



Clarification regarding number of Taxpayers added after Demonetization

Posted On: 18 AUG 2017 7:39PM by PIB Delhi

Various news reports/articles have appeared in the media regarding inconsistency in the estimates of the number of taxpayers added after demonetization. It has been commented that the following different figures have been given at different forums by different authorities:

(i) The Prime Minister mentioned in his Independence Day speech that additional 56 lakh people filed Personal Income Tax Returns from 1st April to 5th August, 2017. Last year for the same period, the figure was 22 lakh.

(ii) The Economic Survey Vol.2 released on August 12, 2017 mentions that 5.4 lakh new taxpayers were added post demonetization.

(iii) On May 17, 2017, the Finance Minister stated that 91 lakh taxpayers have been added to the tax net as a result of action taken by the Income Tax Department.

(iv) In reply to Unstarred Question No. 2017 in Rajya Sabha on 01.08.2017, it was stated that 33 lakh new taxpayers have been added to the tax net post demonetization.

It is clarified that there is no inconsistency in the data provided by the Government in the statements referred to above as these are in different contexts and for different time periods. The detailed clarification on each of the above numbers is as under:

(a) The Prime Minister's speech referred to the increase in number of e-filed Personal Income Tax Returns (ITRs) filed from 1st April, 2017 to 5th August, 2017 over the ITRs filed in corresponding period of earlier years. The data maintained by the IT Department shows that during 1st April, 2017 to 5th August, 2017, 2.79 crore e-returns of Individual taxpayers were received as against 2.23 crore e-returns received during 1st April, 2016 to 5th August, 2016. Thus, the additional ITRs received in 2017 works out to be 56 lakh. During the same period of 2015, 2.00 crore e-returns were received, meaning thereby, that in 2016, only 22 lakh (rounded off) additional e-returns were received by the due date of filing. This data has already been put in public domain by CBDT's Press Release dated 7th August, 2017.

(b) The analysis given in Table-6 on page 22 of the Economic Survey (Vol.2) is based on the data for the period of 9th November to 31st March of 2016-17 and corresponding periods of last two financial years. Moreover, the growth in the number of taxpayers discussed in the Economic Survey is based on the number of new taxpayers assuming the previous year's growth rate as the reference growth rate. On the other hand, the growth of Individual return-filers referred to in PM's speech is with respect to new as well as old taxpayers. Thus, the data used in Economic Survey is different from data referred to in PM's speech in respect of the period of filing as well as the type of taxpayers and the two are not comparable.

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(Release ID: 1500096) Visitor Counter : 59

