



The Institute of Cost Accountants of India

(Statutory body under an Act of Parliament)

Suggestions and Feedback from Stakeholders and General Public submitted to CBDT on New Direct Tax Law

General Information

(Optional)

Questionnaire

S.No.	Issue	Response	Comments / Suggestions (if any)
A	Filing of return of income		
A.1	Whether you could fill return forms ITR-1 (Sahaj)/ ITR-2 for non-business taxpayers without any help from a professional / Tax Return Preparer?	Yes	Active Server Page (ASP) It is suggested that procedure should be more user friendly and on an “Active Server Page (ASP)” the assessee would be convenient to provide his income from different sources and the system would plot the same in the return format on “auto propel“ basis. This would ease out the difficulties in filing of return by any person who is obliged to file income tax return in Form ITR -1. Name, Address, Income and Tax Credit may be sourced by the

			system on the basis of PAN Based data available in different statutory portal.
A.2	Do you face any difficulty in e-filing of the return of income (ITR 1 to 7)?	Partially Yes	<p>1) Revamping validation process - From technical aspect, manual system of downloading the Excel file, filing the details in more elaborated way and validation of the excel sheet to convert into 'xml' file towards uploading need to be made more easy and convenient. The validation of the off-line return filing should be structured in such a manner to enable all discrepancies to crop up in single validated table instead of appearance of one after one. This process would help in reducing the valuable time in filing and filing of return. Finally all the return filing should be based on Active Server Page with auto propel data migration and</p>

			off-line filing process to be discarded with.
A.3	Do you have any suggestion regarding adding a new category or any further information in the IT Return?	Yes	1) Income Tax Return forms should only consist of relevant information and all duplication of information that are already encrypted in other documents like “Tax Audit Report Etc” should be avoided.
A.4	Should exempt income be reported separately in the IT return?	Yes	1) Exempted income should be separately mentioned in the Return and specific row should be provided to enter the details of all exempted income including the source of such flow income to be disclosed.
B	Tax Credit		
B.1	Whether any issues are being faced in e-filing of the TDS returns?	No	
B.2	Whether certificates under section 197 for nil / lower deduction of tax at source are being timely issued?	No.	It would be better if a self-declaration through online may be put in place for auto generation of nil or non deduction certificate. The time line may be given as 7 days. If it is not given by that time it will deemed to be

			granted.
B.3	Whether your tax credit is reflected correctly in Form 26AS? What are your suggestions to tackle the mismatch, if any?	YES	<p>I) It has been observed in a number of situation that the credit shown in Form 26AS is incorrect due to non submission / late submission of TDS return or non filing of ‘revision / correction statement’. Delay also occur due to delay in processing of TDS return / processing of return on Batch basis instead of real time basis. It is accordingly suggested that TDS credit reflection in Form 26AS should be made on “real time basis”. OTP concept to be introduced for individual and firms.</p>
C	Processing / Scrutiny of return		
C.1	Are you satisfied with present system of centralized processing of return in terms of its time and online communication with the Centralised Processing Centre (CPC)	Partially YES	<p>I) Some returns are processed very quickly and some returns for the reasons best known to CPC are pending for more than 9 months. Timeline can be reduced II) The CPC should</p>

		<p>establish Principle Commissioner wise Nodal Person / Grievances – redressal cell in each Principle Commissioner Wise to clarify any issue relating to filing of return online. Proper communication should be made available in the “Income Tax Department e-filing web site” about the address and contact number of such Nodal Officer and the grievances addressal cell statewise.</p> <p>Further, the processing of income should have proper reasonability since ‘Advance Tax payment ‘ on any extraordinary income like ‘Capital Gains’ should only be in the quarter effective from the date of the occurrence, but the CPC is processing the income as a whole for the entire</p>
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			year and thereby levying Interest U/s. 234B, 234C etc unjustifiably.
C.2	Are our refunds being processing timely and correctly?	YES	<p>I) Most of the time it is quick and occasionally it is blocked for a long time especially in case of big and corporate assesses.</p> <p>It is suggested that specific time frame should be incorporated in the statute for release of refund.</p>
C.3	Do you feel that an appropriate show cause is being issued by the Assessing Officer (AO) before making any addition in the assessment?	No	<p>Many a times the assessments gain momentum at the time of it becoming time barred. Even if the authorized representatives appear well in time, the AOs say that there is adequate time available and they are busy with collection, periodic report preparation and recovery proceedings.</p>
C.4	Do you feel that reasonable opportunity in terms of time is being provided to respond to the show cause notices proposing the addition, if any?	YES	
C.5	Do you feel that the system of approval of order by the Dispute Resolution Panel (DRP) has	No	l) the system of approval of order by

	<p>worked well to avoid high pitched assessment? If not, please state the problems and provide suggestions to improve the same.</p>		<p>the ‘Dispute Resolution Panel (DRP) is not time bound and not accountable in every situation. The DRP should have a specific time line and act on a time based manner. The modus operandi should be clearly stated and accountability should be fixed upon clearly II) Besides DRP applicable for large entities, to safeguard small taxpayers in Tier-III and other towns, any addition above any threshold limit may be approved by CIT or JCIT to act as check on the AOs.</p>
C.6	<p>Do you feel that rectification applications are being disposed off within the prescribed time of six months?</p>	No.	<p>I) Rectification petitions are not being settled within the period of six months and the concept that if the petition is not disposed within the period of six months, the same would be deemed to be confirmed is not also practised in</p>

			<p>reality. This issue is an extremely vulnerable and are intend to be misused by the authority. Suggest to change the same and clearly narrate the time frame for completion of the rectification petition.</p>
C.7	<p>Do you feel that the e-assessment process will be helpful in improving transparency, accountability and effectiveness of the tax administration?</p>	Yes	<p>It would be better that the e-assessment is supported by specific question and answer type of communication for better clarity in the days to come.</p>
C.8	<p>Do you feel that refunds in scrutiny assessments are being computed and received timely?</p>	Yes	<p>I) It is rare that the refunds are issued post scrutiny assessment. It may be mandated that the refund has to be issued before commencement of scrutiny assessment by processing the return under section 143(1). This would act as a goodwill gesture to the taxpayers. The Government may clearly state the time line within which the refund should actually be</p>

			released.
D	Litigation and recovery of disputed tax demand		
D.1	Do you think that there should be a strong Alternate Dispute Resolution mechanism for reaching effective resolutions?	Partially YES	<p>I) The present dispute resolution mechanism is acceptable. However, the transparency in decisions of first appellate authority may help in equitable tax assessments and justice to the taxpayers at large. Presently, decisions of the tribunal are published in journals and periodicals which is available for use.</p> <p>II) Alternate Dispute Resolution Mechanism should be installed and be operative to reduce the number of cases pending at different appellate authority, Tribunal and Courts.</p>
D.2	Do you feel the Mutual Agreement Procedure (MAP) is effective, quick and transparent?	Yes	I) As the MAP is new and it would take time to say anything about the real effectiveness of the same.
D.3	Do you feel that appeals are being disposed off by the Commissioner of Income-tax (Appeals) [CIT(A)] in time?	No	This may be due lack of number of Commissioner of Appeals and the

			<p>huge number of appeal petition pending. Measure need to be undertaken to allocate more dispute resolution authority to early disposal of the pending cases</p> <p>Pre deposit pending appeal Slab wise % in each case of appeal like IDT Laws/Timeline should be implemented like GST</p>
D.4	Do you think that specifying percentage of demand to be paid (20%) before disposal of appeal by CIT(A) has curtailed the arbitrariness and streamlined the process for collection of demand?	Yes	<p>However, where the tax demand is more than Rs.10 lakhs (or any other threshold limit as may be prescribed) a timeline may be prescribed for disposal of appeal by CIT (A). So that the taxpayers will be definite of their liability.</p>
D.5	Do you feel that the Authority of Advance Ruling (AAR) forum should be available to all the assesseees (residents and non-residents) for determining the tax liability upfront on complex transactions?	Yes	<p>It should be introduced for resident taxpayers also for transactions with other residents with a monetary threshold limit.</p> <p>AAR should be extended to all other</p>

			category of assesses to bring in transparency in the tax administration system in line with the existing IDT Laws of the country
D.6	What are your views on the working of Income Tax Settlement Commission (ITSC)?	---	<p>It has become a routine for majority of search cases knocking the doors of ITSC. It is also routine that the Revenue objects to admission of the case by ITSC. More benches of ITSC may be constituted for enabling the taxpayers themselves to reach out to ITSC without depending on professionals as the compliance cost is exorbitantly high.</p> <p>Income Tax Settlement Commission jurisdiction should be extended to cover most of the legal disputes including search / seizure / block assessment cases and this would reduce the number of pending disputes at different level.</p>
D.7	What are your views on the working of Income	---	ITAT has been

	Tax Appellate Tribunal (ITAT)?		doing a great service to taxpayers and to the Government. It provides a rich source for understanding the nuances of law. More benches may be put for enabling the taxpayers to avail the service at affordable cost.
E	Penalty and Prosecution		
E.1	What are your views on levy of penalties for various defaults under the Income-tax Act, 1961?	----	Levy of Penalty u/s. 271 onwards of the Income Tax Act should be based on its material content and should only be applied on proof of malafide intention . Further, the discretionary power of the assessing authority should be restricted and penalty should only be an issue of actual occurrence based on the magnitude and level of evasion in a case to case basis. Penalty not exceeding the tax amount and like IDT
E.2	At what stage [Assessment /1 st Appeal / 2 nd Appeal] should the penalty for tax evasion be levied?	---	No penalty is to be levied till the disposal of appeal by first appellate authority.

E.3	Do you feel that prosecution for TDS is being launched in an appropriate manner?	Yes	There must be a monetary limit explicitly stated for launching prosecution proceedings and the process to be followed should be in line with the Indirect Tax Laws.
E.4	Whether present system of compounding of alleged offence has worked well?	Yes	But suggest that a well defined Rule should be introduced to define and apply in case of compounding of offences on a case to case basis. Also it requires publicity to allay the fears of the taxpayers who are otherwise ignorant.