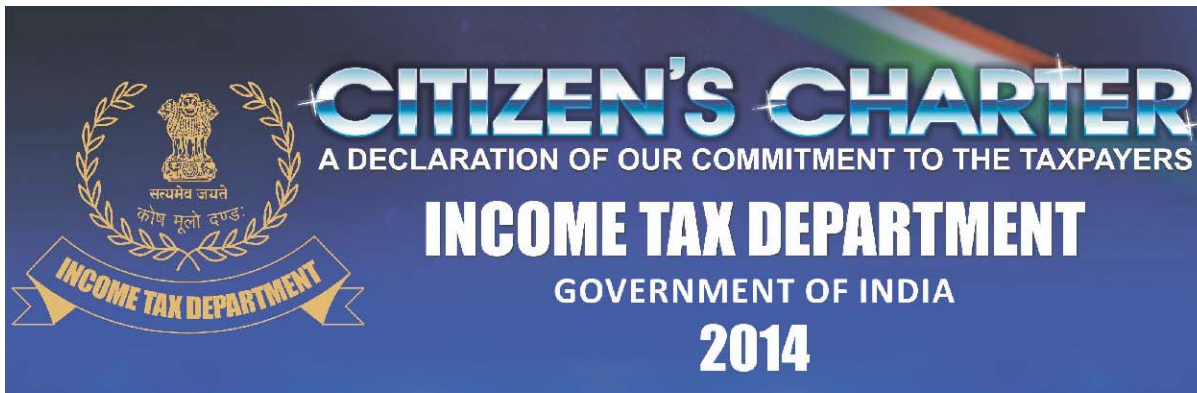


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CENTRAL ACTION PLAN 2014-15



**CENTRAL BOARD OF DIRECT TAXES
DEPARTMENT OF REVENUE
MINISTRY OF FINANCE
GOVERNMENT OF INDIA**



The Citizen's Charter of the Income Tax Department is a declaration of its Vision, Mission and Standards of Service Delivery

VISION

To partner in the nation building process through progressive tax policy, efficient and effective administration and improved voluntary compliance

Mission

- To formulate progressive tax policies
- To make compliance easy
- To be accountable and transparent & act with honesty, in a fair & judicious manner
- To deliver quality services
- To continuously upgrade skills and build a professional and motivated workforce

We Believe in

- Equity and transparency ;
- Promoting taxpayer awareness and encouraging and assisting them towards voluntary compliance;
- Effective deterrence against tax evasion;
- Continuous research as the foundation of tax policy and administration; and
- Adopting technology as an enabler for improved service delivery.

Service Delivery Standards

We aspire to provide the following key services within specified timelines :

Sl. No.	Key Services	Timelines (From the end of the month in which return/ application is received/cause of action arises)
1.	Issue of refund alongwith interest under section 143(1) of the I.T. Act (a) In case of electronically filed returns (b) Other returns	6 months 9 months
2.	Issue of refund including interest from proceedings other than section 143(1) of the I.T. Act	1 month
3.	Decision on application for rectification	2 months
4.	Giving effect to appellate/revision order	1 month
5.	Acknowledgement of communication received through electronic media or by hand	Immediate
6.	Decision on application seeking extension of time for tax payment or for grant of installment	1 month
7.	Issue of Tax Clearance Certificate under section 230 of the I.T. Act	Within 3 working days from the date of receipt of application
8.	Decision on application for recognition/approval to provident fund/superannuation fund/gratuity fund	3 months
9.	Decision on application for grant of exemption to institutions (University, School, Hospital etc.) under section 10(23C) of the I.T. Act	12 months
10.	Decision on application for approval to a fund under section 10 (23AAA) of the I. T. Act	3 months
11.	Decision on application for registration of charitable or religious trust or institution	4 months
12.	Decision on application for approval of hospitals in respect of medical treatment of prescribed diseases	3 months
13.	Decision on application for grant of approval to institution or fund under section 80G(5)(vi) of the I. T. Act	4 months
14.	Decision on application for no deduction of tax or deduction of tax at lower rate	1 month
15.	Redressal of grievance	2 months
16.	Decision on application for transfer of case from one charge to another	2 months

The above timelines will apply to cases where return/application is complete in all respects.

Expectations from Taxpayers

We expect our taxpayers :

- To be truthful and prompt in meeting all legal obligations;
- To pay taxes in time;
- To obtain PAN and quote it in all documents and correspondence;
- To obtain TAN and quote it in all documents and correspondence;
- To quote correct tax payment/deduction particulars in tax returns;
- To verify credits in tax credit statements;
- To file complete & correct returns, within the due dates and in appropriate tax jurisdictions;
- To quote correctly Bank Account Number, MICR/IFSC Code and other Bank details in the returns of income;
- To intimate change of address to the tax authorities concerned;
- To intimate any change in PAN particulars to designated agency;
- To quote PAN of all deductees in the TDS statements; and
- To respond promptly to the communication from the Department.

We Endeavour

- To promote voluntary compliance;
- To educate taxpayers and citizens about tax laws;
- To provide information, forms and other assistance at the facilitation counters and also on website www.incometaxindia.gov.in;
- To continuously improve service delivery;
- To induct state-of-the-art and green technology with a user friendly interface;
- To inculcate a healthy tax culture where the taxpayers and the tax collectors discharge their obligations with a sense of responsibility towards nation building;
- To promptly deal with taxpayers' grievances arising on account of technological issues; and
- To adhere to the schedule of appointments with taxpayers.

Grievance Redressal

- All grievances received will be redressed within two months from the end of the month of their receipt;
- Petitions on un-redressed grievances filed before next higher authority will be decided within 15 working days of receipt;
- The taxpayers can approach the Income-tax Ombudsman in case of un-redressed grievances;
- The grievance redressal mechanism including contact details of public grievance officers are available on the website www.incometaxindia.gov.in.

This Charter is issued on 29.04.2014, revisiting the earlier Charter issued in July 2010. In the preparation of this Charter, feedback has been taken from stakeholders. This Charter reflects the best endeavour of the Department. The Department intends to review the Charter within a period of three years.

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INTRODUCTION

Achievement of the target of direct taxes collection in a non-adversarial and fair manner is the main thrust area of work of the Income Tax Department. The Central Board of Direct Taxes (CBDT) devises the Central Action Plan annually to focus on measurable activities that are necessary for revenue mobilization.

The Central Action Plan for FY 2014-15 has been presented in two parts – viz.

PART 1 – Focuses attention on certain key result areas that are required to be achieved as they are intricately linked towards the efforts for budget target collection.

PART 2 - Focuses on certain strategies with respect to specific areas that may act as a guidance tool to be followed to achieve the basic objectives. It also includes an advisory to the Supervisory authorities for action.

CBDT is committed to maintain high standards of service to the tax payer as declared in the Citizen's Charter. This Action Plan, therefore, sets timelines for achievement of target in key areas of tax payer services.

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PART 1

KEY RESULT AREAS

CHAPTER-I

ALLOCATION OF BUDGET TARGETS

1. DIRECT TAXES COLLECTIONS DURING F.Y. 2013-14

The details of direct taxes collections during F.Y. 2013-14 are as under :

Head of Tax	Budget Estimates 2013-14 (Rs. in crore)	Revised Estimates 2013-14 (Rs. in crore)	Actual Collections 2013-14 (Rs. in crore)#	% age of R.E. Achieved
Corporate Tax	4,19,520	3,93,677	3,94,677	100.25%
Personal Income Tax (Including FBT, etc)	2,40,919	2,36,194	2,37,794	100.68%
Securities Transaction Tax	6,720	5,497	5,017	91.27%
Wealth Tax	950	950	1,007	106.00%
Total	6,68,109	6,36,318	6,38,495	100.34%

#Note: Source- CGA, the figures of collections for 2013-14 are provisional / unaudited.

2. TARGETS FOR F.Y. 2014-15

The details of the Budget Estimates for F.Y. 2014-15 as compared to the Actual Collections for 2013-14 (Prov.) are as under :

Head of Tax	Actual Collections FY 2013-14 (Rs. in crore)#	Budget Estimates FY 2014-15 (Rs. in crore)	% increase of BE FY 2014-15 over actual collection of FY 2013-14
Corporate Tax	3,94,677	4,51,005	14.27%
Personal Income Tax (Including FBT, etc)	2,37,794	3,00,474	26.36%
Securities Transaction Tax	5,017	5,992	19.43%
Wealth Tax	1,007	950	-5.66%
Total	6,38,495	7,58,421	18.78%

#Note: Source- CGA, the figures of collections for 2013-14 are provisional

2.1 The Budget target of each cadre-controlling Pr CCIT for Corporate tax & Personal Income tax (major heads) has been fixed keeping in view the revenue potential of the region, based on the growth of direct taxes collected over a period of six years, on graded weight system, giving a higher weight to the growth rate of the immediate preceding year. However, the region wise growth rate is further adjusted by taking into account major head-wise All India targeted growth rate for FY 2014-15, set as per Budgetary Estimates for FY 2014-15. It will be pertinent to mention that while arriving at the major head target for FY 2014-15, the actual growth rate of collection, major head-wise, was restricted to the R.E. target set for FY 2013-14, if the same was exceeded in a particular region.

2.2 The target for Wealth tax has been set on the basis of the contribution by the region to the total kitty under this major head. In respect of Securities Transaction tax, since maximum amount of contribution is from Mumbai, it is allocated the maximum amount.

3. ALLOCATION OF TARGETS

The targets fixed for various cadre-controlling Pr CCsIT for FY 2014-15 are as under:

**TABLE : ALLOCATION OF BUDGETARY TARGET FOR FY 2014-15
MAJOR HEADWISE TO VARIOUS PRINCIPAL CCIT REGIONS**

(Rs. in crore)

Pr CCIT Region	Corporate Tax	Personal Income Tax	STT	Wealth Tax	Total	Growth Rate Vis-a-vis Last FY
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Mumbai	161346	67390	5985	308	235028	17.2%
Delhi	68464	36041	2	150	104657	17.0%
Karnataka & Goa	39593	32618	.....	70	72281	21.2%
Tamil Nadu	28677	22370	2	84	51133	20.3%
Andhra Pradesh	22586	15662	.....	40	38288	19.9%
Pune	15597	21000	.....	42	36639	23.8%
Gujarat	18816	16430	2	52	35301	21.2%
North West Region	16953	18030	.....	35	35017	24.5%
West Bengal & Sikkim	21816	10471	1	73	32361	18.9%
UP (West) & Uttarakhand	15071	8685	.....	20	23775	19.6%
MP & Chattisgarh	11756	8169	.....	19	19944	22.1%
Rajasthan	6475	6870	.....	18	13363	23.7%
Kerala	6095	6395	.....	11	12501	25.1%
Odisha	7387	3373	.....	4	10764	16.2%
UP (East)	1675	7881	.....	10	9567	29.3%
Bihar & Jharkhand	3626	5933	.....	3	9562	22.5%
North East Region	3529	2946	.....	6	6481	21.9%
Nagpur	1347	2736	.....	7	4090	22.8%
TOTAL	450809	293000	5992	950	750751	19.5%
CENTRAL TDS	196	7474	.....	...	7670	
GRAND TOTAL	451005	300474	5992	950	758421	18.8%

CHAPTER-II

SERVICE DELIVERY AS PER THE CITIZEN'S CHARTER

The Income-tax department has issued Citizen's Charter of 2014 which is a declaration of its vision, mission and its commitment towards maintenance of standards of service delivery to the tax payers. Therefore, the timelines mentioned with respect to each of the key services mentioned therein are to be adhered to by each of the Income-tax authorities responsible for providing such services to the tax payers.

CHAPTER-III

TARGET FOR CASH COLLECTION (ARREAR DEMAND) FOR FY 2014-15 Pr CCIT/CCIT/DGIT WISE

1. The arrear demand has increased from Rs.5,80,326 crore as on 01.04.2013 to Rs.6,74,916 crore (Prov) as on 01.04.2014. This arrear demand has been taken into consideration for fixing the target of cash collection of Rs.41,997 crore for FY 2014-15.

2. The target of cash collection of arrear demand has been worked out on the basis of the following formula :

S. No.	Description	Base Amount* (Rs. in crore)	Target in percentage in terms of the Base Amount	Actual target (Rs. in crore)
1	Net Collectible Demand as on 01.04.2014	22801	70%	15961
2	Demand not fallen due as on 01.04.2014	99576	20%	19915
3(a)	Demand stayed by I.T. Authorities [as reported vide item no. 9 (k) of provisional CAP-I of March 2014]	35482	5%	1774
(b)	Demand covered by instalments (only to the extent not recoverable during the month) [as reported vide item no. 9 (l) of provisional CAP-I of March 2014]	4910	20%	982

S. No.	Description	Base Amount* (Rs. in crore)	Target in percentage in terms of the Base Amount	Actual target (Rs. in crore)
(c)	Demand, the recovery of which is not being pursued on account of assessee's stay petition pending consideration by the I.T. Authorities [as reported vide item no. 9 (m) of provisional CAP-I of March 2014]	9000	5%	450
(d)	Any other reason [as reported vide item No. 9(s) of provisional CAP-I of March 2014]	58298	5%	2915
	Total			41997

* As per CAP-I March 2014 (Provisional)

The inter-se target may be reviewed in December 2014.

3. Over all target Pr CCIT Region-wise is given in the table below:

**Pr CCIT/CCIT/DGIT WISE TARGET OF CASH COLLECTION
(ARREAR DEMAND) FOR FY 2014-15**

(Rs. in crore)

(Rs. in crore)

S. No.	Pr CCIT/CCIT/DGIT Region	Target FY 2014-15
I	Pr CCIT MUMBAI	11640
1	MUMBAI-I	3065
2	MUMBAI-II	1224
3	MUMBAI-III	462
4	MUMBAI-IV	1391
5	MUMBAI-V	1660
6	MUMBAI-VI	717
7	MUMBAI-VII	57
8	MUMBAI-IX	126
9	MUMBAI-X	208
10	MUMBAI-XI	204
11	MUMBAI-XII	108
12	MUMBAI-XIII	115
13	MUMBAI-LTU	463
14	MUMBAI (CENTRAL)-I	962
15	MUMBAI (CENTRAL)-II	879
II	Pr CCIT DELHI	11236
1	DELHI	1650
2	DELHI-II	115
3	DELHI-III	343
4	DELHI-IV	392
5	DELHI-V	411
6	DELHI-VI	468

S. No.	Pr CCIT/CCIT/DGIT Region	Target FY 2014-15
7	DELHI-VIII	93
8	DELHI-IX	62
9	DELHI-XI	56
10	DELHI-XII	50
11	DELHI-XIII	19
12	DELHI (EXEMPTIONS)	924
13	DELHI (INT. TAX)	1615
14	DELHI-LTU	608
15	DELHI (CENTRAL)	4429
III	Pr CCIT NORTH EAST	142
1	GUWAHATI	95
2	SHILLONG	47
IV	Pr CCIT PUNE	1357
1	PUNE-I	497
2	PUNE-II	105
3	NASIK	248
4	THANE	196
5	PUNE (INV.)	311
V	Pr CCIT NAGPUR	113
1	NAGPUR	113
VI	Pr CCIT NORTH WEST	1375
1	CHANDIGARH	186
2	PANCHKULA	692

S. No.	Pr CCIT/CCIT/DGIT Region	Target FY 2014-15
3	AMRITSAR	121
4	LUDHIANA	110
5	SHIMLA	80
6	CHANDIGARH (INV.)	186
VII	Pr CCIT UP (WEST) & UTTARAKHAND	709
1	KANPUR	68
2	GHAZIABAD	489
3	DEHRADUN	152
VIII	Pr CCIT UP (EAST)	774
1	LUCKNOW	485
2	ALLAHABAD	79
3	BAREILY	26
4	LUCKNOW (INV.)	184
IX	Pr CCIT TAMIL NADU	3142
1	MADURAI	204
2	TIRUCHIRAPPALLI	187
3	COIMBATORE	302
4	CHENNAI - I	639
5	CHENNAI - II	265
6	CHENNAI - III	712
7	CHENNAI - IV	147
8	CHENNAI - V	115
9	CHENNAI - VI	149
10	CHENNAI (INV.)	422
X	Pr CCIT GUJARAT	814
1	AHMEDABAD-I	98
2	AHMEDABAD-II	123

S. No.	Pr CCIT/CCIT/DGIT Region	Target FY 2014-15
3	AHMEDABAD-III	59
4	AHMEDABAD-IV	60
5	SURAT	60
6	BARODA	153
7	RAJKOT	64
8	AHMEDABAD (INV.)	197
XI	Pr CCIT MP & CHATTISGARH	488
1	BHOPAL	203
2	RAIPUR	141
3	INDORE	143
XII	Pr CCIT ANDHRA PRADESH	2923
1	HYDERABAD-I	1482
2	HYDERABAD-II	447
3	HYDERABAD-III	464
4	VISAKHAPATNAM	256
5	HYDERABAD (INV.)	274
XIII	Pr CCIT KERALA	862
1	KOCHI	357
2	THIRUANANTHPURAM	392
3	KOCHI (INV.)	113
XIV	Pr CCIT BIHAR & JHARKHAND	491
1	PATNA-I	27
2	PATNA- II	77
3	RANCHI	137
4	PATNA (INV.)	249

S. No.	Pr CCIT/CCIT/DGIT Region	Target FY 2014-15
XV	Pr CCIT KARNATAKA & GOA	3459
1	BENGALURU-I	760
2	BENGALURU -II	257
3	BENGALURU -III	58
4	BENGALURU-LTU	1334
5	HUBLI	152
6	PANAJI	547
7	BENGALURU (INV.)	350
XVI	Pr CCIT ODISHA	819
1	BHUBANESHWAR	819
XVII	Pr CCIT WEST BENGAL& SIKKIM	1439
1	KOLKATA-I	231
2	KOLKATA-II	324
3	KOLKATA-III	230

S. No.	Pr CCIT/CCIT/DGIT Region	Target FY 2014-15
4	KOLKATA-IV	147
5	KOLKATA-V	16
6	KOLKATA-VIII	16
7	KOLKATA-IX	77
8	KOLKATA-X	160
9	KOLKATA-XI	51
10	JALPAIGURI	29
11	DURGAPUR	63
12	KOLKATA (INV.)	96
XVIII	Pr CCIT RAJASTHAN	215
1	JAIPUR	97
2	JODHPUR	25
3	UDAIPUR	32
4	JAIPUR (INV.)	61
	GRAND TOTAL	41997

CHAPTER-IV

ASSESSMENT UNITS [Including International Taxation & Transfer Pricing, Exemptions]

S. No.	Key Result Area	Target / Activity	Time frame (by)
A	Budget Collection	100% Collection of Budget Targets fixed (Region-wise targets are as per Chapter I)	31.03.2015
B Assessment & Processing Work			
1	Processing of Returns	100% of manual returns pending processing brought forward as on 30.06.2014	31.08.2014
2	Scrutiny assessments	Assessments in Revenue yielding cases so that recovery can be made during the FY	31.12.2014
3		All Time Barring assessments	31.01.2015
C Recovery / Reduction of Demand			
1	Cash collection by AO	100% of the target fixed for arrear demand (Region-wise targets are as per Chapter III)	31.03.2015
2		30% of the current demand raised during the year	31.03.2015
3	Reduction in number of entries	Number of entries to be carried forward are to be less by 10% of the number of entries brought forward as on 01.04.2014	31.03.2015
4	TRO's Action Plan	Disposal of 150 TRCs by each TRO	31.03.2015

S. No.	Key Result Area	Target / Activity	Time frame (by)
5	TRO's Action Plan	Cash collection of 5% of brought forward demand indicated in the TRCs	31.03.2015
6	Write-off	Submission of replies to queries raised by the Board, DIT (Recovery) and Zonal, Regional and Local Committees	31.08.2014
7		Write-off of arrears under ad-hoc and summary procedures	31.08.2014
8		Identification of cases for write-off	31.08.2014
9		Submission of proposals for write-off to the Board or Committees in the cases identified as above	31.10.2014
D Widening of tax base			
1	Action in non-PAN/invalid PAN cases reported in AIR / CIB transactions (relating to FY 2012-13 disseminated by DGIT (I&CI) upto 31.12.2014)	Verification and issue of notices u/s 142(1)/148 of the Act	31.03.2015
2	Non-filers of return identified by the Pr DGIT (Systems)	As per SOP issued by the ITA-II Division of CBDT vide Instruction No. 14/2013 dated 23.09.2013	
3	Stop-filers	Issue of notices u/s 142(1)/148	Within 2 months of receipt of information from Pr DGIT (Systems)

S. No.	Key Result Area	Target / Activity	Time frame (by)
E Audit			
1	Receipt Audit	Brought forward pendency of Receipt Audit Objections and Draft Paras of C&AG / LAR as on 01.04.2014	Replies to be sent by 31.08.2014
2		Receipt Audit (Major & Minor) Objections received after 01.04.2014	Reply to be sent on the objections contained in the LAR through the Pr CIT* to the A G / D A G - within 45 days of receipt of LAR
3		Draft Paras of C&AG received after 01.04.2014	Report on Draft Paras to be sent through Pr. CCIT to the CBDT- within 30 days of receipt of Draft Para.
4	Internal Audit	Brought forward pendency of Internal Audit Objections as on 01.04.2014	Settlement by 30.09.2014
5		Settlement through Pr CIT of Major Audit Objections received on or after 01.04.2014	Within 5 months of receipt of the

S. No.	Key Result Area	Target / Activity	Time frame (by)
	Internal Audit (<i>Contd.</i>)		Audit memo; Pendency as on 31.03.2015 to be reduced by at least 20% of pendency as on 01.04.2014
6		Settlement through Range Head of Minor Audit Objections received on or after 01.04.2014	Within 5 months of receipt of the Audit memo; Pendency as on 31.03.2015 to be reduced by at least 30% of pendency as on 01.04.2014
F	Prosecution and Compounding of Offences		As per Chapter -XII
G	Grievances and rectifications		Within 2 months#

* Presently CIT (including Central charges)

Period of 2 months to be counted from the date when the file is released by the CPC for action by AO.

CHAPTER-V

TDS UNITS

S. No.	Key Result Area	Target / Activity		Time frame (by)
1.	To ensure compliance by Govt. Principal Account Officers	Reconciliation of TDS reported by AINs with payments through OLTAS by State AGs	FY 2012-13	31.07.2014
			FY 2013-14	30.09.2014
			FY 2014-15	One month after the end of relevant quarter
2		Reconciliation of AIN-TAN mappings & ensuring corrections by AINs for F.Y. 2012-13 & 2013-14		31.08.2014
3	Ensuring compliance by deductors including Government deductors for filing statements	Issue of letters to non-filers of TDS statements	FY 2013-14 and prior years	30.09.2014
			FY 2014-15	1 month after the relevant due date
4	Surveys/On the spot Verifications	—		Ongoing process
5	A w a r e n e s s programmes	Seminars by CIT(TDS)		1 in each month
6		Awareness workshop by each AO		1 in each month
7		'Corporate connect for TDS Compliance' * for PANs mapped to respective TDS charges		1 in each month

S. No.	Key Result Area	Target / Activity	Time frame (by)
8	Recovery and reduction of demand#	Verification & correction of manual demand	31.10.2014
9		Collection/ Resolution/ Closure/ of defaults in TDS statements I. System Reported Default a. 90% of Short Payments reported by systems \geq Rs.100000 (for Metros) and \geq Rs.50000 (For Non Metro stations) b. 90% of late payment Interest / late deduction interest \geq Rs.20,000 (for Metros) and \geq Rs.10000 (For Non-Metro stations) c. 80% Short Payments $<$ Rs. 100000 (for metros) and $<$ Rs. 50,000 (for non-metros) d. 80% of late payment interest / late deduction interest $<$ Rs. 20000 (metros) and $<$ Rs. 10000 (for non-metros)	1) Brought forward as on 01.04.2014 to be closed by 31.12.2014. 2) Raised during FY 2014-15 to be resolved within next quarter after the quarter in which default was detected.

S. No.	Key Result Area	Target / Activity	Time frame (by)
10		II. Manual Demand 70% of Net collectible demand manually generated	1) Brought forward (including demand not fallen due) as on 01.04.2014 to be closed by 31.10.2014 2) Raised during FY 2014-15 upto 31.12.2014 by 15.03.2015
11	PROSECUTION & COMPOUNDING		As per Chapter XII
12	Cleaning up of TAN database	Closure of dormant government TANs after verification of existence of the deductor	31.10.2014
13		Correction of the category of active deductor in case of incorrect TAN category	31.12.2014

* See **STRATEGY** FOR TAX DEDUCTION AT SOURCE (PART-2 C)

List is available on the MIS section of AO portal of the TDS officers (see defaulters Report)

CHAPTER-VI

CIT (APPEALS)

TABLE-I. The target for each Pr. CCIT Region for Financial year 2014-15 for disposal of appeals by CsIT (Appeals) is given below:

Pr. CCIT Region	Posts of CIT (A)	Pendency as on 01.04.2014				Target for FY 2014-15			
	Existing	B-1	B-2	B-3	Total	B-1	B-2	B-3	Total
Andhra Pradesh	10	2,646	8,194	2,957	13,797	2,381	737	0	3,119
Bihar & Jharkhand	5	1,165	6,941	829	8,935	1,049	653	0	1,702
Delhi	32	5,070	3,195	6,286	14,551	4,563	2,556	5,918	13,037
Gujarat*	29	3,145	2,561	7,060	12,766	2,831	2,049	8,240*	13,120
Karnataka & Goa	11	2,674	5,985	2,468	11,127	2,407	1,237	0	3,643
Kerala	9	1,449	5,285	1,583	8,317	1,304	2,342	0	3,646
MP & CG	9	2,191	9,270	4,373	15,834	1,972	1,006	0	2,978
Mumbai	41	8,684	8,477	10,156	27,317	7,816	6,782	137	14,734
Nagpur	3	617	2,762	838	4,217	555	539	0	1,095
NER	2	262	785	555	1,602	236	628	0	864
NWR	15	2,349	10,154	5,282	17,785	2,114	4,022	0	6,136
Odisha	4	647	1,022	1,219	2,888	582	818	218	1,618
Pune	12	2,809	8,467	6,090	17,366	2,528	1,544	0	4,072
Rajasthan	10	1,256	5,930	4,855	12,041	1,130	3,239	0	4,370
Tamil Nadu	14	3,211	9,049	3,342	15,602	2,890	1,920	0	4,810
UP (East)	6	707	2,307	2,259	5,273	636	1,846	182	2,664
UP (West) & Uttarakhand	10	1,130	3,746	2,597	7,473	1,017	2,997	469	4,483
WB & Sikkim	21	2,310	11,235	4,738	18,283	2,079	7,392	0	9,471
All India	243	42,322	105,365	67,487	215,174	38,090	42,306	15,165	95,560

TABLE II. The target for each Pr. CCIT Region for Financial year 2014-15 for disposal of appeals by the additional posts of CsIT (Appeals) deployed under Cadre Restructuring are given below:

Pr. CCIT Region	Posts of CIT (A)	Pendency after assignment of target as in Table-I				Target# for FY 2014-15			
	Existing	B-1	B-2	B-3	Total	B-1	B-2	B-3	Total
Andhra Pradesh	11	265	7,457	2,957	10,678	0	3,480	49	3,529
Bihar & Jharkhand	4	117	6,288	829	7,234	0	1,283	0	1,283
Delhi*	12	507	639	368	1,514	0	0	3,850	3,850
Gujarat	1	315	512	0	827	0	0	321	321
Karnataka & Goa	11	267	4,748	2,468	7,484	0	2,216	1,313	3,529
Kerala	-1	145	2,943	1,583	4,671	0	0	0	0
MP & CG	4	219	8,264	4,373	12,856	0	1,283	0	1,283
Mumbai	19	868	1,695	10,019	12,583	0	0	6,096	6,096
Nagpur	1	62	2,223	838	3,122	0	321	0	321
NER*	3	26	157	555	738	0	0	963	963
NWR	9	235	6,132	5,282	11,649	0	2,862	26	2,888
Odisha	1	65	204	1,001	1,270	0	0	321	321
Pune	11	281	6,923	6,090	13,294	0	3,231	298	3,529
Rajasthan	3	126	2,691	4,855	7,671	0	963	0	963
Tamil Nadu	17	321	7,129	3,342	10,792	0	3,327	2,127	5,454
UP (East)	5	71	461	2,077	2,609	0	0	1,604	1,604
UP (West) & Uttarakhand	3	113	749	2,128	2,990	0	0	963	963
WB & Sikkim	5	231	3,843	4,738	8,812	0	1,604	0	1,604
All India	119	4,232	63,059	53,503	120,794	0	20,569	17,931	38,500

The target has been computed considering that the additional posts of CsIT (A) would be deployed by 01.09.2014.

* The CsIT (A) in Pr. CCsIT Region which do not have sufficient workload for B3 appeals would be considered for assignment of concurrent jurisdiction with CIT (A) charges outside their region by CBDT.

Note: The target for a region for entire FY will be the total of the Table I & Table II. The target has to be re-allocated by the Pr CCIT after revised jurisdiction order and deployment of CsIT (A), ensuring equitable distribution of appeals in such a manner that category-wise target is achieved.

Computation of Target:

B-1: $275 \times \text{No. of posts of CIT (A)}$ or 90% of pendency of B-1 Appeals, whichever is lower

B-2: $[(275 \times \text{No. Of posts of CIT (A)} - \text{Target for B-1 appeals}) \times 2]$ or 80% of pendency of B-2 Appeals, whichever is lower

B-3: $[(275 \times \text{No. Of posts of CIT (A)} - \text{Target for B-1 appeals}) \times 2 - \text{Target for B-2 appeals}]$

The other relevant inputs are as under:

1.1	Basis of Central Action Plan Target for Pr. CCsIT Region	275 appeals of Basket B-1 category or equivalent# as per priority for disposal set in Para 3 for post of each CIT (A) in the Region.
1.2	Target of disposal for CsIT (A)	Pr. CCsIT in consultation with other CCsIT/DGsIT will fix annual and quarterly target for each CIT (A) in such a way that overall CAP target for Pr. CCIT Region is achieved. The target for individual CsIT (A) may be set in accordance with the priority of disposal as per Para 3 below depending upon the work load in the Region, availability of CsIT (A) and type of appeals being handled by CsIT (A).
1.3	Target of disposal for Transfer Pricing cases	For CsIT (A) exclusively dealing with Transfer Pricing cases, separate norm of 150 appeals per year may be prescribed by CCsIT. To prioritize such appeals, suitable baskets may be created by CCsIT. In a charge where CIT (A) has to decide Transfer Pricing cases in addition to high demand and other appeals, target allocation for disposal of Transfer Pricing appeals may be done equating 1 Transfer Pricing appeal with 2 high demand appeals or 4 other appeals.

equivalent - Where either because of insufficient pendency of Basket B-1 appeals or because of exceptions in priority of disposal as per Paras 3.2,3.3 or 3.4 below, it is necessary to dispose appeals other than B-1 category, one appeal of B-1 category should be substituted with 2 appeals of other category. However, a brought forward appeal involving disputed addition of Rs.50 lakhs and above (irrespective of the demand involved) would substitute one appeal of B-1 category.

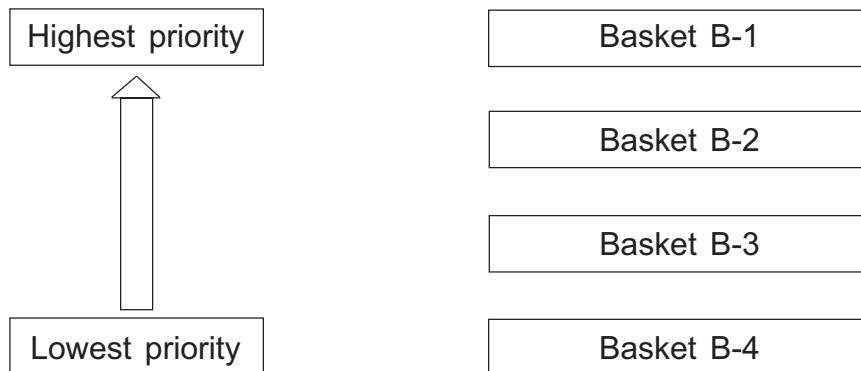
2. Category of Baskets:

The appeals should be divided into baskets indicating the order of priority for disposal as under:

- (i) **Basket-1 (B-1)** - All High Demand (HD) Appeals (appeals involving disputed demand of Rs.10 lakhs or above) pending as on 01.04.2014. This would further be sub-divided in Baskets B-1A and B-1B for reporting purpose:
 - (a) B-1A: High Demand appeals instituted before 01.04.2013.
 - (b) B-1B: High Demand appeals instituted between 1.4.2013 and 31.3.2014
- (ii) **Basket-2 (B-2)** - All appeals other than High Demand appeals filed before 01.04.2013.
- (iii) **Basket-3 (B-3)** - All appeals other than High Demand appeals filed between 01.04.2013 and 31.3.2014.
- (iv) **Basket-4 (B-4)** - All appeals filed in the current year i.e. those filed on or after 01.04.2014. This would be further sub-divided in Baskets B-4A and B-4B for reporting:
 - (a) B-4A: High Demand appeal instituted during the current year.
 - (b) B-4B: Other appeals instituted during the current year.

3. Inter-se priority of disposal:

3.1 The Inter-se priority of disposal of appeals shall be as under:



3.2 Keeping in view the basis of target indicated in Para 1 above, CsIT (A) may plan their work so as to dispose off at least 90% of B-1 category appeals during the year. Target of other than B-1 category appeals should be met by disposing at least 80% of B-2 category appeals. However, the CIT (A) can take up any case on priority, if so requested by the CCIT concerned and such high demand appeals will carry a weightage of disposal of 2 appeals.

3.3 In case CIT (A) is of the view that appeals of the same assessee for different years or different assesses for the same year or different years involving substantially similar issues or inter related issues are pending, the CIT (A) may dispose-off such appeals irrespective of Baskets, if one or more among such appeals falls within the priority of disposal.

3.4 In case of group cases of search & seizure operation, CsIT (A) may dispose off appeals of group cases irrespective of Baskets, if one or more among such appeals falls within the priority of disposal.

3.5 If any matter is set aside by the ITAT/HC/SC to the AO and after the order of the AO an appeal lies before CIT (A) or if any matter is set aside by the ITAT/HC/SC to the CIT (A), such appeal would be deemed to be appeal under B-1 or B-2 category, depending upon the demand entailed therein, and may be disposed-off accordingly. In the reporting pro forma, institution of such appeal should be shown under B1 or B2 category, as applicable.

4. Action on the part of Pr. CCsIT /CCsIT

4.1 With a view to ensuring rational distribution of workload, especially of B-1 category appeals amongst CsIT (A), intra-city & inter-city reallocation of work among CsIT (A) within the city & in different cities in the Pr. CCIT Region may be carried out by Pr. CCIT in consultation with CCsIT concerned in the Region at the time of setting action plan target for each CIT (A) and it should be reviewed at the end of every quarter. While re-distributing and re-allocating the workload, the Pr. CCIT shall keep in mind that as far as possible, every CIT(A) should be assigned 150 B-1 category appeals.

4.2 In terms of Para 1.2, after redistribution of workload, annual and quarterly target for each CIT (A) may be communicated to the Member (A&J), CBDT before **15th July 2014** with a copy to the Zonal Member.

4.3 CCsIT should review the pendency of appeals for more than 3 years i.e. appeals filed before 01.04.2011 and the same must be given priority in respective baskets of B1 or B2 category.

5. Reporting and review

Disposal of appeals by CsIT (A) should be monitored by the Pr CCsIT/ DsGIT/ CCsIT on quarterly basis. Monthly report of disposal of appeals in electronic format on Excel Sheet in prescribed proforma shall be sent by email as an attachment to the e-mail address of Chief Statistical Advisor in the Directorate of Statistics (R&S Wing) csa@incometaxindia.gov.in) along with a copy to Under Secretary (ITJ) (usjudicial1.cbd@incometaxindia.gov.in). The due date for sending the reports in electronic format is 7th of the following month. The above reports shall also be sent in hard copy to Chief Statistical Advisor.

CHAPTER-VII

INTELLIGENCE AND CRIMINAL INVESTIGATION

Sl. No.	Key Result Area	Target /Activity	Time frame by
1	Widening and deepening of tax base	i) Collection of data of companies that have filed annual returns for F.Y. 2012-13 with ROC and its dissemination to Pr DGIT (Systems)	30.09.2014
		ii) Collection of data of the remaining companies registered with the Registrar of Companies (ROC) as on 31.03.2013 and its dissemination to Pr. CCIT/CCIT regions	30.11.2014
2	Population of PAN against non-PAN/ invalid PAN AIR transactions for F.Y 2012-13	Aggregate cash deposit in SB a/c Above Rs. 25 lakhs	31.08.2014
		Credit Cards Above Rs 5 lakhs	31.08.2014
		Mutual Funds/ Bonds / Debentures / Shares / RBI Bonds Above Rs 10 lakhs	31.08.2014
		Purchase of immovable property Above Rs.50 lakhs	31.08.2014
		Identification of the cases out of the remaining cases (where PAN population could not be done) for verification by officers of I&CI on the basis of the number of cases/threshold value to be decided by the DGIT (I&CI) for different regions)	30.09.2014

Sl. No.	Key Result Area	Target /Activity	Time frame by
		Completion of verification in respect of the cases identified above and dissemination of information to Pr CCsIT/ CCsIT regions	31.12.2014
3	AIR Compliance	Issue of notices to AIR non-filers	31.12.2014
		Issue of notices to AIR filers for erroneous transactions	31.12.2014
4	Import of financial transaction into CIB module	Import of information received (not uploaded) during F.Y 2013-14 up to March 2014	31.07.2014
		Import of information to be received up to June 2014	30.09.2014
		Import of information to be received up to September 2014	31.12.2014
		Import of information to be received up to December 2014	28.02.2015
		Import of information to be received up to February 2015	31.03.2015

CHAPTER-VIII

INTERNATIONAL TAXATION

Sl. No.	Key Result Area	Target /Activity	Time frame by
1	International Taxation	Verification of cases of remittance which have prima-facie revenue potential with no TDS as appearing in Form 15CA to be picked up for verification by DsIT (Intl. Tax)*	For the Forms involving remittances above Rs. 2 crore in Delhi & Mumbai and above Rs. 1 crore in all other Directorates in all pending cases as on 31.10.2014.
			Depending on the workload and availability of manpower, cases of remittances below the limits as above with the approval of Pr CCIT(Int. Tax) – 31.12.2014
2	Transfer Pricing	Quarterly target for completion of Time barring Transfer Pricing Audits	30.09.2014 - 40% 31.12.2014 - 90% 31.01.2015 -100%
3	Litigation Management	Identification of litigation cases involving important issues of international taxation or transfer pricing, pending at various appellate levels (SC, HC and ITAT).	By 31.07.2014
		Bunching of cases (issue-wise) and nomination of DIT (Intl. Tax) or DIT(TP) as resource person to supervise the representation of cases relating to specific issues.	By 31.08.2014

* to be redesignated as CsIT (Int. Tax)

CHAPTER-IX

COMPUTER OPERATIONS

S. No.	Key Result Area	Target/Activity	Timeframe by#
1	I.T. Infrastructure	Preparation and Updation of Hardware inventory (separately for network and non-network devices) and Software inventory	By 31.08.2014 and quarterly thereafter
		Assessment of additional requirement of IT Infrastructure including RSA tokens, PCs, nodes, Bandwidth etc.	By 31.08.2014 and quarterly thereafter
2	I.T. Security	Removal of Unauthorized Hardware and Software.	By 31.08.2014 and quarterly thereafter
		Due diligence of outsource agency as well as human resource provided by such agency.	Within 1 month of hiring
		Inspection of Communication Rooms.	30% in 2nd and 3rd quarter and remaining in 4th quarter.
3	I.T. Training	CsIT(CO) along with RTIs/MSTUs to organize seminars/ workshops for updating knowledge about use of Departmental applications for all users and technical personnel.	By 31.12.2014
4	Co-ordination	Half yearly meeting of a representative from each Pr. CCIT regions with Pr DGIT(Sys) and CIT(CPC)	First meeting by 30.09.2014 Second meeting by 28.02.2015

S. No.	Key Result Area	Target/Activity	Timeframe by#
5	Problem Resolution	Maintain and Update FAQs, Instructions and list of resource persons	By 30.09.2014 and quarterly thereafter
		Provide inputs to Pr DGIT(Systems) related to new FAQs and unresolved issues	By 30.09.2014 and quarterly thereafter
6	PAN and AIS	Migrating of PANs from OLD & ORPHAN Jurisdictions to Jurisdictional AO.	By 30.09.2014
		Monitor pending actions of AOs relating to PAN transfer.	By 30.09.2014 and quarterly thereafter
		Maintain and update AIS hierarchy, user roles and privileges and MMS profiles.	By 30.09.2014 and quarterly thereafter
7	OLTAS	Monitor pending actions of AOs relating to PAN population in suspense challans and refunds	By 30.09.2014 and quarterly thereafter
8	ITBA Implementation	Implement new anti-virus software and mail messaging solution	As per plan to be circulated by ITBA team in August 2014

Progress to be reported to Pr DGIT(Sys) in monthly DOs

CHAPTER-X

EXEMPTIONS RELATED WORK

S. No.	Key Result Area	Target/Activity	Timeframe by
1	Creation of database for entities registered/ exempted/ approved under various provisions of the Act	Uploading of data (alongwith verification by Pr CCsIT/ CCsIT/ CCIT(Exemptions)* of all of cases not uploaded so far on www.incometaxindia.gov.in	31.07.2014
		Uploading of data (alongwith verification by PrCCsIT/ CCsIT/CCIT(Exemptions) of new registrations on www.incometaxindia.gov.in	Within 30 days of the relevant action - an ongoing exercise
		New registrations on ITD system for entities registered u/s 12A, exempted u/s 10(23C) / approved under various provisions (including cases where registration/ exemption/ approval has been withdrawn)	Within 30 days of the relevant action
2	Inquiries / verifications in respect of inter-ministerial references or references received from other agencies forwarded by Board to field formations	Making of inquiries, verifications or investigation and sending report to CBDT	In all pending references– 31.07.2014
			References sent by CBDT after 31.06.2014– within 45 days from the date of reference by CBDT

S. No.	Key Result Area	Target/Activity	Timeframe by
3	Compilation of information regarding registered/exempted/approved entities under various provisions of the Act such as section 12A, 10(23C), 80G, etc	As per Format Developed by CCIT (Exemptions)	CCsIT to submit information to CCIT (Exemptions) by 30.09.2014 CCIT(Exemption) to submit information to CBDT by 31.10.2014
4	Report of Jurisdictional Authority	Applications u/s 35(1)(ii)/(iii)	3 months from the end of the month in which application is received as per Rule 5C(8)
Applications u/s 35CCD		1 month from the end of the month in which application is received as per Rule 6AAF(9)	
Applications u/s 10(46)		Within 45 days of receipt of application as per SOP dated 24.06.2013 of the Board.	
Electoral Trust		Within 45 days of receipt of application as per SOP dated 10.12.2013 of the Board.	

* earlier DGIT (Exemption)

CHAPTER-XI

CONDUCT OF INTERNAL AUDIT

S. No.	Description	Target for Disposal
1	Number of cases to be Audited by Internal Audit	As per Audit Plan issued by the Pr. CCIT in accordance with Instruction No. 3/2007
2	Meetings by CIT (Audit)	CIT (Audit) to conduct one meeting every quarter with every Pr CIT along with AG Audit to reconcile pendency and expedite settlement

NOTE:

- i. Monthly Reports for Revenue and Internal Audit are to be submitted in the Proformas prescribed by Instruction No. 15 and 16 of 2013 to DIT (Audit).
- ii. Quarterly/Annual Reports on the disposal of audit objections are to be furnished by the Pr. CCIT, as per the Proforma in the Audit Manual, 2011, to DIT (Audit).

CHAPTER-XII

PROSECUTION & COMPOUNDING OF OFFENCES

A. PROSECUTION

With a view to promote voluntary compliance, it is necessary that all the cases having potential for prosecution under the provisions of chapter XXII of the Income-tax Act, 1961 and corresponding provisions of the Wealth Tax Act, 1957 are identified at the earliest and further necessary action taken by all concerned promptly. Close monitoring by the respective Pr CCsIT/DsGIT/CCsIT in this regard is required. Specifics in this regard are as under:

Sr. No.	Area	Target/Activity	Timeframe by	Responsibility	Feedback to/Date
1.	Prose-cution under section 276C(1)	Identification of appropriate cases by AOs/Range Heads/ CsIT/DsIT/Pr CsIT concerned	On-going	Pr CCsIT/ DsGIT / C C s I T concerned	Z o n a l Members in Monthly DO letters & Member (I n v .) through QPRs on prosecution
		Processing of the above cases under section 276C(1) and filing of prosecution complaint	Within 3 months of the identification	Pr CCsIT/ DsGIT / C C s I T concerned	-do-
		Review of the progress in respect of the above by the Zonal Member concerned	31.10.2014 and 28.02.2015	Z o n a l Member	

Sr. No.	Area	Target/Activity	Timeframe by	Responsibility	Feedback to/Date
2.	Prosecution under section 276B	Identification of cases having default in respect of TDS of Rs. 25,000 or above <i>[Guidelines issued vide CBDT's letter dated 7th February, 2013 in F.No. 285/90/2013-IT(Inv.) may be referred]</i> and dissemination of the relevant information to the respective Pr CCsIT/DsGIT/CCsIT	31.07.2014	Pr DGIT (Systems)	Member (L & C), Member (R) and Member (Inv.) / 31.08.2014
		Processing of the TDS defaults of Rs. 1 Lakh or above for prosecution u/s 276B and filing of the prosecution complaint in appropriate cases <i>[Guidelines issued vide CBDT's letter dated 7th February, 2013 in F.No. 285/90/2013-IT(Inv.) may be referred]</i>	31.12.2014	Pr CCsIT/DsGIT/CCsIT concerned	Zonal Members, Member (R) and Member (Inv.) / 31.01.2015
		Review of the progress in respect of the above by the respective Zonal Members	31.01.2015 and 28.02.2015	Zonal Members	–
3.	Prosecution under section 276BB	Identification of cases having default in respect of TCS of Rs. 25,000 or above <i>[Guidelines issued vide CBDT's letter dated 7th February, 2013 in F.No.</i>	31.07.2014	Pr DGIT (Systems)	Member (L & C), Member (R) and Member (Inv.) / 31.08.2014

Sr. No.	Area	Target/Activity	Timeframe by	Responsibility	Feedback to/Date
		285/90/2013-IT(Inv.) may be referred] and dissemination of the relevant information to the respective CCsIT/DsGIT			
		Processing of the TCS defaults of Rs. 1 Lakh or above for prosecution under section 276BB and filing of the prosecution complaint in appropriate cases [Guidelines dated 7th February, 2013 referred above may also be referred]	31.12.2014	Pr CCsIT/DsGIT / CCsIT concerned	Z o n a l Members, Member (R) and Member (Inv.) / 31.01.2015
		Review of the progress in respect of the above by the respective Zonal Members	31.01.2015 and 28.02.2015	Z o n a l Members	-
4.	P r o s e - c u t i o n u n d e r s e c t i o n 276C(2)	Identification of cases having default for more than 6 months from the due date of filing of return of income in respect of self-assessment tax of Rs. 10 lakh or above and dissemination of the relevant information to the respective PrCCsIT/DsGIT/CCsIT	31.07.2014	Pr DGIT (Systems)	M e m b e r (L&C) and M e m b e r (Inv.) / 31.08.2014

Sr. No.	Area	Target/Activity	Timeframe by	Responsibility	Feedback to/Date
		Processing of the above cases under section 276C(2) and filing of the prosecution complaint in appropriate cases	31.12.2014	Pr CCsIT/DsGIT/CCsIT concerned	Z o n a l Members and Member (Inv.) / 31.01.2015
		Review of the progress in respect of the above by the respective Zonal Members	31.01.2015 and 28.02.2015	Z o n a l Members	–
5.	Prose-cution under section 276CC	Identification of cases having default where total income is Rs. 25 lakh or above and dissemination of the relevant information to the respective PrCCsIT/DsGIT/CCsIT	31.07.2014	Pr DGIT (Systems)	M e m b e r (L&C) and Member (Inv.) / 31.08.2014
		Processing of the above cases under section 276CC and filing of the prosecution complaint in appropriate cases	31.12.2014	Pr CCsIT/DsGIT/CCsIT concerned	Z o n a l Members and Member (Inv.) / 31.01.2015
		Review of the progress in respect of the above by the respective Zonal Members	31.01.2015 and 28.02.2015	Z o n a l Members	–

B. COMPOUNDING OF OFFENCES

Action	Target to be completed by	Responsibility	Feedback to
Compounding of offences as per existing instructions	Within 3 months from receipt of application by the department	Pr CCsIT/DsGIT/CCsIT concerned	Zonal Members through monthly DO/Member (Inv) through QPRs

IMPORTANT NOTES:

- i. The above is only illustrative list and does not seek to restrict the need of processing other categories of deserving cases for launching prosecution under various provisions of the Act.
- ii. It transpires that there is some confusion regarding the CBDT's Instruction dated 24th April, 2008 in F.No.285/90/2008-IT(Inv.-I)/05 (given in the Prosecution Manual, 2009) in respect of launching of prosecution under section 276C for **willful attempt to evade tax**. This Instruction, inter alia, states that all the cases where penalty under section 271(1)(c) exceeding Rs.50,000/- is imposed and confirmed by the ITAT have to be processed for filing of prosecution complaint under section 276C(1). It is not intended to convey, in any manner, that only these cases are to be processed for launching of prosecution under section 276C(1). The above position has been further clarified by the CBDT's Instruction of 28th January, 2011 in F.No.285/90/2008-IT(Inv.). **In view of the above, all the cases fulfilling ingredients of section 276C(1) must be processed for launching of prosecution at the earliest without waiting for any other proceeding.** In addition to the above, based upon the information available, including the information disseminated by the Systems Directorates, prosecution under relevant provisions should be processed on priority.
- iii. In other cases fulfilling ingredients of prosecution provisions under Chapter XXII of the Act, not covered by the categories mentioned in the table above, where prosecution complaints have not been filed, it shall be construed that the CIT/DIT concerned has taken such decision after due application of mind.
- iv. While evaluating the performance of the officers, due weightage should be given to their efforts in processing and launching the cases for prosecution.

PART 2

STRATEGIES & ADVISORY

A. STRATEGY FOR QUALITY IN ASSESSMENT WORK

Framing of Quality Assessments is very important since this has a direct bearing on revenue collections as well as keeping a check on frivolous litigation.

A **'Quality Scrutiny Assessment'** is one where collection of all relevant facts and evidences is done through enquiries and investigation processes, on each relevant point and issue, in a complete manner, following due process of the law and procedure, after granting due opportunity to the assessee and after consideration of its view points and arguments, through a speaking and analytical narration of facts, arguments and evidences that are finally capable of withstanding the test of judicial scrutiny. Such assessment should be 'zero-error' from audit point of view especially in relation to calculation of tax, interest, depreciation etc. and application of relevant provisions of law.

2. General Guidelines:

The feedback received from field formations on the quality aspect of cases disposed-off during the last few years has not been very encouraging. Therefore, this year, the scrutiny assessment proceedings shall be completed within the given time-frame, through the following process that is only illustrative and not exhaustive in nature:-

- a) All statutory notices and questionnaires should be served on the assessee sufficiently in advance and in accordance with the prescribed procedures.
- b) Evidence of issue/service of all important notices should be placed on record. It is a good practice to paste the notices appropriately in the records. Details of the notices issued should be mentioned in the subsequent notices and the assessment order.
- c) The first detailed Questionnaire u/s 142(1) of the Income-tax Act, 1961 comprising

all relevant and case specific questions in each time barring scrutiny case must be issued preferably by 31.07.2014 for T.B. cases and 31.08.2014 for other cases. Utmost care should be taken to ensure that irrelevant questions are not asked. Due application of mind is required in this regard. In other cases, this exercise should be carried out expeditiously.

- d) Ensuring compliance by the assesseees is the key to time bound completion of scrutiny assessment proceedings. Adjournments should be granted only for good and sufficient reasons and not in a routine manner.
- e) Deliberate non-compliance by an assessee should be followed up promptly and suitable penal provisions should be invoked in appropriate cases as per provisions of the Income-tax Act.

3. Besides the above guidelines, some of the issues requiring due diligence during the scrutiny proceedings are as under:

3.1 Order u/s 147 & issue of notice u/s 148:

In the Finance Act, 2009, a clarificatory amendment to section 147 has been made with retrospective effect in which it has been clarified that the AO can assess or reassess income in respect of any issue which comes to his notice subsequently in the course of proceedings under section 147, notwithstanding that the reason for such issue has not been included in the reasons recorded under section 148(2). This may have substantial impact on reassessment of income under section 147 of the Act. Further, while recording reasons under section 147 for issue of notice under section 148, the AOs should record reasons that the income chargeable to tax has escaped assessment strictly in accordance with the provisions of the Act and also keeping in mind relevant judicial pronouncements in this regard.

3.2 Survey u/s 133A:

- a) Surveys could be used as a tool for augmenting tax collections effectively. The cases for conducting surveys should be selected with due diligence and conducted

in a professional and transparent manner. In this regard, a close coordination between the Assessment Wing and the TDS Wing and vice-versa will be helpful in identifying potential cases.

- b) The aim and purpose of survey operations, besides verification of specific facts, should be to detect tax evasion.

3.3 Cases related to Directorate of Exemptions:

- a) The definition of 'charitable purpose' has been amended vide the Finance Act, 2008 bringing commercial activities of entities concerned under the ambit of taxation, subject to conditions laid down in the proviso to section 2(15) of the Income-tax Act, 1961. Therefore, the tax exempt status of most of the trusts and other such charitable organizations may be closely examined, if the case is picked up for scrutiny.
- b) In the past few years, effort to create a database on the Departmental website www.incometaxindia.gov.in pertaining to registered/exempted/approved entities under various provisions of the Act, such as section 12A, 10(23C), 80G etc. (including cases where approval/registration etc. have been withdrawn) has been initiated. The PrCCsIT/CCsIT have an extremely important role to perform, relating to the verification of the data uploaded by the Pr CsIT concerned. This task deserves to be further pursued on a continuing basis and the verified data pertaining to the remaining entities should be uploaded by 31.08.2014.
- c) As the registration/exemption/approval or withdrawal thereof, is a continuous process, the registration shall be done on a regular basis on the ITD system by the authorities concerned. The updated status on fresh registrations should also be informed in each monthly DO to his/her next superior.
- d) Key information relevant to the entities registered/exempted/approved under various provisions of the Act such as section 12A, 10(23C), 80G etc., if pending, shall be submitted by the PrCCsIT/CCsIT concerned to CCIT (Exemp.) by 30.09.2014, who shall consolidate the same and send it to CBDT by 31.10.2014.

3.4 Some other important issues:

- a) Orders for remedial action in the cases where Major Audit Objections have been accepted by the Department should be expeditiously passed and appropriate recovery be made within the Financial Year itself.
- b) References for special audit u/s 142(2A), Valuation, etc are being made towards the fag end of the limitation period of completion of assessment. It is suggested that such exercise should be completed expeditiously and definitely by 30.11.2014 in respect of time barring cases and proper follow up action should be ensured.
- c) During the course of scrutiny assessment proceedings relevant details regarding immovable and movable assets (including all types of Bank Accounts and deposits as well as Credit Cards of the assessee) should also be brought on record. This will be useful in recovery of outstanding demands in future, especially in those cases where assessee may not co-operate in tendering the information at a later stage. It is also advisable to collect information about connected taxpayers of the group, business and residential premises.
- d) Cases where qualifying conditions for availing deductions under relevant sections are not fulfilled, e.g. contractors of infrastructure projects claiming deduction u/s 80IA(4) even though it was meant for assessees who 'maintain and operate' infrastructure projects; or deductions claimed by assessees as SSI even when the company became a large scale unit etc.
- e) Cases where arm's length price was determined without applying correct variables.
- f) Cases of private limited companies where unaccounted income is introduced in the companies in the form of Share Premium.
- g) Cases of builders where profit has been declared on project completion basis.
- h) The amended provision of section 68 may be kept in view while dealing with the cases of share application money.

- i) The exemption/deduction claimed by tax payers u/s 10A, 10AA, 10B, 10C, 80 IA, 80IAB & 80IC shall be carefully examined by the A.O. as, at times, these exemptions/deductions are claimed beyond the allowable block or the turnover is diverted from taxable units to exempt units or ineligible activities are carried out.
- j) As per section 115JB(2)(iia), the deduction is allowed only to the extent of the amount of depreciation debited to the Profit and Loss Account (excluding the depreciation on account of revaluation of assets). Cases involving this section should be examined.
- k) Deduction u/s 35(1)(ii)/(iii) can be availed by donors in respect of amounts paid towards scientific or statistical research or research in social science to approved and notified research association or approved university/college or other institutions. The approved entities under this section are required to follow certain conditions regarding maintenance and audit of books of accounts, furnishing requisite information and fulfilling prescribed conditions in accordance with Rules 5D & 5E of the Income-tax Rules, 1962. It has been observed that many of the approved entities have failed to comply with these requirements. This aspect needs to be examined in suitable cases and proposal for withdrawal of notification issued by CBDT is to be sent to the Board by 31.12.2014. Similar exercise should be carried out by PrCCsIT/CCsIT in respect of approvals granted by them u/s 35(1)(iia) read with Rule 5F.
- l) In the cases of professionals, eg doctors etc., salary payments are misclassified as professional payments and tax is deducted by applying lower rates. This aspect needs to be examined.

Obviously, the issues identified above are only demonstrative and not exhaustive. PrCCsIT/CCsIT /PrCsIT will have to identify issues relevant to their jurisdiction and circulate the same to the Assessing Officers to improve the quality of assessments being framed.

4. Time-frame for completion of Scrutiny assessments:

It is advised that the A.O shall plan his/her time in such a way that in-depth enquiries and investigations are conducted in high revenue potential cases in a manner such that the assessment orders stand the test of judicial scrutiny. Further, apart from, maintaining the quality of scrutiny assessments, it is also imperative that the workload is staggered throughout the year. Non-regular work and follow up in the initial months and convergence of entire disposal in the closing weeks of the time barring period causes avoidable stress on the human resources of the Department and at the same time, compromises the quality of work. Therefore, the target for disposal of time-barring scrutiny assessments during the current year, fixed as per Part-1 of the Action Plan, must be adhered to. Scrutiny assessments getting barred by limitation on 31.03.2016, other than those required to be completed by 31.12.2014 {refer Chapter IV- Part 1}, should be examined in such a manner so that assessments in at least 20% of these cases are also completed by 31.03.2015. Timelines for revenue yielding cases should be adhered to, as given in the Action Plan.

To achieve the target as contained in Central Action Plan, the PrCsIT and the Addl./Joint CsIT shall ensure equitable distribution of workload amongst the available Assessing Officers in their jurisdiction. This exercise must be completed by 31.08.2014.

5. Performance standards for Quality Scrutiny assessments:

There must be every effort that assessment orders framed by Assessing Officers fulfil the criteria of being a quality assessment order. **A quality scrutiny assessment order must lead to substantial addition to disclosed income with initiation of possible Penalty/Prosecution proceedings and collection of significant portion of demand so raised by 31.03.2015. Review** of the assessments should be completed by the authorities concerned as per the Instructions issued thereon, to ascertain whether the assessments have been done properly.

6. Efforts to be made by supervisory officers to ensure quality of scrutiny assessments:

- a) Each Addl. CIT/JCIT should monitor the progress of investigations and completion of assessments in his/her charge. Further, supervisory officers including PrCsIT should effectively monitor the progress of scrutiny cases being handled by the Assessing Officers to ensure that the tendency of framing high pitched assessment orders is curbed in accordance with the framework outlined by Member(IT) vide DO letter dated 23.11.2012 (225/159/2012/ITA.II).
- b) Short workshops on drafting of assessment orders should be organized by supervisory officers at regular intervals so as to improve the quality of assessment. Services of CsIT(A)/CsIT(Audit)/CsIT(DR) could also be utilized for this purpose.
- c) Imparting regular training to Assessing Officers to enable them to upgrade their skills with special focus on sectors peculiar to a particular Region must be done. Further, there must be a dedicated training schedule for officers posted in Exemptions Wing.
- d) PrCCsIT/PrCsIT should organize quarterly meetings with CsIT(Appeals)/CsIT(Audit)/CsIT(DR) to discuss quality of assessments being framed in their charge and to improve upon the shortcomings, if any.
- e) As a feedback mechanism and exchange of good work done by all, each Pr CCIT/CCIT will compile at least 50 'quality scrutiny assessments' completed during FY 2014-15 in his/her region by 30.04.2015 and send them to the concerned Zonal Member/ Member (IT) alongwith his/her specific comments.

Strategy related to International Taxation:

India has entered into a large treaty network comprising 89 Double Taxation Avoidance Agreements, 16 Tax Information Exchange Agreements, Multilateral Convention for Administrative Assistance in Tax Matters, and SAARC Limited Multilateral Agreement, for exchanging tax related information. These treaties provide

an opportunity to the Assessing Officers to receive information and documents from foreign jurisdictions by making a reference through the FT&TR Division. The reference may be made by the Assessing Officers as per the guidelines provided in Instruction No. 1 of 2013 dated 17.01.2013 and the Manual on Exchange of Information issued with the said Instruction.

2. The enquiries from our treaty partners may be very helpful in cases where the foreign transactions of the assessee are suspicious for any reason. These enquiries are useful not only to detect the cases of tax evasion and avoidance but also to strengthen the evidences available with the Assessing Officer in cases where the tax evasion/avoidance has been done through transactions with entities located in our treaty partner countries/jurisdictions. The illustrative cases for the exchange of information are mentioned in the Manual for Exchange of Information, as stated above. Some of those prominent cases are summarized below:

- i. In cases where the assessee has received money from any person outside India in the form of gift/share capital/ share application/debt/loans or in any other form and if the Assessing Officer, in the course of enquiries, suspects that, either, such person may not be genuine or may not have enough source of income or the transaction may not be genuine, he/she may make a reference requesting for the documents relating to such person which may help in proving the case of tax evasion/avoidance.
- ii. In cases where the assessee has made any payment to any person outside India for getting any goods or services or by way of loan/debt/capital and the Assessing Officer, in the course of enquiries, suspects the genuineness of such transactions or the identity of such person, he/she may make a reference to get the information/documents from the said foreign country.
- iii. In cases where the assessee has received any income from any person outside India and the Assessing Officer, in the course of enquiries, suspects the genuineness of such income, he/she may make a reference to get the information/documents necessary to prove the genuineness of such income from such person/authorities.

- iv. In cases where the assessee has claimed credit for taxes paid outside India and the genuineness of such credit is suspected by the Assessing Officer, he/she may get it verified by sending a reference.
- v. In cases where payment has been made by the assessee to a person located in a low tax jurisdiction and where money has been received by the assessee from a country/jurisdiction which has been traditionally considered as maintaining secrecy in Exchange of Information, utmost care may be taken by the Assessing Officer in verifying the genuineness of such transactions.

3. These are few illustrative examples where reference may be made by the Assessing Officers. The Assessing Officer may, on examination of the return of income and documents on record, find many such cases where a reference for exchange of information may help in getting crucial information to detect the tax evasion/avoidance or to collect the evidences necessary to establish the case of tax evasion/avoidance.

4. It may also be noted that the Finance Act, 2012 amended the provisions of section 153 and section 153A of the Income-tax Act, 1961, providing for the extension of time limit for completion of assessment by a maximum period of one year in cases where reference for exchange of information has been made through FT&TR Division. These provisions have been further clarified by amendment made by Finance Act, 2013, providing for the extension of time limit from the date of first of the references till the date when the information sought is last received. The Assessing Officer may thus get the extended time limit for the completion of assessment on making a reference to FT&TR Division requesting for the information which will help him/her in bringing the additional evidences gathered during such enquiries on record and to strengthen the assessment order.

It is expected that by adopting the above strategies, field officers would make all out efforts to pass quality scrutiny assessment orders and achieve the budget target. A review of the same would be planned at the beginning of the next financial year by the ITA Division of CBDT.

B. STRATEGY FOR WIDENING OF TAX BASE

Revenue augmentation through Widening of tax base has been a constant endeavour of the Income Tax Department. It has streamlined procedures for data collection through following methods:

- i. Electronic filing of IT returns and forms (e-filing)
- ii. Submission of TDS/TCS statements by deductors in electronic form (eTDS)
- iii. Making it mandatory for various agencies to furnish Annual Information Return (AIR) for specified transactions
- iv. Collection of information from third parties under Centralised Information Branch (CIB) scheme
- v. Compulsory quoting of PAN for certain specified transactions

Availability of information in electronic form provided an opportunity to the Department to develop information driven approach to improve compliance.

2. Non-filers Monitoring System (NMS)

2.1 The Non-filers Monitoring System (NMS) was implemented to prioritize action on non-filers with potential tax liabilities. Salient features of this initiative are:

- i. Data analysis was conducted to identify PAN holders who had not filed Income Tax returns despite conducting high value transactions as reported in AIR, CIB data and TDS/TCS statements.
- ii. Bulk Data matching exercise was carried out with the Financial Intelligence Unit (FIU) to include non filers who had conducted high value cash transactions.

- iii. The first NMS Processing Cycle (January 2013) identified 12.19 lakh non-filers with potential tax liabilities.
- iv. Rule based algorithms were applied to classify the cases as P1, P2, P3, P4 and P5 priority ratings (P1 being the highest priority) for graded monitoring.
- v. Bulk letters were sent to PAN holders communicating the information summary and seeking to know the submission details of their Income Tax return.
- vi. An online monitoring system was implemented to ensure that information related to non-filers is effectively used by the field formations.

2.2 Standard operating procedure to ensure that field formations maintain consistency in their approach in dealing with NMS have been issued vide CBDT Instruction No.14/2013. Assessing Officers are required to adopt the following procedure in respect of NMS cases assigned to them:

- i. The Assessing Officer should issue letter to the assessee within 15 days of the case being assigned in NMS, seeking information about the return of income flagged in NMS. Facility to generate such letter has been provided in the NMS module of *i-taxnet*;
- ii. If the letter is delivered, the Assessing Officer should capture the delivery date in the NMS module;
- iii. If the letter is not delivered, the Assessing Officer should issue letter to the alternate addresses of the assessee available in the Online Monitoring System or any other address available with the Assessing Officer through field enquiries or otherwise. All addresses used in IT Return, AIR, CIB databases have been made available to the Assessing Officer in the Online Monitoring System to assist the field formations in identification of current address of the taxpayer;

- iv. If the return is received, the Assessing Officer should capture the details in AST within 15 days of filing of the return. If the assessee informs that paper return has already been filed which was not captured in AST, the details of return should be entered in AST module within 15 days of receiving such information. The e-filed returns will be automatically pushed to NMS;
- v. If no return is required to be filed in a case (non-resident etc.), the Assessing Officer should mark “No return is required” and mention remarks in NMS which need to be confirmed by the Range head;
- vi. If the Assessing Officer is not able to serve the letter and identify the taxpayer, he/she should mark “Assessee not traceable” in NMS which needs to be confirmed by the Range head;
- vii. In cases where the assessee has been identified and no return has been filed within 30 days of the time given in the letter, the Assessing Officer should consider initiation of proceedings u/s 142(1)/148 in AST;
- viii. The cases will be processed every week by the Directorate of Systems and will be marked as ‘closed’ in NMS if one of the following actions are taken:
 - a. Details of return are available in AST
 - b. Notice u/s 142(1) or 148 has been issued in AST
 - c. “No return is required” is marked by the Assessing Officer and confirmed by the Range head.

2.3 The second NMS Processing Cycle (January 2014) identified additional 22.09 lakh non-filers with potential tax liabilities. ‘Compliance’ module was developed on the e-filing portal and information related to non-filers was made available to the specific PAN holder. SMS and email were sent to the target segment asking them to access e-filing portal. The PAN holder is able to provide details electronically and keep a printout of the submitted response for record purposes. This information about cases identified in second NMS Processing Cycle where returns have not

been received, will be pushed to the online monitoring system for Assessing Officers by July 2014.

3. Penalty and Prosecution for non-filing of returns of income

Action under sections 271F (penalty for non-filing of return of income) and 276CC (prosecution for non-filing of return of income) should also be taken in appropriate cases. In view of the large number of high income non-filers noticed, every such case of non-filer where return is not furnished within the due date and even till the end of the relevant Assessment Year should be examined for launching of prosecution under section 276CC. This exercise will help in conveying a strong message to such errant entities and in improving overall compliance to Direct Taxes laws.

4. Focus of Directorate of Intelligence & Criminal Investigation during FY 2014-15 will be on the following:

A. Efforts towards Widening and Deepening of the Tax Base:

- i. Ensuring that all the authorities/entities obligated to file AIR returns are identified properly and within time;
- ii. Taking effective steps to improve the quality of data being collected under AIR & CIB mechanism;
- iii. Taking steps to enhance the capabilities of populating PAN in non-PAN information and its timely utilization by the field formations;
- iv. Taking forward and completing remaining identified tasks in specific projects (such as project UCB, Project Open Offers) initiated during FY 2013-14;
- v. Ensuring necessary action in the case of defaulting Cooperative banks/ Credit Societies in the Project UCB, disseminating PAN information through Systems Directorate and processing non-PAN information in a meaningful manner so that the same could be taken to a logical conclusion;

- vi. Taking up appropriate pilot projects for focussed widening and deepening of tax base;
- vii. Timely action and dissemination of data received under Automatic Exchange of Information.

B. Developing the Criminal Investigation capabilities of the Department inter alia by taking up the role of Prosecution Directorate:

- i. Identifying the gaps in the existing system in administration of Chapter XXII of the Income-tax Act, 1961 (offences & prosecutions); reviewing the existing mechanisms, processes, guidelines and preparing a road map for actionable issues in this regard;
- ii. Working as a nodal office and assisting the CBDT (Investigation Division) for collection, collation and dissemination of information and monitoring the matters relating to prosecution & compounding of offences.

Working as a nodal office, with respect to Prosecution *and Compounding matters*, for the field formations through the DsIT(I&CI).

C. STRATEGY FOR TAX DEDUCTION AT SOURCE

TAX DEDUCTION AT SOURCE

TDS is a non-obtrusive but powerful instrument to prevent tax evasion as well as to expand the tax net. TDS also minimizes tax avoidance by the taxpayer (income earners), as the payee's transaction(s) are reported to the Department by a third person. The contribution of TDS to the overall gross direct taxes collections during FY 2013-14 was Rs. 2,71,069 crore (Prov.). This is a 17.88% growth over the collections shown under this minor head of Rs. 2,29,943 crore during FY 2012-13 (Prov.). Thus, TDS now contributes more than 37% to the gross direct taxes collections, emphasizing its ever growing importance.

1. LEVERAGING OF TECHNOLOGY SOLUTIONS IN TDS ADMINISTRATION

With the Centralized Processing Cell for TDS at Vaishali, Ghaziabad, **the TDS administration is now driven through technology support.** The CPC(TDS) provides comprehensive MIS on compliance behaviour of the deductors, default details, PAN errors besides helping the deductor or the Department to identify & rectify mistakes. The strategy to augment revenue through TDS ought to be, therefore, a mix of enforcement, capacity building (external and internal) and leveraging of information that is now available with the Department through the CPC(TDS).

A. CAPACITY BUILDING:

A:1 TDS Conferences /Meeting of Stakeholders:

During the Financial Year 2013-14, field TDS officers have been conducting conferences and seminars for deductors, tax professionals and the Principal Accounts Officers of State Government and various departments of the Central Government. Since holding of regular conferences/ seminars has proved to be an effective means to sensitize the deductors about their obligations and to persuade them to comply, **it is decided that we continue with this exercise in this year also.**

A:2 Corporate connect for TDS Compliance:

CPC (TDS) has taken steps like **“Corporate connect for TDS Compliance”** for providing non-adversarial tax administration at the corporate level. **The attempt is to make the “Principal Officer” of the corporate entity aware about the TDS defaults** being committed by underlying branches. The thought behind the exercise is to impress upon the Head office that any default on part of branches and consequential interest, penalty is ultimately the liability of the corporate.

As on date, a comprehensive view is available to the corporate entity (at PAN level) that displays TANwise defaults / compliance patterns for different years. This view is available to the corporates online under the heading **‘Aggregated TAN compliance’** on the portal of the CPC(TDS) [TRACES]. The FY-wise comprehensive view of defaults is also available in ‘Part G’ of Form 26AS of the PAN of the respective corporate.

The CsIT(TDS) may, therefore, organise workshops with big corporates/banks with large number of TANs to sensitize the ‘Principal Officers’ of respective corporates/banks about various defaults being committed by their branches.

The corporates have to be sensitized that the defaults committed by branches have implications on the ‘Total Income’ of the corporate entity in view of section 40(a)(ia) of the Act and also the fact that interest u/s 201(1A), fee u/s 234E do not qualify for deductions. The defaults also attract prosecution action against the deductor.

The corporates can also be sensitized about the fact that the defaults on their part also impact their clients as they are unable to get credit in their Income Tax Returns.

In the workshops, a detailed presentation can be made highlighting various functionalities being provided to the deductors and various types of TDS defaults (some of which are listed below) :-

S. No.	Type of TDS Defaults	Implication
1	Non filing / late filing of TDS Statements	Levy of fee u/s 234E of I.T. Act (no provision for appeal or waiver and not allowable as deduction)
2	Reporting incorrect and invalid PANs in the TDS statements	26AS statement and TDS certificate will not get generated for such transactions. Corresponding deductees are not able to take credit in the respective ITRs.
3	Reporting incorrect but valid PANs in the TDS statements	Downloading of incorrect TDS certificate due to which corresponding deductees are not able to take credit in the respective ITRs.
4	Short deduction / late deduction / short payment/ late payment etc.	Liability for interest u/s 201(1A) & principal default amount. The interest for late payment doesnot qualify for deduction while computing income.
5	Incomplete and incorrect information in point 27 of Tax Audit Form 3CD.	Penalty and prosecution under various provisions of the Act
6	Filing of TDS statements with incorrect/incomplete particulars and subsequent filing of correction statements with C9 correction.	Prosecution u/s 277 of the Act
7	Non raising of flag B (if applicable) in the TDS Statements for Form 15G/15H u/s 197A of the Act	Implies furnishing of incomplete/ incorrect particulars which may result into appropriate action under the Act

Corporates may be requested to insist that their auditors file correct & complete audit report with reference to TDS defaults (point 27 of FORM 3CD) after duly incorporating the facts & figures available under 'Aggregated TDS Compliance' on the CPC(TDS) portal.

Some instances have been noticed where branches have multiple TANs, due to which TDS statements are not being filed on some of the TANs. These **duplicate TANs need to be identified** and appropriate action taken.

CDs containing e-tutorials may be given to the participants. The e-tutorial may have information on objectives and functionalities available to the deductors on TRACES [CPC(TDS) portal], various Forms and due dates, *Do's and Don'ts* regarding filing of regular statements, types of corrections, guidelines for filing correction statements and useful links to FAQs with a request that they may be further disseminated to all branches.

A:3 Sharing of Quality work/new issues with counterparts across the country:

Synergy amongst various TDS units across the country promises to enhance the overall performance. An issue identified by one TDS charge can be replicated through proper communication to other charges. The CPC(TDS) shall introduce a platform **to ensure that the quality work done in one corner of the country becomes a force multiplier and gets replicated across the country.**

The platform so introduced will provide for the field officers to log in quality work on the TRACES portal itself. The quality work that may pertain to unearthing new area(s) involving non deduction of tax, interpretation of TDS provisions, recovery of TDS, interpretation of Court cases and implementation thereof etc. would be logged into the AO portal of the CPC(TDS) by respective field TDS officers. This shall be visible to all the TDS officers across the country who can then take guidance from such work and explore the possibilities of replicating the same in their area.

A:4 Connect with Professionals/ Chartered Accountants :

To have a comprehensive capacity building plan, it is important to include the professionals who are engaged in conducting revenue audit of the respective principal corporate entities to whom the deductors are mapped. As has been indicated in section A:2 (*Corporate connect for TDS compliance*), as against past years, it is now possible to integrate defaults/compliance of each of the deductors mapped to a PAN.

This is important from audit viewpoint and for reporting TDS compliance in Form 3CD.

The CIT(TDS) should hold separate conferences with the tax professionals to impress upon them the above issue and to sensitize the auditors about the implications involved. The auditor ought to make sure that:

- a) The default interest(s)/ late filing levy etc. are not claimed as deductions;
- b) Disallowance u/s 40(a)(ia) ought to be quantified keeping in view the TAN wise defaults reflected in the Form 26AS of the 'principal' PAN also;

A:5 Exchange of notes between field TDS officers & the CPC(TDS):

Since technology driven solutions from the CPC(TDS) form an integral part of the overall TDS administration, it is important to ensure that there is a regular communication between the field officers and the CPC(TDS). Such **interactions may take place on quarterly basis through video conferencing or other facilities**. Further, to ensure that the field officers understand the solutions offered through the CPC(TDS), training sessions for two young officers deputed in each Pr CIT charge shall be done at Vaishali. These officers would then act as trainers for the other officers/officials of the respective TDS charge.

B: CASH COLLECTION/REDUCTION OF SELECT DEFAULTS:

B:1 Demand generated by the Systems/CPC(TDS):

The CPC(TDS) has comprehensive data of defaults for all the statements filed for FY 2007-08 and onwards. Further, it has now developed a mechanism to:

- i) Identify deductors having various defaults including top deductors having defaults;
- ii) Notify the deductors about the reasons of determining defaults through online justification reports – from FY 2007-08 onwards;

- iii) Facilitate resolution of defaults viz. short payment, late payment interest, late deduction interest, late filing fee etc.

With the facility to file corrections both - online and offline (through NSDL), available to the deductors and the capacity to process the correction statements within 4 – 5 days of their receipt in the CPC(TDS), it is **now possible to resolve the demand expeditiously**.

The default data with the CPC(TDS) reflects that substantial demand on account of short payment, short deduction, late payment interest, late deduction interest, interest u/s 220(2), late filing fee etc is outstanding against the deductors. FY-wise data of the same is as under:

Financial Year	Short payment (Rs in crore)	Late payment interest (Rs in crore)
2007-08	4886.7	275.4
2008-09	4955.7	401.4
2009-10	5025.7	522.3
2010-11	3461.3	611.9
2011-12	2568.1	624.4
2012-13	1376.7	920.9
2013-14	4050.2	381.2
Total	26324.4	3737.5

Further, Demand against Late filing fee > Rs 2000 crore

Huge demand lying in the records is a cause of concern and is also an opportunity to augment revenue collections. There may be some reason for not pursuing the demand relating to 'Short deduction' as the deductee may have paid the taxes. However, other defaults, particularly of short payment, late payment interest, late deduction interest, late filing fee, interest u/s 220(2) are clearly liabilities of the deductor that have arisen based on the information furnished in the respective

statements and corresponding matching with the challans reported by the banks must be acted upon appropriately.

The CPC(TDS) has matched challans even with *relaxed match logic*. Further to make the process of matching the challans simpler, online facility is available on the portal to match/tag the challan. The field officers should, therefore, ensure that the resolution/matching is done during the financial year itself.

Relevant MIS reports available on the AO portal of CPC (TDS):

The CPC(TDS) facilitates identification of deductors through comprehensive MIS that is available to the field TDS officers from the level of the CIT to the Assessing Officer. Some of the important MIS reports, available to the field officers on the Assessing Officer portal of the CPC(TDS), that would be of help to the field officers in resolution of demand are:

- i) **Defaulters report** : Gives view of various defaults pertaining to deductor (s) across the financial years. The report can be viewed Default-wise, TAN wise, FY wise etc.;
- ii) **Unconsumed challans report** : The report gives 360 degree view of cases where short payment default is identified and informs whether any challan is available for matching.

B:2 Demand lying in the Manual Registers of TDS officers

The field officers have been raising the demand manually on account of orders u/s 201 (consequent to survey/ spot verifications), penalty, compounding etc. The deductors may have paid some of the demand for which challan is lying in the system. **Going forward from 01.08.2014 onwards, all the demand should be entered on the AOs portal of the CPC(TDS) only.** Further, the TDS officers should collect about 70% of the net collectible demand out of manual demand brought forward as on 01.04.2014.

C: RECONCILIATION of TDS (reported by State Govt. AINs) & AMOUNT DEPOSITED BY RESPECTIVE STATE ACCOUNTANT GENERAL for FYs 2012-13 & 2013-14

There was **short payment/ mismatch of TDS amount by various State Governments**. The mismatch can be attributable to any of the following:

- i. There is actually a gap between the tax that has been deducted by the deductors and the tax remitted to the Central Government by the respective State Accountants General; and/or
- ii. The respective Accountants General have committed errors in filling Assessment Year while remitting the tax; and/or
- iii. The Principal Accounts Officers (AINs) have reported wrong TDS against the respective DDOs that are mapped to them.

The gap, as outlined above can only be reconciled by the field officers through spot verifications. Since the revenue involved is substantial, the exercise may be carried out for FY 2012-13 and FY 2013-14. In case there is a mistake in reporting the Financial Year in the challan, the same can be changed by the TDS Officer through '*challan correction mechanism*'. In case there is an error in reporting of TDS by the Principal Accounts Officer, the same is required to be corrected through filing of correction statement, as otherwise wrong BIN would be generated. **This exercise would help in identifying the amount that is collectible for the respective Financial Years.**

D: ISSUANCE OF CERTIFICATES UNDER SECTION 197 OF THE ACT

The data in the system reflects that the certificates under section 197 of the Act are being issued even in cases of those PANs where:

- i. There is an existing liability under the Income-tax Act including short payment or interest / late filing default; and/or

- ii. The PAN holder is a non-filer of the Income Tax Return; and/or
- iii. The case does not fall within the conditions prescribed u/s 197 i.e. where the income is taxable and TDS is being substituted by payment of advance tax;
- iv. The 'tax foregone' is very substantial.

It is, therefore, suggested that due care has to be exercised while issuing these certificates. Further, to ensure better compliance, the field officers may ensure that the existing liability is either liquidated or the applicant has made sufficient arrangements for payment of such liability. The CPC (TDS) has introduced a new feature in Form 26 AS as Part-G showing various TDS demands of the concerned PAN (including of TANs mapped with that PAN). Also, '**Aggregated TDS Compliance**' view is available to field TDS Officers on the AOs Portal of the CPC(TDS) for this purpose. This feature will help the AOs in visualizing the demands against the tax payer, which may be used for recovery and also while considering issuance of certificate u/s 197 of the Act.

E. ENFORCEMENT ACTIONS

E:1 Surveys / Inspections:

Surveys / Inspections are effective tools for detection of non-compliance in TDS/TCS. It also helps in identifying defaults u/s 40(a)(i)/(ia)/(iii) of the Act - an information that can be passed on to the A.O. of the deductor.

CPC (TDS) would regularly provide useful reports/ inputs to field officers which may be used for identifying survey / inspection cases. The Standard Operating Procedure (SOP) for selecting a case for survey / spot verification could be as follows:-

- i. Cases in prosecution list (Cases where TDS/TCS withheld after deduction);
- ii. Trend of TDS payment in stark contrast to other deductors in similar business;

- iii. Cases showing negative trend in payment (under a particular Section as compared to preceding FY);
- iv. Tax evasion petitions (regarding non deduction of TDS);
- v. Cases reported by the Assessing Officer with huge disallowance u/s 40(a)(ia) of the Act;
- vi. Habitual late filers/non filers of TDS Statement (late filing/non filing is closely linked to late payment or non/short deduction);
- vii. Negative growth in TDS payment as against healthy growth in Advance tax payment;
- viii. Cases of sick units or units with negative operating margins (as indicated in Audit report u/s 44AB of the Act);
- ix. Grievance petition filed by the deductee;
- x. Analysis of newspaper reports/information available through internet;
- xi. Analysis of case laws decided in favour of Revenue.

E:2 Initiation of Prosecutions & Disposal of Compounding Applications:

There are a number of cases where the deductors have failed to pay the TDS/TCS or have kept the amount with them & paid such amount after substantial time into the credit of the Central Government as required in Chapter XVII-B. Initiating prosecution in these cases is an effective deterrence to non-compliance of TDS/TCS provisions.

As per the Income-tax Act, all cases wherein TDS/TCS is made but not deposited within the due date, as prescribed, are punishable u/s 276B / 276BB or 278A for second and subsequent offences. As per the revised Instruction issued by CBDT,

late payment/short payment defaults involving TDS amounts of more than Rs.1 lakh are mandatorily required to be processed for prosecution. Further, those cases where the tax deducted but not deposited by the due date is between Rs.25000/- & Rs.1 lakh, are also required to be processed for prosecution depending upon the facts and circumstances of the case. It has been decided to continue with the initiation / launching of prosecution for non-deposit/late deposit of TDS already deducted.

Considerable number of compounding proposals are pending at the end of PrCCsIT. This area needs particular attention. Adequate publicity in local newspapers could be given to the latest Instruction on Prosecution & also acceptance of compounding proposals, as this would prompt other defaulters to come forward with compounding proposals.

E:3 Penalty u/s 271C for failure to deduct whole or any part of TDS:

On the spot verifications including surveys reveal that either the deductor has not been deducting the tax at all or has been deducting at low rates. In appropriate cases, initiation of penalty proceeding u/s 271C is warranted to dissuade the deductor from indulging in such exercise that has a direct bearing on tax revenue. The CPC(TDS) gives a detailed list of deductors in whose case short deduction demand has been raised. The TDS officers are advised to look into such cases, also besides spot verification cases for initiation of penalty proceedings.

E:4 Tax Default Reports (TDRs):

The CPC(TDS) shall compile information about the compliance of the deductor in terms of filing of TDS statements, payment of taxes, reporting of inconsistent data and default patterns. On the basis of this compilation 'Tax Default Report' for a TAN (deductor) would be made available to the field TDS Officer for further follow up, as deemed fit. **The reports can also be of assistance to pick up cases for verifications/surveys/prosecutions.**

E:5 Reporting transactions with “High Value” under ‘PAN NOT AVAILABLE’:

A large number of instances have been noticed where the deductors are making PAN errors in the deductee rows in the TDS statements by way of either mentioning ‘Invalid PANs’ or ‘PAN not available’ in the corresponding column. **Accordingly, CsIT (TDS) may advise the deductors to insist upon furnishing of valid PAN by the taxpayers in case of high value transactions. Deductor-wise list of transactions is available as MIS on the AOs portal of the CPC(TDS) –[pls see ‘PAN error’ report & ‘Deductors with highest no of PAN errors’ report.]** Pursuance of these cases could result in minimizing TDS mismatch cases on the one hand while helping in identification of new assesseees on the other, thus augmenting revenue.

F. ACTION AGAINST NON-FILERS

Non-filing of TDS statements results in consequential mismatch of TDS in the case of deductee taxpayers. The CPC(TDS) shall provide a window to the taxpayers to flag non-compliance on the part of the deductor. This feedback shall be made available to the relevant field TDS officer for further action. List of non-filers of TDS statements would also be available to the field TDS Officers on the MIS section of the AOs portal.

2. SOLUTIONS in addition to TECHNOLOGY IN TDS ADMINISTRATION

G. MONITORING OF TDS & DEDUCTORS

- i) Monitoring of TDS statements of top 100 deductors** vis-à-vis the deduction made by them in the corresponding period of the previous FY by each AO TDS in their respective charges. Cases of decrease in TDS payments, noticed during a particular period, as compared to the preceding year, could be a possible trigger for initiating pro-active measures.
- ii) Monitoring compliance in filing of Form 24G by the PAO/Treasury Officers** (the AIN holders) would also sensitize them towards dissemination of BIN to the Govt. deductors. The 24G Statements filed by the AIN holders

could be utilized to issue notices to Government deductors to file their TDS statements in time.

- iii) **Monitor timely receipt of TDS payments of State Government through Accountant General**, as it has been the experience that either there is delay of more than two months on part of the A.G. office to issue draft for the TDS made by the DDOs in the State Government or no payment at all is made in few cases.
- iv) **Monitoring of Monthly TDS remittance from salaries** is required, both from the private sector as well as Government Departments.

H. IDENTIFYING AREAS OF NO / LOW DEDUCTION

H:1 TDS compliance w.r.t. State Governments:

- i. To collect information from the State Government about the Plan Outlay of all major contracts in the various departments and monitor TDS payments from the same and also the sub-contracts involved therein.
- ii. While it is settled law that State Government undertakings are separate legal entities than the State and are therefore, liable to Income-tax. It has been observed that the Banks have been defaulters in non-deduction of TDS on interest to these State Governments PSUs, Corporations, Autonomous Bodies and Development Authorities. This area needs sensitization and education of deductors.

H:2 Probable cases of non-deduction / short-deduction:

- i. In order to augment TDS from salaries, the focus should be on top Companies / PSUs / large employers where a **look at the entire compensation structure of top executives is required with a view to examine the nature of allowances/ perks & reimbursements** made to them. The treatment of employees as consultants also needs to be probed.

- ii. **TDS on payments to sub-contractors by infrastructure companies and catering contracts in Star hotels** is another new area worth monitoring.
- iii. **TDS on payments made by Universities/Educational Institutes to guest lecturers; payments to events managers and payments to medical transcription companies** are new service sectors which could be covered u/s 194J of the I.T. Act.
- iv. **TCS @ 1% from the buyer of scrap and minerals**, being coal or lignite or iron and **TCS@ 2% of the amount payable for award of lease for parking lots; toll plaza and mining and quarrying** is another area to be actively pursued for collection of revenue.
- v. **E-commerce** has emerged as a huge business in the past few years. This involves **advertisement on the websites/portal** of various organized and unorganized agencies, **payments for job work – building website, translation of pages, data entry of text, research** etc. This area promises to yield significant revenue.

D. STRATEGY FOR IMPROVING ADVANCE TAX COLLECTION

As per the provisional figures, during Financial Year 2013-14, advance tax contributed Rs.2,95,241 crore to the overall gross direct taxes collection of Rs.7,27,631 crore. In comparison to FY 2012-13, this marks an increase of Rs.23,679 crore. Further, under the Major-head '**Corporate tax**', the advance tax collection was Rs.2,46,753 crore as against the collection of Rs 2,27,987 crore under the same head during the FY 2012-13. This amounts to a growth of 8.23%. Advance tax collection under the head '**Income Tax**' for FY 2013 -14 was Rs.48,488 crore as against Rs.43,575 crore for FY 2012-13 which is a growth of 11.27%.

2. The overall contribution of advance tax with respect to the gross direct taxes collection for FY 2013-14 is about 40.5%. Data of advance tax payments by the top 1000 advance tax payer companies of the country shows, that the contribution of these corporate to the overall advance tax collected during FY 2013-14 is about 79%. Hence, monitoring of the advance tax payment by the Corporates and other Non-corporate assesseees should be one of the major focus area of field formations, i.e. – PrCCsIT/DsGIT/CCsIT and below, for achievement of budgetary target.

2.1 It is expected each authority in the field formation should monitor at least some top cases within their jurisdictional areas, in both the categories – Corporate and Non-corporate. The number of cases that must be monitored by different levels of authorities should be -ITOs 25 cases, DCsIT/ACsIT 50 cases, Addl/JCsIT 50 cases, CIT 100 cases, DsGIT/CCsIT 100 cases. In case of Principal CCsIT such monitoring should include the top 100 cases of their Regions.

3. Broad guidelines for increasing advance tax collection that can be followed by the field authorities are as below:-

- Following recent amendments in the Act that have advance tax connotations:
 - As per provision of section 43CA of the Income-tax Act,1961, Real

Estate companies have to be assessed on a turnover, based on stamp duty value or circle rate, in respect of all transactions relating to land or building or both. This will have an impact in case of Real Estate developers and traders in India where immovable property is kept as stock-in-trade;

- In case of Individuals & Hindu Undivided Families, as per amendment to Section 56, any property acquired at a price lower than the Circle Rate, is treated to have been received for inadequate consideration and the balancing amount is the income of such person. This will have consequences for Advance tax incidence. Where the consideration for shares received is more than the face value, the difference is taxable u/s 56(2)(viib) from the FY 2012-13 as income from other sources in the case of a company in which the public is not substantially interested;
- Corporates are liable for Minimum Alternate tax (MAT). Similarly non-corporate entities like limited liability partnership, etc. under certain specified circumstances, are liable for Alternative Minimum Tax (AMT). These should be monitored for advance tax payments. Specifically Banks, State Power Generation and Transmission utilities maybe closely monitored;
- Practice of deferring advance tax payments and payment of tax as Self-Assessment Tax should be watched. Recourse to provisions of section 210 of the Income-tax Act, 1961 may be taken up in such cases, if necessary;
- The quarterly Financial Statements of large and medium corporations available in the Public domain under the Companies Act should be examined and co-related with the advance tax paid by them for the relevant quarter;
- Information furnished to the field formations by I & CI Directorate and Systems Directorate should be pursued vigorously, specially in cases of invalid/no-PAN AIR transactions;
- Cases where substantial additions were made and confirmed in appeals

- should be identified, and such assesseees should be persuaded to pay the additional tax on similar issues as advance tax. Here also, recourse to issue of notice u/s 210 may be taken if necessary;
- Sectoral analysis of the growth trend of Industries should be done and individual cases showing large variation should be monitored. Focus should be on sectors which have shown signs of turnaround;
 - Analysis of survey cases of past 5 years where additional income was detected could be useful. It should be examined whether there has been an increase in advance tax for subsequent years since the survey;
 - As per Section 40(a)(iib), any amount paid by way of royalty, license fee, privilege fee, service charge or any other fee or charge or by whatever name called which is levied exclusively on or is appropriated (directly or indirectly) from a State Government Undertaking (defined therein) by a State has been brought to tax. The same will have Advance tax connotations and needs to be monitored;
 - The Pr CCsIT/CCsIT/ PrCsIT should identify companies and funds in their charge, which are liable for Dividend Distribution Tax as per the provisions of section 115O and monitor timely payment of tax for the current year;
 - By Finance Act, 2013, Commodities Transaction Tax has been introduced on sale of commodity derivatives. Jurisdictional PrCCsIT/CCsIT should list the Recognized associations within their region and monitor collection & deposit of CTT by them;
 - Frequent interactions by Pr CCsIT/CCsIT/CsIT with the industry/trade associations and professional bodies with a view to explain the tax policies of the Government and receiving feedback on the financial condition of various industries/trades should be continued.
4. Apart from the above guidelines, which are not exhaustive, the Pr CCsIT/CCsIT/

DsGIT may further devise their own strategy taking into consideration local factors. The feedback on the steps taken by the Pr CCsIT/CCsIT/DsGIT and the resultant gains will be reviewed by the Zonal Members of CBDT periodically through reports or while making official tours to different regions in their jurisdiction.

E. STRATEGY FOR RECOVERY

The target for recovery of cash collection out of Arrear Demand of Rs.6,74,916 crore, as on 01.04.2014, has been fixed at Rs.41,997 crore for the FY 2014-15. To achieve the respective target, systematic and regular monitoring, fidelity of data and clarity in approach should be the desirable objective when the task of Recovery Arrear Demand is taken up.

Since the very beginning the focus needs to be on the reduction of Arrear Demand by de-duplication of the entries and cleansing the arrear demand data. **Priority should be accorded to reduce entries of amounts less than Rs.10000/- and those pending for more than 2 years.** These steps have already been reiterated with SOP several times. In addition to these, care must be taken to avoid generating any infructuous demand. Simultaneously, the work of executing Write-off under summary procedure must be carried out. It would enable us to attack and streamline the problem of Arrear Demand by following a three dimensional approach.

In the present scenario, an AO can identify the problem areas of recoverability of Arrear Demand and fine tune efforts to suit special circumstances.

1. Assessment Work

Quality assessment orders should be issued and legally sustainable demand be raised. During the assessment, the AO should gather all details about assets of the assessee so that effective recovery can be made after issue of notice of demand. There should be error free reporting of dossier demands.

2. Initiation of recovery measures

After creation of demand, cases should be handled carefully. Complete information about the assessee, details of directors and sister concerns etc. must be gathered. AO must maintain a recovery folder containing the details of all bank accounts of the assessee's, debtors, details of assets (both movable and immovable).

Bifurcation of cases into actionable and non-actionable cases should be done. Actionable cases are those wherein the “non-actionable demand” is either nil or is very small. Non- actionable cases are those having large amounts or major amounts of demand in the following categories:

- Cases where demand is pending write off
- Assessee is not traceable
- Cases where there are no assets/inadequate assets for recovery
- Demand raised on protective basis
- Cases where Department has lost in appeal but the demand is outstanding for other years as it is in further appeal
- Notified persons under the Special Court (Torts) Act, 1992
- Cases before BIFR
- Companies under Liquidation
- Cases before Income Tax Settlement Commission (ITSC)
- Demand stayed by Court/ITAT/IT Authorities
- Demand not enforceable as Bank Guarantee has been given
- Demand where assets jointly attached with other agencies

In the case of non-actionable demands, an in-depth review in each of the cases must be done at least twice in a year, to determine the status of the case and to make efforts to convert these from the non-actionable to the actionable category. For example, if the case is before the Settlement Commission, it would require maintaining liaison with the ITSC to have an early hearing and disposal of the case.

AO should ensure that the operational bank accounts are attached so that there is effective recovery from the bank accounts, and to avoid any infructuous work. Assets of partners/directors of defaulter firms/companies can be ascertained and considered for attachment respectively. Attachment of debtors can be pursued more actively. For tax defaulters who have expired, legal heirs should be located. Similarly, in case of firms/private companies, partner/directors can be traced for further recovery.

Files may be examined for implementation of provisions of sections 281(1) of the Act to declare transfers of properties as void, if made to avoid claims in respect of taxes or sums payable on account of pendency of any proceeding under the Act or after completion thereof but after service of notice under Rule 2 of the Second Schedule.

Further, Summons can be issued to assesseees and their statements recorded to gather details about immovable and movable assets owned by them. Recovery surveys can be mounted to enforce collection. Mechanism for making field enquiries, enquiries from the directors/ partners/ promoters/legal heirs/ legal representatives/ authorized representatives etc. should be activated.

3. Use of internal and external resources in recovery matter

Access to Individual Transaction Statement (ITS) has been provided to all the Range Heads. The ITS can be used a very effective tool for recovery especially in cases where demands are difficult to recover.

One of the means to enforce recovery is through correspondence with the CIBIL (Credit Information Bureau of India) that contains PAN-wise records of loans etc taken by entities from banks / financial institutions. The organization assigns Credit Scores to borrowers depending on factors like repayment pattern, defaults, loans taken etc. The demands, which have been confirmed in first appeal, could be considered for such verification. Further, since CIBIL also contains information about the credit rating of such entities, this would also help in ascertaining the financial capability of the PAN holders against whom demand has been raised. This channel is expected to be effective as the CIBIL contains information about loans/ credit etc taken by different entities.

The help of the Investigation Wing can be taken in important cases for recovery.

4. Priority disposal

Identification of high demand cases pending before the CsIT (A) should be

done, particularly the ones in which there is likelihood recovery of substantial demand. The CsIT (A) can be requested for early disposal of such cases.

Providing timely Remand Report to CsIT (A) / ITAT will prevent delay in disposing-off the appeal. Monitoring the progress in high demand cases before ITAT and preventing Departmental Representatives from seeking adjournment in such cases without prior approval of the respective PrCCsIT/CCsIT should be done.

5. Stay of Demand / Instalment

Stay and instalment should be given within parameters of Instruction No. 1914. All stay petitions need to be reviewed from time to time, especially when granted by IT authorities. Carte-**blanche** stay by the field officers should not be given. In case conditional stay is given upto a particular date or disposal of appeal by CIT(A), whichever is earlier, attempt should be made to collect part of the demand before considering the stay petition.

While granting instalment for payment of arrear demand, the amount of instalment should be commensurate vis-a-vis the total arrear so that the instalment is not of a meagre amount. In cases where there is a default in payment of instalments, there must be a review of the instalments granted.

The Apex Court in a case of Vodafone had directed the company to pay 25% of the taxes and balance 75% by way of bank guarantee, even before admittance of the appeal. The underlying principle is that the Government needs funds in public interest and there should be no impediment in recovery of taxes. Accordingly, the Standing Counsels may be briefed to take up the matter before High Court/ Supreme Court for vacation of stay on such lines. The Standing Counsels may also be advised to explore the possibility of filing caveats in cases where the taxpayer was likely to seek stay from High Court to prevent granting of stays in large number of cases.

Regular monitoring of demands locked up at the level of CIT(A), ITAT, High Court, Supreme Court, Special Court, Settlement Commission, etc is the need of the hour. ITAT needs to be requested for vacation of stay and early hearing of cases

especially in high demand cases. Similarly, the Departmental Representative may be advised to plead for payment of taxes in cases of stay before the ITAT.

6. Assessee Not Traceable and having No/Inadequate Assets for Recovery

Usually cases of 'assessee not traceable' or 'No assets for recovery' remain unattended. Such cases need to be reviewed urgently to see whether further efforts can locate the assessee or assets. All avenues of available information needs to be explored and action may be taken as per the procedures laid down in the Board's letter dated 29.09.2011 and 27.12.2011. The reports prescribed as Annexure-I, II, III & IV of the said letter should be prepared after due diligence.

7. Demand Not Under Dispute

In the category of 'Demand not Under dispute' identification of the amount 'recoverable' and 'difficult to recover' should be done by placing them in separate baskets as per the proforma devised by the Directorate of Recovery and communicated to the field authorities. Thereafter, the recoverable portion of the demand is to be collected.

8. TROs Action Plan

The AO should refer cases of arrear demand to the TRO at the beginning of the FY and provide him with all the relevant information available pertaining to the assessee for effective recovery. It is expected that TROs are posted in substantive capacity in all charges throughout the year on priority basis. Progressive disposal of the Tax Recovery Certificates by the TROs has to be monitored and achievements projected quarterly for status review by the CBDT. TRCs **pending for more than 2 years should be disposed-off on priority basis.**

TROs may exercise the powers for appointment of a receiver for business under the provisions of Rule 69 Schedule II of the Act. Attachments can be made of movable assets u/s 226(3) of the Act and of immovable property under Rule 48 of Schedule II. TROs should be directed to dispose-off properties under attachment in suitable cases.

The machinery of the TRO should be strengthened by providing more infrastructure and manpower. The TROs should be further trained specifically for their work in order to increase their effectiveness. The PrCsIT need to monitor the work of TROs especially in the area of attachment and sale of property to ensure that the attached properties are sold within one year.

In respect of non-compliant defaulters, the provisions of arrest and detention as per the provisions of Rules 73 to 81 of Schedule II should be invoked by the TRO. Stringent action can be taken in suitable cases including use of the provisions for prosecution u/s 276C(2) of the Act.

In liquidation cases, there should be prompt lodging of the claim with Official Liquidator and thereafter proper coordination be made with the Official Liquidator. Pr CsIT may instruct AOs/TROs to monitor cases in Debt Recovery Tribunals (DRTs) working under the Recovery of Debts due to Banks and Financial Institutions Act, 1993 and to consider lodging of claims of outstanding demand in such cases before the DRT.

9. BIFR cases

For BIFR cases, the website www.bifr.nic.in should be checked regularly to obtain information about cases that have abated/ discharged from the BIFR or where the rehabilitation period has expired; In such cases there is no bar of recovery. The list of BIFR cases which have been removed from the register of BIFR has been apprised to the relevant charges and unfettered recovery of such demands can be made.

10. Demand Management

At times, arrear entries are existing because of pending rectification orders, faulty TDS creditor pending appeal effect, etc. The data pertaining to arrear demand, as uploaded on CPC portal as on 01.04.2014, requires to be properly reconciled, verified and confirmed. Field authorities must dedicate adequate time for recovery in every quarter during the year.

11. Write-off work at the level of Local/Regional/Zonal Committee level.

Cases must be processed for write-off especially where there are *no assets* or where demand has been shown to be *difficult to recover*. References can be made as per Instruction numbers 14/2003 dated 06.11.2003; 7/2004 dated 19.08.2004 and 2/2010 dated 18.03.2010 and other relevant Instructions. Quarterly report on the meetings of Zonal Committee should be sent to the DIT(Recovery), alongwith the minutes of the meeting.

12. Procedure for recovery of demand where assets/money lie abroad

In cases where the demand from the assessee cannot be collected in India because of the reasons of assets/money of the assessee lying abroad, a request for Assistance in Tax Collection may be made to FT&TR Division as per procedure prescribed in the Manual on Exchange of Information, from countries with which we have such Article in place. Presently such Article is there in 38 of India's 89 DTAAAs (refer the Manual on Exchange of Information). Further, such request can be made from countries for which the Multilateral Convention for Mutual Administrative Assistance in tax matters has been entered into and is in force; provided they have not placed a reservation against assistance in tax collection. At present, 64 countries/ jurisdiction have joined this Multilateral Convention. Updated list is available with the FT&TR Division.

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ADVISORY TO SUPERVISORY AUTHORITIES

1. PrCCsIT/ DsGIT/CCIT

The PrCCsIT/DsGIT/CCsIT are the leaders of their respective regional field formations that are entrusted to administer the tax policies and plans to achieve the objective of revenue augmentation. They are the pivots of tax administration and have a major role to play in bringing systematic and methodical improvement in tax administration considering the expanse of field formations. The following are the areas in which the PrCCsIT/DsGIT/CCIT can make significant contribution to improve tax administration:

- The Pr. CCsIT/ DsGIT/CCsIT are responsible for overall achievement of the target set, including the Budgetary target within their respective regions. To attain the same, they should also monitor and supervise each area of activity specified under the Central Action Plan. Quarterly/periodic target should be prepared for assessment and recovery out of arrear demand. A Model plan for Assessment Units has been drafted and placed at *APPENDIX* as an aid to draw up such regional plans and strategies for their respective regions for the achievement of overall target.
- Rationalization of work-load on the principle of equitable distribution, so as to ensure optimal utilization of human resources, should be taken at the earliest. This equalization is necessary at the level of assessment units as well as appellate authorities. The workload at the appellate levels needs to be regularly monitored and reviewed, preferably on a quarterly basis, on the basis of achievements and task at hand and responded to administratively. Impact of cadre restructuring and subsequent jurisdictional changes should be carefully assessed and responded to.
- An institutional mechanism should be put in place to improve the quality and to bring uniformity in decision making by subordinate officers. If necessary, contributions from other regions may be solicited.

- TDS is an important contributor to the direct tax collection kitty. These matters also have assessment/processing related connotations. TDS awareness amongst deductors is a constant work-in-progress due to changes in law, procedures and factors related to deductors themselves. However, AOs (TDS) are not stationed in every district of the region. It should be a prime responsibility of all Pr. CCsIT/ CCsIT to ensure that such awareness programmes are conducted in their regions covering its full expanse. This will require synergies of both the assessment and TDS units. In multi-district jurisdictions, a plan should be devised so that such programmes are conducted in maximum number of districts within their jurisdiction.
- The Pr. CCsIT/DsGIT/CCIT should inspect the work as per instruction No. 16 dated 04.11.2008 in respect of CsIT(Appeals), CsIT(TDS)/ CsIT(Audit)/ CsIT(CO) working directly under them.
- Review of assessments should be done by Pr. CsIT/AddICsIT/JCsIT in accordance with Instruction No. 15 dated 04.11.2008. Pr.CCsIT/ DsGIT/ CCsIT should ensure that the task is completed within the timeline given.
- Constant upgradation of human skills is a sine-qua-non for an effective and efficient tax administration. The emotional connect up to the lowest denominator to Department's objective and ownership of its responsibilities helps in team building. To achieve maximum output from the human resource, it is necessary to engage in capacity building of the officials of all the grades by periodically hosting in-house seminars on topics where it is considered necessary. These can be on issues of law, procedures and other facets of administration. If required, the experts in the area may be engaged/co-opted. This process should be separate from the regular training by the Departmental Training Institutes/Units.
- The Aaykar Seva Kendra (ASK) represents a single window system for registration of all taxpayer applications/returns. The Pr.CCsIT/DsGIT/CCsIT should monitor:
 - Work relating to setting up of ASK in their region as per the list

- communicated by the Pr. DGIT(Logistics)/DIT(O&MS) and ensure that the ASK is made functional by 28.02.2015;
 - Action on the ASKs taken up for IS 15700:2005 certification for FY 2014-15
 - Complete the Internal Audit and Management Review of ASKs identified by DOMS by 30.09.2014;
 - Removal of Non-conformities found during the Internal Audit and Management Review and drawing up certificate regarding correction and preventive action by 31.10.2014.
- The Pr.CCsIT/DsGIT/CCsIT should visualize the capital and revenue projects intended for improvement of work environment and welfare of officers and coordinate the same with the concerned Directorate on priority basis. It is desirable that following issues are given immediate attention and timelines suggested are met:
 - Submission of construction proposals on unencumbered land(s) in possession of the Department by 30.09.2014;
 - Submission of proposals for reduction of shortage of office space by 50% by 31.12.2014;
 - Reduction of shortage of residential space by 20% by 31.03.2015.

2. PrCsIT/CsIT

The following are the areas in which pro-active leadership and supervision of PrCsIT/CsIT can make significant contribution to improve tax administration:

- The Pr. CsIT/CsIT/DsIT (Intl. Tax) are responsible for achievement of the target set, including the Budgetary target within their charges. To attain the same they should also monitor and supervise each area of activity specified under the Central Action Plan. Guidance to authorities below in matter of assessments and procedures should be pro-actively engaged in. Quarterly/ periodic target set by Pr. CCsIT/DsGIT/CCsIT should be monitored regularly for achievement and adequate timely responses;

- Steps to rationalize work distribution within the subordinate Assessing Officers should be taken at the earliest;
- An institutional mechanism should be put in place to improve the quality and to bring uniformity in the decision making by subordinate officers. Regular guidance should be given to them for achieving this objective. *Lesson drawing* from other charges will improve the output in this area of work;
- Action for capacity building as devised in consultation with Superior authority should be executed and training need analysis be done to decide on the area where such training may be immediately required;
- Action on centralization of search cases is an important area of work of Pr. CsIT. Orders under section 127 of the Act for the transfer of jurisdiction over Income-tax cases not involving change of station should be done within one month of receipt of request. In other cases such action must be taken within 3 months of receipt of request;
- Review of assessments done in accordance with Instruction No. 15 dated 04.11.2011 should be completed within the timeline given. Follow up on the reviews done in the preceding year(s) should be completed and remedial action required should be ensured in deserving cases by 30.09.2014;
- The Pr. CsIT should complete the Inspection work of the AddlCsIT/JCsIT/DCsIT/ACsIT in accordance with the Instruction No. 16 dated 04.11.2008;
- With regard to TDS awareness programme, the CsIT(TDS) should execute the plans drawn up by the Superior authorities. However, Pr. CsIT may assist the TDS units to conduct seminars in offices within their charges;
- CsIT(TDS) & DsIT (Intl Tax) are responsible for the supervision and implementation of the Central Action Plan target/activities related to TDS matters within their jurisdiction.

3. AddlCsIT/JCsIT

Addl. CsIT/JCsIT are at the first level of control and management of the tasks assigned to Assessment/TDS units. Their responsibilities include:

- Responsible for achievement of the target set, including Budgetary target of their Range. They are required not only to monitor and supervise the work of the AOs but also to guide them on a daily basis. Quarterly/periodic target set by Pr. CCsIT/DsGIT/CCsIT should be monitored regularly for achievement and timely responses. Challenges should immediately be communicated to the higher authorities;
- Approval of refunds above Rs 1,00,000/- be granted within one week of receipt;
- Review of assessments done in accordance with Instruction No. 15 dated 04.11.2008 should be completed within the timeline given. Follow up on the reviews done in the preceding year(s) should be completed and remedial action required should be ensured in deserving cases by 30.09.2014;
- Addl. CsIT/JCsIT should complete the Inspection work of the ITOs in accordance with the Instruction No. 16 dated 04.11.2008.

APPENDIX**MODEL DETAILED ACTION PLAN FOR
ASSESSMENT UNITS**

(Pr. CCsIT / CCsIT may adopt this plan with such modifications as they may deem fit)

S. No.	Key Result Area	Target / Activity	Time frame (by)
A Assessment work			
1	Issue of specific questionnaires u/s 142(1)	All time barring cases	31.07.2014
2		Others (for officers having pendency of less than 300 TB assessments in charges with jurisdiction over cases of non-filers, 50 core assessments for Special Ranges and 100 for others)	31.08.2014
3	TB assessments involving limited scrutiny ²	75% of workload or 20 assessments whichever is less	30.09.2014
4		100% of workload or 40 assessments whichever is less	31.12.2014
5		All	15.02.2015
6	Other TB assessments	70% of workload – including Revenue Yielding cases	31.12.2014
7		All	31.01.2015
8	Assessments other than TB assessments	20 (8 for Spl. Rg.) minus number of assessments at 3 & 6 above ¹	30.09.2014

S. No.	Key Result Area	Target / Activity	Time frame (by)
9		70 (30 for Spl. Rg.) minus number of assessments at 4 & 7 above ¹	31.12.2014
10		100% of workload or 100 assessments whichever is less minus number of assessments at 5 & 7 above ¹	28.02.2015
11	Assessments other than TB assessments in respect of non-filers	100 minus number of assessments at 3 & 6 above ¹	30.09.2014
12		200 minus number of assessments at 4 & 7 above ¹	31.12.2014
13		100% of workload or 300 assessments whichever is less minus number of assessments at 5 & 7 above ¹	28.02.2015
B Recovery / reduction of demand			
1	Arrear demand	50% of the target	30.09.2014
2		70% of the target	31.12.2014
3		100% of the target	31.03.2015
4	Reduction in number of arrear entries	15% of number of entries	30.09.2014
5		20% of number of entries	31.12.2014
6		30% of number of entries	31.03.2015
7	Reduction in number of current entries	50% of number of entries	31.03.2015
8	TRO's Action Plan	Verification and correction of demand mentioned in TRCs brought forward as on 01.04.2014 by the TRO	31.07.2014
9		AO to certify new demands for drawing of TRC by the TRO	31.08.2014

S. No.	Key Result Area	Target / Activity	Time frame (by)
10		TRO to draw TRCs	31.09.2014
11		Disposal of 40 TRCs	30.09.2014
12		Disposal of 90 TRCs	31.12.2014
13		Disposal of 150 TRCs	31.03.2015
14		Cash collection of 1% of demand indicated in the TRCs (including the TRCs drawn as at 11 above)	30.09.2014
15		Cash collection of 3% of the demand	31.12.2014
16		Cash collection of 5% of demand	31.03.2015
17		Write-off	Submission of replies to queries raised by the Board, DIT (Recovery) and Zonal, Regional and Local Committees	31.08.2014
18	Write-off of arrears under ad-hoc and summary procedures		31.08.2014
19	Identification of cases for write-off (out of cases involving demand in a no asset case or a case where assessee is not traceable)		31.08.2014
20	Submission of proposals for write-off to the Board or Committees in cases identified, as above		31.10.2014
C Widening of tax base			
1	Non-filers of return identified by the Pr DGIT(Systems)	Issue of notices u/s 142(1) / 148 in cases where letters issued by Pr DGIT (Systems) are served but returns are not filed	31.07.2014
2		Issue of notices u/s 133(6) in cases where letters are not served on the persons	31.08.2014
3		Issue of notices u/s 142(1) / 148 in cases where notice under section 133(6) is served, if required	30.09.2014

S. No.	Key Result Area	Target / Activity	Time frame (by)
4		On-the-spot enquiries in 100 cases each month by each Inspector in cases where notices u/s 133(6) are not served – follow-up action by issue of notices u/s 142(1) / 148	On-going
5	Non-PAN information from I&CI	Issue of notices u/s 133(6) and follow-up action as in the cases of Non-filers	On-going
6	Stop-filers	Issue of notices u/s 142(1) / 148	31.08.2014

- 1 No target if resultant figure is negative.
- 2 A case selected on the basis of AIR information under CASS for scrutiny is defined as a case where scrutiny has to be limited to the issue concerned – scope of scrutiny can be widened in accordance with instructions contained in letter F. No. 225/26/2006-ITA.II(Pt) dated 08.09.2010 in an appropriate case.