisfied:	
	a) Shares or interest in a foreign company or entity derive substantial value, directly or indirectly, from assets located in India; and	Penalty shall be:
271GA	b) Such foreign company or entity holds such assets in India through or in such Indian concern.	a) a sum equal to 2% of value of transaction in respect of which such failure has taken place, if such transaction had effect of, directly or indirectly, transferring right of management or control in relation to the Indian concern;
	In this case, the Indian entity shall furnish the prescribed information for the purpose of determination of any income accruing or arising in India under Section 9(1)(i).	b) a sum of Rs. 5,000 in any other case.
	In case of any failure, the Indian concern shall be liable to pay penalty.	

Please consider all the factors and if you have undisclosed income then disclose it now.

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