

Shri Virendra Singh, Principal Chief Commissioner of Income Tax and Other Senior Officials of the Income Tax Department, Distinguished Members of the Chamber, Friends from Print & Electronic Media.

It is of great pleasure to welcome you all amidst us this evening. We feel privileged by your kind presence for today's meeting. The Chamber is the apex body of industry and trade and your visit to the Chamber would add to its credit. The Interaction held with our members with the high officials of the Income Tax Department has always produced very good results. The Income Tax Department has always considered our suggestions very sympathetically and so we do not have much to request.

Very purpose of today's meeting is to welcome the Hon'ble Principal Chief Commissioner of Income Tax, who has taken charge of Bihar and Jharkhand, w.e.f. 21st November 2019 and other departmental officers who are present for today's meeting. During our meeting at the Chamber with Hon'ble Chief, we were apprised of his views and his tax payer friendly approach to strengthen the functioning of the offices and build up a greater level of transparency in the tax administration.

We from our side also have few requests/ suggestions that would merit your kind considerations:-

1. RECTIFICATION PETITIONS U/S 154 OF INCOMCE TAX ACT 1961 ARE KEPT PENDING FOR LONG TIME

Rectification petitions filed by assessee u/s 154 of I.T. Act are required to be disposed off within reasonable time on priority basis. This will reduce the incorrect outstanding demand of taxes being reflected on the portal and assesses will also not be required to visit the Income Tax offices for follow up during the pendency of rectification requests filed u/s 154 under Income Tax Act.

This may also be brought to the notice of the CBDT, to issue a circular fixing the maximum time limit for disposal of such requests.

Contd...2

2. **APPEAL EFFECT :**

After the disposal of appeal, the work of appeal effect is to be attended to within reasonable time to modify the demand/ or issue the refund if any.

It may be ensured that it is done in a reasonable time without any persuasion by the tax payers. Work of appeal effect should be taken up promptly on the receipt of Appellate Orders to work out revised demand or refund, as the case may be, so that the tax payer may pay the remaining demand or immediately get the refund. In case of refund, the same is to be granted along with interest u/s 244A within reasonable time of giving effect to the appellate order.

3. **PAID DEMANDS STILL ON DEPARTMENT'S REGISTER**

There are instances where notice u/s 221(1) of the Income Tax Act is received by the tax payers even after making payment of the tax/interest as demanded. Moreover, the same is also shown as unpaid on the portal. Therefore, we request you to suggest for suitable changes in the system to give credit of payment against such demand on daily basis along with a confirmation letter to the tax payer indicating that demand is settled/paid.

4. **SUBMISSION OF REMAND REPORT WITHIN REASONABLE TIME**

Remand Report by the Assessing Officer to the Appellate Authorities may be sent within a reasonable time allowed by the CIT(A),so that any delay in disposal of appeals may be avoided and collection of taxes can be expedited.

ISSUES RELATED TO CPC

5. Return processing system has been completely automated for last few years. This has wonderfully reduced the processing time of returns and also is very helpful in timely refund of excess taxes paid by the tax payer. But this automation has also lead to certain practical difficulties, which need to be addressed to avoid unnecessary litigations and disputes between department and tax payers. **Few such difficulties**, which need immediate attention are as under :

— **Notice of defective returns:**

- A system generated notices u/s139(9) are issued to tax payers on the basis of data submitted in the return. Many times, it is seen that due to minor error in the return or due to some interpretational issues, returns are marked defective and there is no system for para wise online corrections of the return. Even the reply submitted by the tax payers where they disagree with the defects are not discussed with proper reasons, but the return is marked defective again and 15 days windows are given to correct the defect. This has lead to many practical difficulties, therefore, we request you, if considered proper, a suggestion in this regard may be forwarded from your good office to the CBDT or technical section to provide the facility to correct the defect online of the relevant portion of the return and also to provide sufficient reasons in detail, where tax payers does not agree with the defect before holding the return invalid.
- Correction time of 15 days, as mentioned above is not sufficient, particularly when the notices are sent only online and most of the tax payers are not conversant with the system therefore it remains unnoticed on several occasions, also it is not possible to check the status on daily basis. Therefore, we suggest that a system should be implemented where all the notices of defects during a particular month are to be corrected/responded by the tax payer by the end of next month.
- Corrections of defects submitted by the taxpayers are not attended by the CPC and is kept pending for long time. Some time it is seen that these corrections are marked defective again near to year end or after expiry of time limit to revise/file the return. In such situation, taxpayers are left with no option and return filed them are treated as invalid. Therefore, we request you that a timeline must be fixed for processing the compliance made by the taxpayers.
- There are several reasons for which returns are marked defective, the most common one is, matching of data available in 26AS with the credit shown in profit and loss account. Sir, we would like to draw your kind attention on the relevant

provisions of the law, more particularly the explanations (a) to (f) of Section 139(9), where such comparison is not mentioned as any of the criteria for holding a return invalid. Further, there may be accounting policies, where unbilled revenues are recognized as income of a particular year by the suppliers, but recipient records the transactions once the conditions attached to the contract is fulfilled and deduct tax at source as per law at the time of recording such transactions. Both these event may fall in different tax period, therefore, any attempt to compare the credit of profit and loss account with the income as reflected in 26AS for holding the return invalid is not correct and require immediate attention of the competent authority We request your good office to bring this to the notice of the board/competent authorities to consider our submissions.

- Additions made on the basis of tax audit reports – It is also seen that while processing the return, tax demand is raised on account of additions on account of delay deposit of ESI/EPF etc, after due dates fixed under respective statutes but before due date of filing of Income Tax Returns. Therefore, we suggest, that before making any disallowance on this ground, a proper opportunity of being heard/submit explanation must be given to the tax payers.
- In case of Society or Trust, if the 4th letter of PAN is “ A “ then basic exemption of Income i.e.2,50,000/- is given whereas 30% tax is imposed in case of 4th letter of PAN is “ T “ even in respect of Charitable or Other Society.
- In case of ITR 7, if Form 10B is filed after filing of Return then all expenditure is disallowed and Tax @ 30% (MMR) is imposed without considering any expenditure i.e. on Gross Receipts. Further even in case of Educational Trust in A/Y 2016-17,claim of 10 (23C) (iiiad) not considered and processed with Tax @ 30% on Gross Receipts.

6. Setting up of Taxpayers facilitation helpdesk :

We request you to set up a taxpayer facilitation helpdesk at the aayakar bhawan to function under direct supervision of your good office. This will be helpful for many tax payers, particularly those, who are not conversant with the online filing of returns and other compliances. This will also be helpful for timely redressal

of their grievances and making the functioning of the office more smooth, based upon the analysis of grievances/feedbacks/suggestions. For greater transparency and participation of local tax payers/trade associations, a committee may also be constituted under your good office.

7. **Online correction in TDS challans:**

It is seen that while depositing TDS, sometime tax payers wrongly mentions incorrect assessment year, sections etc. Presently, its correction is a cumbersome process and not possible without manual intervention. We suggest that a system of online rectification of challans may be made available to tax deductors before the challan is used for returns. Therefore, we request you to bring this difficulty to the notice of the concerned department and with a recommendation to suitably modify the system, if possible.

8. Grant of Certified copy of the order sheet and the assessment / appeal records on payment of requisite certifying copy fee should be given within 15 days of the petition.

Dated :05-12-2019
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