



Income-tax Clearance Certificate – Does it affect me?

There have been widespread rumours and misunderstandings circulating over news articles & WhatsApp forwards about some new requirement being introduced in the Budget for obtaining an Income Tax Clearance Certificate (“ITCC”) before international travel.

An ITCC, as the name suggests, is a certificate from the Indian tax authorities that you have cleared all your tax dues. The requirement of obtaining an ITCC has been part of the law since 2003.

However, only those Indian residents who meet the following specific criteria needs to obtain an ITCC and submit the same to the customs & immigration official while departing India:

- The concerned person is domiciled in India, AND
- They have an outstanding tax demand/arrears of more than INR 10 lakh for which no stay has been granted, OR
- There are serious financial irregularities and his presence is necessary in investigation of cases under Income-tax or Black Money proceedings.

There is also a requirement to obtain the ITCC for certain foreign citizens who are living & earning income through employment or business in India and are leaving India, and even these requirements have not undergone any substantive amendment.

The only change introduced in this Budget was to include any tax demand/arrears under the Black Money Act as part of the ambit of “tax arrears” for the purposes of determining whether someone needs to obtain an ITCC or not.

This is a rationalization measure, and has no substantive or practical impact for anyone who was not earlier covered by this provision.

To clarify the same, the CBDT also issued a press release yesterday.

Therefore, if you were not obtaining an ITCC prior to the Budget, you need not be concerned about this amendment.