

All India Federation Of Tax ... vs Union Of India And Others. on 20 October, 1997

Equivalent citations: [1998]231ITR24(SC)

JUDGMENT

In this special leave petition filed against the judgment of the Bombay High Court (see [1997] 228 ITR 68), the petitioners are seeking to challenge the validity of the Voluntary Disclosure of Income Scheme, 1997 (VDIS). The High Court in an elaborate judgment has dealt with the various submissions made assailing the constitutional validity of the Scheme. We are in agreement with the said view of the High Court.

We have heard Shri Dinesh Vyas, learned senior counsel appearing for the petitioners, in support of the special leave petition and the learned Attorney General for India for the Union of India. The learned Attorney-General has placed the following statement indicating the policy the Government is following and will be following in checking tax evasion and the said statement is reproduced as follows :

"1. After December 31, 1997, the Income-tax Department will considerably step up survey operations under section 133A of the Income-tax Act, 1961, and search operations under section 132 of the Income-tax Act, 1961.

2. According to Chapter XIV-B of the Income-tax Act as amended with effect from January 1, 1997, if in the course of a search, undisclosed income is detected then the assessee is liable to the following :

(i) tax at the rate of 60 per cent;

(ii) penalty which can be up to 300 per cent. on the tax evaded;

(iii) interest under section 158BFA.

3. In addition, the Finance Minister has announced that in every case of detection of undisclosed income, prosecution will be launched. The relevant provisions are in Chapter XXII of the Income-tax Act.

4. Besides tightening up of legal provisions, the following Steps have also been taken :

(i) Acceleration of the process of issuing Permanent Account Number (PAN);

(ii) Acceleration of the computerisation of the Income-tax Department;

(iii) Installation of software to detect assesseees who satisfy the criteria laid down under the proviso to section 139(1) of the Income-tax Act.

5. Government is committed to making a success of the VDIS-97 for fulfilling the objectives set by the Government in the Finance Ministers Budget Speech. We also wish to emphasise that section 72 of the VDIS-97 guarantees complete confidentiality in respect of declarations."

Taking into consideration the aforesaid statement made by the learned Attorney General, we are not inclined to interfere with the impugned judgment of the High Court. The special leave petition is, therefore, dismissed.