

## Pradhan Mantri Garib Kalyan Yojana: Last chance to declare unaccounted income

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### Abstract

The Lok Sabha has passed the Pradhan Mantri Garib Kalyan Yojna (Second Amendment) Bill, 2016 in the Lok Sabha. The Bill was introduced as some of the existing provisions of the Income Tax Act, 1961 can possibly be misused for concealing black money. The new bill attempts to impose a higher rate of tax and penalty in respect of undisclosed incomes. The Prime Minister of India Shri Narendra Modi trying his level best to eliminate the black money from the country. If you still haven't disclosed the details of your excess money to the government, Pradhan Mantri Garib Kalyan Yojana might be the last chance.

**Keywords:** black money, income tax act, PMGKY, undisclosed income

### Introduction

Lok Sabha has passed the Taxation Laws (Second Amendment) Bill, 2016 in the Lok Sabha. The Bill was introduced as some of the existing provisions of the Income Tax Act, 1961 can possibly be misused for concealing black money. The new bill attempts to impose a higher rate of tax and penalty in respect of undisclosed incomes. The bill has proposed an alternative Scheme called as "Taxation and Investment Regime for Pradhan Mantri Garib Kalyan Yojana, 2016" (PMGKY)". Pradhan Mantri Garib Kalyan Yojana (PMJKY) has launched by the Government of India. The government offered a "last window" to people with unaccounted wealth to come clean or face stringent penalties while inviting others to blow the whistle on those suspected to be holding black money as it launched the scheme that had been announced earlier. Pradhan Mantri Garib Kalyan Yojana (PMGKY), 2016, will start on December 17 and remain open until March 31 next year. Those who declare cash deposits under this will be levied a charge of 50%, which breaks down into 30% tax, 33% surcharge and 10% penalty. In addition to this, 25% of the amount declared will go into the noninterest-bearing Pradhan Mantri Garib Kalyan Deposit Scheme, 2016, for four years. PM Narendra Modi announced that Rs 500 and Rs 1,000 notes would cease to be legal tender on November 8. Later, the government said it would unveil one more window for black money holders after the Income Disclosure Scheme closed on September 30. The government cares for the poor People. At least, Government has been trying to convey through its slew of initiatives within the months of holding the limits of governance. A party that came to the Control of power on the pro-poor plank is leaving no stone unturned to stay true to its commitment. After the performer image took a beating during the Land Acquisition Bill controversy, it has come up with a new experiment. And this time, The Party is conducting a workshop. Titled 'Garib Kalyan Yojana' (Poverty Alleviation Schemes), this pay-and-attend seminar on 19 April 2015 is organized in association with the Rambhau Mhalgi Prabodhini. Pradhan Mantri Garib Kalyan Yojana has launched under the Government Policies.

### Objectives of the Study

- To suggest steps to disclose income in PMGKY
- To understand the PMGKY
- To study about the benefits of PMGKY

### Methodology

#### Nature of Study

The study is mainly descriptive in nature. Secondary data are used for the purpose of the study

#### Secondary Data

Secondary data was collected from websites, various articles and journals

#### Limitation of the Study

- Lack of primary data
- Time consuming
- As the research mainly depends on secondary data, it may not be hundred percent accurate.
- The study is limited to India only

#### Objective of PMGKY

The Garib Kalyan Yojana workshop will revisit the government's pro-poor welfare programs and ideate ways to implement them efficiently and maximize their outstrip. While the senior ministers would address the MPs and try to create a roadmap for the latter to take these initiatives to the grassroots level, Parliamentary Affairs Minister Venkaiah Naidu is expected to give MPs a brief rundown on poor welfare schemes. According to the BJP party representatives, this day-long Garib Kalyan Yojana workshop should be seen as an attempt to "motivate and appraise" the MPs for effective implementation of government-run schemes for the poor people. The second half of budget session begins on 20 April 2015 that to be hosted a day ahead, the timing of workshop indicates that the NDA government is skeptical about the prospects of the land acquisition ordinance, which will come up for ratification during this session.

**About Pradhan Mantri Garib Kalyan Yojana (PMGK)**

New Income Tax Amendment Bill Announced by Finance Minister Mr. Arun Jaitley In order to conceal the black money, the Income-tax Act, 1961 has been revised by the NDA government. Recently, the current finance minister Mr. Arun Jaitley has announced a new form bill for income tax which is amended with the existing bill.

According to the new amendment income tax bill which is proposed by the finance minister in Lok Sabha, people who are likely to deposit their black money needs to pay 30% of tax amount and also the excess of 33% surcharge amount

under Pradhan Mantri Garib Kalyan Yojana (PMGK) cess.

With the penalty amount of 10%, now depositors need to pay 30% tax + 33% of PMGK cess surcharge for the undisclosed incomes. In addition to the burden, the finance minister also quoted that about 25% of the undisclosed income be deposited under the PMGK Yojana for the 4 years without any interest rates; the undisclosed income would be calculated based on the amount which was deposited after implementation of the Rs 500 and Rs 1000 currency demonetisation.

**Table 1**

S. No.	Things Need to Know about New Income Tax Amendment Bill	Additional Information
1	New Income Tax Amendment bill launched on	November 2016
2	Who proposed this new income tax amendment bill in parliament	Finance Minister of India Mr. Arun Jaitley
3	Amount of Tax for undisclosed income	30%
4	Amount of penalty for undisclosed income	10%
5	Surcharge Amount under the name of PMGK Cess	33%
6	PMKG	Pradhan Mantri Garib Kalyan Cess
7	Amount to be deposited under PMKG for 4 Years	25% of the undisclosed income
8	Any Interest will be paid for PMKG deposit	No

**Some Facts about the last window for Black Money Holders**

- It is the voluntary disclosure scheme disclosed by the Finance Minister of India Mr. Arun Jaitley for the black money holders to change their undisclosed holdings into the disclosed holdings
- The Voluntary disclosure scheme came into effect after the introduction of new income tax amendment bill proposed by Mr. Arun Jaitley in the parliament
- The scheme PMGKY has been utilised by the finance minister as the gate way for the black money holders to convert their holdings
- The fund which are parked under the scheme of PMGKY by the black money holders will be utilised for the improvement of infrastructure, education, health care sectors of the poor people across the country
- After paying certain tax amount along with the penalty for the undisclosed amounts declaration, the money holders will have their rights on their holding in future
- For the amounts which are not disclosed under this voluntary declaration scheme, the taxes and penalties would be higher levels (Tax amount is 60%, Surcharge Amount is 25%; in total 75% of undisclosed money). Along with that 10% of penalty would be imposed, so net amount will be 85%

**Steps to Pradhan Mantri Garib Kalyan Yojana**

The people with the accounted money are supposed to provide the reason behind the extracted the amounts. The following are the steps to be followed under PMGKY which are showed below

**Declaring about the deposits and cash:**

The declaration should be made as per the amount that one is having which may be accounted or unaccounted. The deposits should be made in the banks and this amount will be collected by the bank and it will be transferred for modification into new notes.

**Pay Taxes as per the norm**

The tax will be almost 50% of the total income will collected for the government fund. The person is also compelled to pay 25% of the total declared amount into Pradhan Mantri Garib Kalyan Yojana 2016. The deposited amount will blocked for time span of four years and after that it will be given back without any interest.

**Declaration should be made with payment and deposit proof**

The people who disclosing the income should fill a form and then he or she should verify it using the rules and regulation prescribed by the government. The declaration will also be submitted with proper evidence. After such procedure, if one is found to have the unaccounted money with they then or she will be charged with higher tax

**The terms and conditions of the scheme are as under****1. Eligibility for Deposits**

The deposits under this Scheme shall be made from the 17th day of December, 2016 till 31st day of March, 2017, by any person who declared undisclosed income under sub-section (1) of section 199C of the Taxation and Investment Regime for Pradhan Mantri Garib Kalyan Yojana, 2016

**2. Form of the deposits**

The deposits shall be held at the credit of the declarant in Bonds Ledger Account maintained with Reserve Bank of India. A certificate of holding shall be issued to declarant in Form I. The Reserve Bank of India shall transfer the deposit received under this Scheme into the designated Reserve Fund in the Public account of the Government of India.

**3. Authorised banks**

(a) Application for the deposit in the form of Bonds Ledger Account shall be received by any banking company to which the Banking Regulation Act, 1949 (10 of 1949) applies (hereinafter referred to as Authorised Banks).

(b) The Authorised Bank shall electronically furnish the details of deposit made in Form V to the Department of Revenue, Ministry of Finance, and Government of India not later than next working day to enable the Department to verify the information of the deposit before accepting the declaration. (c) The authorised bank shall upload the details of deposit into Reserve Bank of India's Core Banking Solution 'e-Kuber'. (d) The Reserve Bank of India and Authorised Bank shall maintain the confidentiality of the data received in this regard.

#### **4. Subscription and Mode of investment in the Bonds Ledger Account**

- a) The deposits shall be accepted at all the Authorised Banks.
- b) The deposits shall be made in multiples of rupees one hundred.
- c) The deposit by a declaring shall not be less than twenty-five per cent of the undisclosed income declared under sub-section (1) of section 199C of the Taxation and Investment Regime for Pradhan Mantri Garib Kalyan Yojana, 2016.
- d) The entire deposit shall be made, in a single payment, before filing declaration under sub-section (1) of section 199C *ibid*.
- e) The deposit shall be made in the form of cash or draft or cheque drawn in favour of the authorised bank accepting such deposit or by electronic transfer.

#### **5. Effective date of deposit**

The effective date of opening of the Bonds Ledger Account shall be the date of tender of cash or the date of realisation of draft or cheque or transfer through electronic transfer.

#### **6. Applications**

(a) An application for the deposit under this Scheme shall be made in Form II clearly indicating the amount, full name, Permanent Account Number (hereinafter referred to as "PAN"), Bank Account details (for receiving redemption proceeds), and address of the declarant. Provided that if the declaring does not hold a PAN, he shall apply for a PAN and provide the details of such PAN application along with acknowledgement number.

(b) The application under sub-paragraph (a) shall be accompanied by an amount which shall not be less than twenty-five per cent. of the undisclosed income in the form of cash or draft or cheque or through electronic transfer as provided under sub-paragraphs (c) and (d) of paragraph 5.

#### **7. Nomination**

- a) A sole holder or a sole surviving holder of a Bonds Ledger Account, being an individual, may nominate in Form III, one or more persons who shall be entitled to the Bonds Ledger Account and the payment thereon in the event of his death.
- b) Where any amount is payable to two or more nominees and either or any of them dies before such payment becomes due, the title to the Bonds Ledger Account shall vest in the surviving nominee or nominees and the amount being due thereon shall be paid accordingly. In the event of the nominee or nominees predeceasing the holder, the holder may make a fresh nomination.

- c) A nomination made by a holder of Bond Ledger Account may be varied by a fresh nomination, or may be cancelled by giving notice in writing to the Authorised Bank in Form IV.
- d) Every nomination and every cancellation or variation shall be registered at the Reserve Bank of India through the authorised bank and shall be effective from the date of such registration.
- e) If the nominee is a minor, the holder of Bonds Ledger Account may appoint any person to receive the Bonds Ledger Account or the amount due in the event of his death.

#### **8. Transferability**

The transferability of the Bonds Ledger Account shall be limited to nominee or to the legal heir of an individual holder, in the event of his death.

#### **9. Interest**

The deposits shall not bear any interest.

#### **10. Tradability against Bonds**

The Bonds Ledger Account shall not be tradable.

#### **11. Repayment**

The Bond Ledger Account shall be repayable on the expiration of four years from the date of deposit and redemption of such Bond Ledger Account before its maturity date shall not be allowed.

#### **12. Interpretation**

The words and expressions used but not defined in this notification but defined in the Income-tax Act, 1961 (43 of 1961), the Government Securities Act, 2006 (38 of 2006) or the Finance

#### **Conclusion**

The taxation policies in the year 2016 have made a revolution and the people with lot of unaccounted money have to suffer for it. The decision is to step towards the development of the nation and equal distribution of income among every people of this nation. The Garib Kalyan Yojana workshop will revisit the government's pro-poor welfare programs and ideate ways to implement them efficiently.

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