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INCOME-TAX ACT, 2025

Chapter XXII: OFFENCES AND PROSECUTION

**Section 478 - Wilful attempt to evade tax, etc.**

(1) If a person wilfully attempts in any manner to evade any tax, penalty or interest chargeable or imposable, or under-reports his income, under this Act, he shall be punishable—

(a) with simple imprisonment for a term up to two years, or with fine, or with both, where the amount sought to be evaded or tax on under reported income exceeds fifty lakh rupees; or

(b) with simple imprisonment for a term up to six months, or with fine, or with both, where the amount sought to be evaded or tax on under reported income exceeds ten lakh rupees but does not exceed fifty lakh rupees; or

(c) with fine, in any other case.

(2) If a person wilfully attempts in any manner to evade payment of any tax, penalty or interest under this Act, he shall be punishable —

(a) with simple imprisonment for a term up to two years, or with fine, or with both, where the amount sought to be evaded exceeds fifty lakh rupees; or

(b) with simple imprisonment for a term up to six months, or with fine, or with both, where the amount sought to be evaded exceeds ten lakh rupees but does not exceed fifty lakh rupees; or

(c) with fine, in any other case. [1]

(3) The punishment referred to in this section, shall be without prejudice to any penalty that may be imposable under any other provision of this Act.

(4) For the purposes of this section, a wilful attempt to evade any tax, penalty or interest chargeable or imposable under this Act, or the payment thereof, shall include a case where any person—

(a) has in his possession or control any books of account or other documents (being books of account or other documents relevant to any proceeding under this Act) containing a false entry or statement; or

(b) makes or causes to be made any false entry or statement in such books of account or other documents; or

(c) wilfully omits or causes to be omitted any relevant entry or statement in such books of account or other documents; or

(d) causes any other circumstance to exist which will have the effect of enabling such person to evade any tax, penalty or interest chargeable or imposable under this Act or the payment thereof.

1. Substituted by The Finance Act, 2026 for

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(1) If a person wilfully attempts in any manner whatsoever to evade any tax, penalty or interest chargeable or imposable, or under-reports his income, under this Act, he shall be punishable,—
(a) in a case, where the amount sought to be evaded or tax on under-reported income exceeds twenty-five lakh rupees, with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years, and with fine;
(b) in any other case, with rigorous imprisonment for a term which shall not be less than three months but which may extend to two years, and with fine.

(2) If a person wilfully attempts in any manner to evade the payment of any tax, penalty or interest under this Act, he shall be punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to two years and shall, in the discretion of the court, also be liable to fine.

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