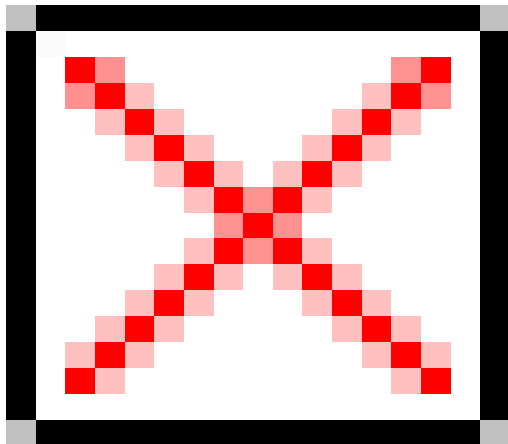


Taxpayers and professionals have not been able to keep up pace with IT changes of I-T Department



TIOL-DDT 2986

07 12 2016

Wednesday

THERE is a Directorate of Income Tax (TaxPayer Services-II) functioning under the CBDT. The functions of this Directorate include:

- (i) Educate taxpayers in respect of E-services being provided to the taxpayers.
- (ii) Deal with grievances of taxpayers relating to matters such as processing of returns of income, issue of refunds, demand verification, PAN, TAN, CPC-TDS related grievances.
- (iii) Co-ordinate with the Directorates under Pr. DGIT (Systems) including Centralised Processing Centre-ITR and - Centralised Processing Centre -TDS to ensure delivery standards of e-enabled Taxpayer Services.
- (iv) Provide taxpayer feedback to the Directorate of Systems for development of new methods of providing services to taxpayers through apps and mobile telephony, SMS alerts etc.
- (v) Coordinate with Directorate of Systems for effective functioning of the National Call Centre of the Department (Telephone No, 1961).
- (vi) Maintain effective coordination with Directorate of Income Tax (Tax Payer Services-I).

At the field level, Pr. Chief Commissioner of Income Tax of each Region is responsible for provision and monitoring of time bound delivery of taxpayer services, dissemination of information with respect to taxpayer services initiatives being rolled out, holding of camps etc., within the Region.

Now, the Income Tax Department observes that

the taxpayers and professionals have not been able to keep up the pace with the changes

. As a result, a wide gap has emerged between the initiatives undertaken by the Income Tax Department and acceptance thereof in terms of practices by the stakeholders. The success of the initiatives of e-governance lies on the intensive regular efforts of the Department to bridge up the gap between the technological changes and the usage thereof. Unless people are driven home with the new initiatives in the field of taxpayer services and got used to working therewith, the objectives of e-governance will get defeated.

Therefore, the CBDT has highlighted the need to educate the taxpayers by organizing regular seminars and workshops at each station in India. The workshops/Seminars should comprise of all the stake holders including the Professionals, representatives of ICAI, CII, ASSOCHEM

(maybe what they mean is ASSOCHAM

), Trade and specific business associations/unions besides the taxpayers. The workshops/Seminars will aim at educating the taxpayers and professionals about E-filing of Returns, Online filing of rectification application, Online filing of TDS returns, single point service centers - Aayakar Seva Kendras, resolution of nagging issues like credit of TDS, mis-match of TDS entries, filing and processing of PAN/TAN Applications, Redressal of Grievances on e-nivaran, use of National Call Centers etc.

In the seminar/workshops the speakers may be from the field, directorate of Systems and directorate of TPS. There may also be volunteers outside the Department who are well conversant with the taxpayer services initiatives being undertaken by the Income Tax Department. But the content and correctness of the speeches/presentations must be checked beforehand by some senior officer of the Department. Such events should be advertised well in advance to optimize the benefits. The field formation is desired to record the proceedings (Audio/Video) of meetings on the electronic devices and send it to the Directorate of Tax Payer Services-II for compilation and analysis.

DGIT, Tax Payer Services-II F.No. Tax Payers' education/e-services/ADG(TPS-II)/2016-17., Dated: December 05, 2016

Currency Note Crisis - Excised

SECURITY

Printing & Minting Corporation of India Ltd. (SPMCIL) is a wholly owned company of Government of India incorporated in January, 2006 by bringing together nine units of Government of India (four mints, two bank note printing presses, two security printing presses, and one security paper mill) under one corporate entity. Prior to their incorporation, these units were departmental organizations under the Currency and Coinage Division in the Department of Economics Affairs, Ministry of Finance.

Notification No. [4/2006-CE](#) dated 1.3.2006 exempts *inter alia*

Security paper (Cylinder mould vat made), manufactured by the Security Paper Mill, Hoshangabad, and supplied to the Bank Note Press, Dewas.

Security Paper Mill, Hoshangabad is engaged in the manufacture of security paper which is used only for the purpose of printing of currency notes and other security instruments of the Government of India. They have claimed exemption under serial No.94 of Notification No.4/2006-CE dated 1.3.2006. The relevant entry reads as:

Security paper (cylinder mould vat made), manufactured by the Security Paper Mill, Hoshangabad, and supplied to the Bank Note Press, Dewas, the Currency Note Press, Nashik, the India Security Press, Nashik, the Security Printing Press, Hyderabad, Bharatiya Reserve Bank Note Mudran Limited, Mysore, or the Bharatiya Reserve Bank Note Mudran Limited, Salbony;

The Commissioner of Central Excise was not impressed and denied the exemption claimed by them on security paper on the ground that these papers did not bear water mark, security thread etc. as such, do not qualify for the exemption.

The Security Paper Mill which is obligated also to manufacture security paper (so that people have enough currency notes), apart from pursuing Central Excise Litigation, took the matter in appeal to the CESTAT.

The tribunal in a recent order observed,

1. For the exemption to be claimed, the appellant has to fulfill the condition that product should be security paper (cylinder mould vat made) manufactured by the Security Paper Mill and supplied to various press as specified therein.
2. There is no definition of "security paper" in the said Notification. The impugned order examined the term "security paper" from various internet sources and arrived at the conclusion that without water mark and the security thread, the paper cannot be called as security paper.
3. The original authority misdirected himself in examining the issue. The fact is that the appellants are specifically mentioned in the Notification by name and the security paper manufactured by them were cleared as per authorization given by the Government authority to various Security Press, Bank Note Press listed in the Notification itself.

4. There is no dispute regarding clearance of any other paper to any other recipient in violation of stipulation in the Notification.
5. The reliance of the original authority on the definition available in internet or any other sources to decide as to what will constitute security paper is uncalled for.
6. The only condition mentioned in the Notification is security paper should be cylinder mould vat made and no other condition is prescribed.
7. In case the original authority entertained certain doubts regarding correctness of claim by the appellant, the same should have been verified with expert opinion or by reference to the Government authorities or recipient of those goods to find out security paper. Instead of that, the impugned order proceeded to deny the nature/scope of exemption based on certain unsubstantiated definition of the term.
8. We find no justification for such interpretation.

It was held that the impugned orders are not sustainable and were aside.

Will the litigation end here or will the department take the matter in appeal to the Supreme Court?

Please see [2016-TIOL-3165-CESTAT-DEL](#)

Is Currency Goods?

JUST a day before the CESTAT passed the above order, the Madhya Pradesh High Court passed an order on a question whether ***the currency notes printed by petitioner for supply to the Reserve Bank of India constitute "Goods" in absence of currency being a freely tradable commodity or a merchandise capable of being dealt with in the market?***

The High Court held:

Petitioner is only engaged in printing and selling of bank notes to the Reserve Bank of India, therefore, there is a sale transaction between petitioner and the Reserve Bank of India and after sale the said goods become Bank Note or currency and before such transaction it is merely goods under the definition of VAT Act, 2002. Goods are defined under section 2(m) and according to which all kinds of movable property excluding stocks, shares, securities or government stamps including all material articles which are agreed to be served before the sale or under the contract of sale.

Under the proposed GST Act, goods are defined as:

"goods" means every kind of movable property other than money and securities but includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply.

CESTAT Running out of Funds

CESTAT has a sanctioned grant of Rs. 16,97,50,000, out of which they have already spent Rs. 12,96,46,789 till 31st October 2016 leaving Rs. 4,01,03,211 for the next five months. Their monthly expenditure is around Rs. 1.85 crore. This means they may not have any money to spend in the last three months of the Financial year. And the FM had announced creation of 11 more Benches! Should an important authority like the CESTAT function on such shoestring budget? Can't they be a little liberal in granting funds to the Tribunals? Perhaps not giving enough funds is also an interference in judicial administration.

Central Excise Will Celebrate Jayalalithaa's Birthday

CENTRAL Excise Day is celebrated on 24th February and that is the date on which Jayalalithaa was born.

Until Tomorrow with more **DDT**

Have a nice day.

Mail your comments to vijaywrite@tiol.in