

F.No.142/8/2016-TPL
Government of India
Ministry of Finance
Department of Revenue
(Central Board of Direct Taxes)

New Delhi, the 27th September, 2016

To,

All The Principal Chief Commissioners of Income-tax

Sub.: The Income Declaration Scheme, 2016 - reg.

Instances have been brought to the notice of the Board that some taxpayers are of the view that if a capital asset acquired out of undisclosed income is sold before 01.06.2016 and the sale proceeds so received are held in cash, then the amount of undisclosed income required to be declared under the Scheme shall be the amount of undisclosed income invested in acquisition of such capital asset as increased by the capital gain arising on sale of such asset determined in accordance with the provisions of the Income-tax Act, 1961(i.e.sale consideration less indexed cost of acquisition).

2. In this context, it is clarified that the above method for arriving at the amount of undisclosed income for declaration under the Scheme is not in accordance with the provisions of the Scheme and clarificatory circulars issued by the Board from time-to-time.

3. The Board hereby reiterates the provisions contained in section 183(2) of the Scheme that where the income chargeable to tax is represented in the form of investment in any asset, the fair market value of such asset as on 01.06.2016 shall be deemed to be the undisclosed income for the purposes of the Scheme. In this context, it may be noted that cash in hand is an asset for the purposes of the Scheme.

4. This instruction may be brought to the notice of all the officers concerned and other stakeholders.

5. Hindi version of the instruction will follow.

(Dr. T.S. Mapwal)
Under Secretary (TPL-IV)

Copy to:

1. The Chairperson, Members and all other officers in CBDT of the rank of Joint Secretary and above.
2. Web manager for posting on the departmental website.
3. Data base cell for posting on IRS officers website.
4. ITCC (3 copies)
5. Official language section for Hindi translation