

## Tax Hotline

July 26, 2001

### INDIAN INCOME TAX AUTHORITIES CONSIDER HIKE IN AUDIT RATIOS OF TAX RETURNS

In order to bridge the government's fiscal deficit of Rs.1,150 billion (approximately USD 25 billion) and to ensure effective tax compliance by individuals and corporate entities, the Indian Income tax authorities are considering an increase in the audit ratio from 1% to 5% of all small tax returns showing an income of upto half a million rupees (approximately USD 10,870) and to 100% audit of all large tax returns showing an income of over half of a million rupees.

At a recent meeting, the Chief Commissioner of Income-Tax of Mumbai stated that there is a vast scope for improvement in tax compliance in Mumbai, considering the fact that the city accounts for 40% of the tax collection in the country.

Source: *Financial Express*, July 26, 2001

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