

# National Update

## Direct Tax Collections to Exceed Target This Fiscal: CBDT Chief Sushil Chandra

Direct tax collection has already crossed ₹ 5 lakh crore and will exceed the budgeted target of ₹ 11.5 crore set for the current fiscal, CBDT Chairman Sushil Chandra has said. He further said that so far the I-T department has issued refunds to 2.15 crore assesseees amounting to ₹ 1.15 lakh crore and from now onwards the net collections will increase. *“We have already crossed the ₹ 5 lakh crore figure that is 44 per cent of the net direct tax collection target. This is despite the fact there is a surge in refund,”* Chandra said. Speaking to reporters after inaugurating the pavillion of the Central Board of Direct Taxes (CBDT) at the India International Trade Fair (IITF) recently, Chandra said the number of people voluntarily filing tax returns has gone up substantially, and 6.85 crore income tax returns were filed last year. This year so far 6.02 crore ITRs have been filed with the Income Tax Department. The number of direct taxpayers was 3.8 crore when the Modi-led government took office in May 2014. The CBDT chief said that so far the net growth rate in direct tax collection is 14.5 per cent, while the gross collection grew 16.5 per cent.

(Source: <https://www.livemint.com>)

## Reward for Income Tax Payers? See what CBDT Chairman Said

The CBDT, that frames policies for the Income Tax (I-T) Department, is “examining” a report that proposes to facilitate honest and consistent taxpayers in availing a variety of public services and tax-related works on priority, a top official has said. The Central Board of Direct Taxes (CBDT) had constituted a committee in this context, which has submitted its report and recommendations. “A proposal is under consideration as to how we can benefit our honest taxpayers. It has been communicated by the finance minister in his budget speech that honest taxpayers will definitely be getting advantages from the I-T Department. A committee had been set up and it has given a report. *“We are*

*examining it,”* CBDT Chairman Sushil Chandra has told reporters. PTI had reported last month that as part of this proposal, it was being mulled that honest taxpayers were empowered to get “priority service” while using public services at airports, railway stations and at highway toll plazas. Prime Minister Narendra Modi, during a conference with senior tax officers last year, had urged the department to enhance the taxpayer services and ensure that the honest taxpayers were given due importance. It was proposed that the taxpayers who were consistently paying their taxes or even just filing their returns might be hosted at civic receptions held by prominent government functionaries and honoured publicly, a senior official had said. A few years back, the board had started a process by which diligent taxpayers were sent “thank you” or appreciation notes through email under the name of the CBDT chairman. It was proposed to take this initiative forward, the official had said.

(Source: Press Trust of India and <https://www.zeebiz.com>)

## Goods Can Be Impounded for Lapses under GST, Says Kerala High Court

Authorities impounded a car being sent by a dealer from Puducherry to Thiruvananthapuram for personal use of his customer without an e-way bill. It has to be generated if goods worth more than ₹ 50,000 are transported, but is not applicable on goods for personal consumption. The matter went to the Kerala high court. The court said the vehicle could be impounded for lapses under the GST laws. But, the litigant is free to press for his arguments that it was for personal use through adjudication. However, he will have to prove the car being transported stand exempted from the rigours of the GST regime. If the person wants, the adjudication can happen at the commissioner appeals level now. The court did not comment on whether such a vehicle was used for personal and household effects and accordingly, the e-way bill would not apply. It held that these questions would be decided by adjudicating authorities. The court

made observations on larger and harsh outcomes originating from minor lapses. It stated the law, at times, can be harsh, and the courts, usually, needs to respect the legislative wisdom. Experts say the ruling has lessons for those buying vehicle in one state and getting it transported to the other.

(Source: <https://www.business-standard.com>)

## **CBDT Gets Three New Members**

The Appointments Committee of the Cabinet named Neena Kumar, Akhilesh Ranjan and Prasana Kumar Dash as members of the Central Board of Direct Taxes. The government has appointed three new members to the Central Board of Direct Taxes (CBDT), which earlier had only two members apart from the chairman. The Appointments Committee of the Cabinet has named three 1982 batch revenue service officers as members of the apex direct tax policy making body, according to a note issued by the department of personnel. The appointments assume significance since the under-staffed direct tax authority is currently on a drive to add new taxpayers, achieve an over 14% growth in tax receipts in the current fiscal, improve services to its customers and recover dues from corporations.

## **Income Tax Dept May Seek First Right on Recovery of Dues under IBC**

The income tax (I-T) department may soon request authorities in the finance ministry to intervene so that I-T dues get a higher priority over dues to unsecured creditors under the insolvency law. At present, the recovery of tax dues is possible only after payment to financial creditors under the Insolvency and Bankruptcy Code (IBC), which comes under the Ministry of Corporate Affairs. The tax department has prepared a proposal highlighting issues with the IBC with regard to tax dues. *“The entire process of resolution/liquidation under IBC is driven by committee of*

*creditors, and there is no involvement of the I-T department even though we have a lot of stake,”* said an I-T official. Citing the whole process of insolvency, the tax official said that under the IBC, the priority of claims has changed as compared to earlier provisions under the Board for Industrial and Financial Reconstruction (BIFR), the body governing insolvency and corporate bankruptcies earlier. *“The IBC norms considered government dues as ‘operational creditors’ and their priority for re-payment comes even after unsecured financial creditors,”* said the proposal prepared by the department.

## **CBDT Proposes Clear-Cut Timelines under Transfer Pricing**

The income-tax (I-T) department has proposed clear-cut timelines by which excess amount assessed by transfer pricing officials (TPOs) over what was declared by associated enterprises of multinational corporations (MNCs) has to be brought in India. These timelines relate to advance pricing agreements (APAs) and mutual agreement procedures (MAPs). In the Union Budget 2016-17, the government has come out with a concept of secondary adjustments. This basically means that if there is primary adjustment either made by the TPO or *suo motu* by the companies, which differs from what was declared by companies earlier, the excess amount over ₹10 million has to be brought back to India within a stipulated time. Otherwise, there would be secondary adjustment, which means this excess amount will be deemed as loan by Indian entity to the associated enterprise and a notional interest would be levied on it. Now, the Central Board of Direct Taxes had earlier said that the excess amount has to be returned within 90 days of filing of returns. But, then the question arose over what will happen in case of APAs and MAPs. Now, the department, through a draft notification, suggested that the amount should be returned within 90 days of signing of APAs and MAPs. ■