

F. No. 292/2/1998-IT(Inv.III)
GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
(CENTRAL BOARD OF DIRECT TAXES)

GUIDELINES FOR GRANT OF REWARDS TO INFORMANTS, 2007

In supersession of the existing guidelines on the subject, the following guidelines are hereby laid down for regulating the grant of rewards to informants in income-tax and wealth-tax cases.

1.1 Short-title

These guidelines may be called the Guidelines for Grant of Rewards to Informants 2007.

1.2 Commencement and application

Subject to the provisions of Paragraph 2.2, these guidelines will regulate the grant and payment of reward to informants in cases where information is received on or after the 1st December, 2007.

2.1 Authorities Competent to Grant Reward

The authority competent to grant reward will be the Commissioner of Income-tax, Director of Income-tax(Inv.)/Director of Income tax(Recovery) depending on the authority to whom the information on the basis of which appropriate action has been taken, was furnished.

Provided that where the amount of reward including reward if any already granted, in any given case exceeds Rs.1,00,000, no reward shall be granted by the Director of Income-tax or the Commissioner of Income-tax as the case may be except with the previous approval of a Committee consisting of-

- a) Director General of Income-tax(Inv.) of the zone concerned.
- b) Cadre controlling Chief Commissioner of the region concerned and
- c) Commissioner of Income-tax concerned or Director of Income-tax (Inv.) concerned.

Provided further that where the Quantum of reward in respect of cases pertaining to information received prior to 1st December, 2007, exceeds Rs.50 lakh (Rupees fifty lakh only), prior approval of full Board will be required before sanction of reward.

N.B. For the purpose of this sub-para, reward includes interim reward, part of final reward, reward on ad hoc basis, and reward in cases where the information leads to recovery of irrecoverable taxes.

2.2 Applicability of cases covered by the earlier guidelines

With effect from the 1st December, 2007, the procedure mentioned in paragraphs 2.1 shall mutatis mutandis apply to pending cases of reward where information was furnished prior to the 1st December, 2007.

3. Informant for the purpose of the guidelines: (see also para 4)

A person will be considered to be an informant eligible for reward in accordance with these guidelines if he furnishes specific information, of undisclosed income and wealth. However, the claim of reward shall be confined to cases where action is actually taken in pursuance of the information. It will not be extended to cases where voluntary returns admitting additional income/wealth are filed subsequent to the receipt of the information but before any action on the basis of information has been taken.

4. Reward in cases where the information leads to recovery of irrecoverable taxes etc.

The informant will also be eligible for reward if the information furnished by him leads to the recovery of taxes/penalties/interest which have already been levied and which might not be recovered but for the information supplied.

5. Prohibition of rewarding Government Servants in certain cases.

No reward shall be granted under these guidelines to a Government servant who furnishes information or evidence obtained by him in the course of his normal duties as a Government servant.

Explanation :- For the purposes of para 5, a person employed as an employee by the Central or any State or any Union Territory Government or a nationalized bank or any local authority or any public sector undertaking, corporation, body, corporate or establishment, set up or owned by the Central Government or any State Government or any Union Territory Administration shall be deemed to be a Government Servant.

6. Nature of reward and prohibition for entertainment of representations.

Reward in accordance with these guidelines will be ex-gratia payment which subject to these guidelines will be granted in the absolute discretion of the authority competent to grant rewards. No representation or petition against any decision regarding grant of rewards will be entertained from either the informant or any person on his behalf.

7. Assignment of reward not to be recognized.

As the reward under these guidelines is in the nature of an ex-gratia payment, no assignment thereof made by the informant will be recognized. The authority competent to grant rewards may however, grant reward to heirs or nominees of an informant of an amount not exceeding the amount that would have been payable to the informant had he not died.

8. Statement of informant.

Where any information or evidence is furnished by any person in the expectation of a reward, he will be required to furnish a written statement in the form annexed to these guidelines. Such a statement should be signed by informant in the presence of an officer not below the rank of an Income-Tax Officer. Where any information is received by post intimating that the information is given with a view to claim reward, the informant should be asked to appear before an Income-Tax Authority not below the rank of an Income-Tax Officer, and sign the written statement in the presence of such authority. The original statement in all cases should be kept in the custody of the DG(Inv.)/DI(Inv.)/CIT. Provided that no reward shall be admissible if the informant refuses to give the written statement as referred to above.

9. Written undertaking of the informant.

At the time an informant furnishes, in the expectation of a reward, any information or documents, an undertaking should be taken from him to the effect:-

- (a) that he is aware that the information or documents furnished by him do not ipso facto confer on him right to any reward and that he would be bound by the decision of the competent authority in this regard;
- (b) that he is aware that the extent of reward depends on the precision of the information and usefulness of the documents furnished by him;
- (c) that the reward would pertain only to as much of the extra taxes levied/realized as are directly attributable to the information supplied by him;
- (d) that the provisions of section 182 of the Indian Penal Code have been read by him or explained to him and he is aware that if the information furnished by him is found to be false he would be liable to prosecution;
- (e) that he accepts that the Government is under no obligation to enter into any correspondence regarding the details of additions made and taxes realized as a result of his information and;
- (f) that he accepts that payment of reward is ex-gratia in the absolute discretion of the authority competent to grant rewards and he has no right to dispute the correctness of the decision in any court of law.

10. Secrecy of the identity of the informant.

The identity of the informants shall be kept secret by invariably giving them a code number. No information relating to informants or the rewards paid to them shall be disclosed to any authority, except in accordance with any law for the time being in force.

11.1 Circumstances to be kept in mind in determining the amount of reward.

In determining the reward which may be granted, the authority competent to grant the reward will keep in mind the following circumstances:

- (a) The accuracy of the information given by the informant.
- (b) The extent and nature of the help rendered by the informant.
- (c) The risk and trouble undertaken and the expense and odium incurred by the informant in securing and furnishing the information and documents.
- (d) The quantum of work involved in utilizing the information furnished and in making the assessment.
- (e) The quantum of extra taxes levied and actually realized or realizable which are directly attributable to the information and documents supplied by the informant. It is clarified that the quantum of extra taxes realizable will be determined only after all the assessments have become final and no appeal etc. is pending or filed and the time for filing of appeal has expired.
- (f) In cases where the information led to recovery of otherwise irrecoverable taxes, the facility with which such taxes could be recovered as a result of the information.

11.2 Certificate from the Internal Audit party.

When the amount of reward, including reward if any already granted is Rs.1 lakh or more the CIT/DIT shall, before the grant of reward, get the case checked by the Internal Audit party and obtain a certificate regarding the correctness of the extra tax levied recovered.

N.B. For the purpose of this sub-para, reward includes final reward, part of final reward and reward in cases where the information leads to recovery of irrecoverable taxes but does not include interim or ad-hoc reward.

12. Prohibition of granting reward in cases of vague information etc.

No reward should be granted if the information furnished is of a vague and general nature. Reward should not be granted in respect of any incidental benefits which may arise to revenue in other cases as a result of the information furnished by the informant.

13.1 Amount of reward.

The Authority Competent to grant reward may grant reward not exceeding 10% (Ten per cent) of the extra income-tax and wealth-tax levied and actually realized, but subject to a ceiling of Rs.15,00,000/- (Rupees fifteen lakhs only) if the aforesaid taxes are directly attributable to the information, including documents, supplied by the informant. This monetary ceiling shall apply with reference to a group of cases and not in respect of the individual assesses of the group. However, where the collection of additional tax exceeds Rs.5 crore, Full Board may relax the ceiling on receipt of the recommendation from the Competent Authority mentioned in para 2.1.

N.B. In cases where tax is being paid by the assessee in installments after the assessments becoming final, the authority competent to grant reward may consider disbursement of reward in installment.

13.2 Part of final reward.

The authority competent to grant reward may grant a part of final reward in cases where only some of the assessments relating to a case have become final after decision in appeals etc. or where some of the issues in an assessment have become final after decision in appeal etc. and the authority competent to grant reward is satisfied that extra taxes attributable to such assessments or such issues, which have been levied and realized will not be reduced under any proceeding at any time in future.

13.3 Amount of part of final reward.

The amount of part of final reward in a case will be determined in relation to the relevant assessment years in the manner prescribed in Para 13.1. Reward, if any, already granted shall be deducted from the amount of part of final reward determined under paragraphs 13.2. A part of final reward granted as above shall be deducted from the final reward that may be granted to the informant.

14. Reward on ad-hoc basis in certain cases.

The reward should ordinarily be determined in accordance with the provisions of paragraphs-13, but the authority competent to grant rewards may determine the reward on ad-hoc basis in the following types of cases, subject to the condition that the reward should not exceed the limits mentioned in para 13:-

- (a) Cases where information or documents have been furnished in respect of 'Hawalawalas' and the gain to revenue in the case of 'Hawalawalas' is negligible but substantial in the cases of Beneficiaries of the 'Hawalas' and it is not possible without inordinate delay to assess the extra taxes realizable in the cases of the said beneficiaries;
- (b) Cases involving carry forward of large losses or unabsorbed depreciation if the information or documents furnished only help in reducing the said losses and/or unabsorbed depreciation and it is not possible to determine immediately the extra tax that could have been realized;

(c) Cases where information has been furnished by more than one informant and it is difficult to quantify the extra taxes that could have been realized as a result of the information furnished by each of them.

(d) Other cases where the authority competent to grant reward considers it necessary or expedient to pay reward on ad-hoc basis. Such cases will however be referred by the authority competent to grant rewards to the Central Board of Direct Taxes for final determination on the basis and quantum of reward.

Explanation:- no proposal of reward on ad-hoc basis shall be sent to the Board w.e.f. 1st December, 2007 because the Competent Authority will be the same as mentioned in para 2.1 and 2.2

15.1 Interim reward.

The authority competent to grant rewards may grant an interim reward not exceeding 5% (five per cent) of the extra tax levied or which can reasonably be expected to be levied but subject to a ceiling of Rs.1,00,000/- to an informant in a case where he is satisfied that:-

- (a) The information, evidence or documents given by the informant are likely to lead to substantial gain to revenue;
- (b) The assessment made, or to be made on the basis of such information/ evidence or documents is likely to be sustained in appeal; and
- (c) The taxes assessed, or to be assessed on the basis of the information or evidence or documents furnished by the informant are likely to be recovered.

15.2 Applicability of the monetary Ceiling for Interim rewards concepts of a case.

The monetary ceiling of Rs.1,00,000/- (Rs. One lakh only) referred to in para 15.1 shall apply with reference to a group of cases and not in respect of the individual assesses of the group.

15.3 Monetary limit for Interim rewards not to apply in certain cases.

Monetary limit of Rs.1,00,000/- referred in para 15.1 can be waived in suitable cases by the Competent Authority as mentioned in Para 2.1 and 2.2 where information was furnished prior to 1st December, 2007.

However, in respect of information received on or after 1st December, 2007, the monetary ceiling of Rs 1 lakh interim reward will not be waived.

15.4 Reward if any already granted shall be deducted from the amount of interim reward, determined under para 15.1 and 15.3.

15.5 - An interim reward granted under para 15.1 will be deducted from the final reward, or part of the final reward, that may be granted to the informant.

16.1 Reward in cases where information furnished by an informant to another Govt. Deptt. is passed on by that Deptt. to the I.T. Deptt.

The authority competent to grant reward may grant a final reward under para 13.1 or a part of final reward under para 13.2 or a reward on ad-hoc basis under paragraph 14 or an interim reward under para 15.1 or 15.3 to an informant in a case where the information furnished by such an informant to a Government Department other than the Income-tax Department was received by the Income Tax Department from the Government Department.

16.2 In a case referred to in paragraph 16.1 above, reward as is admissible under these guidelines may be granted after deducting the reward, if any, the informant might have received or is likely to receive from the other Government Department to whom he had furnished the said information.

16.3 The authority competent to grant reward shall disburse the amount of reward granted in accordance with the paragraphs 16.1 & 16.2 through the Head of the Department who passed on the information to the Income-Tax Department.

17. Maintenance of record of each informant and not taking cognizance of information furnished by certain informant.

The Authority competent to obtain information, evidence or documents from informant will maintain record of each informant, giving in brief his antecedents, the details of cases in which he has furnished information and the extent to which information has been found reliable. In case it is found that the antecedents of the informant, the nature of the information furnished by him in the past and his conduct justify ignoring the information, evidence and documents furnished by him, the case should be referred by such authority to the CBDT, and if approved by the Board, it would be open to such authority not to take cognizance of the information furnished by such an informant.

18. Drawing of the bill

The orders of the authority competent to grant reward in cases where it is the authority competent to grant reward and in cases in which the decision vests with the committee referred to in para 2.1 are applicable, sanction of the committee referred to therein, will constitute sufficient authority for drawing the bill on the treasury against the sanctioned allocation.

19. Control and audit expenditure relating to rewards.

The control and audit of the expenditure to reward will be governed by the instructions specifically issued for the purpose from time to time.

(Signature) 29/11/07
(Aarsi Prasad)

Under Secretary to the Government of India

FORM OF STATEMENT FOR FURNISHING INFORMATION REGARDING INCOME/
WEALTH NOT DISCLOSED TO THE INCOME TAX /WEALTH TAX DEPARTMENT

- (1) Full name of the informant.
(in block capital letters)
- (2) Full address of the informant.
- (3) Name of person/persons in respect
of whom the information is furnished.
- (4) Address of person/persons in respect
of whom the information is furnished.
- *(5) Full particulars of :-
 - (a) nature, source and extent of
undisclosed Income/Wealth;
 - (b) nature, location and estimated
value of undisclosed assets;
 - (c) method of concealment;
 - (d) period to which the concealment relates.
- (6) Particulars of documents furnished, if any,
 - (a) in original
 - (b) copy only
- (7) Source of information:-
 - (a) Whether the information has been acquired
personally in the capacity of an employee,
relation or partner etc., of the person mentioned
at (3) above;
 - (b) Whether information has been acquired through
some other person, if so, his connection with the
person at (3) above.

* The information furnished should be reliable, definite and precise, and full to the extent known to the informant, if the space available here is not found sufficient additional sheet may be attached.

8. Declaration :-

I declare that

(a) I am aware that the information or document furnished by me do not ipso facto confer on me a right to any reward, and that I would be bound by any decision the authority competent to grant rewards may take.

(b) I am aware that the extent of the reward depends on the precision of the information and usefulness of the documents furnished by me.

(c) I am aware that the reward would pertain only to as much of the extra taxes levied/realized as are directly attributable to the information supplied by me.

(d) The provisions of section 182 of the Indian Penal Code have been read by me or explained to me and I am aware that if the information furnished by me is found to be false I would be liable to prosecution.

(e) I accept that the Government is under no obligation to enter into any correspondence regarding the details of additions made and taxes realized as a result of my information.

(f) I accept that payment of reward is ex-gratia in the absolute discretion of the authority competent to grant reward and I have no right to dispute the correctness of the decision in any court of law.

(g) In the event of my death before the reward is paid to me, it may be paid to _____

Signature of the Informant
Informant's Code No., if any.

Signature of the Officer
Before whom the statement is signed.

Designation of the Officer.

Date: _____

Place: _____

Proposal for granting of Final reward (see proviso below paragraph 2.2 and para 13.1 of the Guideline for Grant of Reward to Informant, 2007)

1. Name of the case in which information was furnished by the informant(s).
2. Date of furnishing of the information.
3. Applicable Guidelines for the computation and grant of rewards.
4.
 - (a) Brief description of the information/ documents/evidence furnished by the informant(s).
 - (b) Action taken on the information indicating the date and the outcome. Clarify the extent to which the result of the action taken is attributable to the information furnished.
5.
 - (a) Whether a written statement under the relevant Guidelines was furnished by the informant(s).
 - (b) Whether a written undertaking referred to in the relevant Guidelines was furnished by the informant(s).
6. Amount of reward recommended for which approval is sought.
 - (a) Total amount of reward recommended including reward already granted/ sanctioned in the past.
 - (b) Amount out of (a) which has already been sanctioned/paid to the informant(s).
 - i) Interim reward
 - ii) Ad-hoc reward
 - iii) Part of final reward
 - iv) Total of (i) to (iii)
 - (c) Net amount of final reward now recommended i.e. (a) – (b)(iv)
 - (d) If there are more than one informant the ratio in which the reward is proposed to be distributed amongst them.

7. If any of the rewards referred to in S.No. 6(b) was granted with the approval of the Competent Authority enclose a copy of the letter of approval.
8.
 - (a) Basis for computation of reward indicating the para No. of the applicable Guidelines, the extra tax levied and realized which is attributable to the information furnished, percentage of extra tax proposed as reward.
 - (b) If the reward recommended exceeds the prescribed monetary limit, reasons for recommending higher amount of reward.
9.
 - (a) Whether all the assessments have become final (in case of pendency of appeals, etc., give details).
 - (b) Whether extra tax levied and realized is directly attributable to the information/documents/evidence furnished by the informant(s).
 - (c) Whether the authority recommending reward as compared the information furnished with the assessments/extra taxes levied and realized and is satisfied that the information furnished justifies the amount of reward recommended.
 - (d) Whether the circumstances referred to in para 11.1 of the 2007 Guidelines or relevant Paras of earlier guidelines as the case may be, have been kept in view while recommending the reward.
10. Whether the case has been checked by Internal Audit Party. If yes, enclose certificate of IAP regarding correctness of extra tax levied and realized.
11.
 - (a) Whether information in this case was received by the Income-Tax Department from any other Government Department;
 - (b) If so whether any reward is payable to the informant(s) who furnished information to the other Government Department (state reasons).

12. Whether the informant is a government servant.
If so, whether the information was furnished by
him in the course of his normal duty as a
government servant.

Submitted to the Member (Investigation), Central Board of Direct Taxes, North
Block, New Delhi in accordance with paragraph 2.2/13.1 of the Guidelines for Grant of
Rewards to Informants, 2007.

Encl. : As above.

Signature:

Date:

Name:

Designation: