

Transparent Taxation: Easing Compliance Burden and Rewarding Honest Taxpayers

A person who is guided by a strong moral compass can rarely go wrong. After all, active conscience and virtuous ethics are the most valuable jewels in the world. Good moral values help us differentiate between right and wrong, guide us to the correct path and help fulfil our responsibilities towards the state and society. Honesty helps garner respect of not just others but also oneself. The Institute of Chartered Accountants of India strongly propagates the unarguable belief that upholding honesty and transparency in one's actions is the ultimate sign of strength, courage and righteousness. Three hundred and ten thousand plus members spread across the country are educated to render their duties with this virtuous honesty and work with independence, integrity and excellence. This is notwithstanding that the actions and activities of large membership are guided by a well-documented Code of Ethics that has been revised and implemented this year in a new avatar.

In line with such principals, the Indian Government unveiled a new platform *Transparent Taxation – Honouring the Honest* on August 13, 2020. The low tax to GDP ratio of India is a significant hurdle in government investing in infrastructure and taking socially beneficial initiatives. The Government unveiled country's first charter of taxpayers rights and duties. Section 119A inserted by the Finance Act, 2020 empowers CBDT to adopt and declare a Taxpayer's Charter. A system of faceless assessment and appeal has also been introduced to root out challenges in the existing system and procedures. With the implementation of faceless assessment, all income tax scrutiny cases, except those relating to search and seizure and international taxation, will be under Faceless Assessment Scheme. There will be no interface between the assessee and the Assessing Officer, thus reducing the biases. In the new system scrutiny selections will be through an automated system using data analytics and artificial intelligence. With this there is also central issuance of notice with DIN and abolition of territorial jurisdiction. A system of *Faceless appeal is also set to be launched* from September 25, 2020 wherein appeals are to be allotted at random to officers, tax payers need not visit offices or meet officials, the appellate decision will be team based. Strong

and clean tax system accelerate the growth and development of our economy. Compliance with tax laws is important to foster economic growth and development of a prosperous and orderly society. Clear and simple rules encourage compliance while overly complicated tax systems are associated with high tax evasion.

Scope of Specified Financial Transactions is also to be expanded to payment of life insurance premium, health insurance premium, payment of property tax, purchase of jewellery, paintings etc. above a prescribed threshold. A report is filed by specified persons u/s 285BA in respect of transactions exceeding specified threshold. There will also be additions in the list of individuals incurring expenditure or deposit exceeding a prescribed threshold to mandatorily file their return of income, even if their income is below the basic exemption limit.

ICAI welcomes such steps of Indian Government and assures that the Institute will continue to serve the larger interest of State. There has been symbiotic relationship between the ICAI members and taxation authorities. After inception of the Institute many of our members excelled in the area of taxation and helped the state to garner proper revenue. In the year 1964 the ICAI, for the first time, submitted to the Finance Minister a pre-budget memorandum containing useful suggestions for reorientation of taxation policies and procedures. Several of suggestions were accepted and found place in the Finance Act, 1964. The tradition continues even today. ICAI religiously submits pre-budget and post-budget memoranda in the areas of direct and indirect taxes containing useful suggestions that are endowed with ground realities as our members spread across every nook and corner also participate in the process. The Chartered accountant professionals advise the society to correctly pay taxes. They play a very important role in tax planning and filing of tax returns both by individuals and business houses.

—Editorial Board ICAI: Partner in Nation Building