

***PAY TAXES BEFORE FLAUNTING ABOUT YOUR LUXURY
PURCHASES ON SOCIAL MEDIA;***

THE INCOME TAX DEPARTMENT IS YOUR NEW FOLLOWER

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The income tax department is looking at more than just your ITR and financial statements. In fact, the income tax department use your social media posts to keep a track of the expenses. In accordance with this, 50 Social media influencers have been the subject of an investigation by the income tax department for failing to disclose their earnings and profits.

The income tax department has sent notices to these social media influencers from the fashion, travel, leisure, and Bollywood industries. According to the sources the department has been following them via social media to watch out for their expenditures.

It has been noticed that these social media influencers are understating their income. This was started after 10 youtubers and other influencers were searched in Kerela and a Mumbai based influencer was earning in crores per year, but disclosed his income at INR 3.5 Lakh.

Steps taken by the department in tracking the influencers: The IT department has been able to locate these influencers by following their posts on Twitter and Instagram, where they shared photos and videos of their trips abroad and luxury shopping. As per the sources, department is intending to send notices to 30 more influencers who are under its radar.

Reaction of the influencers on this news: Different social media influencers reacted in different ways, with some praising the department's actions and others criticizing the decision by claiming that it violates people's privacy. It is evident that the income tax department is attempting to tighten its policy in an effort to catch those who are attempting to conceal their income, regardless of how people feel about this decision.

Purpose of the Income Tax department: The goal of the income tax department is to encourage higher-earning individuals who evade income tax while filing ITR to pay their taxes. In light of this, here is a list of the new guidelines for social media influencers:

- Social media influencers who earn more than INR 2 lakh in a single fiscal year are subject to these income tax rule.
- The annual expense rate is fixed 30% on the gross pay of social media influencers.
- The social media influencers can claim deduction on their expenses like equipment purchase, travel, etc.
- These are effective from first April 2023.

Tax liability on the gifts received by the influencers:

Apart from the above-mentioned provisions, there are arrangement for charging tax-ability on getting gift. There are a few cases where an influencer receives gifts for promoting a brand or person. Online information and database access or retrieval services (OIDAR) are these kinds of services. Under the laws governing the goods and services tax, people who earn more than INR 20 lakh in a fiscal year are required to register their services under this category, and they will then be subject to a tax of 18 percent.



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