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Central Action Plan

Financial Year

2015-16

Income Tax Department



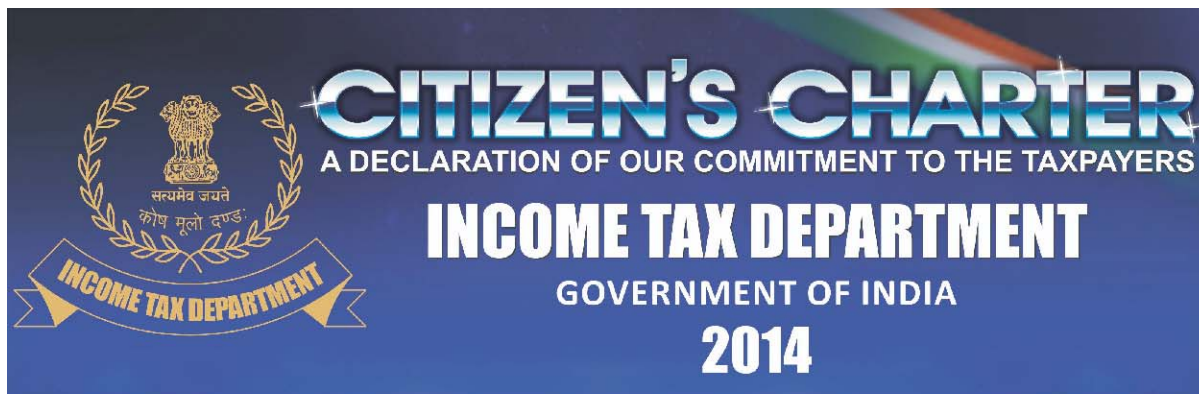
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CENTRAL ACTION PLAN 2015-16



**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

Collection of direct taxes in a non-adversarial and fair manner and facilitating voluntary compliance are the main thrust area of work of the Income Tax Department. The Central Board of Direct Taxes (CBDT) formulates the Central Action Plan annually to bring focus on measurable activities in this context.

The Central Action Plan for FY 2015-16 has been presented in two parts - viz.

PART 1 - Focuses attention on targets of certain key result areas.

PART 2 - Focuses on strategies with respect to specific areas that may act as a guidance to achieve the core objectives. It also includes an advisory to the supervisory authorities for action on their roles and responsibilities.

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



PART 1

KEY RESULT AREAS

CHAPTER-I**ALLOCATION OF BUDGET TARGETS****1. DIRECT TAXES COLLECTIONS DURING F.Y. 2014-15**

The major head-wise direct taxes collection during F.Y. 2014-15 are as under:-

Head of Tax	Budget Estimates 2014-15 (Rs. in crore)	Revised Estimates 2014-15 (Rs. in crore)	Actual Collections 2014-15 (Rs. in crore)#	% age of R.E. Achieved
Corporate Tax	4,51,005	4,26,079	4,28,841	100.64%
Personal Income Tax (Including FBT, etc)	2,78,275	2,72,607	2,58,673	94.88%
Securities Transaction Tax	5,991	5,992	7,398	123.46%
Wealth Tax	950	950	1,076	113.26%
Total	7,36,221	7,05,628	6,95,988	98.63%

Source- Pr CCA, CBDT; Provisional / Unaudited

2. TARGETS FOR F.Y. 2015-16

The details of the Budget Estimates for F.Y. 2015-16 as compared to the Actual Collections for 2014 -15 (Prov.) are as under :-

Head of Tax	Actual Collections FY 2014-15 (Rs. in crore)	Budget Estimates FY 2015-16 (Rs. in crore)	% increase of BE FY 2015-16 over actual collection of FY 2014-15
Corporate Tax	4,28,841	4,70,628	9.74%
Personal Income Tax (Including FBT, etc)	2,58,673	3,20,836	24.03%
Securities Transaction Tax	7,398	6,531	(-)11.72%
Wealth Tax	1,076	—	—
Total	6,95,988	7,97,995	14.66%

2.1 The Budgetary target for each cadre-controlling Pr CCIT/CCIT for Corporate Tax & Personal Income Tax (Major Heads) has been fixed keeping in view the revenue potential of the region, which is based on the growth of direct taxes collected over a period of seven years. The allocation is done on graded weight system, giving a higher weight to the growth rate of the immediately preceding year. However, the region-wise growth rate is further moderated by taking into account all-India targeted growth rate so as to narrow the gap between all-India growth and target growth rate given to the Region.

2.2 Securities Transaction tax target is almost entirely allocated to Mumbai, as it contributes almost entire collection under this Head.

3. ALLOCATION OF TARGETS

The targets fixed for various cadre-controlling Pr CCsIT/CCsIT for F.Y. 2015-16 are as per the Table below:

**TABLE : ALLOCATION OF BUDGETARY TARGET FOR F.Y. 2015-16
MAJOR HEAD-WISE TO VARIOUS PRINCIPAL CCIT REGIONS**

(Rs in crore)

Pr CCIT Region	Corporate Tax	Personal Income Tax	Securities Transaction Tax	Total	Targeted Growth Rate
(1)	(2)	(3)	(4)	(5)	(6)
Mumbai	172116	77820	6529	256465	13.1%
Delhi	75648	40882	1	116532	14.0%
Karnataka & Goa	46380	35685	.....	82064	17.5%
Tamil Nadu & Puducherry	27862	23517	.....	51378	15.2%
Pune	16926	21011	.....	37937	18.5%
Andhra Pradesh & Telangana	19938	16313	.....	36251	14.1%
Gujarat	19447	16623	1	36071	16.7%
North West Region	15782	17612	.....	33394	18.2%
WB & Sikkim	21338	10683	.....	32021	13.3%
UP (West)	14476	8582	.....	23059	12.4%
MP & Chattisgarh	10856	8381	.....	19237	17.8%
Rajasthan	7230	7177	.....	14407	18.9%
Kerala	5765	6728	.....	12493	19.4%
Odisha	7103	3605	.....	10708	13.5%
Bihar & Jharkhand	3720	6343	.....	10062	21.3%
UP (East)	1717	7262	.....	8978	22.2%
North East Region	2688	2434	.....	5122	13.7%
Nagpur	1338	2678	.....	4016	16.0%
TOTAL	470328	313336	6531	790195	15.0%
CENTRAL TDS	300	7500	.....	7800	
GRAND TOTAL	470628	320836	6531	797995	14.6%

CHAPTER II

SERVICE DELIVERY AS PER THE CITIZEN'S CHARTER & EARLY REDRESSAL OF GRIEVANCES

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.

This year special attention is required to be given to achieve the commitment in the Citizen's Charter in the area of redressal of grievances. The Department has a multi-layered public grievance redressal system for resolution of complaints relating to public grievances against the Department and to facilitate the satisfaction or settlement of such complaints as below:

- Central Grievance Cell functioning at CBDT
- Regional Grievance Cells under the Principal CCsIT/CCsIT
- Income Tax Ombudsmen functioning in 12 Cities
- Sevottam Scheme aimed at 'Excellence in Service Delivery', Aayakar Sewa Kendra (ASK)

The grievances are received both online as well as through Dak from the public either directly or through other authorities including Department of Administrative Reforms & Public Grievances, President's Secretariat, Prime Minister's Office, Cabinet Secretariat and Department of Pension and Pensioners' Welfare. Large pendencies remained at the end of the F.Y. 2014-15 which were to be resolved as per the Interim Action Plan 2015-16. Hence, redressal of public grievances is a key result area for the F.Y. 2015-16 and all out efforts for early disposal as per targets are expected from the field formations.

CHAPTER III**TARGET FOR CASH COLLECTION
(ARREAR DEMAND)**

1. The arrear demand, including demand not fallen due as on 31st March has increased from Rs. 6,74,915 crore as on 01.04.2014 to Rs. 8,27,680 crore (Prov) as on 01.04.2015. This arrear demand has been taken into consideration for fixing the target of cash collection of Rs. 51,359 crore for F.Y. 2015-16.

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 01.04.2015	27116	70%	18981
2	Demand not fallen due as on 01.04.2015	127532	20%	25506
3(a)	Demand stayed by I.T. Authorities [as reported vide item no. 9 (k) of provisional CAP-I of March 2015]	40229	5%	2011
(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 2015]	7631	20%	1526

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 2015]	16311	55	816
(d)	Any other reason [as reported vide item No. 9(s) of provisional CAP-I of March 2015]	50361	5%	2518
	Total			51359

* As per CAP-I March 2015 (Provisional)

The inter-se target may be reviewed in December 2015.

3. Over-all target for Pr CCIT Regions is given in the table below:

TABLE : ALLOCATION OF CASH COLLECTION TARGET (ARREAR DEMAND) FOR F.Y. 2015-16 VARIOUS PRINCIPAL CCIT REGIONS

(Rs in crore)

Sl. No.	Principal CCIT Region	Cash Collection Target
1	MUMBAI	11780
2	DELHI	8419
3	WEST BENGAL & SIKKIM	5711
4	TAMIL NADU & PUDUCHERRY	3822
5	ANDHRA PRADESH & TELANGANA	3218
6	UP (EAST)	2673
7	KARNATAKA & GOA	2513
8	ODISHA	1982
9	GUJARAT	1084
10	MP & CHATTISGARH	1041
11	NORTH WEST REGION	1006
12	PUNE	900
13	UP (WEST) & UTTARAKHAND	758
14	KERALA	640
15	RAJASTHAN	244
16	NORTH EAST	219
17	BIHAR & JHARKHAND	169
18	NAGPUR	117
19	INTERNATIONAL TAXATION, DELHI	5064
	GRAND TOTAL	51359

The Pr. CCsIT are requested to allocate targets as per prescribed formula to the respective CCsIT/DGsIT in their region for further action. The allocation of targets should be completed by 31st May, 2015 and be intimated to Directorate of Recovery for monitoring purposes.

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 (Pr. CCIT Region-wise targets are as per Chapter I)	31.03.2016
B Assessment & Processing Work			
1	Processing of Returns	100% of manual returns pending processing (except returns selected for scrutiny) brought forward as on 30.06.2015	31.07.2015
2		100% of e-returns pushed to AO's Portal by CPC pending processing (except returns selected for scrutiny) brought forward as on 30.06.2015	31.07.2015
3	Scrutiny assessments	Assessments in Revenue yielding cases so that recovery can be made during the Financial Year	31.12.2015
4		All Time Barring assessments	31.01.2016
C Recovery / Reduction of Demand			
1	Cash collection by AO	100% of the target fixed for arrear demand (Pr. CCIT Region-wise targets are as per Chapter III)	31.03.2016

2		30% of the current demand raised during the year	31.03.2016
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 01.04.2015	31.03.2016
4	TRO's Action Plan	Disposal of 150 TRCs by each TRO	31.03.2016
5		Cash collection of 5% of brought forward demand indicated in the TRCs	31.03.2016
6	Write-off	Submission of replies to queries raised by the Board, DIT (Recovery) and Zonal, Regional and Local Committees	31.08.2015
7		Write-off of arrears under ad-hoc and summary procedures	31.08.2015
8		Identification of cases for write-off	31.08.2015
9		Submission of proposals for write-off to the Board or Committees in the cases identified as above	31.10.2015
D Widening of tax base			
1	Action in non-PAN/invalid PAN cases reported in AIR / CIB transactions disseminated through Systems	Verification and issue of notices u/s 142(1)/148 of the Act, in appropriate cases	Within 3 months of receipt of information from Systems
2	Non-filers of return identified by the Systems Directorate under NMS 1 & 2	As per SOP issued by the ITA-II Division of CBDT vide Instruction No. 14/2013 dated 23.09.2013	31.07.2015

3	Non-filers of return identified by the Systems Directorate under subsequent NMS cycles	Verification and issue of notices u/s 142(1)/148 of the Act, in appropriate cases	Within 3 months of receipt of information from Systems
E Audit			
1	Receipt Audit	Brought forward pendency of Receipt Audit Objections and Draft Paras of C&AG / LAR as on 01.04.2015	Replies to be sent by 31.08.2015 Draft Paras by 31.07.2015
2		Receipt Audit (Major & Minor) Objections received after 01.04.2015	Reply to be sent on the objections contained in the LAR through the Pr. CIT to the AG/DAG - within 45 days of receipt of LAR
3		Draft Paras of C&AG received after 01.04.2015	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 01.04.2015	Settlement by 30.09.2015

5		Settlement through Pr CIT of Major Audit Objections received on or after 01.04.2015	As per the time frame prescribed by the Instruction No. 3 of 2007.
6		Settlement through Range Head of Minor Audit Objections received on or after 01.04.2015	As per the time frame prescribed by the Instruction No. 3 of 2007.
F Grievances			
1	Redressal of Grievances	Grievances received from PMO/FMO/MPs/CBDT/any other high priority case.	All cases to be resolved within 15 days of receipt
2		Grievances received through CPGRAMS online portal.	All brought forward grievances as on 01.04.2015, if pending, to be resolved by 15.07. 2015
3			All other grievances to be disposed off within 60 days of receipt.
4		Grievances / Cases where taxpayer has responded to AO or CPC regarding Notice u/s 245 of the I.T. Act, 1961 informing about	All cases to be resolved within 30 days of the response of the

		outstanding demand to be adjusted against refund.	taxpayer and to be communicated to the CPC.
5		Grievances received through ASK or any other source	Minimum 90% to be resolved within 30 days. Balance 10 % cases should be resolved within 60 days.
G.	Exchange of Information under Tax Treaties		As per Chapter-IX
H.	Prosecution and Compounding of Offences		As per Chapter-XIII

CHAPTER-V**TDS UNITS**

S. No.	Key Result Area	Target / Activity		Time frame (by)
1	To ensure compliance by Govt. Principal Account Officers/ Treasury Officers/ Cheque Drawing & Disbursing Officers	Reconciliation of TDS reported by AINs with payments through OLTAS by State AGs	FY 2014-15 & prior years	31.08.2015
2	(P A O s / T O s / CDDOs)/deductors		FY 2015-16	One month after the end of relevant quarter
3		Reconciliation of AIN-TAN mappings & ensuring corrections by AINs	FY 2014-15 & prior years	31.08.2015
			FY 2015-16	O n - g o i n g basis
4		Identification of PAOs/TOs/ CDDOs who have not taken AINs by CPC TDS/ CsIT(TDS)		31.08.2015
5		Follow up action by CIT (TDS) to ensure that such PAOs/TOs/CDDOs obtain AIN		30.11.2015
6	Ensuring compliance by deductors including Government deductors for filing statements	Issue of letters to non-filers of TDS statements (including Form No. 24G) & verification of non-reporting of transactions involving non-deduction/ lower deduction (Form No. 15G/15H)	FY 2014-15 & prior years	30.09.2015
7			FY 2015-16	TDS AO to issue letters within 1 month of receipt of the information

S. No.	Key Result Area	Target / Activity	Time frame (by)
			from Systems Directorate
8	Surveys/On the Spot Verifications		Ongoing process
9	A w a r e n e s s programmes	Seminars by CIT(TDS)	1 in each month
10		Awareness workshop by each Range	2 in each month
11		'Corporate connect for TDS Compliance' * for PANs mapped to respective TDS charges	1 in each month
12	Collection and Reduction of demand# (Arrear Demand)	20% of Manual uploaded demand as on 01.04.2015	31.03.2016
13		50% of short payment demand as on 01.04.2015 (System Generated)	
14		60% of Late Payment Interest Demand as on 01.04.2015 (System Generated)	
15		60% of Late filing fees demand as on 01.04.2015 (System Generated)	
16	Collection and Reduction of demand# (Current Demand)	30% of current demand raised during the year (Manual & System Generated)	
17	PROSECUTION & COMPOUNDING		As per Chapter - XIII
18	Cleaning up of TAN database	Closure of dormant government TANs after verification of existence of the deductor	31.10.2015
19		Correction of the category of active deductor in case of incorrect TAN category	31.12.2015

- * See STRATEGY FOR TAX DEDUCTION AT SOURCE (PART-2 C)
- # TDS CAP – I is available on AO Portal of CPC TDS showing bifurcation of demand under various categories

Note: No manual demand in respect of TDS shall be maintained in the manual D & CRs. All such demand has to be uploaded/created in the AOs Portal of the CPC TDS. The TDS demand either created by CPC TDS or by the AO TDS should not be reported in the normal CAP-I statement, as CAP I for all the TDS jurisdictions is being compiled by the CPC TDS.

CHAPTER-VI

CIT (APPEALS)

TABLE I. The target for each Pr. CCIT Region for Financial year 2015-16 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 as on 01.04.2015				Target# for FY 2015-16				
		B-1	B-2	B-3	Total	B-1	B-2	B-3	B#	Total
Andhra Pradesh & Telangana	21	2,734	9,836	2,570	15,140	2,461	6,628	-	-	9,089
Bihar & Jharkhand	9	1,240	6,290	748	8,278	1,116	2,718	-	-	3,834
Delhi*	44	5,673	2,981	5,385	14,039	5,106	2,385	4,847	6,757	19,094
Gujarat	30	3,764	2,517	7,899	14,180	3,388	2,014	7,710	-	13,112
Karnataka & Goa	22	3,827	7,057	2,904	13,788	3,444	5,212	-	-	8,656
Kerala	8	2,424	5,188	2,866	10,478	2,182	36	-	-	2,218
MP & Chhattisgarh	13	2,212	10,267	3,753	16,232	1,991	3,168	-	-	5,159
Mumbai	60	10,237	9,513	9,056	28,806	9,213	7,610	6,964	-	23,787
Nagpur	4	698	2,832	840	4,370	628	944	-	-	1,572
NER*	5	375	1,031	547	1,953	338	825	492	757	2,412
NWR	24	2,680	11,747	4,502	18,929	2,412	8,376	-	-	10,788
Odisha	5	618	1,348	1,009	2,975	556	1,078	560	-	2,194
Pune	23	3,633	12,830	5,253	21,716	3,270	6,110	-	-	9,380
Rajasthan	13	1,540	7,188	4,398	13,126	1,386	4,378	-	-	5,764
Tamil Nadu & Puducherry	31	4,267	9,602	3,318	17,187	3,840	7,682	1,688	-	13,210
UP (East)*	11	716	2,051	2,074	4,841	644	1,641	1,867	1,254	5,406
UP (West)*	13	1,254	2,672	2,374	6,300	1,129	2,138	2,137	617	6,021
WB & Sikkim	26	4,125	11,090	4,573	19,788	3,713	6,874	-	-	10,587
All India	362	52,017	116,040	64,069	232,126	46,817	69,817	26,264	9,385	152,283

* B#-Delhi, NER, UP (East) and UP (West) do not have sufficient workload for B3 appeals as targets for disposal calculated as per formula below exceeds pendency of B3 appeals. Hence, for these Regions, B3 target is restricted to 90% of the B3 pendency. The deficit between the calculated target and assigned target (Col. B#) will be made good by assigning B2 appeals to these Regions from other Regions by CBDT separately.

1.1 Computation of Targets:

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

1.2 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	Targets of disposal for CsIT (A)	Pr. CCsIT in consultation with other CCsIT/DGsIT will fix annual and quarterly targets for each CsIT (A) in such a way that overall CAP target for the Region is achieved. The targets 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	Targets 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 Pr. CCsIT. To prioritize such appeals, suitable baskets may be created by Pr. 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.

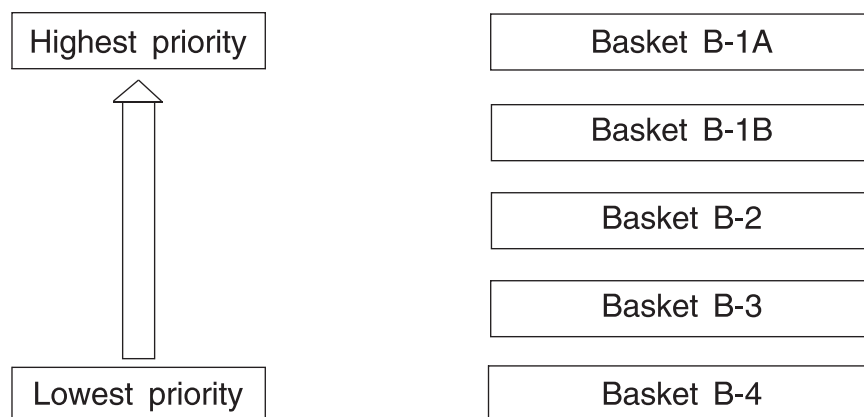
2. Category of Baskets:

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 01.04.2015. This would further be sub-divided in basket B-1A and B-1A and B-1B for reporting purpose:
 - (a) B-1A: High Demand appeals instituted before 01.04.2014.
 - (b) B-1B: High Demand appeals instituted between 01.04.2014 and 31.03.2015
- (ii) **Basket-2 (B-2)** - All appeals other than High Demand appeals filed before 01.04.2014.
- (iii) **Basket-3:(B-3)** - All appeals other than High Demand appeals filed between 01.04.2014 and 31.03.2015.
- (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. Targets 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 of priority, if so requested by the CCIT concerned.

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

3.4 In case of group cases of search & seizure operation, CsIT (A) may dispose of appeals of group cases irrespective of baskets, if one or more among such appeals fall 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 of accordingly. In the reporting proforma, institution of such appeal should be shown under B-1 or B-2 category, as applicable.

4. Action on part of Pr. CCIT /CCsIT/DsGIT

4.1 With a view to ensuring rational distribution of workload within the Region, 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 targets for each CsIT (A) which 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 125 B-1 category appeals. The allocation of targets to each CIT (A) should be sufficient to enable a weighted disposal of 550 i.e., $(B1 \times 2) + B2 + B3 = 550$.

4.2 After redistribution of workload, annual and quarterly targets for each CIT (A) may be communicated to the Member (A&J), CBDT before **22nd June 2015** with a copy to the Zonal Member.

4.3 Pr. CCsIT/CCsIT/DsGIT should ensure that the remand reports are sent to the CIT (A) in time and necessary infrastructure, including secretarial support, is provided enabling them to discharge their duties efficiently and meeting Action Plan Targets.

4.4 The requirement of uploading data by DGIT (Systems) for ITBA functionality for CIT (A) should be complied with by **30th June 2015**.

4.5 CCsIT should review the pendency of appeals for more than 3 years i.e. appeals filed before 01.04.2012 and the same may be given priority in respective baskets of B-1 or B-2 category.

5. Reporting and review

5.1 Disposal of appeals by CsIT (A) should be monitored by the Pr. CCsIT/CCsIT/DsGIT on quarterly basis. Monthly report of disposal of appeals in electronic format on Excel Sheet on prescribed proforma shall be sent through email as an attachment to the Chief Statistical Advisor in the Directorate of Statistics (R&S Wing) at e-mail address csa@incometax.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.

5.2 Evaluation of performance of the CsIT (A) of a Region would be done by the Zonal Members on the basis of achievements of targets in respective categories in order of priority rather than achievement of target of total appeals and the quarterly report submitted by the Pr. CCIT/CCIT.

CHAPTER-VII**INTELLIGENCE AND CRIMINAL INVESTIGATION**

Sl. No.	Key Result Area	Target /Activity	Time frame by
1	Verification of Non PAN/Invalid PAN A I R / C I B transactions for FY 2013-14	Selection of non PAN cases 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)	31.08.2015
2		Completion of verification in respect of the cases selected above and dissemination of information to Pr. CCsIT/ CCsIT regions	31.12.2015
3	Statement of Financial Transaction or Reportable Account	Issue of notices to non filers	31.10.2015
4		Issue of notices to filers for erroneous transactions	31.12.2015
5	Upload of financial transaction into CIB module	Upload of information received (not uploaded) during FY 2014-15 and information received upto August 2015	30.09.2015
6		Import of information to be received upto 28.02.2016	31.03.2016
7	A u t o m a t i c Exchange of Information	Dealing with incoming and outgoing information under FATCA as per guidelines to be issued by the Board	Ongoing

CHAPTER-VIII**INTERNATIONAL TAXATION**

Sl. No.	Key Result Area	Target /Activity	Time frame by
1	International Taxation	Verification of cases of remittance as per Form 15CA flagged by Directorate of Systems (Cases will be pushed on or before 31.5.2015 and 31.8.2015)	Issue of query letters u/s 133(6)/133C of the Income-tax Act within 30 days from the date of pushing the case into the interface by the Directorate of Systems.
2	Transfer Pricing	Quarterly target for completion of Time barring Transfer Pricing Audits	30.09.2015 - 40% 31.12.2015 - 90% 31.01.2016 - 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).	31.07.2015
4		Bunching of cases (issue-wise) and nomination of CIT(Intl. Tax) or CIT(TP) as resource person to supervise the representation of cases relating to specific issues.	31.08.2015

CHAPTER-IX**EXCHANGE OF INFORMATION
UNDER TAX TREATIES**

S. No.	Key Result Area	Target/Activity	Timeframe by
1	M a k i n g requests for information u n d e r Exchange of Information provisions of the tax treaties	Where information/evidence available in foreign countries/ jurisdictions may be necessary for the purposes of assessment/ investigation, request for information in time-barring cases should be made under the provisions of tax treaties through the FT&TR Division, as per the procedure prescribed in the Manual on Exchange of Information, at least three months before time barring date.	Three months before time barring date
		Clarifications sought by foreign authorities in respect of EOI requests should be provided in time.	Within 15 days of receipt by Pr.CIT/Pr.DIT/CIT/DIT concerned
		Feedback on utilization of information including additional tax demand raised on completion of assessment should be provided to FT&TR Division.	Within one month of completion of assessment

S. No.	Key Result Area	Target/Activity	Timeframe by
2	Training on making requests under tax treaties and maintaining confidentiality	Pr.CIT/Pr.DIT/CIT/DIT concerned may conduct one day training programme for the officers in their charge on Exchange of Information including framing of requests and the need to provide clarifications and feedback. The training programme should also cover data protection safeguards and guidelines to maintain the confidentiality of tax treaty information as per ISO 27001.	31.12.2015
3	Handling requests made by tax authorities of foreign countries	Requests received from foreign tax authorities for information to tackle tax evasion and avoidance in their country under the provisions of the tax treaties should be given high priority by the officer concerned and all efforts should be made to provide comprehensive and quality information in a timely manner.	Within 30 days of the date of the request received by the officer concerned

CHAPTER-X**COMPUTER OPERATIONS**

S. No.	Key Result Area	Target/Activity	Timeframe by#
1	I.T. Infrastructure	Preparation and Updation of Hardware inventory and Software inventory and linkage to ITD hierarchy on ITBA system as per process or on standalone basis (separately for network and non-networked devices)	31.12.2015 (after ITBA implementation) and to be reviewed quarterly
2		Assessment of additional requirement of IT Infrastructure including RSA tokens, PCs and related equipment, network nodes, Bandwidth	15.07.2015 and then quarterly
3		Review and reporting of bandwidth congestion at any site in the region through R-NOC facility	Monthly
4		Preparation, review and correction of linkage of ITD hierarchy with room and building to facilitate online building wise address book	15.07.2015 and then quarterly
5	I.T. Security	Implementation and maintenance of desktop policy which includes removal of unauthorized hardware and software on all networked PCs.	30.09.2015 and then quarterly

S. No.	Key Result Area	Target/Activity	Timeframe by#
6		Inspection and upgrade, if required, of Communication Rooms as per the advisory of the Directorate of Systems	By 31.12.2015 and then quarterly
7	I.T. Training	CsIT(CO) along with RTIs/ MSTUs to organize and manage training/ refresher training for ITBA applications for all users and technical personnel.	As per training plan to be circulated by ITBA team
8	PAN and AIS	Migrating of PANs from OLD & ORPHAN Jurisdictions to Jurisdictional AO.	By 30.09.2015
9		Updation/Correction/Standardization of hierarchy, roles, privileges, AO codes/ position codes for all offices on AIS/ITBA system	By 30.09.2015 and then quarterly
10	OLTAS	Monitor pending actions of AOs relating to PAN population in suspense challans and refunds	By 30.09.2015 and quarterly thereafter
11	ITBA Implementation	Updation/Correction/Linking of name based email ID and designation based email ID of all officers and staff and linking with employee ID and Tarang Mobile in the region	15.07.2015 and then quarterly
12		Updation/Correction/removal of duplicates/Allotment of Employee ID on ITD/ITBA for all officers and staff in the region	15.07.2015 and then quarterly

S. No.	Key Result Area	Target/Activity	Timeframe by#
13	Co-ordination	Half yearly meeting of a representative from each Pr. CCIT regions with Pr DGIT(Sys) and CIT(CPC)	First meeting by 31.08.2015 Second meeting by 31.01.2016
14	Problem Resolution	Maintain and Update FAQs, Instructions and list of resource persons	Quarterly
15		Provide inputs to Pr DGIT (Systems) related to new FAQs and unresolved issues	Quarterly

Progress to reported to the Principal DGIT(Systems) in monthly DOs

CHAPTER-XI

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 CsIT (Exemptions) of all cases not uploaded so far on www.incometaxindia.gov.in	31.07.2015
2		Uploading of data (alongwith verification) by CsIT(Exemptions) of new registration/exemption/ approval under various provisions (including cases where registration/ exemption/ approval has been withdrawn) on www.incometaxindia.gov.in	Within 1 month from the end of the month of relevant action
3		New registrations on ITD system for entities registered u/s 12A, exempted u/s 10(23C) / approved under various provisions	Ongoing exercise

S. No.	Key Result Area	Target/Activity	Timeframe by
4	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 - 31.07.2015 References sent by CBDT after 30.06.2015 - within 15 days from the date of reference by CBDT
5	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)
6		Applications u/s 35CCD	1 month from the end of the month in which application is received as per Rule 6AAF(9)
7		Applications u/s 10(46)	Within 45 days of receipt of application as per SOP dated 24.06.2013 of the Board.
8		Electoral Trust	Within 45 days of receipt of application as per SOP dated 10.12.2013 of the Board.

CHAPTER-XII

CIT (AUDIT)

S. No.	Key Result Area	Target/Activity	Timeframe								
1	Internal Audit Plan	Formulation of Internal Audit Plan by the CsIT (Audit) with the approval of Pr. CCIT in accordance with Instruction Nos. 3/2007 and 15/2013 and to send a compliance report to DIT (Audit)	01.07.2015								
2	Number of Cases to be audited by Internal Audit	<p>As per the Internal Audit Plan subject to following annual targets of audit of minimum number of cases prescribed by Instruction Nos. 3/2007 and subsequent instructions.</p> <table border="1" data-bbox="688 1335 1089 1818"> <tr> <td data-bbox="688 1335 841 1493">Addl.CIT/ JCIT (Audit)</td> <td data-bbox="841 1335 1089 1493">150*</td> </tr> <tr> <td data-bbox="688 1493 841 1560">SAP</td> <td data-bbox="841 1493 1089 1560">300</td> </tr> <tr> <td data-bbox="688 1560 841 1667">IAP</td> <td data-bbox="841 1560 1089 1667">600 (Corporate Cases)</td> </tr> <tr> <td data-bbox="688 1667 841 1818"></td> <td data-bbox="841 1667 1089 1818">700 (Non-corporate Cases)</td> </tr> </table>	Addl.CIT/ JCIT (Audit)	150*	SAP	300	IAP	600 (Corporate Cases)		700 (Non-corporate Cases)	31.03.2016
Addl.CIT/ JCIT (Audit)	150*										
SAP	300										
IAP	600 (Corporate Cases)										
	700 (Non-corporate Cases)										

S. No.	Key Result Area	Target/Activity	Timeframe
3	Meetings by CIT (Audit)	CIT Audit to coordinate one meeting every quarter of every Pr. CIT with the AG Audit to reconcile pendency and expedite settlement of Receipt Audit Objections	Every Quarter
		CIT (Audit) to Conduct one meeting every quarter with every Pr. CIT to reconcile pendency and expedite settlement of Internal Audit Objections	Every Quarter
4	Organisation of Training/Seminar by Pr. CCIT/CCIT	1 per quarter/4 per year	31.03.2016
5	Maintenance of Ledger Cards by Pr. CsIT/CIT (Audit)	CIT (Audit) to monitor and send a monthly report to the DIT (Audit) regarding maintenance of Ledger Cards of individual assessing officers by Pr. CsIT /CIT(Audit).	10th of following month.
6	Audit fortnight for settlement of Internal Audit Objections.	Pr. CCIT/CCIT concerned should conduct Audit fortnight in the last two weeks of June, 2015 to ensure that reply to all pending Internal Audit Objections are submitted by the Pr. CIT concerned	Last fortnight of June, 2015

S. No.	Key Result Area	Target/Activity	Timeframe
		A status report on Audit fortnight to be submitted to DIT (Audit)	10.08. 2015
7	Review of performance as per Interim Action Plan 2015-16	Review by Pr. CCIT/CCIT and report to DIT (Audit)	31.07.2015

* In cases where the post of Additional CIT (Audit) is held as additional charge, the Pr. CCIT may suitably adjust the annual target for audit accordingly under intimation to DIT (Audit).

NOTE:

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

CHAPTER-XIII

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 Chapter VIII of the Wealth Tax Act, 1957 (abolished from AY 2016-17 onwards) 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/ CCsIT concerned	Z o n a l Members in Monthly DO letters & Member (I n v .) through QPRs on prosecution
2		Processing of the above cases under section 276C(1) and filing of prosecution complaint	Within 6 months of the identification	Pr CCsIT/ DsGIT/ CCsIT concerned	-do-
3		Review of the progress in respect of the above by the Zonal Member concerned	31.10.2015 and 28.02.2016	Zonal Members	

Sr. No.	Area	Target/Activity	Timeframe by	Responsibility	Feedback to/Date
4		Review of all cases identified in F.Ys 2013-14 and 2014-15 and submit the action taken report to the Zonal Member	31.07.2015	Pr. CCsIT/ DsGIT / CCsIT concerned	Z o n a l Member with a copy to Member (Inv)
5	Prose-cution 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.) & SOP dated 02.02.2015 may be referred</i>] and dissemination of the relevant information to the respective PrCCsIT/ DsGIT/CCsIT	31.07.2015	Pr DGIT (Systems)	Member (L & C) , Member (R) and Member (I n v .) 31.08.2015
6		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.) & SOP dated 02.02.2015 may be referred</i>]	31.12.2015	Pr CCsIT/ DsGIT / CCsIT concerned	Z o n a l Members, Member (R) and Member (I n v .) 31.01.2016

Sr. No.	Area	Target/Activity	Timeframe by	Responsibility	Feedback to/Date
7		Review of the progress in respect of the above by the respective Zonal Members	31.01.2016 and 28.02.2016	Zonal Members	
8		All cases disseminated to Pr. CCsIT/DsGIT/CCsIT by Systems directorate in F.Ys 2013-14 and 2104-15 to be reviewed and action taken report to be submitted to Zonal Members concerned and Member (R)	31.07.2015	Pr.CCsIT/ DsGIT/ CCsIT	Z o n a l M e m b e r with a copy to Member (R) and M e m b e r (I n v)
9.	Prose- cution 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. 285/90/2013-IT(Inv.) & SOP dated 02.02.2015 may be referred</i>] and dissemination of the relevant information to the respective CCsIT/DsGIT	31.07.2015	Pr DGIT (Systems)	M e m b e r (L & C) , M e m b e r (R) and M e m b e r (I n v .) / 31.08.2015

CENTRAL ACTION PLAN 2015-16

Sr. No.	Area	Target/Activity	Timeframe by	Responsibility	Feedback to/Date
10		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 & SOP dated 02.02.2015 may also be referred]	31.12.2015	Pr CCsIT / DsGIT / CCsIT concerned	Z o n a l Members, Member (R) and Member (I n v .) / 31.01.2016
11		Review of the progress in respect of the above by the respective Zonal Members	31.01.2016 a n d 28.02.2016	Zonal Members	
12		All cases disseminated to Pr. CCsIT/DsGIT/CCsIT by Systems directorate in F.Ys 2013-14 and 2104-15 to be reviewed and action taken report to be submitted to Zonal Members concerned and Member (R)	31.07.2015	Pr.CCsIT/ DsGIT / CCsIT	Z o n a l Members with a copy to Member (R) and Member (I n v)
13.	Prose-cution under section 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	31.07.2015	Pr DGIT (Systems)	Member (L&C) and Member (I n v .) / 31.08.2015

Sr. No.	Area	Target/Activity	Timeframe by	Responsibility	Feedback to/Date
		dissemination of the relevant information to the respective Pr CCsIT/ DsGIT/ CCsIT			
14		Processing of the above cases under section 276C(2) and filing of the prosecution complaint in appropriate cases	31.12.2015	Pr CCsIT/ DsGIT/ CCsIT concerned	Zonal Members and Member (Inv.) / 31.01.2016
15		Review of the progress in respect of the above by the respective Zonal Members	31.01.2016 and 28.02.2016	Zonal Members	
16		All cases disseminated to Pr. CCsIT/DsGIT/CCsIT by Systems directorate in F.Ys 2013-14 and 2104-15 to be reviewed and action taken report in all cases to be submitted to Zonal Members concerned	31.07.2015	Pr.CCsIT/ DsGIT/ CCsIT	Zonal Members with a copy to Member (Inv)
17.	Prosecution under section 276C C	Identification of cases as per the policy of the Board and dissemination of the relevant information to the respective Pr CCsIT/ DsGIT/CCsIT	31.07.2015	Pr DGIT (Systems)	Member (L&C) and Member (Inv.) / 31.08.2015

CENTRAL ACTION PLAN 2015-16

Sr. No.	Area	Target/Activity	Timeframe by	Responsibility	Feedback to/Date
18		Processing of the above cases under section 276CC(2) and filing of the prosecution complaint in appropriate cases	31.12.2015	Pr. CCsIT/DsGIT/CCsIT concerned	Z o n a l Members a n d Member (I n v .) / 31.06.2016
19		Review of the progress in respect of the above by the respective Zonal Members	31.01.2016 and 28.02.2016	Zonal Members	
20		All cases disseminated to Pr. CCsIT/DGsIT/CCsIT by Systems Directorate in FY. 2013-14 and 2014-15 to be reviewed and action taken report in all cases to be submitted to Zonal Members concerned.	31.07.2015	Pr.CCsIT/D G s I T / CCsIT	Z o n a l Member

B. COMPOUNDING OF OFFENCES

Sl. No	Action	Target to be completed by	Responsibility	Feedback to
1	Compounding of offences as per existing instructions	Within 180 days from receipt of application by the department	Pr CCsIT/DsGIT/CCsIT concerned	Zonal Members through monthly DO/Member (Inv) through QPRs
2	Disposal of compounding applications pending beyond six months	31.08.2015	Pr CCsIT/DsGIT/CCsIT concerned	Zonal Members with a copy to Member (Inv)

C. DEVELOPING CRIMINAL INVESTIGATION CAPABILITIES OF THE DEPARTMENT

Developing the Criminal Investigation capabilities of the Department inter alia by assigning the role of Prosecution Directorate to the Directorate of Intelligence and Criminal Investigation is a major object. With this avowed aim, Standard Operating Procedure / Modalities to be developed by the Investigation Division of the Board demarcating the mandate / scope of work / procedures of the Directorate of Intelligence and Criminal Investigation in its role as the Prosecution Directorate and the responsibilities of all field jurisdictions towards the Directorate.

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 appears 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.
- v. Review of the cases (disseminated in F.Ys 2013-14 and 2014-15) would cover interalia the number of cases identified; the numbers processed; the number of cases dropped at show cause stage; the number of cases where complaints were finally lodged; the number of cases compounded, both at the show cause stage and after filing of complaints, separately.

CHAPTER XIV

COMMUNICATION STRATEGY

Sl. No	Key Result Area	Action	Target	Responsibility
1	Talks by Income Tax officials in Schools	<p>Every PrCIT /CIT charge to depute one of the young and dynamic officers/officials to visit the schools to talk to the children during morning assemblies or otherwise, may be with power point presentation and using historical stories to show how the concept of taxation is a very old one and also how/why it is relevant even today.</p> <p>The officers should emphasize how a rupee gained/collected by way of taxes is utilized towards development of the country leading to nation building. The officers should discuss</p>	1 visit per quarter per PrCIT / CIT charge*	Pr. CCIT/CCIT [including CCIT (Exemptions)] / PrCIT/ CIT/ NADT/ DTRTI

Sl. No	Key Result Area	Action	Target	Responsibility
		the importance of taxation and menace of black money/parallel economy.		
2	Visits of students to Income Tax Offices	Visits to Income Tax Offices should be organised with batches of 20 to 25 students in age group 16-18 years. However, number of students may vary depending on infrastructure available.	1 visit per quarter per PrCIT/CIT charge**	Pr. CCIT/CCIT/PrCIT/CIT

* The schools to be covered should include different kinds of schools i.e. Government schools, Public schools, Convents etc. to be decided by the PrCsIT/CsIT among the schools falling within their territorial jurisdiction so as to avoid any overlap. In case a PrCIT/CIT does not have any school in his territorial jurisdiction or does not have territorial jurisdiction, the school to be covered by his officers/officials should be decided by the concerned CCIT in consultation with the Pr.CCIT keeping in mind the convenience and to ensure maximum coverage within the region.

** Frequency of visits may be increased considering the local requirements so that sizeable numbers of schools in the city get to participate in this initiative. Selection should target to cover students from all strata of society.

TO PROMOTE ETHICS IN GOVERNANCE

Key Result Area	Action	Target	Responsibility
Ethics in governance	Lectures, Seminars and workshop for the employees in the field.	Once in every quarter by each CCIT	Pr. CCsIT/CCsIT

Note: A quarterly report on the above action points is to be furnished by the Pr.CCsIT/CCsIT as per the proforma to be circulated separately.

PART 2

STRATEGIES & ADVISORY

A. STRATEGY FOR QUALITY IN ASSESSMENT WORK

Framing of Quality Assessments is an essential part of any risk management strategy. Quality of assessments is being used as the most important indicator to judge the performance of tax department. Therefore, it is imperative that various authorities in the hierarchy of Income-tax Department discharge their respective roles in the process of assessment work with sincerity and utmost devotion.

2. Quality of a scrutiny assessment order may be measured in terms of following qualitative and quantitative parameters:

Whether order is a speaking order?

Whether it is zero-error from audit point of view?

Whether it is framed in accordance with principles of natural justice?

Whether it is able to withstand test of Appeal?

Whether quantum of addition is sufficient? However, additions should not be made on frivolous issues in a high-pitched manner.

Whether post-assessment, taxes are collected?

3. Initiatives taken by the Board to improve upon quality of Assessments:

With objective of bringing improvement in quality of assessments being framed, in recent years, Board has taken a number of initiatives. These are summarized as under:

- i. Selection of revenue potential cases for scrutiny has brought overall improvement in assessments as unimportant cases are filtered out in the selection process. Over the years, Board has devised system based methods while selecting cases for scrutiny which has substantially reduced the manual intervention in this process. As of now, bulk of the cases are selected through Computer Aided Scrutiny Selection ('CASS') after applying broad based selection filters and 360

degrees data profiling while only a small number of cases are selected under the criteria-‘Manual-Compulsory’ on basis of predetermined parameters. Board has eliminated ‘Manual-discretionary’ method of scrutiny selection also, which had in the past lead to complaints of harassment of tax-payers.

- ii. Board has laid emphasis on improving the quality of assessments by incorporating the strategy for ensuring quality in scrutiny assessment cases in the Central Action Plan document. Post-assessment, practice of review and inspection has been standardized. Each CCsIT/DGsIT is required to forward to the concerned Zonal Member analysis of 50 quality assessments of his charge along with suggestions for improvement. Further, quality cases are being compiled and published annually which provides valuable guidance to the Assessing Officers.
- iii. To discourage Assessing Officers from making high-pitched assessments, Member (IT) issued a communiqué in November, 2012 to all Cadre Controlling Authorities where-in supervisory officers were advised to deal with such instances in a effective manner.
- iv. CBDT has vide Instruction No. 6/2009 directed that Range heads are required to effectively monitor cases during the progress of scrutiny assessment and in appropriate cases, may invoke provisions of section 144A of the IT Act to issue suitable directions to the Assessing Officer to enable him to frame a judicious order. Board vide Instruction dated 07.11.2014 in F.No. 279/Misc./52/2014-(ITJ) has reemphasized the fact that Range Heads are required to follow the said Instruction in letter and spirit and are also required to ensure that frivolous additions or high-pitched assessments are not made. Further, Principal Commissioners of Income-tax/Commissioners of Income-tax are also required to supervise the work of their subordinates in this regard.
- v. System of Review (Instruction No. 15 of 2008) and Inspection (Instruction No. 16 of 2008) by the supervisory officers, post-assessment, is also used as an effective tool to monitor the quality of scrutiny-assessments being framed. Vide Instruction of the Board dated 07.11.2014, supervisory officers have been directed to ensure due follow up of these Instructions which have a vital bearing on capacity building of tax-administrators and improving quality of work.

- vi. Keeping in view the intent of Government to usher in a non-intrusive system of tax administration, Board vide Instruction No. 7/2014 dated 26.09.2014 has directed that in cases selected for scrutiny assessment during the Financial Year 2014-2015 under CASS on basis of AIR/CIB data/26AS mis-match, only those specific aspects would be examined during scrutiny and wider scrutiny would be possible in such cases in exceptional circumstances only. This initiative would definitely reduce instances of issuing non-specific queries in course of scrutiny proceedings and making frivolous additions.
 - vii. In the Central Action Plan for Financial-Year 2014-15, it was stipulated that revenue yielding cases were to be completed by 31st December, 2014 and all the time-barring assessments were to be completed by 31st January, 2015. This was prescribed so as to enable collection of the tax-demand so raised within the Financial-Year itself. However, only a very small number of scrutiny cases were completed till 31st December, 2014 and bulk of the scrutiny assessments could be completed only in February and March, 2015. This had an obvious impact on the quality of assessments as well as collection of regular assessment tax in the last Financial-Year. The tendency of completing the scrutiny assessments towards the end of the financial year has been noticed in earlier years also. It has been decided that for the Financial-Year 2015-2016, the **Quarterly targets** for the disposal of scrutiny assessments are to be fixed by the Pr. CCsIT/CCsIT/ Pr. DsGIT/DsGIT concerned keeping in view the need to dispose of the cases in a staggered manner and ensuring quality in assessments as well as timely collection of regular assessment tax. The Pr. CCsIT/CCsIT are required to re-distribute the workload wherever necessary.
 - viii. In order to ensure greater accountability of Assessing Officers in assessment work, Board is in the process of revising the format of Annual Performance Appraisal Report (APAR) in which substantial weightage is proposed to be given to the handling of various aspects of assessment work by an Assessing Officer. These are required to be carefully and objectively filled by the supervisory authorities.
4. In addition to the above orders and directions of the Board, it is suggested that

during the F.Yr. 2015-2016, adequate attention should be given to the following procedural aspects of assessment related work:

- All statutory notices and questionnaires should be served on the assessee in a timely manner in accordance with the prescribed procedures. Evidence of issue and service of all important notices must be placed on the assessment record. It is imperative that detail of notices issued earlier should be mentioned in the subsequent notices and assessment order.
- The first detailed questionnaire under section 142(1) of the Income-tax Act, 1961 (Act) comprising relevant and case specific issues in scrutiny cases must be issued preferably by **30.06.2015** (in time-barring cases) and by **30.10.2015** (in non-time-barring cases). It must be ensured that only relevant queries are made in the questionnaire. In cases selected for scrutiny in F.Y. 2014-2015 on the basis of AIR/CIB data/26AS mis-match through CASS, Instruction No. 7/2014 dated 26.09.2014 of Board should be followed scrupulously. Further, the assessment proceedings should be conducted in a non-adversarial manner in accordance with guidelines issued by the Board vide its order dated 07.11.2014 in F.No.279/Misc./52/2014-(ITJ). During the course of scrutiny assessment proceedings, information regarding immovable and movable assets (including all types of Bank Accounts, deposits as well as Credit Cards) of the assessee concerned should be taken on record in accordance with Instruction No.1937 dated 25.03.1996 of the Board. The supervisory authorities are required to ensure that the aforesaid instruction is strictly implemented.
- Adjournment of hearing should be granted only for bona-fide reasons and in cases where there is deliberate non-compliance on part of the assessee with the statutory requirements of assessment proceedings, appropriate action as per provisions of the Act must be taken.
- In order to reduce the time gap between the conduct of search and seizure operation and conclusion of assessments, the proceedings related to the search assessments must be initiated within one month from the date of receipt of the seized material/appraisal report by the Assessing Officer. Monthly review of the

search assessment cases by the supervisory authorities may be made to expedite the completion of assessments in these cases. Further, as a general practice, efforts should be made to stagger passing of search assessment orders. The orders pertaining to the earlier six years should be completed in a phased manner while the assessment pertaining to the Financial Year in which search was conducted may be finalized subsequently.

- The cases for survey should be selected after due-diligence and the surveys must be conducted professionally in a transparent manner. It is imperative that survey reports are submitted in a timely manner and should clearly identify the issues requiring further examination in assessment proceedings. It is suggested that regular feedback between assessment charges and TDS charges will be helpful in identifying the potential cases.
- In cases where Major Audit Objection has been accepted by the Department, order taking remedial action should be expeditiously passed and all efforts should be made for recovery of taxes within the Financial Year itself.
- While disposing of objections to notice seeking to re-open an assessment, the Assessing Officer should pass order indicating due consideration of the issues involved including the objections with reasons in support of his/her conclusions.
- References for special audit u/s 142(2A), Valuation etc. should be made by **30.11.2015** in respect of time-barring cases so as to ensure proper follow-up in such cases.

5. General guidelines vis-vis assessments related to search assessments:

- i. The assessments relating to / arising out of search operations (hereinafter referred as Search Assessments) be initiated **within one month from the date of receipt of seized material / appraisal report.**
- ii. The pendency of search assessments is to be reviewed **every month** and necessary corrective actions are to be taken to expedite completion of assessments.

- iii. Endeavour **to reduce the time gap** between search operation and conclusion of search assessments.
- iv. The practice of keeping assessment proceedings in respect of all the 7 AYs relating to search pending till the time barring date is to be avoided. The assessments, except in the respect of the A.Y related to the F.Y in which the search was conducted, **should be completed in a phased manner** without accumulating them till time barring date.
- v. General tendency of keeping the Penalty and Prosecution proceedings pending till the finalization of all appeal proceedings is to be avoided. Penalty and Prosecution proceedings in respect of issues on which AO has conclusive evidence and which satisfy the ingredients of relevant provisions of the Act **should be taken up immediately** without waiting for the outcomes of appeals.

6. Making requests for information/evidence available in a country/jurisdiction outside India:

- (a) The Assessing Officer while making an inquiry for the purposes of assessment may require information which is available in a country or jurisdiction outside India. He cannot obtain this information since the powers of income-tax authorities cannot be exercised beyond India's territorial jurisdiction. In such cases the information/evidence can be gathered by making a request to foreign tax authorities under the provisions of tax treaties, i.e., treaties include the Double Taxation Avoidance Agreement (DTAAs), Tax Information Exchange Agreements (TIEAs), Multilateral Convention on Mutual Administrative Assistance in Tax Matters and SAARC Limited Multilateral Agreement. India has one or more of such treaties with more than 130 countries/jurisdictions including well-known offshore financial centres.
- (b) This request for information should be made through the Indian Competent Authority, which for the purposes of tax treaties are JS (FT&TR-I) for countries in North America (including Caribbean) and Europe and JS (FT&TR-II) in case of rest of the world.

- (c) The Manual on Exchange of Information provides guidelines for making requests under the tax treaties including the types of information which is available in the other country/jurisdictions including identity and ownership information of legal entities and arrangements, accounting information, banking information and information available with tax administration. The Manual also provides guidelines for providing clarifications requested by the foreign authorities and utilizing the information received effectively. Guidelines for maintaining confidentiality and data safeguard as per provisions of the treaties have also been provided in the Manual.
- (d) To ensure quality in assessments, the Assessing Officers should make requests under the provisions of the tax treaties in all appropriate cases where the information/evidence is likely to be located in a country/jurisdiction outside India. The information received would not only be useful for the purposes of detecting tax evasion and avoidance but may also strengthen the evidence already available with him. If a clarification is requested by the foreign tax authorities the same should be immediately attended to and after completion of the assessment, feedback on the usefulness of the information should be provided.

B. STRATEGY FOR WIDENING OF TAX BASE

1. Revenue augmentation through widening of tax base has been a constant endeavor of the Income Tax Department. Organized data collection in the department is mainly 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 Centralized Information Branch (CIB) scheme
- (v) Compulsory quoting of PAN for certain specified transactions

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

Non-filers Monitoring System (NMS)

3. The Non-filers Monitoring System (NMS) was implemented as a pilot project to prioritize action on non-filers with potential tax liabilities. Data analysis was carried out to identify non-filers about whom specific information was available in AIR, CIB data and TDS/TCS Returns. NMS cycle 1 (2013) and NMS Cycle 2 (2014) identified **12.19 lakh** and **22.09 lakh** non-filers with potential tax liabilities. Following steps have been taken:

- (i) 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.

- (ii) Bulk letters were sent to PAN holders communicating the information summary and seeking to know the submission details of Income tax return.
- iii) An online monitoring system was implemented to ensure that information related to non-filers is effectively used by the field formation.
- iv) Standard Operating Procedures (SOP) was issued to ensure that the field formations maintain consistency in their approach.
- v) 'Compliance' module was developed on the e-filing portal and information related to NMS cycle 2 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.

4. The NMS Cycle 3 (2015) identified **44.07 lakh** non-filers with potential tax liabilities for AY 2013-14. The information relating to the non-filers has been made available on the existing 'Compliance Module'. As a result of this initiative, **30.68 Lakh** returns have been filed and self-assessment tax of **Rs. 4,733 crore** has been paid by the identified target segment upto 31.03.2015.

Key result areas for F.Y. 2015-16

5. The key result areas for widening of tax-base are as under:

- (i) Improving compliance to TDS/TCS Provisions
- (ii) Effective collection of information about high value transactions
- (iii) Efficient handling of information without valid PAN
- (iv) Ensuring compliance from identified non-filers through various methods

6. The main action points under above key result areas are discussed in following paragraphs.

Improving compliance to TDS/TCS Provisions

7. TDS/ TCS statements provide valuable information about specified payments. Action points in this area include the following:

- (i) Identification and prioritisation of Deductors which have not filed TDS return, from various information sources by the Systems Directorate
- (ii) Follow-up with Deductors for submission of TDS Return by TDS AOs
- (iii) Identification and prioritisation of Deductors which have not submitted transactions involving non-deduction/ lower deduction (Form 15 G/15H) by the Systems Directorate
- (iv) Follow-up with Deductors for submission of transactions involving non-deduction/ lower deduction by TDS AOs

Effective collection of information about high value transactions

8. Income Tax Department has been collecting information about high value transactions under AIR/CIB scheme. Action points in this area include the following:

- (i) Identification of new data sources by PCCsIT/CCsIT/DGsIT and communication of the same to the DGIT(I&CI). This is in addition to data sources identified by the DGIT(I&CI)
- (ii) Timely collection and uploading of CIB information by DGIT(I&CI)
- (iii) Action on AIR/CIB filers by DGIT(I&CI) for non-submission or submission of inaccurate statement

Efficient handling of information without valid PAN

9. One of the main challenges of information collected under AIR/CIB frame-work is inability of the department in making use of information without valid PAN. Action points in this area include the following:

- (i) Identification and prioritization of financial institutions submitting non-PAN AIR/CIB transactions by Systems Directorate
- (ii) Follow-up with identified financial institutions for submission of revised data with PAN by DGIT(I&CI)
- (iii) Preparation of PIN code/Locality jurisdiction mapping dictionary for bulk dissemination of non-PAN data by PCCsIT
- (iv) Bulk Dissemination of non-PAN data having sufficient address information using dictionary by Systems Directorate
- (v) Follow-up with transacting parties for population of PAN by jurisdictional AOs

Ensuring compliance from identified non-filers

10. Ensuring compliance from identified non-filers with potential tax liabilities is key to widening of tax base. 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. The SOP is being revised. However, till such revision, Assessing Officers are required to adopt the procedure prescribed in the above instruction, salient features of which are as under:

- (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.

Penalty & Prosecution

11. Action under sections 271F (penalty for non-filing of return of income) and 276CC (prosecution for non-filing of return of income) should be taken in appropriate cases. Systems Directorate will generate list of cases, for further processing u/s 276CC, by August 2015. The PCIT/CIT concerned has to examine every such case of non-filer to arrive at a decision whether a particular case was fit for prosecution under section 276CC. If so, further necessary action is to be taken expeditiously. This exercise will help in conveying a strong message and assist in improving overall compliance to Direct Taxes laws.

Region Specific Strategies

12. While the above strategy is applicable for all the regions, the PCCsIT/CCsIT/DGsIT may take additional appropriate measures in their regions to widen the tax base.

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 F.Y. 2014-15 was Rs 2,91,096 crore (Prov.) which is a growth of 7.32% more than Rs 2,71,243 crore collected during F.Y. 2013-14 (Prov.). Thus, TDS now contributes 36.08% 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. 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 should 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 last few years, 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:

The initiative taken by the CPC(TDS) last year of “Corporate connect for TDS compliance” has yielded significant results in improving the TDS compliance behavior by banks and big corporates having multiple TANs and a large number of branches. “Corporate connect” 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.

Now, a comprehensive view is available to the corporate entity (at PAN level) that displays TAN-wise 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 F.Y.-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 for 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) has introduced 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 provides 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. can 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. CCIT 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 F.Y. 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 F.Y. 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. The default data indicating demand outstanding as on 01.04.2015 is as under:

Particulars	Amount (Rs. in crores)
Short Payment	11385
Short Deduction	24543
Interest defaults u/s 201(1A) & 206C(7)	15250
Late filing levy	3242
Interest u/s 220(2)	93
Total System Generated Demand	54513
Manual Demand	15006
Total Demand	69519

The AO wise details of above demand are available at AOs Portal of CPC (TDS).

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, F.Y. 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. The manual demand raised has since being uploaded to CPC(TDS). Henceforth, all the demand should be entered on the AOs portal of the CPC(TDS) only. The TDS Officers should make efforts for maximizing collection/reduction of the manual demand uploaded on the CPC(TDS).

C: RECONCILIATION OF TDS (REPORTED BY STATE GOVERNMENT AINs) & AMOUNT DEPOSITED BY RESPECTIVE STATE ACCOUNTANT GENERAL FOR F.Y. 2014-15 & EARLIER YEARS

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 F.Y. 2014-15 & earlier years. 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 26AS 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 F.Y.);
- 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 guidelines issued by the CBDT vide

letter dated 7th February, 2013 in F. No. 285/90/2013 – IT (Inv.) & SOP dated 02.02.2015.

Late payment/short payment defaults involving TDS amounts of more than Rs.1 lakh as per list generated by CPC(TDS) 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 numbers 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.

E:6 Action on information of Defaulters available in 3CD Reports :

In online 3CD Reports, the information is available on non deduction, short deduction, failure to deduct, failure to deposit, short deposit and delay in deposit. Moreover, the information of failure to deduct and lower deduction under wrong section is not available in TDS statements. Therefore, the data of 3CD reports is very useful. The default reports can be generated on the basis of data from CPC Bengaluru by CPC (TDS) and thereafter action can be taken by the AOs to boost revenue and improve compliance.

E:7 Action on defaults in immovable properties transactions based on “Statement of financial transactions or reportable accounts” (AIR statement):

Data of sale of immovable properties over threshold limit from “Statement of financial transactions or reportable accounts” (AIR statement) can be matched with transactions on which TDS has been deducted u/s 194IA of the Income Tax Act to generate list of defaulters, on which action can be taken by TDS AOs.

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-a-vis the deduction made by them in the corresponding period of the previous F.Y. 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 Form 24G statements filed by the AIN holders could be utilized to issue notices to Government deductors to file their TDS statements in time.

The requirement of filing of Form 24G statement by the PAOs/TOs/CDDOs is now mandatory by way of insertion of section 200(2A)/206C(3A) of the Act. Consequentially, penal provisions of the Act shall apply in case of delay or failure to file Form 24G;

- (iii) Monitoring of 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.
- vi. Large scale non compliance of TDS Provisions by local bodies (especially Panchayats) has been noticed in some regions. A special drive to ensure compliance by the local bodies can be helpful in boosting revenue. Such drive can have three-pronged strategy to ensure (i) that all local bodies having liability to deduct TDS obtain TAN (ii) coordination with their administrative department and special drive for their education and (iii) spot verification.
- vii. Cooperative Banks are liable to deduct TDS on interest payments above Rs.10000/- p.a. on deposits made by both members as well as non-members as per section 194A(3) (i) r/w 194A(3) (v) r/w 194A(3) (viiia) w.e.f 01.06.2015.
- viii. Banks, cooperative banks and public companies, with core banking solutions (CBS), are now required to make TDS on interest payments/credits above threshold limit with reference to the bank/company and not on branch basis w.e.f 01.06.2015. Therefore, the CsIT (TDS) may hold meetings with such banking companies, cooperative societies and public companies falling in their jurisdiction which have CBS to ensure that appropriate tools are incorporated in CBS to ensure that the TDS on interest is deducted as per amended provisions.
- ix. TDS on Interest payment on the compensation amount awarded by the Motor Accident Claim Tribunal is now required to be made only at the time of payment (i. e. on receipt basis), if the amount of such payment or aggregate amount of such payments during a financial year exceeds Rs.50,000/- (w.e.f. 01.06. 2015) as per section 194A(3)(ixa) of the Act.
- x. An Investment Fund is now required to deduct income-tax @ 10% on payments/credits to Unit Holders in respect of payments or credits of units as defined in section 194LBB. If the amount is not paid or credited then the same is deemed

to be credited last day of the financial year u/s 115UB(6) and TDS will have to be made in this case also;

- xi. As per section 192A, in case of premature withdrawal from Employees Provident Fund Scheme, it is now required to deducted tax at source @ 10% if the amount of withdrawal is more than Rs. 30,000/-. As an assessee-friendly exercise, the field may request the disbursing authority to immediately obtain valid PANs of the employees, else TDS at maximum marginal rate will be applicable as per the provisions of section 206AA of the Act in such situations.
- xii "Term deposits" now includes "Recurring deposits" for the purposes of Explanation 1 to section 194A(3) w. e. f. 01.06.2015 and accordingly tax will have to be deducted at source on interest on recurring deposits as well as per law.

Lastly, Standard Operating Procedures (SOPs) for administering TDS incorporating the re-engineered processes circulated by the CPC-TDS should be adhered to.

D. STRATEGY FOR IMPROVING ADVANCE TAX COLLECTION

As per the provisional figures, during Financial Year 2014-15, advance tax contributed Rs.3,30,753 crore to the overall gross direct taxes collection of Rs. 8,06,901 crore. In comparison to F.Y. 2013-14, this marks an increase of 12.03% over previous year collection of Rs 2,95,241 crore. Further, under the Major-head 'Corporate tax', the advance tax collection was Rs.2,74,066 crore as against the collection of Rs.2,46,753 crore under the same head during the F.Y. 2013-14. This amounts to a growth of 11.07%. Advance tax collection under the head 'Income Tax' for F.Y. 2014-15 was Rs.56,687 crore as against Rs.48,488 crore for F.Y. 2013-14 which is a growth of 16.91%.

2. The overall contribution of advance tax with respect to the gross direct taxes collection for F.Y. 2014-15 is 40.99%. Data of advance tax payments by the top 1000 advance tax payer companies of the country shows that the contribution of these corporates to the overall corporate advance tax collected during F.Y. 2014-15 is about 77.74%. Therefore, monitoring of the advance tax payment by the Corporates should be one of the major focus areas of the field formations, i.e. – PrCCsIT/DsGIT/CCsIT and below, for achievement of the 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 upon recent amendments in the Act that have advance tax connotations:
 - o 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;

- o 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 F.Y. 2012-13 as income from other sources in the case of a company in which the public is not substantially interested;
- o 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, Mining sector 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, especially in cases of invalid/no-PAN AIR transactions;
- Cases where substantial additions were made and confirmed in appeals should be identified, and such assessees 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 various 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 8,27,680 crore, as on 01.04.2015, has been fixed at Rs 51,359 crore for the F.Y. 2015-16. To achieve the target, systematic and regular monitoring, fidelity of data and clarity in approach is desirable.

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 in the 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.

The following are the steps that may be taken by the field units to manage arrear demand:

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. In appropriate cases provisional attachment of assets may also be made by invoking section 281B of the Income Tax Act, 1961 so as to protect the interest of revenue. There should be error free reporting of dossier demands.

2. Initiation of recovery measures

Complete information about the assessee, details of directors and sister concerns etc. must be gathered during the assessment proceedings. 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 infructuous work is avoided. Assets of partners/directors of defaulter firms/companies can be ascertained and considered for attachment. Attachment of debtors can be pursued more actively. For tax defaulters who have deceased, legal heirs should be located. Similarly, in case of firms/private companies, partner/directors can be traced for further recovery. For these purposes,

information available in Individual Transaction Statement (ITS) may also be referred to.

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. In appropriate cases references may be made to FIU-IND through DIT (Recovery) to obtain information about bank accounts and other assets of the assessee.

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) should 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 Pr CCsIT/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 may be conducted. 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. In case of companies, provisions of section 179 may be invoked in suitable cases to effect recovery from directors.

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. TRO's Action Plan

The AO should refer cases of arrear demand to the TRO at the beginning of the F.Y. 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 Pr CsIT 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 appraised 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 credit pending appeal effect, etc. The data pertaining to arrear demand, as uploaded on CPC portal as on 01.04.2015, 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 it has been ascertained beyond doubt that assessee is untraceable. 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

Tax authorities have enough powers to enforce the collection of taxes owed by a taxpayer. However, due to jurisdictional limitation, these powers cannot be exercised when the taxpayer has left the jurisdiction without paying the tax dues or has no assets within the jurisdiction that may serve to recover the debts. The provisions for Assistance in Collection of Taxes in DTAA and TIEAs provide the legal basis for rendering assistance by one Contracting State in the collection of tax owed to the other Contracting State.

The provisions for Assistance in Collection of Taxes are present in 48 out of 94 DTAA's and in 3 out of 16 TIEAs which are in force in India. The Multilateral Convention and the SAARC Multilateral Agreement also have provisions for assistance in collection of taxes. However, in the Multilateral Convention, the signatories can place a reservation against providing such assistance and several countries/jurisdictions have put in such reservation. The Manual on Exchange of Information lists the countries/jurisdictions with which India has an agreement under one or the other treaty for assistance in collection of taxes.

The assistance in collection is provided under the treaties in respect of a “revenue claim”, which is normally defined to mean an amount owed in respect of a tax imposed in the country requesting assistance. The claim should be enforceable under the law of the requesting country and should normally be undisputed by the taxpayer. It should be owed by a person who, at the time of making the request, cannot prevent its collection under the law of the requesting country. Most importantly, the requesting country should have taken all reasonable measures for collection of the claim under its own laws and administrative practice. Some treaties allow assistance in collection even if the revenue claim has not reached finality. In such cases, requests for measures of conservancy may be made. However, the amount of claim should be quantified and evidenced by a statutory order or notice.

Section 228A(2) of the Income-tax Act provides that where an assessee is in default or is deemed to be in default in making a payment of tax, the Tax Recovery Officer may, if the assessee has property in a country outside India with which the Central Government has entered into an agreement for recovery of income-tax, forward to the Board a certificate drawn up by him under section 222 of the Income-tax Act which may be forwarded to the other country under the terms of the agreement.

In cases where assets/money lie abroad and where the tax treaties provide for assistance in collection of taxes, the officers concerned may make a request to foreign tax authorities to collect the “revenue claim” or take conservancy measures in accordance with the provisions of the treaties. This request should be made through the Indian Competent Authority, i.e., JS (FT&TR-I) or JS (FT&TR-II) as the case may be as per the procedure prescribed in the Manual on Exchange of Information.

ADVISORY TO SUPERVISORY AUTHORITIES

1. PrCCsIT/ DsGIT/CCsIT

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/CCsIT 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. TDS matters also have assessment/processing related connotations. TDS awareness amongst deductors is a constant work-in-progress due to changes in law and procedures as well as 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 co-ordination between 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/AddlCsIT/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 of all strata of the personnel 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 29.02.2016;

- Action on the ASKs taken up for IS 15700:2005 certification for F.Y. 2015-16
 - Complete the Internal Audit and Management Review of ASKs identified by DOMS by 30.09.2015;
 - Removal of Non-conformities found during the Internal Audit and Management Review and drawing up certificate regarding correction and preventive action by 31.10.2015.
- 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 30.09.2015;
 - Submission of proposals for reduction of shortage of office space by 50% by 31.12.2015;
 - Reduction of shortage of residential space by 20% by 31.03.2015.

2. Pr CsIT/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 amongst the Assessing Officers should be taken at the earliest;
- An institutional mechanism should be put in place to improve the quality of and bring uniformity in the decision making by subordinate officers. Regular guidance should be given to them for achieving this objective. Learning from best practices 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 30.09.2015;
- 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) & CsIT(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 30.09.2015;
- 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 scrutiny cases	31.07.2015
		Other scrutiny cases	31.08.2015
2	Time Barring Scrutiny Assessments	100% of the workload	31.01.2016
3		Quarterly targets for disposal	To be fixed by the Pr.CCsIT/ CCsIT/ Pr.DsGIT/ DsGIT concerned
4	Non time barring scrutiny assessments	100% of the revenue yielding cases	31.12.2015
5		Quarterly targets for disposal	To be fixed by the Pr.CCsIT/

S. No.	Key Result Area	Target / Activity	Time frame (by)
			C C s I T / Pr.DsGIT/ D s G I T concerned
B Recovery / reduction of demand			
1	Arrear demand	50% of the target	30.09.2015
2		70% of the target	31.12.2015
3		100% of the target	31.03.2016
4	Reduction in number of arrear entries	15% of number of entries	30.09.2015
5		20% of number of entries	31.12.2015
6		30% of number of entries	31.03.2016
7	Reduction in number of current entries	50% of number of entries	31.03.2016
8	TRO's Action Plan	Verification and correction of demand mentioned in TRCs brought forward as on 01.04.2015 by the TRO	31.07.2015
9		AO to certify new demands for drawing of TRC by the TRO	31.08.2015
10		TRO to draw TRCs	30.09.2015
11		Disposal of 40 TRCs	30.09.2015
12		Disposal of 90 TRCs	31.12.2015
13		Disposal of 150 TRCs	31.03.2016

S. No.	Key Result Area	Target / Activity	Time frame (by)
14		Cash collection of 1% of demand indicated in the TRCs (including the TRCs drawn as at 11 above)	30.09.2015
15		Cash collection of 3% of the demand	31.12.2015
16		Cash collection of 5% of demand	31.03.2016
17	Write-off	Submission of replies to queries raised by the Board, DIT (Recovery) and Zonal, Regional and Local Committees	31.08.2015
18		Write-off of arrears under ad-hoc and summary procedures	31.08.2015
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)	31.08.2015
20		Submission of proposals for write-off to the Board or Committees in cases identified, as above	31.10.2015
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	31.07.2015
2		Issue of notices u/s 133(6) in cases where letters are not served on the persons	31.08.2015
3		Issue of notices u/s 142(1) / 148 in cases where notice under section 133(6) is served, if required	30.09.2015

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	N o n - P A N 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	31.08.2015



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