GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE

LOK SABHA
UNSTARRED QUESTION NO. 2494

TO BE ANSWERED ON MONDAY, AUGUST 3, 2026/SHRAVANA 12, 1948 (SAKA)

'Cases of Wrongful Tax Relief Claims'

2494. Adv. K. Francis George:

Will the Minister of FINANCE be pleased to state: -

(a) Whether the Income Tax Department has detected cases of wrongful tax reliefs claimed through fake, forged or unverifiable entries during the last five years, if so, the details thereof;

(b) Whether the Government has strengthened data analytics, artificial intelligence - based scrutiny and inter-agency coordination to detect and prevent such fraudulent claims, if so, the details thereof;

(c) Whether the Government has identified the entities, intermediaries or beneficiaries involved and taken action against them;

(d) Whether accountability has been fixed against officials for lapses in scrutiny, verification or assessment that enabled such irregularities, if so, the details thereof; and

(e) The corrective measures taken or proposed by the Government to strengthen Permanent Account Number (PAN) verification, digital tax compliance, fraud detection and real-time audit monitoring to prevent recurrence of such cases?

ANSWER
THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) During the last five years, the Income Tax Department has detected cases of wrongful tax reliefs and claims of non-genuine deduction. Such cases have come to light, *inter alia*, through data analytics and verification exercises, and have been further corroborated through searches and surveys carried out against entities, professional intermediaries and other persons suspected of facilitating such claims. These actions resulted in the recovery of evidence regarding tax evasion and other violations under the provisions of the Income-tax Act, 1961. Based on the evidence gathered, appropriate action has been taken in accordance with the applicable provisions of Income-tax Act.

(b) CBDT has implemented in-house data analytics system which assimilates and analyses information as well as transactional data received from third-parties, including Statement of Financial Transaction (SFT), Tax Deduction at Source (TDS) and Tax Collection at Source (TCS) statements, GST data, high-value transactions from banks and financial institutions, purchase/sale of immovable property from IG(Registration)/Registrar/Sub-registrar, etc. for identifying instances of potential tax evasion.

Further, risk rules are formulated to flag risk of tax evasion, by undertaking systematic and identity blind analysis of data from various sources - Income Tax Returns (ITRs), Tax Audit Reports, third-party filings including other law-enforcement agencies wherein returns and transactions exhibiting characteristics indicative of potential tax evasion are identified. The process of formulating risk rules is dynamic wherein such rules are continually calibrated and refined.

Central Board of Direct Taxes (CBDT) has undertaken NUDGE (Non-intrusive Usage of Data to Guide and Enable) campaigns which are extensive technology-driven measures that leverage data analytics, legislative enablement, behavioural insights and digital communication platforms for improved tax collection efficiency by shifting the focus from post-facto enforcement to preventive, technology enabled compliance in a non-intrusive manner. SAKSHAM is the seven-stage strategy of implementation of NUDGE campaigns which comprises of:

1. Sankalan - Systematic compilation and collection of data/information from diverse sources.
2. Anusandhan - Robust research, analysis and insight generation for risk identification.
3. Kriyanvyan - Converting insight into actionable interventions for targeted outcomes.
4. Sampark - Proactive communication to create awareness and guide compliance behaviour.
5. Hastak - Handholding and facilitation to assist taxpayers in fulfilling obligations.
6. Adhikaar - Ensuring rights, transparency and enablement, fostering trust and fairness.

7. Mulyankan - Continuous monitoring and evaluation to measure impact and refine actions.

Under these campaigns, communications are sent to select taxpayers after due risk analysis to review and revise/update their Income Tax Returns (ITRs) already filed. The taxpayers are selected on the basis of advanced risk analysis identifying incorrect or non-reporting of assets or income, or excess claims of deductions or exemptions in their ITRs.

These campaigns were also backed by nationwide outreach programmes engaging employers to sensitise taxpayers for voluntary correction of discrepancies by filing revised return/belated return/ updated return.

The outcome of the SAKSHAM NUDGE campaigns in last two years (FY 2024-25 and 2025-26) is as under –

Number of Updated/Revised ITRs filed	1.25 crore
Additional Tax Paid	Rs. 9,493.66 crore
Revenue Impact of campaign	Rs. 12,121.91 crore

As regards inter-agency coordination on such matters, CBDT proactively shares information with other Law Enforcement Agencies (LEAs) through Regional Economic Intelligence Councils (REICs) platform and Nodal Officer mechanism. In addition, exchange of information also takes place between CBDT and other LEAs, like Central Board of Indirect Taxes and Customs (CBIC), whereby data relevant for the Department/Agency/Organisation concerned is shared automatically, on request and suo-motu basis.

(c) Through investigation and data analytics, the Income Tax Department has identified categories of entities and intermediaries involved in facilitating such fraudulent claims, including, tax return preparers and chartered accountants. Action taken includes NUDGE campaigns, e-verification, search & seizure and survey operations, assessments/reassessments, levy of penalty and prosecution. In addition, appropriate information has been shared against the tax professionals with the relevant regulatory/enforcement organizations including the Institute of Chartered Accountants of India (ICAI).

(d) Fixing of accountability of officials for lapses is a continuous and ongoing process in the Government, and whenever any such lapse is detected, appropriate action against the officials concerned is ensured as per applicable rules.

(e) CBDT has taken several measures in this direction including pre-filling of details in ITRs, strengthening the process of validations at the stage of processing of ITRs, verification of mismatches between details filed by taxpayers and various Reporting Entities, detection of such cases through leveraging data analytics and other tools, NUDGE campaigns, e-verification, search & seizure and survey operations, assessments/reassessments, levy of penalty and prosecution.

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