
Tax Dept. carried out verification of Bank based in Tamil Nadu to address Reporting Entity compliance issues

IT DEPARTMENT CONDUCTS VERIFICATION OF REPORTING ENTITIES

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The Income-Tax Department has been focusing its efforts on promoting voluntary compliance. In this endeavour, information is received about financial transactions of taxpayers from Reporting Entities, such as Banks, Forex Dealers, Sub-Registrars, etc. The information furnished by the Reporting Entities is used for display to the taxpayer, through the e-filing account, in the form of the Annual Information Statement (AIS). This is an important step towards facilitating taxpayers for filing their Return of Income accurately.

While most Reporting Entities are voluntarily complying with the statutory requirements of filing correct and complete Statements of Specified Financial Transactions (SFTs), defaults have been noticed in some cases.

Recently, the Department carried out verification of a prominent Bank based in Tamil Nadu, to address Reporting Entity compliance issues.

During the course of verification, several discrepancies were found. It was seen that the bank had not filed SFTs in certain cases and in some others, had not filed complete/accurate particulars. SFTs were not filed in respect of Cash deposits of over Rs. 2,700 crore involving more than 10,000 accounts; specified Credit card payments involving total transaction value of over Rs. 110 crore; Dividend distributed of more than Rs. 200 crore and Shares issued of over Rs. 600 crore.

Further, SFTs already filed by the Bank were found incomplete in several respects. The bank had failed to report major transactions which included Interest paid of more than Rs. 500 crore; Time deposits; Cash deposits and withdrawals in current accounts, etc.

The verification also revealed defective filing of Form 61B for Automatic Exchange of Information (AEOI) about account holders "resident" in other countries.

In the recent past too, verification was conducted by the Department on 2 co-operative banks in Uttarakhand and transactions exceeding few thousand crore, not reported by the banks, were identified.

In order to explain the legal obligations and processes, as well as to address difficulties faced by the Reporting Entities, outreach programmes are being regularly organised by the Department across the country. This is another initiative of the Department to facilitate ease of compliance.

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