

Tax officers may soon access your social media a/c, emails: What this means

The Income Tax Bill 2025 grants tax authorities the power to access personal digital spaces, including emails and social media, to track tax evasion starting in April 2026.



Income Tax

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Starting April 2026, a significant change in India's income tax rules will give tax authorities the power to access a wide range of private digital spaces, including emails, social media accounts, and online financial platforms. Under the proposed Income Tax Bill 2025, if a tax officer suspects someone of hiding income or assets, they will be able to override access codes and directly enter digital spaces to gather information. This expansion of search and seizure powers has stirred concerns about privacy, as the government will gain the ability to monitor not just physical properties but also personal online activity.

The New Powers

Previously, income tax officers could only break into physical spaces, such as lockers or safes, when the keys or access were unavailable. The new bill, however, introduces the concept of "virtual digital spaces" and allows officers to gain access to emails, social media, cloud storage, and even online financial accounts if they suspect tax evasion. The bill aims to tackle modern tax evasion methods but raises questions about the balance between enforcement and privacy.

"According to clause 247 of the Income Tax bill, if an authorised officer has reason to believe that an individual possesses undisclosed income or property that comes under the ambit of I-T Act, they can _“break open the lock of any door, box, locker, safe, almirah, or other receptacle for exercising the powers conferred by clause (i), to enter and search any building, place, etc., where the keys thereof or the access to such building, place, etc., is not available, or gain access by overriding the access code to any said computer system, or virtual digital space, where the access code thereof is not available.”. This means that authorised officers w.e.f. 1st April, 2026 can gain access, by overriding the access code, to any computer systems, emails, social media accounts or any virtual digital space, if they suspect you of intentionally evading income tax and where access is not available to them," said Rajarshi Dasgupta, Executive Director-Tax, AQUILAW.

The Income Bill has given officers additional powers under search and seizure provisions to access virtual digital space. This means the Income Tax officer entrusted with such powers will have power to search digital spaces for tax evasion. While it may help in detecting evasion, if this power is not regulated it may lead to violation of privacy.

Pallav Pradyumn Narang, Partner, CNK explains this better:

The Direct tax bill provides powers to tax officers to enter places of business and access virtual digital spaces as may be available at such place. The concept of a virtual digital space is new to this bill and was hitherto undefined in the extant Income Tax Act.

This definition is fairly broad and includes email servers, social media, Trading accounts, remote servers and other application or platforms that may hold electronic information. The ability to act upon any available “information” was already there with the tax authorities but now they will be able to access electronic information that may not have been necessarily or easily accessible to them otherwise.

From a privacy perspective, it may be noted that the bill envisages access to platforms which “ may be available ay such place” meaning therefore that even SAAS platforms can and should be accessible only from sites being surveyed and not from other remote locations such as the tax office itself.

A reading of the bill suggests that These virtual digital spaces can be accessed only during a survey action and only from the location being surveyed. Therefore it should not be a situation wherein private spaces are being put under surveillance.

Privacy Concerns

Many fear that these new powers could lead to state overreach, especially since there is no clear judicial oversight to protect individual privacy. Unlike in the U.S. or the European Union, where tax authorities need a court order to access private data, India's bill would allow tax officers to bypass this step. This has drawn comparisons to more authoritarian forms of governance and has raised alarms about potential misuse of the system.

"In the United States, tax authorities require court orders to access digital records, ensuring a strong layer of judicial oversight under the Fourth Amendment. Similarly, the European Union, with its General Data Protection Regulation (GDPR), imposes strict restrictions on accessing personal data, prioritizing individual privacy. Canada follows a middle path, allowing tax authorities limited access to digital records but only if they can demonstrate just cause, backed by strong privacy protections. In contrast, India's proposed tax bill grants sweeping and unrestricted access to citizens' devices, social media accounts, and online transactions with no clear judicial oversight. Compounding this concern is India's weak data protection framework, as the long-delayed Data Protection Bill remains pending. This heavy-handed approach raises alarms about state overreach and potential misuse, tilting India towards authoritarian-style tax enforcement rather than a balanced, privacy-conscious system," said Dasgupta.

Under what criteria can tax officers access private digital spaces like emails and social media accounts?

"If there is substantial reason to believe a taxpayer has not disclosed income, officers can seek access. Social media posts showcasing luxury spending (cars, travel, jewelry) without corresponding income declaration may trigger scrutiny. If an individual is linked to a broader tax fraud probe, their digital accounts may be accessed to gather evidence. If someone claims a low income but frequently shares high-value transactions online, it may lead to an inquiry," said Alay Razvi, Managing Partner, Accord Juris.

"According to proposed Section 247 of the Income Tax Bill, 2025, tax authorities can override taxpayer's systems to secure electronically available data where, firstly they have a reason to believe that the taxpayer has evaded taxes or possesses undisclosed income or property and secondly, the taxpayer does not provide access to such electronically available data.

Notably, such a search process may be authorised not only for the purposes of Income Tax Bill, 2025 but also for the purposes of Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015," said Kunal Savani, Partner, Cyril Amarchand Mangaldas.

Safeguarding Privacy

Experts recommend that businesses and individuals take proactive steps to protect their sensitive data. As tax officers gain the ability to search both physical and digital spaces, the importance of maintaining clear and accurate tax filings has never been greater. Taxpayers will need to be diligent about reporting all income, investments, and digital assets in their returns. If these new powers are implemented fairly, they could help curb tax evasion, but there is also a risk of harassment if they are misused.

Some of the key strategies include:

- Encrypting Digital Devices to protect personal and business information.
- Separating Personal and Business Accounts to minimize unnecessary exposure of private data.
- Backing Up Critical Data in secure locations to prevent loss during a raid.

- Using Secure Communication Channels like encrypted email services for sensitive discussions.
- Use strong, unique passwords and enable two-factor authentication for all digital accounts.
- Regularly update privacy settings on social media and email platforms.
- Avoid discussing income, transactions, or investments on social media or unencrypted platforms.
- Ensure all financial transactions, including digital income, are reported in tax filings to minimize red flags.
- For sensitive financial discussions, opt for end-to-end encrypted platforms like Signal or ProtonMail.

What are the legal safeguards for taxpayers against misuse of these powers?

Razvi, Managing Partner, Accord Juris, explains this:

1.The law should mandate that tax officers obtain prior judicial approval before accessing private digital spaces to prevent arbitrary misuse.

2.Taxpayers can challenge unwarranted access using the Information Technology Act, 2000, and the upcoming Digital Personal Data Protection Act.

3.There needs to be a clear procedural framework on how and when tax officers can access digital accounts, preventing fishing expeditions.

4.Taxpayers have the right to challenge any investigation or tax notice arising from social media/email scrutiny before appellate tax tribunals or courts.

"In the absence of procedural safeguards requiring due process of law, the new search and seizure provisions in the Income Tax Bill, 2025 raise alarming concerns of constitutional validity and potential legal overreach.

The Supreme Court had observed in the case of Justice K.S. Puttaswamy v. Union of India (2017) that the Right to Privacy is protected as a part of fundamental right to life under Article 21 of the Indian Constitution. Moreover, no State action can infringe the same without a compelling state interest justifying legality, necessity, and proportionality.

Thus, law makers should introduce clear procedural checks and CBDT should instruct that search and seizure process is to be practiced as an exception and not as a rule. Otherwise, practical implementation of the said provisions may run into constitutional hurdles," said Kunal Savani, Partner, Cyril Amarchand Mangaldas.

What should businesses and individuals do to ensure their online assets are compliant with the new tax regulations?

As every lacuna has been plugged by making tax investigations in line with the digital age, the best way forward for taxpayers would be to file accurate income-tax returns with details of income and investments.

Moreover, any electronically available data found during a search under the proposed provisions of the Income Tax Bill, 2025 will be presumed to be true, encouraging further investigation.

"The Act pursuant to changes if any will come into effect starting 1 April 2026. The Assessee who are dealing in the digital space must ensure that their reporting on taxes is precise to ensure negligible scrutiny," said Aditya Bhattacharya, Partner, King Stubb & Kasiva, Advocates and Attorneys.

How will these new rules affect individuals who engage in cryptocurrency or other non-traditional forms of investment?

Taxation of Virtual Digital Assets (VDA), including cryptocurrencies, was introduced in 2022. Ever since, VDA taxation has been mired with various issues, such as high rate of taxation, lack of deductions, lack of clarity vis-a-vis disclosure forms, etc. "The search and seizure provisions in the Income Tax Bill, 2025 have been proposed without adequate procedural and judicial checks. Thus, potential growth of trade in cryptocurrencies may be inhibited due to apprehension of excessive legal overreach," said Savan.

The global context

While India's approach is more aggressive, many countries are taking steps to balance tax enforcement with privacy protection. In Canada, for instance, tax authorities can only access digital data with sufficient cause and under strong privacy protections. In contrast, India's proposed rules allow tax officers to bypass traditional checks, which could have unintended consequences for its digital economy and foreign investment.

The concerns surrounding the bill are not just about individual privacy; they also extend to the business environment. Multinational companies may think twice before expanding their operations in India if the tax system is perceived as too intrusive. India's weak data protection framework, with the long-delayed Data Protection Bill still pending, compounds these worries.

What this means for taxpayers

As tax officers gain the ability to search both physical and digital spaces, the importance of maintaining clear and accurate tax filings has never been greater. Taxpayers will need to be diligent about reporting all income, investments, and digital assets in their returns. If these new powers are implemented fairly, they could help curb tax evasion, but there is also a risk of harassment if they are misused.

The key to ensuring a balanced system lies in proper safeguards. Taxpayers and legal experts are calling for clearer procedures to protect citizens from unwarranted surveillance. If the tax authorities act outside these defined boundaries, the provisions may face legal challenges for violating privacy rights.