

F.No. 404/02/2011-ITCC  
Government of India  
Ministry of Finance  
Department of Revenue  
Central Board of Direct Taxes

\*\*\*\*\*

New Delhi, the 29<sup>th</sup> September, 2011.

To  
All Chief Commissioners of Income Tax,  
All Directors General of Income Tax,

For Madam

Subject: - Recovery of outstanding tax dues classified under the categories "Assessee not traceable" and "No assets/inadequate assets for recovery" - regarding.

Substantial Direct Tax Demand is outstanding against the assessees who are currently not traceable or in whose case as per the information available with the Income Tax Department, adequate assets to make recovery are not available. The Board has reviewed such demands and has decided that following procedure should be adopted for handling such outstanding demand:

- (i) In order to ensure the correctness of the demand as well as its classification, the jurisdictional CsIT should ensure that the basic verification with respect to departmental data bases available with the field formations (such as PAN database, IIS etc.), is carried out.
- (ii) In addition to normal recovery measures information available on internet and in public domain, Registrar of Companies etc. should be explored to get clues on the present whereabouts of the assessee/assets.
- (iii) Thus as step one, the arrear demands classified under the above mentioned categories are to be verified/certified as per check list at Annexure-I by the jurisdictional CsIT.
- (iv) The CsIT are required to get fresh enquiries conducted every six months specifically in those areas or sources which may be useful to supplant the existing information for clues for tracing the assessee/assets.
- (v) The next step would be to utilize the database available with Directorate of Systems & Directorate of Investigation. For this purpose, the CCsIT/DsGIT concerned should get in touch with the Directorate of Income Tax (Systems), for getting further clues about the traceability of the assessee or its assets. Directorate of Systems would create a nodal point to receive such requests from field formations for data mining and for

conveying results to them. Simultaneously, 360 degree profile of the assessee (to the extent possible) can be built by using ITDMS data available with DGIT(Inv)/DIT(Inv) of the area concerned.

- (vi) The FIU-IND of Department of Revenue is regularly collecting information from various authorities such as Banks, Financial Institutions etc. Once the demand is classified under the categories "assessee not traceable" and "No assets/inadequate assets for recovery", the information should be sent by the CCITs/DsGIT concerned to the Directorate of Income Tax (Recovery) in the prescribed proforma (Annexure-II). The Directorate of Recovery would thereafter forward the data to FIU-IND for matching the data base available with them and the result of such matching shall be transmitted back by DIT (R) to the CCsIT/DsGIT concerned.

*While carrying out the above exercise, priority may be given by CCsIT/DsGIT to the cases where outstanding demand is Rs. 1 crore and above and the cases involving demand of less than Rs. 1 crore may be taken thereafter.*

## 2. Reporting: (Special Cell)

A special cell to exclusively deal with matters relating the recovery of arrears classified as "Assessee not traceable" and "No assets/inadequate assets for recovery" has been created in the Directorate of Recovery.

You are requested to send Dossier reports in all cases where outstanding demand is Rs. 1 crore and above with the demand classified as "Assessee not traceable" or "No assets/inadequate assets for recovery", to the Special Cell on a quarterly basis along with the verified checklist as mentioned in Para 1(iii). For the quarter ending 30.09.2011 the dossiers should reach the Special Cell by the 30.10.2011 and thereafter such dossiers/check list should be sent within a period of 15 days from the end of the quarter. Besides other functions, this cell shall function as a nodal for obtaining information from FIN-IND or any other source/agency/database and transmitting that to the field formations on a quarterly basis. Accordingly, Proforma (Annexure-II) for seeking information from FIU-IND should also be sent along with the dossiers.

## 3. Putting up the names of Tax defaulters in Public domain:

The Board has decided that the names of tax defaulters for the arrear demands classified as "Assessee not traceable" and "No assets/inadequate assets for recovery" should be put in public domain in a phased manner.

In the first phase, the names of the assessee with arrears of Rs. 10 crores and above (as on 31.12.2010) will be considered for putting in public domain. The Committee constituted by the

Board under the Chairmanship of DGIT (Admn.) has already obtained information for such cases from the Directorate of Systems as well as FIU-IND and the information has been sent to the CCsIT/DsGIT for taking actions for recovery. The CCsIT/DsGIT concerned are immediately required to.

- (i) Get verification done from ITDMS for demands of Rs. 10 crores and above as on 31.12.2010 which are classified as "Assessee not traceable" and "No assets/inadequate assets for recovery". This exercise should be completed by 15.10.2011.
- (ii) Issue Show Cause Notices to the assessee's figuring in the category "No Assets/inadequate assets for recovery", asking them as to why their names should not be published and after considering their replies recommend cases fit for publication. This exercise should be completed by 30.10.2011.
- (iii) The particulars of recommended cases are required to be forwarded to the Directorate of Recovery in the prescribed proforma signed by the CsIT concerned and the undertaking signed by the CCsIT/DsGIT (Annexure-III). Along with this, the information which would be published has to be provided in the proforma (Annexure-IV) by the CsIT. This exercise should be completed by 15.11.2011.
- (iv) The Special Cell would compile the list of recommended cases for necessary approvals before publication.
- (v) The particulars of defaulters will be placed in a separate area to be created on the official website.

In the second phase, cases of arrears of Rs. 1 crore and less than Rs. 10 crore as on 31.03.2011, may be considered for publishing as per the procedure mentioned above and the requisite information in Annexure III and IV should be sent to DIT(R) by 31.01.2012.

Thereafter, this exercise of putting up names of cases of Arrear of Rs. 1 crore and above in public domain shall be a quarterly exercise as per the following calendar:

Information to reach DIT(R) in Annexure III and IV for the quarter ending March.	By 15 <sup>th</sup> April
Information to reach DIT (R) in Annexure III and IV for the quarter ending June.	By 15 <sup>th</sup> July
Information to reach DIT (R) Annexure III and IV for the quarter ending September.	By 15 <sup>th</sup> October
Information to reach DIT (R) Annexure III and IV for the quarter ending December.	By 15 <sup>th</sup> January

**1. Suggestions to prevent accumulation of Arrear Demands**

In order to prevent accumulation of arrear demands in these categories, following actions are suggested:

- (i) Ensure that provisions of provisional attachment are used more frequently by the assessing officers.
- (ii) The details of current assets including debtors should be placed on record before passing of assessment order.
- (iii) The appellate orders in high demand appeal cases should be passed on priority.
- (iv) The Range heads are required to ensure that the assessment orders are not passed in a hurry, making unjustified additions raising in fructuous demand. Ex-party orders where notices are issued at the fag end of available period to make assessment, and assessee could not even be located/contacted, should be strongly discouraged.

Yours faithfully

  
(Deepak Garg)

Director (ITCC)

Tel No. 23092939\

## CHECK LIST FOR PRELIMINARY VERIFICATION BY CsIT

1	CCIT/DGIT	
2	CIT	
3	NAME	
4	PAN	
5	CATEGORY (I/II)	
6	AMOUNT (Rs.)	
7	ASSESSMENT YEAR (S)	
8	Factual Check list:	Y/N
i)	PAN enquiry showed jurisdiction of the assessee with the AO and not some other officer.	
ii)	The Range head did not find any Individual Transaction Statement (ITS-populated from AIR/CIB/TDS etc. databases) for the assessee or enquiries made based on ITS information met with a dead end	
iii)	Internet search made to get clues on the present whereabouts of the assessee and either no clues were available or further enquiries from the clues so obtained did not result in locating the assessee	
iv)	Enquiries made from banks where the assessee's last known bank accounts were maintained or his other creditors did not yield any result.	
v)	Enquiries made with local Police/Municipal Authorities did not yield any result regarding the whereabouts of the assessee or his assets.	
vi)	This being a company case, verification was done from the Registrar of Companies and MCA 21, which did not result in tracing the company or finding assets.	
vii)	This being a company case, enquiries did not indicate that there had been any merger/demerger/ amalgamation.	
viii)	Assets as per record on the date of creation of the demand were identified and enquiries made ruled out alienation of these assets to evade payment of tax inviting action u/s 281 or for prosecution in terms of sub-section 2 of section 276C.	
9	Calendar Check list	
	Last date of enquiry for areas listed in factual check list which can have updated information, is less than 6 months.	

(Commissioner of Income Tax)

Place  
Date

5

**FORMA FOR SENDING INFORMATION TO DIRECTORATE OF INCOME TAX  
(RECOVERY) IN CASE OF DOSSIER OF MORE THAN RS. 1 CRORE WHERE  
'ASSETS NOT TRACEABLE' (CATEGORY-I) OR 'NO/INADEQUATE ASSETS  
(RECOVERY) (CATEGORY-II)**

(QUARTER ENDING - 30 <sup>th</sup> JUNE/ 30 <sup>th</sup> SEPT/ 31 <sup>st</sup> DEC/ 31 <sup>st</sup> MARCH)	
CIT/DGIT	
CIT	
CATEGORY (I/II)	
AMOUNT (RS.)	
ASSESSMENT YEAR (S)	
NAME	
PAN	
FATHER'S NAME	
DATE OF BIRTH	
ADDRESS	
TELEPHONE / MOBILE NO.	
PASSPORT NO. (if available)	

(Commissioner of Income Tax)  
(Signature with stamp)

## ANNEXURE - III

**PROFORMA FOR INFORMATION TO BE PUBLISHED AND UNDERTAKING BY THE CCIT/DGIT IN CASE OF DOSSIER OF MORE THAN RS. 10 CRORE WHERE ASSESSEE NOT TRACEABLE (CATEGORY-I) OR NO/INADEQUATE ASSETS FOR RECOVERY (CATEGORY-II)**

1	CCIT/DGIT	
	CIT	
	NAME	
	DATE OF BIRTH/ DATE OF INCORPORATION	
	FATHER'S NAME  (In case of firm, company, AOP etc., the names of the partners of the firm, directors, managing agents, secretaries and treasurers, or managers of the company, or the members of the AOP, etc.)	
6	PAN	
7	LAST KNOWN ADDRESS	
8	LAST KNOWN SOURCE OF INCOME	
9	AMOUNT OF ARREARS (RS.)	
10	ASSESSMENT YEAR (S)	
11	CATEGORY (I / II)	
A	VERIFICATION	
i)	In addition to normal recovery measures, verification of elements of the check-list done (Y/N)	
ii)	Reference made to Directorate of Income Tax (Systems) and action on information received, if any, taken (Y/N)	
iii)	Reference made for matching of data with that on ITDMS and action on information received, if any, taken (Y/N)	

iv)	In case information from FIU-IND has been provided by Directorate of Income Tax (Recovery), action taken thereupon (Y/N)	
B	IN CASE DEMAND RELATES TO PENALTY	
ii)	The time for filing appeal before CIT(A) expired without any appeal having been presented (Y/N)	
ii)	Appeal presented before CIT(A) has been disposed of (Y/N)	
C	NOTICE TO ASSESSEE FOR PUBLICATION OF NAME IN CASE OF CATEGORY-II	
i)	Notice for publishing of name given to assessee (Y/N)	
ii)	Reply received and considered (Y/N)	

Place:  
Date:

(Commissioner of Income Tax)  
(Signature with stamp)

### UNDERTAKING

This is to confirm that all efforts for recovery of arrear demand as indicated at S.No. 8 have been undertaken and the assessee is not traceable / demand is irrecoverable in spite of all the efforts including those mentioned in A(i) to A(iv).

2. It is also certified that the (time for filing appeal before CIT(A) has expired without any appeal having been presented) / (appeal presented before CIT(A) has been disposed of). *(Strike out whichever is not applicable)*

3. It is also certified that a notice to the assessee for publication of name on the website has been issued, the reply received and considered and it is a fit case for publication of name on the website. *(Applicable to Category-II cases - please strike out if not applicable.)*

Place  
Date:

8

(CCIT/DGIT)  
(Signature with stamp)



**FORMAT IN WHICH NAMES OF INCOME TAX DEFAULTERS SHALL BE PLACED ON THE WEBSITE**

S.No.	NAME	DATE OF BIRTH DATE OF INCORPORATION	FATHER'S NAME  (In case of firm, company, AOP etc., the names of the partners of the firm, directors, managing agents, secretaries and treasurers, or managers of the company, or the members of the AOP, etc.)	PAN	LAST KNOWN ADDRESS	LAST KNOWN SOURCE OF INCOME	AMOUNT OF TAX ARREAR (Rs.)	ASSESSMENT YEAR (S)	CATEGORY OF ASSEES  (NOT TRACEABLE or NONADEQUATE ASSETS FOR RECOVERY)	INCOME TAX AUTHORITY TO WHOM INFORMATION MAY BE PROVIDED (i.e. concerned Commissioner of Income Tax)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)