

SHRI Y. B. CHAVAN : Quite right. I quite agree that there are certainly some elements in our economy which try to ultimately defeat our purpose. That is, we have to practically see...

SHRI BHUPESH GUPTA : Last night there was an attempt at disributing the unearned income.

MR. CHAIRMAN : Next question. Mr. Chitta Basu.

SHRI M. M. DHARIA : Sir, this is a very vital question. The Minister has asked for, and we are prepared to give suggestions to the hon. Minister, if the Government is likely to act.

MR. CHAIRMAN : This is not a discussion.

SHRI M. M. DHARIA : It is a very important question.

MR. CHAIRMAN : I have called the next question. Mr. Chitta Basu.

*743. [The questioners (Shri Chitta Basu and Shri Kalyan Roy) were absent. For answer, vide Col. 31 infra.]

RE-EXAMINATION OF TAX LAWS

*744. **SHRI KRISHAN KANT :**†

SHRI ARJUN ARORA :

Will the Minister of FINANCE be pleased to state :

(a) whether Government propose to re-examine the tax laws which permit Hindu undivided family as a separate identity ; and

(b) if so, what steps are proposed to be taken by Government in the matter ?

THE MINISTER OF REVENUE AND EXPENDITURE (SHRI VIDYA CHARAN SHUKLA) : (a) There is no proposal before Government at present in his behalf.

(b) Does not arise.

SHRI KRISHAN KANT : Even if the proposal is not before the Government, may I know whether they are thinking of reforming the tax laws even now, under which in a Hindu Undivided Family individual taxation will be possible ? Why are they not thinking of this thing ?

†The question was actually asked on the floor of the House by Shri Krishan Kant.

SHRI VIDYA CHARAN SHUKLA : Sir, this question, as the hon. Member knows, has been considered from time to time. But there are certain case laws and the opinion given by the Supreme Court in such cases, and because of these complications, we have not yet been able to make any reform. I am not saying that no reform in this particular section of the tax law is needed but how to do it, that is a complicated question, and we are thinking about it.

In her last Budget speech, the hon'ble Prime Minister also made a reference to this particular question, and we are still actively thinking how we can remove those lacunae. If any practical suggestions are given to us, we will be grateful for them.

SHRI KRISHAN KANT : May I know what are the difficulties and by what time the hon. Minister will be able to overcome them and bring forward a comprehensive legislation to bring about a change in the income-tax law because it will increase the resources of the Government for planning and other purposes ?

SHRI VIDYA CHARAN SHUKLA : I have already indicated that the first difficulty is the legal difficulty.

SHRI KRISHAN KANT : Why do you not remove it ?

SHRI VIDYA CHARAN SHUKLA : We are thinking of how to do that. It is a question of amending, and when you amend a particular law, then the question of the Hindu Code or the fundamental rights of individuals comes. The peculiar institution which is found only among the Hindus is the joint family system. This particular thing is recognised in the Hindu Code which comes in the way. Here the other question of throwing self acquired property into the family hotch-pot also arises. This has been dealt with by the various judgments of the Supreme Court and the High Courts, and I can confess that we have not yet been able to find out a complete solution. The hon. Member must be knowing about the ruling in the 1965. *Stremann's* case and *Keshavlal Lallubhai's* case. Extensive rulings were given about these matters when the government tried to improve

upon the situation. It is a fact, as the hon. Member says, that this provides certain lacunae to certain individuals. If these lacunae could be removed, probably, our tax collection could become more. But, as I said, we are considering the matter. I cannot say how long it will take for us to resolve this very complicated question.

SHRI GODEY MURAHARI : May I know whether the recent fine of Rs. 80,000 imposed on Shri Jagjivan Ram by the Prime Minister before she left her Finance portfolio was on the undivided family of Shri Jagjivan Ram or individually on him, and whether the Government is proposing to change the law to suit the Ministers?

SHRI VIDYA CHARAN SHUKLA : Sir, this report regarding the imposition of fine on Shri Jagjivan Ram is an unadulterated lie. There has been no such fine imposed. Only some interested parties are trying to spread false rumours of this kind. I categorically and emphatically deny the allegation. Never such a thing took place.

SHRI GODEY MURAHARI : I wanted to know the truth of it.

SHRI BHUPESH GUPTA : May I ask not so adulterated a question? According to the papers circulated to the Members of Parliament, it appears that a large number of cases in the higher bracket are pending; they are not being disposed of on account of some difficulties in the income-tax law, and as a result of that they can continue the case for a long time till they succeed in getting them written off. May I know whether in such cases the Government is considering the advisability of ensuring that this matter is expedited and taxes are collected and then the matter is gone into? If necessary, refund should be made later on.

SHRI VIDYA CHARAN SHUKLA : Sir, this is our constant endeavour. As a matter of fact, the hon. Member must be aware that there is a provision of advance collection of taxes. Along with the return the assessee is supposed to pay his tax in advance, and after that if it is found that the tax has been collected in excess of the actual assessment, then refunds are made to them. Therefore, we always try to collect the tax first. If the tax is uncollected or

overcollected, then necessary adjustments are made.

SHRI BHUPESH GUPTA : Mr. Chairman, Sir, I have got....

MR. CHAIRMAN : Please sit down....

SHRI BHUPESH GUPTA : I have got papers given by him.

MR. CHAIRMAN : Let him complete the answer. If you have then got anything to say, you can say.

SHRI VIDYA CHARAN SHUKLA : I was saying that after the advance collection of taxes, if there is under-assessment or over-assessment, necessary adjustments are made. It is our endeavour always to see that the taxes are collected in time and in due course.

SHRI BHUPESH GUPTA : Now, Sir, all that I want...

MR. CHAIRMAN : What is it that he has not replied?

SHRI BHUPESH GUPTA : That is what I wanted to tell you. Only yesterday we got papers circulated by the Ministry of Finance. I am a Member of the Consultative Committee. In that a huge list is given of about a hundred people whose cases are pending for arrears of taxes, not the problem of advance collection and refund. These are arrears standing for five, six or seven years. He has sent the circular.

SHRI VIDYA CHARAN SHUKLA : Sir, these arrears mainly arise due to the fact that these cases get involved in litigation. Assessments are made, but the assessee does not accept these assessments. They go in appeal to the Appellate Assistant Commissioner, to the Income-tax Appellate Tribunal, and sometimes with a writ petition to the High Court and the Supreme Court. Therefore, these arrears have to be shown against them until this matter is finally decided in the income-tax tribunals or in the courts of law. Sometimes we have to go to the court. Sometimes the Appellate Assistant Commissioner may give a finding and we may have to go in appeal. Because of these legal difficulties, these arrears accumulate.

MR. CHAIRMAN : The Question Hour is over.