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# **Central Action Plan**

## **2019-20**

***Central Board of Direct Taxes***  
***Ministry of Finance***  
***Government of India***

## **CONTENTS**

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|  | Page |
|--|------|
| <b>INTRODUCTION</b>  | 3    |
| <br><b>KEY RESULT AREAS:</b>   |      |
| CHAPTER I BUDGET COLLECTION  | 4    |
| CHAPTER II REDUCTION AND CASH COLLECTION OUT OF<br>ARREAR DEMAND                       | 7    |
| CHAPTER III LITIGATION MANAGEMENT  | 13   |
| CHAPTER IV SERVICE DELIVERY AND REDRESSAL OF GRIEVANCES                                | 22   |
| CHAPTER V ASSESSMENT UNITS<br>(INCLUDING INTERNATIONAL TAXATION AND EXEMPTION CHARGES) | 24   |
| CHAPTER VI WIDENING OF TAX BASE  | 32   |
| CHAPTER VII INTERNATIONAL TAXATION & TRANSFER PRICING                                  | 34   |
| CHAPTER VIII TDS UNITS   | 39   |
| CHAPTER IX INTELLIGENCE AND CRIMINAL INVESTIGATION                                     | 48   |
| CHAPTER X EXCHANGE OF INFORMATION UNDER TAX TREATIES                                   | 53   |
| CHAPTER XI COMPUTER OPERATIONS   | 56   |
| CHAPTER XII EXEMPTIONS RELATED WORK  | 60   |
| CHAPTER XIII COMMUNICATION STRATEGY  | 63   |
| CHAPTER XIV HUMAN RESOURCE MANAGEMENT  | 65   |
| CHAPTER XV INFRASTRUCTURE  | 67   |
| CHAPTER XVI MISCELLANEOUS- ACTIONS ON GLOBAL ENTRY PROGRAMME                           | 68   |
| ANNEXURE-1 MASTER LIST FOR DEPARTMENTAL APPEAL AT ITAT, HC & SC                        | 69   |

## INTRODUCTION

The Vision 2020 document adopted by the Income –Tax Department envisages a non-adversarial and effective tax administration, with progressive tax policy and improved tax compliance. The Action Plan 2019-20 must work towards accomplishing this vision.

The Action Plan for 2018-19 was a comprehensively re-modeled plan that sought to address all the current priorities in a holistic manner. It laid special emphasis on a number of critical areas such as litigation management, improving quality in diverse areas of work and strengthening compliance and enforcement functions. The plan worked well and resulted in enhanced level of performance in all functions across the board.

This Action Plan for 2019-20 retains the broad structure of the plan for 2018-19 and seeks to consolidate the achievements made, while re-emphasizing priorities within the framework of the overall Vision. New chapters on **Human Resource Management** and **Infrastructure** have been added so as to highlight the critical importance of these areas of work. Targets in various key result areas have been re-calibrated in the light of experience gained.

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## CHAPTER - I

### ALLOCATION OF BUDGET TARGETS

#### 1. DIRECT TAXES COLLECTION DURING FY 2018-19

The major head-wise direct tax collections during FY 2018-19 are as under: -

(Rs. in crore)

| Head of Tax                              | Budget Estimates 2018-19 | Revised Estimates 2018-19 | Actual Collection 2018-19 # | %age of RE Achieved |
|--|--------------------------|---------------------------|-----------------------------|---------------------|
| Corporate Tax                            | 621000                   | 671000                    | 663571                      | 98.89%              |
| Personal Income Tax (including FBT, etc) | 518000                   | 518000                    | 462586                      | 89.31%              |
| Securities Transaction Tax               | 11000                    | 11000                     | 11528                       | 104.8%              |
| <b>Total</b>                             | <b>1150000</b>           | <b>1200000</b>            | <b>1137685</b>              | <b>94.80%</b>       |

# Source- Pr CCA, CBDT; Provisional / Unaudited

#### 2. TARGETS FOR FY 2019-20

The details of the Budget Estimates for FY 2019-20 as compared to the Actual Collections for 2018-19 (Prov.) are as under: -

**TABLE-1**

(Rs. in crore)

| Head of Tax                              | Actual Collection FY 2018-19 | Budget Estimates FY 2019-20 | % increase of BE for FY 2019-20 over Actual Collection of FY 2018-19 |
|--|------------------------------|-----------------------------|--|
| Corporate Tax                            | 663571                       | 760000                      | 14.53%   |
| Personal Income Tax (including FBT, etc) | 462586                       | 607200                      | 31.26%   |
| Securities Transaction Tax               | 11528                        | 12800                       | 11.03%   |
| <b>Total</b>                             | <b>1137685</b>               | <b>1380000</b>              | <b>21.30%</b>  |

2.1 The Budget target for each cadre-controlling Pr. CCIT has been fixed keeping in view the revenue potential of the Region, which is based on the weighted average growth rate of net collections of last three years, giving highest weight to the immediately preceding year. The statistical growth rate for a Region has been further moderated by averaging it out with the all-

India targeted growth rate so as to narrow the gap between all-India growth and the target growth rate given to the Region. Moreover, factors significantly affecting the potential of revenue for a particular Region have also been taken into account for making necessary adjustments in the Regional targets so as to allocate the Budget Estimates reasonably and equitably.

2.2. The above targets should be further allocated down to various field units under the jurisdiction of Pr. CCIT keeping in view the past performance and revenue potential of different charges.

2.3 Securities Transaction tax target is 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 for FY 2019-20 are as per the Table below:

**TABLE- 2**

**ALLOCATION OF BUDGETARY TARGET FOR FY 2019-20 MAJOR HEAD-WISE  
TO VARIOUS PRINCIPAL CCIT REGIONS**

(Rs in crore)

| <b>Pr CCIT Region</b>         | <b>Corporate Tax</b> | <b>Personal Income Tax</b> | <b>Securities Transaction Tax</b> | <b>TOTAL</b> |
|-------------------------------|----------------------|----------------------------|-----------------------------------|--------------|
| Gujarat                       | 28319                | 34766                      |                                   | 63085        |
| Karnataka & Goa               | 75128                | 77405                      |                                   | 152533       |
| Madhya Pradesh & Chhattisgarh | 14303                | 14664                      |                                   | 28967        |
| Odisha                        | 10385                | 6013                       |                                   | 16397        |
| West Bengal & Sikkim          | 31271                | 21586                      |                                   | 52858        |
| North West Region             | 24591                | 32223                      |                                   | 56814        |
| Tamil Nadu & Pondicherry      | 49697                | 42560                      |                                   | 92257        |
| Kerala                        | 9406                 | 11971                      |                                   | 21378        |
| Delhi                         | 125476               | 72415                      |                                   | 197891       |
| North East Region             | 4480                 | 5341                       |                                   | 9821         |
| Andhra Pradesh & Telangana    | 34887                | 38636                      |                                   | 73523        |
| Rajasthan                     | 11880                | 14015                      |                                   | 25895        |

|                      |               |               |              |                |
|----------------------|---------------|---------------|--------------|----------------|
| Uttar Pradesh (West) | 21426         | 14553         |              | 35979          |
| Uttar Pradesh (East) | 2971          | 14894         |              | 17865          |
| Mumbai               | 276671        | 150302        | 12800        | 439773         |
| Nagpur               | 1073          | 4653          |              | 5726           |
| Bihar & Jharkhand    | 5008          | 11467         |              | 16475          |
| Pune                 | 33027         | 39736         |              | 72763          |
| <b>TOTAL</b>         | <b>760000</b> | <b>607200</b> | <b>12800</b> | <b>1380000</b> |

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## CHAPTER - II

### REDUCTION AND CASH COLLECTION OUT OF ARREAR DEMAND

The arrear demand, including demand not fallen due as on 31<sup>st</sup> March has increased from Rs. 11,20,406 crores as on 01.04.2018 to Rs. 12,77,644 crores (Provisional) as on 01.04.2019. This arrear demand has been taken into consideration for fixing the target of reduction and cash collection for FY 2019-20.

2. In 2018-19, gross reduction of arrear demand was achieved to the extent of Rs. 1,98,815 crores, including cash collection of Rs. 40,599 crores. However, additional net current demand of Rs. 4,22,625 crores were raised, of which only Rs. 91,173 crores could be reduced during the year, including cash collection of Rs. 59,660 crores. Thus, there was a net accretion of Rs.1,32,637 crores to the figure of outstanding demand. **While the causative factors responsible for the huge tax arrears and its management need to be undertaken separately through centralized data management by using latest technology and advanced analytics**, it is imperative that concerted efforts are made to reverse the trend of increasing arrear demand and to initiate the process of reducing the figure to more manageable levels.

3. Accordingly, for the year 2019-20, a target of Reduction in Arrear Demand by 40 % of the total demand as on 01.04.2019 (**40% of Rs. 12,77,644 crores**) has been set. The Pr. CCIT Region-wise allocation is given in table-3 below:

**TABLE-3**

#### **ALLOCATION OF TARGET FOR REDUCTION IN ARREAR DEMAND FOR FY 2019-20**

(Rs in Crore)

| Sl. No. | Principal CCIT regions | Target for reduction in arrear demand |
|---------|------------------------|---------------------------------------|
| 1       | Pr. CCIT (Intl. Tax)   | 53532                                 |
| 2       | Mumbai                 | 181985                                |
| 3       | Gujarat                | 28354                                 |
| 4       | AP &Telangana          | 12228                                 |
| 5       | Rajasthan              | 2581                                  |
| 6       | Nagpur                 | 755                                   |
| 7       | Pune                   | 13973                                 |
| 8       | UP west                | 4438                                  |
| 9       | UP east                | 11391                                 |
| 10      | MP & Chhattisgarh      | 9963                                  |

|                    |                   |               |
|--------------------|-------------------|---------------|
| 11                 | Bengaluru         | 17813         |
| 12                 | Tamil Nadu        | 11660         |
| 13                 | Kerala            | 3699          |
| 14                 | Odisha            | 2399          |
| 15                 | North east region | 497           |
| 16                 | WB & Sikkim       | 32438         |
| 17                 | Bihar & Jharkhand | 3564          |
| 18                 | Delhi             | 107405        |
| 19                 | North West Region | 12383         |
| <b>Grand total</b> |                   | <b>511058</b> |

The inter-se targets may be reviewed in December, 2019.

**3.2 The minimum percentage of annual target for reduction in arrear demand fixed for each Pr. CCIT region to be met in the following timeframe:**

| <b>Percentage target for reduction in arrear demand</b> | <b>Time frame</b> |
|---|-------------------|
| <b>Up to 50%</b>  | <b>30.09.2019</b> |
| <b>Up to 70%</b>  | <b>31.12.2019</b> |
| <b>Up to 100%</b>                                       | <b>31.03.2020</b> |

**3.3 Besides, minimum 15% of brought forward entries of arrear demands to be reduced in corporate & international taxation and minimum 25% of such entries be reduced in non-corporate charges.**

4. Reconciliation of arrear demand on CPC portal, early disposal of appeals and passing of appeal effect orders at an early date are critical to the achievement of the targeted reduction in arrear demand. While targets for early disposal of appeals have been set out in Chapter III, specific targets for reconciliation of arrear demand as well as for giving effect to appeal orders are fixed as under:

|                                 |   |
|---------------------------------|---|
| Reconciliation of arrear demand | <ul style="list-style-type: none"> <li>Reconciliation of arrear demand to be completed by 31.08.2019</li> </ul>   |
| Passing of appeal effect order  | <ul style="list-style-type: none"> <li>All pending appeal effect orders should be issued by 31.07.2019</li> <li>In all other cases, appeal effect orders should be passed within two months from the date of receipt of the order.</li> </ul> |

5. The overall target for reduction in arrear demand shall include a target of cash collection of arrear demand, which is a distinct target, required to be achieved independently



of the overall reduction target. This target of cash collection of arrear demand has been worked out on the basis of the following formula as given in table 4 below:

**TABLE-4**

**FORMULA FOR TARGET OF CASH COLLECTION OUT OF ARREAR DEMAND FOR  
FY 2019-20**

| <b>S No</b> | <b>Description</b>   | <b>Base amount (Rs. in crore)</b> | <b>Percentage in terms of the base amount</b> | <b>Target amount (Rs. in crore)</b> |
|-------------|--|-----------------------------------|---|-------------------------------------|
| 1           | Net Collectible Demand as on 01.04.2019 [as reported vide item no. 10 of CAP-1 for March 2019]   | 14594                             | 80  | 11675                               |
| 2           | Demand not fallen due as on 01.04.2019 [as reported vide item no.5 of CAP-1 for March 2019]  | 43566                             | 20  | 8713                                |
| 3           | Demand stayed by Courts/ITAT [as reported vide item no. 9 (j) of CAP-1 of March 2019]  | 115837                            | 10  | 11584                               |
| 4 (a)       | Demand stayed by I.T. Authorities [as reported vide item no. 9 (k) of CAP-I of March 2019]   | 87961                             | 15  | 13194                               |
| (b)         | Demand covered by instalments [as reported vide item no. 9 (l) of CAP-I of March 2019]   | 3935                              | 20  | 787                                 |
| (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 2019] | 20387                             | 20  | 4077                                |
| 5           | Demand difficult to recover on account of no/inadequate assets [ as reported vide item no. 9 (c) of CAP-1 of March 2019]   | 545081                            | 5   | 27254                               |
| 6.          | Assessees not traceable [as reported vide item No. 9(b) of provisional CAP-I of March 2019]  | 89422                             | 5   | 4471                                |
| 7           | Demand difficult to recover for any other reason [as reported vide item No. 9(s) of provisional CAP-I of March 2019]   | 38664                             | 5   | 1933                                |
|             | <b>Total</b>   |                                   |   | <b>83689</b>                        |

\* As per CAP-I March 2019 (Provisional)

5.2. The above formula includes a 5% weightage in respect of demand where assesses are not traceable. Experience has shown that in at least few such cases, the assessee could be traced with concerted efforts, including internet search, use of ITS data and enquiries through banks.

6. In order to provide focused attention to the handling of cases where stay has been granted, the following strategies shall be adopted:

| <b>S.No</b> | <b>Description</b>  | <b>Base amount (Rs. in crore)</b> | <b>Target</b>   |
|-------------|---|-----------------------------------|---|
| 1           | Demands stayed by Courts/ ITAT [as reported vide item no. 9 (j) of CAP-1 for March 2019]    | 1,15,837                          | <ul style="list-style-type: none"> <li>• Identification of all the stay granted matters by 31.07.2019</li> <li>• Formulation of action plan by PCsIT for vacation of stay and early disposal of appeals by 31.07.2019</li> <li>• Provision of necessary inputs/ <b>written submissions</b> by AO and Addl. CIT Range to CIT (DRs) for proceedings before ITAT</li> <li>• CIT (DRs) not to seek adjournments in normal course</li> <li>• PCIT/<b>CIT</b> to personally attend court proceedings in stay matters before Hon'ble High Court</li> </ul> |
| 2           | Demand stayed by I.T. Authorities [as reported vide item no. 9 (k) of CAP-I for March 2019] | 87,961                            | <ul style="list-style-type: none"> <li>• All the pending remand reports should be sent to CsIT(A) by 30.09.2019</li> <li>• Remand reports u/s 250(4) in stay granted matters to be furnished within 30 days</li> </ul>  |

7. The Pr. CCIT Region-wise allocation of the target for cash collection out of arrear demand is given in Table 5 below:

**TABLE-5****ALLOCATION OF TARGET FOR CASH COLLECTION OF ARREAR DEMAND FOR  
FY 2019-20**

(Rs in crore)

| <b>Sl. No.</b>     | <b>Principal CCIT Region</b> | <b>Target for cash collection out of arrear demand</b> |
|--------------------|------------------------------|--|
| 1                  | Pr. CCIT (Intl. Tax.)        | 8257   |
| 2                  | Mumbai                       | 24684  |
| 3                  | Gujarat                      | 3081   |
| 4                  | AP & Telangana               | 2488   |
| 5                  | Rajasthan                    | 575  |
| 6                  | Nagpur                       | 81   |
| 7                  | Pune                         | 1674   |
| 8                  | UP West                      | 1317   |
| 9                  | UP East                      | 1570   |
| 10                 | MP & Chhattisgarh            | 2987   |
| 11                 | Bengaluru                    | 4211   |
| 12                 | Tamil Nadu                   | 2853   |
| 13                 | Kerala                       | 1005   |
| 14                 | Odisha                       | 2281   |
| 15                 | North East Region            | 91   |
| 16                 | WB & Sikkim                  | 4802   |
| 17                 | Bihar & Jharkhand            | 679  |
| 18                 | Delhi                        | 18513  |
| 19                 | North West Region            | 2540   |
| <b>Grand total</b> |                              | <b>83689</b>   |

**7.2 The minimum percentage of annual target for cash collection fixed for each Pr. CCIT region to be met in the following timeframe:**

| <b>Percentage target for cash collection</b> | <b>Time frame</b> |
|--|-------------------|
| <b>Up to 50%</b>                             | <b>30.09.2019</b> |
| <b>Up to 70%</b>                             | <b>31.12.2019</b> |
| <b>Up to 100%</b>                            | <b>31.03.2020</b> |

8. Targets for reduction and cash collection have to be **dynamic and to be reviewed on a quarterly basis**. The targets have been specified in Tables 2 and 3 above at the level of Pr. CCIT. The Pr. CCsIT will further allocate these targets in accordance with the specified formula to the respective CCsIT/DGsIT in their region. Such allocation of targets should be completed by 31<sup>st</sup> July, 2019 and intimated to the Directorate of Recovery for monitoring purposes.

9. **The write off proceedings after issue of Irrecoverable Certificates (ICs) by the TROs should be expedited in a time bound manner. The concerned Pr. CCITs/CCITs will ensure monthly meetings and regular review of unrealizable demand and decisions on write off proposals. In this regard, the relevant instructions/OMs may be followed. Monthly report should be submitted to the Pr. DGIT (Admn.), CBDT for monitoring purpose.**

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## CHAPTER - III

### LITIGATION MANAGEMENT

The Central Board of Direct Taxes recognizes the important role of Litigation Management in achieving its 2020 vision of being an efficient and effective tax administration and improving voluntary tax compliance. The seriousness of the Board is evident from a series of policy actions taken in this regard which include substantial increase in monetary limits for filing appeals, issue of guidance on various issues, constitution of committee for minimizing and strengthening litigation management (OM dated 5.6.2016), committee to study appellate orders to examine filing of Appeals by the Department before various forum(OM dated 17.7.2014)and introduction of Central Tax Committee and Regional Tax Committees etc. In the past few years, the Department has taken path breaking steps on policy side to improve litigation management. This includes a steep hike in monetary limit on filing appeals before ITAT/Courts. The Board had also prescribed specific enhanced targets for CIT(A) to address this problem as far as the first appeals are concerned. The status of pendency of appeal before CIT(A) is as under:

**TABLE-6**

| Details   | FY 2017-18 | FY 2018-19 |
|---|------------|------------|
| No. of appeals pending with CsIT (A) as on 1st April            | 3,28,173   | 3,21,020   |
| No. of new appeals instituted during the year                   | 1,17,150   | 1,40,715   |
| No. of appeals disposed of by CsIT (A) during the year          | 1,23,480   | 1,20,251   |
| Closing number of appeals                                       | 3,21,843   | 3,41,484   |
| Demand involved in appeals at the end of the year (Rs. crore)   | 6.38 lakh  | 5.71 lakh  |
| Demand stayed by ITAT/Courts at the end of the year (Rs. Crore) | 87,035     | 1,15,837   |

While the number of new appeals instituted before the CsIT(A) during the year has increased substantially, the disposal of such appeals is marginally lower as compared to preceding year. It is imperative that the policy objectives of efficient litigation management are recognized and effectively implemented at the field level. The Action Plan for 2019-20 has been prepared keeping in mind the above factual position, the recommendation of various committees, Board's existing instructions and Vision 2020 formulated by the Department.

#### **PART A – TARGETS FOR CIT (APPEALS)**

2. The pendency of appeals with CsIT (A) and demand locked therein has been increasing over the years. Analysis of the work done last year has been given in table-6 as above.

(a) Total number of appeals pending where demand is less than Rs10 Lakh is 192435 as on 01.04.2019, as against 194502 which shows a slight decline from the corresponding figure as

on 01.04.2018. However, the pendency is still very large, where demand is less than Rs. 2 lakhs. The special focus for disposal of such cases is required to be maintained as efforts during the earlier year could only reduce the number of old appeals less than Rs 2 lakh to about half whereas the target for the same was 90%.

(b) There is a substantial reduction in the number of B2 appeals from 64827 to 39,820. (nearly 40 %). However, there is a corresponding increase in the A3 and A2 appeals of nearly 20 %. This represents status on 31.3.2019 which will be modified on 1.4.2019 when the category C appeals are merged in B2 and B3.

2.1. The results of last year's action plan strategy in litigation management at the level of CIT(A) are encouraging. There has been a reduction in litigation in cases involving small demand cases which have a wide-spread impact on taxpayers. It is therefore desirable to continue with a similar action strategy for the current fiscal, to meet the core objectives of budget collection, reduction in outstanding demand and litigation management. However, special emphasis needs to be given to high demand cases vis-a-vis the low demand cases. A two-pronged strategy as in last year, with slight modifications to deepen the impact, shall be adopted this year too, having proportionate focus on optimizing disposal in terms of numbers and on maximizing disposal of appeals involving high quantum of demand.

2.2 It is seen that the appeals pending in different categories are not evenly distributed amongst PCCIT regions, as also within each PCCIT region. Hence the targets for disposal are being set at the level of PCCIT regions, and at micro level there shall be norms for disposal of appeals by individual CITs(A). In order to ensure optimum distribution of work and maximum disposals, the PCCIT/CCITs may redistribute the cases in such a manner so as to attain/exceed the targeted disposals. The allocations of pending appeals may also be reviewed periodically to ensure that each CIT(A) delivers results in accordance with the norms laid down hereunder. In order to ensure priority disposal of old appeals that have been pending for more than 5 years, separate norms are being laid down for their disposal.

2.3 Accordingly, the targets and norms for FY 2019-20 in respect of disposal of appeals pending with CsIT (A) in each PCCIT Region are set out as under:

A. Each PCCIT Region shall ensure:

- (a) Disposal of 100% of appeals pending as on 01.04.2019 that involve demand of Rs.50 crores and above (category A1);
- (b) Disposal of at least 40% of appeals that involve demand of Rs.10 lakhs or more in categories A2, and A3;
- (c) Disposal of at least 90% of appeals that involve demand of Rs.2 lakhs to Rs. 10 lakhs (category B1 and B2)
- (d) Disposal of at least 90% of appeals that involve demand of less than Rs.2 lakhs (new category B3);
- (e) Disposal of 90% of all appeals pending beyond 5 years (excluding appeals stayed by judicial authorities).

B. Each individual CIT (A) shall be expected to dispose of a minimum of 550 appeals during the financial year.

C. Priority disposal of old appeals:

- (a) The Board is concerned with significant number of appeals which are more than 5 years old. The age-wise analysis of such appeals pending as on 1.4.2019 is given below:

|   |        |
|---|--------|
| Pendency as on 01.04.2019 for more than 5 years | 22,156 |
| Pendency as on 01.04.2019 for more than 3 years | 66,401 |

- (b) In respect of appeals pending for more than 5 years, the CIT(A) shall segregate appeals which have been stayed by judicial authorities. In respect of remaining appeals, 90% of the appeals should be disposed of during the year.

D. The search & seizure appeals belonging to same group shall be grouped together for disposal even if some of the appeals do not fall within the priority category.

2.4 The above targets, along with the inter se priority are given as under (Table-7) and further explained in para 2.6:

**TABLE-7**

| Target   | Category          |    |  | Remarks  |
|--|-------------------|----|--|--|
| 40%  | A<br>(>10 lakhs)  | A1 | Above 50Cr   | No inter-se priority except <b>100% disposal of A1 brought forward as on 01.04.2019.</b> |
|  |                   | A2 | Above 1 Cr to 50 Cr                                    |  |
|  |                   | A3 | Above 10 Lakhs to 1 Cr                                 |  |
| 90%  | B<br>(< 10 lakhs) | B1 | Filed before 1.4.2016 (2-10 lakhs)                     | Inter-se priority as per clause 2(ii) & 2(iii) of para-2.6.                              |
|  |                   | B2 | Filed from 1.4.2016 to 31.3.2019 (2-10 lakhs)          |  |
|  |                   | B3 | All appeals filed before 31.03.2019(demand < 2 Lakhs). |  |
|  | C<br>(< 10 lakhs) | C  | Current Appeals Filed during FY 2019-20                | May be disposed of with approval of PCCIT/CCIT   |
| For category A & B, 90% disposal of all appeals which are over 5 years old by 31.3.2020. |                   |    |  |  |

2.5 For the purpose of evaluation of performance of an individual officer holding additional appellate charge(s) during the year/part-year, the aggregate disposal including in the additional charge(s) held, shall be considered.

2.6 The above targets should cumulatively result in a significant increase in disposal of appeals with CITs(A) and substantially reduce the pending appeals carried forward, as well as unlock the demand locked therein.

**ACTION ITEMS:**

(1) Category A appeals involving demand above Rs. 50 Crore and pending as on 01.04.2019 shall be disposed of by 31.12.2019.

(2) The priority for disposal of appeals in different Categories shall be as under:

(i) Higher priority shall be given to disposal of appeals involving demand of Rs.10 lakhs and above (Category A), irrespective of the year in which the appeals are filed. There shall be no inter-se priority within the Category, except that appeals involving demand of Rs.50 crore and above shall be disposed of by 31.12.2019.

(ii) The appeals involving demand of Rs.2-10 lakhs shall receive the next priority for disposal (Category-B1 and B2).

(iii) The next priority shall be given to appeals involving demand of less than Rs.2 lakhs and filed up to 31.03.2019 (Category B3).

(iv) Lowest priority shall be given to appeals involving demand of less than Rs.10 lakhs and filed during the current FY 2019-20 (Category C). Such appeals can be disposed of, with approval of the CCIT concerned, if there is inadequate number of appeals of Category A or B pending with him in order to meet the target. The CIT (A) may also dispose of any such appeal on priority, if so, directed by the PCCIT/CCIT concerned.

(v) Appeals of the same assessee relating to different years involving substantially similar issue(s) or inter related issue(s) may be disposed of irrespective of the Category to which they belong, if one of the appeals falls for priority disposal. In respect of group search & seizure cases, the CIT (A) may dispose of appeals of group cases irrespective of the category to which they belong if one of the appeals falls for priority disposal.

(vi) Appeals pending for more than 5 years shall be given highest priority.

(vii) Cases set aside and restored to the CIT (A) by Courts/ITAT are to be disposed of on priority.

**3. ACTION ON PART OF PR. CCIT /CCSIT**

(i) To ensure a rational distribution of workload, especially of A and B category appeals amongst CsIT (A), Pr. CCIT/CCITs shall carry out intra-city and inter-city reallocation of workload, which may be reviewed at the end of every quarter. The re-distribution and re-allocation of the workload shall be done in such a way that as far as possible, all the CsIT(A) in the respective Region have sufficient number and distribution of appeals of various categories required to meet the above-mentioned targets. The exercise should be completed by 31st July, 2019.

(ii) After redistribution of workload, targets for each CIT (A) may be communicated to the Member (A&J), CBDT before 15<sup>th</sup>August, 2019 with a copy to the Zonal Member.



(iii) PCCITs/CCITs should take necessary steps to ensure that necessary resources and infrastructure, including secretarial support, are provided to CITs(A) so as to enable them to discharge their duties efficiently and meet Action Plan Targets. A suitable mechanism should also be devised to ensure that remand reports are sent to the CIT (A) in time.

#### **PART B: REPRESENTATION BEFORE CIT(A)**

4. Proper representation before CIT(A) is essential for quick disposal of appeals as well as for improving the quality of appellate orders. The Central Action Plan for 2018-19 had laid down a time limit for submission of remand reports as well as representation before CIT(A). It is noted that these targets have not been complied with. The Board has also issued guidelines for representation of cases before CIT(A) vide F No. 279/Misc/M-124/2018-ITJ dated 14<sup>th</sup> February, 2019 in this regard. It is reiterated that timely submission of remand reports and proper representation before CIT(A) in appropriate cases is ensured as the same is of utmost importance.

4.1. The AOs shall submit all remand reports pending as on 30.06.2019 latest by 30.08.2019 and thereafter, as far as possible, the AOs shall submit remand report within 30 days from date of receipt of the letter calling for remand report by CIT(A). The Range head shall closely monitor this work and in case of delay they shall inform the CIT(A) in writing about the delay with valid reason for the same.

4.2. Each AO shall identify at least **20** quality cases of assessments for making proper representation in these cases before CIT(A), through ITBA functionality newly created for marking such cases. The PCIT shall ensure that these are properly represented before CIT(A) through an institutionalised system set up under the PCIT. The ITO(Tech) will be the nodal point for coordination with office of CIT(A) and Range Heads for proper representation in such cases.

4.3 The cases can be represented before CIT(A) by the AO. The Range Head who has the final responsibility of making proper representation before CIT(A), may depute any other officer of the Range who has special expertise or domain knowledge, to represent the case along with the Assessing Officer.

4.4 The CIT(A) shall separately report in their monthly DO as to how many such suitable orders have not been represented by the officers of the Department and shall also upload the list in ITBA so that a MIS and dashboard is created range wise regarding such representation.

4.3 The Pr CCIT/CCIT shall make proper arrangement of space and necessary facilities for representation of such quality orders by Departmental officers.

4.4 The AO shall identify all such cases where stay has been granted to the assessee by field authorities on account of pendency of appeal before CIT(A) and provide a list of such appeals to CIT(A) for prompt disposal. This action should be completed by 31.7.2019.

## **PART C: LITIGATION MANAGEMENT OF APPEALS WITH ITAT/COURTS**

### **General**

5.1 Legal Information Management & Briefing System (LIMBS) has been adopted by Government as the comprehensive database of all litigations before Courts by all Ministries. PCITs have been provided the user-ids and have been given the responsibility to enter details of all cases which are pending before the Courts pertaining to their charges. Pr CCITs and CCITs shall monitor and ensure that entries pertaining to the appeals pending as on 01.04.2019 at the level of PCITs is completed by 30<sup>th</sup> September 2019. Further, appeals filed subsequently are required to be entered in LIMBS within a month of filing of the appeal.

5.2 Scrutiny Reports on ITBA: The Central Scrutiny Report (CSR) module available on ITBA is yet to be optimally utilized by the field formation. It is desirable that from the current Financial Year, all Central Scrutiny Reports are duly reported on ITBA. The PCITs are to ensure that CSRs are prepared by the AOs and submitted on ITBA.

5.3 National Judicial Reference System (NJRS) has been developed as an effective tool of litigation management. Committees setup to study improvement in litigation management have stressed on the use of NJRS as a primary step towards such improvement. In order to ensure mandatory use of NJRS by target audience, a certificate should be provided by the concerned officers (AOs, DRs, HC Cells, CIT(J), CIT(DR)(Admn.) and office of DG(L&R), Delhi) with respect to use of NJRS for their judicial work by 30.9.2019.

6. There are a large number of cases where appeals for various assessment years, involving similar issues, are pending for several years at different levels in the ITAT/High Court/Supreme Court. This back-log of litigation not only blocks collectible revenues (total demand stayed by Courts/ITAT as on 31.03.2019 is Rs.1,15,837 crore), but also generates further litigation due to similar issues arising in subsequent assessments. Thus, even though there is a reduction in the number of appeals being filed by the Department, the number of disputes pending in Courts/ITAT has been increasing over the years. The CAP for FY 2018-19 had outlined a procedure for handling such litigation in a concerted and focused manner, which are required to be followed in the current year also. These are discussed as under:

- i) Every PCIT shall identify top 30 litigation cases of assesseees in his Charge where important issues are pending at one or more appellate levels in ITAT/HC/SC, based on:
  - Importance of the issue
  - Revenue potential
  - Recurring nature of the issue
  - Stay granted appeals/cases
- ii) After identification, the cases with common or similar issue(s) shall be bunched. If there are common or similar issues in cases across CCIT regions within a PCCIT Region, the bunching shall be done at the level of PCCIT.
- iii) The PCCIT or CCIT shall then nominate a resource person (of the level of PCIT/CIT) or form a team (headed by a PCIT/CIT) for each case or bunch of cases who will represent and sent proposal before the appellate fora for bunching and early fixation. In cases

involving issues relating to international taxation or transfer pricing, officers from International Taxation / Transfer Pricing Charges may be involved.

- iv) The resource person or the team (as the case may be) shall devise the strategy required to deal effectively and efficiently with the case(s) and appeals lying at different levels. They shall prepare written briefs and submissions in consultation with Regional/ National Talent Pool and shall assist CIT(DR)/Department Counsel on real time basis in proper representation before ITAT/HC/SC, including being present at hearings to the extent possible, filing written submissions and taking other actions as required. They shall also make required efforts for early fixation of cases, vacation of stay orders and such other matters. The Assessment Wing shall be actively involved in defending the interest of revenue in the litigation affairs.
- v) In order to ensure effective representation in all other category of top litigation cases (non-bunching cases), the PCIT concerned shall constitute a team headed by Range head for effective representation before ITAT/HC/SC which shall include drafting of briefs and proper briefing to CIT(DR), Sr. Standing Counsel, ASG, SG and AG as the case may be. The team will periodically monitor proceedings before ITAT/HC/SC. The briefing team for ASG/SG/AG shall be headed by a PCIT and assisted by Regional/ National Talent Pool and it is expected that PCIT will personally attend these cases before HC/SC. A Progress report on completion of the above consolidation work as well as adoption of above processes should be furnished by 31.7.2019 to Pr. DGIT (L&R) which will include the top cases identified at ITAT, High Court and Supreme Court level separately. Thereafter, the PCCIT/CCIT should monitor the functioning of the resource teams and also monitor success, if any, achieved in terms of appeal management and disposal.

**6.2 Also, for proper litigation management, a master list of appeals pending at ITAT,HC,SC as on 1.04.2019, prepared by the AOs for each Pr.CCIT and the same is to be updated every quarter and forwarded to Pr.DGIT (L&R) which is to be compiled by 15<sup>th</sup> of the end of each quarter. The master list for departmental appeal is to be compiled in the format as in Annexure-1.**

#### **PERFORMANCE OF CIT(DRs)/ADDL. CIT(DRs)**

7. The Committee constituted on 5.9.2016 by the Board to chart out a comprehensive roadmap to minimize Litigation and Strengthen Litigation Management suggested a proactive role for CIT(DRs), increased use of NJRS for litigation related communication and bare minimum posting of officers on rotational duty at ITAT.

7.2 The CIT(DR)(Admn.) shall ensure that critical and high demand Central Circle cases are not argued by CsIT posted on rotational basis. It shall also be his responsibility to ensure liaison with concerned PCsIT in identified cases (para 6 above). In Central Charges, on receipt of orders of CIT(A) in such cases, the PCIT, in co-ordination with DGIT/CCIT(Central) should decide if the case is fit enough for engaging a special counsel at the time of filing of such appeal itself. Necessary procedural formalities should be completed well in advance to engage a Special Counsel for the case. The PCIT should ensure regular communication with CIT(DR) with respect to such appeals.

7.3 The CIT(DRs) are required to peruse the orders passed by ITAT and prepare a summary of significant orders for circulation in the field. Such orders should include cases of good investigation by the AO as well as deficiencies noted by the Bench in assessment orders. The CIT/Addl. CIT may identify at least two such appellate decisions per month for circulation.

7.4 Identification of exceptionally effective representation before ITAT: Each PCCIT will identify and send proposal in respect of at least one CIT(DR)/Addl. CIT(DR) from his region to DGIT (L&R) identifying cases of good representation. The DGIT (L&R), in consultation with Member (A&J), will decide on one officer at a national level for conferring of award for best representation before ITAT. The parameters for selection will include the success of the officer in critical cases, ability to put forth strong arguments, disposal of maximum number of appeals etc. to be developed by DGIT (L&R) and circulated in advance.

### **CREATION OF REGIONAL & NATIONAL TALENT POOL**

8.1 The Pr. CCsIT /CCsIT shall identify officers of the region, having expertise/domain knowledge in specific trade/sector/section of Income-tax Act and shall form a "Regional Talent Pool" in their respective regions, to represent in high-stake cases. Such officers in "Talent Pool" should be given due recognition for effective representation in such high-stake cases, before CIT(A) or before ITAT or for briefing the Standing Counsel/ASG in the Hon'ble Supreme Court/ High Court.

8.2 The L&R Directorate shall form a "National Talent Pool" with selected officers having super specialization in any specific trade/sector/section of Income-tax Act for representation of high-stake cases at different levels of appeal and also for rendering all possible assistance and briefing of the Standing Counsels/ASGs in such cases. Their contribution will also be recognized at national level.

8.3 The L&R Directorate shall be the nodal agency in all matters relating to formation of Regional and National Talent Pool, i.e. for organizing Mock courtrooms every quarter, for recognizing their talent and for further enhancement of their skills. The list of selected officers of Regional and National Talent Pool, with their background and expertise, shall be maintained in NJRS.

8.4 The officers of the Talent Pool shall also act as a "Think Tank", to contribute articles on the themes of their specialization for publication in NJRS web portal as well as in national or international journals.

### **TESTIMONIALS TO THE OFFICERS**

9. In order to encourage quality work, Pr. CCIT shall issue proper testimonials to officers appreciating their work, where the orders of such officers - CIT (DR), Sr. DR, Talent Pool officers involved in the process are upheld by the HC or SC, under intimation to Pr. DGIT (L&R).

### **PART D: PROSECUTION**

10. Proper attention is required to be given for filing prosecution in suitable cases and for reducing long drawn prosecution proceeding before the courts. There is a need to address this problem in a concerted and focused manner. The PCITs shall ensure drafting and filing of error free prosecution complaints in consultation with Standing Counsel of the department

and effective representation before Courts by way of proper briefing to Standing Counsel. The PCCIT/CCIT shall identify prosecution complaints pending for more than two years and will devise case-specific litigation strategy for early hearing and effective representation to enable the Courts to take a final view in the matter at the earliest. Detailed Action Plan on Prosecution and Compounding is given in Assessment Chapter. The timelines are required to be adhered.

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## CHAPTER – IV

### SERVICE DELIVERY AND REDRESSAL OF GRIEVANCES

The Income-tax Department 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.

2. Redressal of grievances of the taxpayers remains a key area of commitment of the Department. The substantial progress made in this area needs to be continued with increased emphasis.

2.1 The following timelines are prescribed for disposal/resolution of grievances registered at different levels mentioned below.

#### DISPOSAL/RESOLUTION OF GRIEVANCES

**TABLE-8**

|    |  |  |
|----|--|--|
| 1. | Grievances received from PMO/FMO/MPs/CBDT/any other high priority source   | Within 15 days of receipt by Assessing Officer concerned   |
| 2. | Grievances received through CPGRAMS online portal  | Within 30 days of receipt by CBDT.   |
| 3. | Grievances/cases where taxpayer has responded to AO Notice u/s 245 of the Income-tax Act, 1961 informing about outstanding demand to be adjusted against refund  | Within 30 days of receipt  |
| 4. | Grievances/cases where taxpayer has responded to CPC Notice u/s 245 of the Income-tax Act, 1961 informing about outstanding demand to be adjusted against refund | Within 15 days of receipt  |
| 5. | Grievances received through e-Nivaran  | Within 30 days of receipt  |
| 6. | Any other Grievances received directly by the Assessing Officer or Grievance Cell through any other source   | Within 30 days of receipt  |
| 7. | Dedicated Grievance redressal day (Monthly)  | First Friday of every month  |
| 8. | Dedicated Grievance redressal week (Quarterly)   | First week at the beginning of every quarter i.e. April, 2019, July, 2019, October, 2019 & January, 2019 |

3. Considering the importance of this aspect of work, the Pr. CCIT concerned has to be responsible and accountable for monitoring. The Pr. CCIT shall make a monthly report with regard to resolution of grievances and sent to the Zonal Member with a copy to Pr. DGIT (Admn. & TPS). In the cases where pendency goes beyond 60 days, the reasons for delay must be mentioned in the said monthly report along with an explanation of the officer/official concerned.

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## **CHAPTER - V**

### **ASSESSMENT UNITS**

#### **(Including International Taxation & Transfer Pricing)**

In the Vision 2020 strategic plan document, the Department aims to formulate process which would facilitate progressive tax policies and easy compliance as well as ensure enforcement of tax laws with fairness. This is to be achieved by an enabling policy environment and augmenting the revenue mobilization apparatus for optimum revenue collection under the law, while maintaining taxpayer confidence in the system.

2. The assessment units have a very significant role in achieving the aforementioned goals since they have the maximum public interface and therefore represent the image of the Income Tax Department in the eyes of the taxpayers. Use of the assessment mechanism for effective but fair enforcement requires an efficient risk-management strategy. Enhancing the quality of assessment and making extensive use of processed and available information are, therefore, essential parts of compliance and risk-management strategy.

3. Equally important is the need to pursue the collection of outstanding demand and recovery of tax-arrears through effective use of the powers conferred under the law.

4. E-governance is now firmly established as a strategic tool for transforming governance and improving the quality of service provided to the taxpayers. Integrating back office information processing systems with the Internet to provide an online interface to the taxpayers is the key for transiting to an era of e-governance. The Department has ushered in an era of e-assessments for bringing in an assessee- friendly paperless assessment framework. New sub-sections (3A), (3B) and (3C) have also been inserted in section 143 through the Finance Act, 2018 announcing a proposed new scheme of assessment that will eliminate the interface between the Assessing Officer and the assessee to the extent technologically feasible, optimize utilization of resources and introduce a team-based assessment with dynamic jurisdiction. Meanwhile, an integrated scheme of e-assessment has been launched during FY 2017-18 through the ITBA platform. All efforts must be made to make the scheme a success and instructions issued by the Board in this regard must be complied with in letter and spirit.

5. In the background of the above priorities, Assessment units must focus on:

- i) Achievement of Budget collection target including targets for reduction and cash collection of arrear and current demand;
- ii) Ensuring quality of assessment and following up with strict action against tax-evaders;
- iii) Making effective use of available information;
- iv) Complying with e-assessment targets as laid out from time to time;
- v) Ensuring efficient delivery of taxpayer service including timely disposal of pending grievances.



5.2 It is the responsibility of each Pr. CCIT to organize quarterly meeting with Principal Director (DT) of Revenue Audit with all PCsIT and CsIT (Audit) for settlement of all brought forward pendency of Revenue/Internal Audit before 31.03.2020.

5.3 Pr.CCIT/CCIT shall ensure that all internal and revenue audit objections are replied and settled through ITBA System only.

6. Targets for assessment units are accordingly set out as under:

**TABLE-9**

**TARGETS FOR ASSESSMENT UNITS 2019-20**

| S.No                                   | Key Result Area          | Target/Activity   | Time frame(by) |
|--|--------------------------|---|----------------|
| <b>A</b>                               | <b>Budget Collection</b> | <b>100%</b> Collection of Budget Targets fixed (Region-wise targets are as per Chapter I)   | 31.03.2020     |
| <b>B</b>                               | <b>Assessment Work</b>   |   |                |
|  | Scrutiny assessments     | Completion of time barring assessments-<br><br>up-to 60%-time barring assessments should be completed by 30.09.2019 and all remaining within the statutory time limit of 31.12.2019. The Pr. CCIT, however, may modify the above time-lines keeping in view the local exigencies. | 31.12.2019     |
|  |                          | Completion of at least 15% non-time barring CASS assessments.   | 31.01.2020     |
| <b>C1 Recovery/Reduction of Demand</b> |                          |   |                |
| 1                                      | Cash Collection by AO    | 100% of the target fixed for cash collection of arrear demand ( <b>Region-wise targets are as per Chapter II</b> )  | 31.03.2020     |
| 2                                      |                          | 20% of the current demand raised during the year (excluding pre-paid taxes & demand not fallen due)   | 31.03.2020     |
| 3                                      | Reduction by AO          | 40% reduction in arrear demand as on 01.04.2019 (including cash collection as at 1. above)  | 31.03.2020     |
| 4.                                     | NCLT matters             | Identification, processing and filing of petitions before NCLT in all cases requiring restoration of companies in the records of the ROC  | 31.08.2019     |
| 5.                                     | <b>TRO's Action Plan</b> | Disposal of 20% of brought forward TRCs or 150 TRCs by each TRO   | 31.03.2020     |
| 6.                                     |                          | Cash collection of 10% of brought forward demand indicated in the TRCs  | 31.03.2020     |

|                                     |   |   |  |
|-------------------------------------|---|---|--|
| 7.                                  |   | Auction of properties including recovery  | At least 2 – One by 31.12.2019 and another by 31.03.2020   |
| 8.                                  | Write-off   | Identification of fresh cases for write-off   | 30.09.2019   |
|                                     |   | Submission of proposals for write off to the Board or Committees in the cases identified as above and action as stated in Chapter-II. | 31.12.2019   |
| <b>C2 Arrear Demand Reporting</b>   |   |   |  |
| 1.                                  | Reconciling Dossier Data with CPC-  | Preparation of Dossier cases with demand exceeding Rs. 3 Cr. based on data available in CPC FAS                                       | From Quarter ending 30.06.2019   |
| 2.                                  | Financial Accounting System (CPC-FAS)   | Preparation of Dossier cases with demand exceeding Rs. 30 Lac but less than Ra. 3 Cr. based on data available in CPC FAS              | From Quarter ending 30.09.2019   |
| <b>D Information received by AO</b> |   |   |  |
| 1.                                  | All information received by the AO from different sources, including I&CI, Inv Wing, AIMS, FATCA etc. [Directorates of Investigation and I&CI to ensure that all information for and up-to FY 2017-18 is sent to field by 30.09.2019] | Information received upto 31.03.2019  | Reconciliation of information received and submission of reconciliation report to Range head<br>31.07.2019   |
|                                     |   |   | Feedback/ Action Taken Report on each case to be submitted to Range head<br>30.09.2019   |
| 2.                                  |   | Information received 01.04.2019 onwards   | Feedback/Action Taken Report on each case to be submitted to Range head<br>Within 3 months from the end of the month of receipt of information by the AO |
| <b>E AUDIT</b>                      |   |   |  |
| 1.                                  | Receipt Audit   | Brought forward pendency of Receipt Audit Objections and Draft Paras of C&AG/ LAR as on 01.04.2019                                    | Replies to be sent in all cases and cases are settled in ITBA by 31.12.2019  |
| 2.                                  |   | Receipt Audit (Major & Minor) Objections received after 01.04.2019  | Reply to be sent in ITBA on the objections contained in the LAR through the Pr. CIT to the   |

|                                      |  |   |   |
|--------------------------------------|--|---|---|
|                                      |  |   | A G/ D A G- within 45 days of receipt of LAR  |
| 3.                                   |  | Draft Paras of C&AG received during financial year                                      | Report on Draft Paras to be sent through Pr. CCIT to the CBDT- within 30 days of receipt of Draft Para or 30.11.2019. whichever is earlier. |
| 4.                                   | Internal Audit   | Brought forward pendency of Internal Audit Objections as on 01.04.2019                  | Settlement in ITBA by 31.12.2019  |
| 5.                                   |  | Major Audit Objections received on or after 01.04.2019                                  | Settlement in ITBA through Pr. CIT within 4 months of receipts of audit paras as prescribed in Instruction No. 3 of 2007.                   |
| 6.                                   |  | Minor Audit Objections received on or after 01.04.2019                                  | Settlement in ITBA through Range Head within 4 months of receipts of audit paras as prescribed in Instruction No. 3 of 2007.                |
| <b>F Prosecution and compounding</b> |  |   |   |
| 1.                                   | Cases already identified by 31.03.2019 for prosecution under sections 276C, 276CC or any other section | Completion of processing and filing of prosecution complaint in appropriate cases       | 30.09.2019  |
| 2.                                   | Cases identified during the year   | Identification of fresh cases by AO in each quarter and submission to Range head        | Within 15 days of the end of each quarter (cases identified in first two quarters to be submitted by 15.10.2019)                            |
| 3.                                   |  | Processing of proposals and passing of sanction orders by PCIT/CIT in appropriate cases | By end of quarter immediately succeeding quarter in which proposal is received  |
| 4.                                   |  | Filing of prosecution complaints, complete in all respects                              | Within 30 days of sanction accorded by PCIT/CIT   |

|           |                                |   |                   |
|-----------|--------------------------------|---|-------------------|
| 5.        | Compounding                    | Disposal of all compounding applications pending as on 01.04.2019 | 31.07.2019        |
| <b>G</b>  | <b>Widening of tax base</b>    |   | As per Chapter VI |
| <b>H.</b> | <b>Grievance redressal</b>     |   | As per Chapter-IV |
| <b>I.</b> | <b>Exchange of Information</b> |   | As per Chapter-IX |

### **OTHER ISSUES FOR ACTION:**

#### **1. Uploading of paper returns and processing of e-returns by AO**

The following two actions by the AO are important for timely capturing of information for the purposes of reporting and for completion of processing and selection of cases for scrutiny:

- (1) Uploading of paper returns: - 100% of manual returns pending for processing and filed between 01.04.2019 and 30.06.2019 should be uploaded by 31.07.2019.
- (2) Processing of e-returns: - 100% of e-returns pushed to AO's portal by CPC and pending for processing to be processed by 31.07.2019.

#### **2. Scrutiny assessment (B.1)**

- (1) Assessments in limited scrutiny category should be completed preferably by 31.10.2019 and in accordance with Board's Instructions.
- (2) After amendment in Section 153 of the Act, scrutiny assessments for AY 2018-19 and A.Y.2019-20 will get time-barred on 30.09.2020 and 31.03.2021 respectively. Thus, during 2020-21 assessment workload may increase. For rationalizing this workload, 15% non-time-barring assessments are to be completed during 2018-19 and 2019-20. This target is for the PCCIT Regions as a whole and is mandatory.
- (3) These non-time-barring assessments are required to be completed by 31.01.2020, so that the officers can devote sufficient time to recovery and collection efforts.
- (4) Each AO shall pass at least 20 quality assessment orders before 31.03.2020 which are considered as their best investigation cases. Such cases shall be marked by AO in ITBA as Quality Orders.
- (5) Pr.CCIT/CCITs shall ensure rational distribution of assessment workload, so that every Assessing Officer completes a reasonable number of assessments during the year. Where assigning adequate number of cases to ITOs is not possible under the existing Instructions, specific references shall be made through Pr. CCsIT to the Zonal Member. The CCITs shall also ensure that disposal of adequate number of time barring assessments take place on an ongoing basis and are not accumulated for disposal at the fag-end of the limitation period.

#### **3. Building Knowledge Capacity and Enhancing Performance**

- (1) Each Pr. CCIT/CCIT/PCIT (independent stations) should organize at least one in-house workshop/ seminar per month and the presentation be uploaded in 'Tax Talk' of NJRS.

Officers shall talk/make presentation on important issues and relevant case laws for discussion. They will also present their suggestions for improvement of tax administration. Each officer shall ensure at least 24 hrs. of seminar participation during the financial year.

- (2) The Range heads must identify appropriate number of important cases in their Ranges. In these cases, they will monitor and guide the Assessing Officers ensuring quality. They should invoke the provisions of Section 144A wherever necessary and quarterly report in this regard may be submitted.
- (3) Each Range should ensure that assessment orders passed in all cases should be (i) speaking orders, (ii) error-free from audit points of view, (iii) compliant with the principles of natural justice, (iv) having appropriate detailing and marshaling of facts and relevant legal provisions wherever additions/disallowances are being made, and (v) avoiding frivolous additions or disallowances leading to high pitched assessment.
- (4) The powers of review and inspection by the superior authorities should be utilized in an effective and timely manner as an instrument of ensuring quality assessments. This function should not be left to the fag-end of the Financial Year.
- (5) Each Pr. CCIT/CCIT should recognize quality work done by his officers, be it collection, assessment, prosecution, outreach or anything else. Testimonials and recommendation for regional/national level departmental award, Let Us Share etc should be made. Pr. CCIT/CCIT may constitute a committee to oversee these issues.
- (6) PCsIT shall also send suggestions to DTRTI for training regarding their specific needs so that the DTRTIs can incorporate such needs in their programmes.

#### **4. Recovery (C.1)**

- (1) A large number of companies have been struck off from the records of the ROC; in some case petitions for restoration of registration are required to be filed before the NCLT so as to be able to pursue recovery of demands raised in their cases. AOs must identify all such cases at the earliest and ensure filing of petitions by 31.08.2019.
- (2) Where the total number of TRCs with any TRO is less than 150, the target of 20% should be suitably enhanced by the respective Pr. CIT.
- (3) Each TRO should complete at least 2 auctions in suitable cases in respect of the Pr. CIT Charge and effect recovery during the financial year itself. Desirably, one auction should be made by 31.12.2019 and one more by 31.03.2020.
- (4) Each TRO shall also conduct at least 10 recovery surveys in suitable cases. The Pr. CIT is required to monitor the identification of cases for such survey. Recovery surveys should preferably be conducted in each quarter and not left to the fag-end of the Financial Year. The surveys should be done by the TRO with support from the concerned Range Heads to make them more effective.
- (5) The Pr. CITs shall be responsible for the accomplishment of the above targets and action items by TROs and the results achieved by TROs shall be taken into account in evaluating the performance of Pr. CITs.

- (6) In cases where assets or bank balances lie abroad and where India's tax treaties (DTAAs/TIESs/MCA) provide for assistance in collection of taxes. Requests may be made to foreign tax authorities through FT& TR Division to collect the 'revenue claim' or take conservancy measures in accordance with the provisions of the relevant treaty. The procedure in this regard along with other relevant details may be extracted from the updated Manual on Exchange of Information that was released by the Board in 2015.

#### **5. Adjustment of demand against amount available in PD accounts**

There are large numbers of entries in the PD accounts of Pr. CsIT and Pr. DsIT which are not PAN populated. They are also entries which need to be adjusted against tax arrears. The same needs to be given due attention with the following targets:

- Review of all entries in PD accounts and PAN population of the entries by 31<sup>st</sup> August, 2019. (Action Pr. CsIT/Pr. DsIT)
- Adjustment of amounts in PD accounts against tax arrears by 31<sup>st</sup> December, 2019 (Action Pr. CsIT/Pr. DsIT)

#### **6. Processing of information received by AO (D.1)**

This item relates to all specific information received by the AO for further action. This could be from I&CI, Investigation Wing, AIMS, FATCA, Other AO's, Third parties etc.

- (1) The AOs shall, in the first instance, take stock of the information already received by them and pending for initiation of action as on 31.03.2019 and reconcile the same with the respective sources, including I&CI and Investigation Wing. The pendency shall be reported in the form of a reconciliation report, to the Range head by 31.07.2019. Action Taken Reports regarding such information must be submitted to Range by 30.09.2019 as specified in the targets set out above.
- (2) Information received during the current year shall be duly processed by the AO and the Range heads shall monitor the action taken thereon on a regular basis.
- (3) All actionable information involving limitation in the current financial year available with I&CI and Investigation wing are required to be forwarded to the PCIT/CIT latest by 30.09.2019. This requirement is also laid down separately in this Action Plan, in the Chapter pertaining to I&CI and Investigation. PCITs should liaise with the concerned PDITs (Inv) and DITs(I&CI) to ensure that such information is received in time, and are duly analysed by the AOs for appropriate remedial actions.

#### **7. Prosecution and compounding**

Targets in respect of prosecution work have been consolidated and re-cast such that the work will be done in quarterly cycles, thereby enabling field officers to have a better control over the work. This should also help in identifying a larger number of potential cases.

- (1) Assessing Officers shall identify potential cases with regard to all relevant sections of the Income Tax Act, including section 276C (1), 276C (2), 276CC, 276D, 277, 277A, 278,

Benami Transactions Prohibitions Act and Black Money Act at the end of each quarter. Range heads are to ensure that proposals reach the PCIT/PDIT expeditiously.

- (2) The PCITs/CITs shall ensure that the cases are processed expeditiously, so that decisions are taken and sanctions accorded in appropriate cases before the end of the quarter in which the proposal is received by the PCIT/CIT. A SOP for each type of offence may be developed so that all requirements for filing of a legally and procedurally proper complaint are met. PCITs/CITs may also ensure proper follow-up of cases after filing of the complaints, so that court proceedings are expedited.
- (3) Where prosecution proposals are to be sent to CBDT for approval as in Benami Cases, all proposals are to be sent by 31.12.2019.
- (4) Prosecutions and attachments under the Black Money Act must also be focused upon and expedited.

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## CHAPTER - VI

### WIDENING OF TAX BASE

Widening of tax base is one of the key policy objectives of the CBDT. In the Financial year 2018-19 various initiatives were taken to increase the tax base and the number of new return-filers, which have shown appreciable results. About 1.10 crore new filers (persons who were not included in the filer base as at the beginning of the year and had filed returns during the year) were added during F.Y. 2018-19.

2. Considering the increased economic activities both in organized as well as unorganized sectors, there is scope for further widening of the direct tax base of the country. New opportunities for identification of potential tax payers have opened up due to data mining and data analytics conducted by the Systems Directorate, Directorate of I&CI, Investigation Wing and TDS/TCS charges. The effective utilization of these data by the field officers would result in identification of a large number of potential tax payers. In addition, information from disseminated data, local intelligence, inputs from market associations, trade bodies and professional bodies should be gathered to identify non-filers. The awareness meetings and outreach programmes (refer chapter XIII) may also be used to encourage voluntary compliance, especially in Tier 2 & 3 cities. The Principal Chief Commissioners should also develop a regional strategy keeping in view the specific profile of these regions to significantly widen the tax base for this year.

3. Filer base consists of persons who have filed return in any of the previous three Financial Years. New filer is defined as a person who is not included in the filer base at the beginning of the year but has filed return in the current financial year. The targets in this regard for different regions have been worked out on the basis of the following parameters, with appropriate weightage:

- Filer base at the beginning of FY 2019-20
- New filers added during FY 2018-19
- Non-filers identified under NMS 8 (AY 2018-19)

4. Keeping in view the above parameters, the targets for adding new filers during this year for different regions are set out as under:

**TABLE-10**

| <b>CCA Region</b> | <b>Target for New Filers</b> | <b>CCA Region</b> | <b>Target for New Filers</b> |
|-------------------|------------------------------|-------------------|------------------------------|
| A.P. &Telangana   | 9,22,465                     | North West Region | 12,50,683                    |
| Bihar & Jharkhand | 5,49,566                     | Odisha            | 2,19,131                     |
| Delhi             | 7,52,029                     | Pune              | 12,22,676                    |



|                                  |           |                         |             |
|----------------------------------|-----------|-------------------------|-------------|
| Gujarat                          | 11,96,129 | Rajasthan               | 7,42,360    |
| Karnataka & Goa                  | 8,26,915  | Tamil Nadu              | 9,35,501    |
| Kerala                           | 3,81,351  | Uttar Pradesh<br>(East) | 5,88,493    |
| Madhya Pradesh &<br>Chhattisgarh | 7,05,637  | Uttar Pradesh<br>(West) | 6,83,506    |
| Mumbai                           | 7,27,219  | West Bengal &<br>Sikkim | 8,25,999    |
| Nagpur                           | 2,34,940  | -                       | -           |
| North East Region                | 2,35,399  | <b>Total</b>            | 1,30,00,000 |

The targets will be monitored on a quarterly basis.

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## CHAPTER - VII

### INTERNATIONAL TAXATION & TRANSFER PRICING

The International Taxation and Transfer Pricing landscape is undergoing rapid changes. The nuances of cross-border transactions are mutating like never before. The BEPS proposals have crowded the mind space of all concerned. Amidst the growing forces of globalization and digitization, the broader goal of the International Taxation and Transfer Pricing charges is to ensure that the assesseees pay their fair share of taxes. Besides contributing to the Direct Tax collection, the International Taxation units are also ensuring compliance of TDS (withholding tax) provisions, carrying out assessments and verification of high-risk data in Form 15CA/15CB and 15CC. The targets and Key Result Areas for FY 19-20 aim at dovetailing them towards this broader goal.

#### **A. BUDGET COLLECTION TARGETS:**

(a) Direct Tax Collection:

As allocated by the Cadre Controlling Pr. CCIT for FY 2019-20 based on the targets mentioned in Chapter I.

(b) Reduction and Cash Collection of Arrear Demand:

As computed based on the formula mentioned in Chapter II.

(c) Cash collection out of current demand:

As per the targets mentioned in Chapter V.

#### **B. TARGETS FOR TDS UNITS IN INTERNATIONAL TAXATION:**

The targets will be same as mentioned in Chapter VIII.

#### **C. ASSESSMENT:**

The targets will be same as mentioned in Chapter V.

#### **D. VERIFICATION OF HIGH-RISK REMITTANCE DATA – Form 15CA/CB**

**TABLE-11**

| Sl.No    | Key Result Area and Target/Activities  | Time Frame |
|----------|--|------------|
| <b>A</b> | <b>International Taxation</b>  |            |
| 1        | High risk remittance data in form 15CA for FY 18-19 to be pushed by Systems to AO                    | 15.08.2019 |
| 2        | Verification of high-risk remittance data in form 15CA for FY 2018-19 and initiation of action by AO | 31.10.2019 |
| 3        | Orders u/s 201(1)/201(1A) in all appropriate cases   | 31.01.2020 |

|          |   |                    |
|----------|---|--------------------|
| 4.       | Verification of data in Form 15CC   | As per SOP*        |
| 5,       | Verification of data in Form 49C  | As per SOP*        |
| 6.       | Verification of Annual Return of Equalization Levy  | As per SOP*        |
| <b>B</b> | <b>Transfer Pricing</b>   |                    |
| 1        | Transfer pricing-Completion of Transfer Pricing audits getting time- barred on 31.10.2019 | 100% By 31.10.2019 |
| 2        | Completion of Transfer Pricing audits getting time- barred on 31.10.2020                  | 30%By 31.03.2020   |

\*SOP is being formulated by the Committee set up by Pr. CCIT (Intl.Taxn.), New Delhi.

## **E. GENERAL ACTION POINTS**

### **I. Selection of Parameters and formulation of SOP**

| <b>Sl.No.</b> | <b>Key Result Area and Target/Activities</b>   | <b>Time Frame</b> |
|---------------|--|-------------------|
| 1             | Selection of parameters for high-risk remittance data for FY 18-19 to be formulated (in consultation with Systems) by the Committee set up by Pr. CCIT (IT), New Delhi | 15.07.2019        |
| 2             | Formulation of SOP for analysis of data in Form 15CC by the Committee set up by Pr. CCIT (IT)New Delhi   | 15.07.2019        |
| 3             | Formulation of SOP for analysis of data in Form 49C by the Committee set up by Pr. CCIT (IT), New Delhi  | 15.07.2019        |
| 4             | Formulation of SOP for Equalization levy by the Committee set up by Pr. CCIT (IT), New Delhi   | 15.07.2019        |

## **ACTION ITEMS**

### **1. Verification of high-risk remittance detain Form 15CA/CB**

The major part of collections in international taxation charges comes from TDS, i.e. tax withheld from remittances made to non-residents. The strategy to augment revenue through TDS requires a combination of proactive measures related to enforcement, capacity building (external and internal) and leveraging of available information. Experience gained from the verification of remittance data carried out in the past years has highlighted the need to apply more focused and effective risk parameters in selecting high-risk data for verification. Equally important is the need to process more current information and gradually progress to a state where high-risk information is identified, processed and acted upon on a real time basis.

A set of revised risk parameters for selecting high-risk remittance data from Forms 15CA/CB was formulated in FY 18-19 by a team of officers nominated by PCCIT(IT), in consultation with the Directorate of Systems. These parameters are being improved upon by the Committee already constituted by PCCIT(IT) and shall be applied to the data for FY 18-19 and relevant information selected would be made available to AOs by 15.08.2019.

## **2. Processing of information in Form 15CC**

With effect from 01.04.2016, the furnishing of information in Form 15CA has been classified into 4 parts- Part A, Part B, Part C and Part D. If the remitter/deductor certifies in part D of the form that the remittance is not chargeable to tax under the Act, there is no requirement of furnishing other details of the transaction specified in Form 15CA/CB. Further, rule 37BB (3) provides a long list of payments of specified nature that do not require submission of Forms 15CA and 15CB. It is therefore imperative that some basic monitoring of such payments should be carried out to check misuse of these relaxations provided in the Rules. This would need processing of information contained in Form 15CC, which is a quarterly statement required to be filed electronically by every authorized dealer and provides basic details of all foreign remittances made through that dealer. This data has not been examined so far. An SOP for risk-based analysis of 15CC data is being formulated by the Committee set up by PCCIT(IT) in consultation with Directorate of Systems. Selected data shall be made available to the Assessing Officers who will complete verification and take action in accordance with the SOP.

## **3. Analysis of data in Form 49C (Liaison offices)**

Information in Form 49C is required to be filed electronically by Non-residents having Liaison office(s) in India. It is an annual return, to be filed in pursuance of Section 285 of the Act and within 60 days of the end of the financial year in accordance with Rule 114DA. Form 49C is a strong tool for procuring information about the activities of Liaison Offices, so as to verify the claim of the non-resident that its activities in India are not taxable.

An SOP for effective utilization of this information is being formulated by Committee set up by Pr. CCIT (IT) New Delhi. AOs should take action in accordance with the recommendations of the Committee.

## **4. Equalization levy**

The "Equalization Levy" introduced by Finance Act, 2016 requires an annual return to be furnished electronically by the payer in Form No.1 on or before 30th June immediately following the relevant financial year. This is a new and unique tax that must be properly implemented due to its significance and future potential. At present, access to the Form No. 1 is available only with the AO of the payer/remitter who is normally a resident. However, the levy actually relates to income of the non-resident recipient and needs to be correlated with the gross receipts of that non-resident. Therefore, access to the Form No. 1 needs to be given to officers of International taxation charges in respective regions. An SOP for effective utilization of this information is being formulated by Committee set up by Pr. CCIT (IT) New Delhi. AOs should take action in accordance with the recommendations of the Committee.

## **5. Enforcement Actions**

Surveys & Spot Verifications are the most effective tools for detection of non-compliance pertaining to withholding tax requirements. Even in regular assessment work, ascertaining detailed facts has now become the key to making strong assessments in international tax cases. Each AO dealing with TDS work in International taxation Charge is accordingly required to carry out at least 10 surveys or spot verifications during the year. The following indices may be useful for selecting cases for TDS survey:

- (a) Cases where information requested in the course of verification of 15CA/CB data is not being furnished or appears to be deliberately delayed;
- (b) Cases where information filed in Form 49C indicates substantial business activity;
- (c) Newspaper reports/information available through internet which indicate significant tax consequences of transactions/dealings;
- (d) Cases in prosecution list (where TDS has not been deposited after deduction);
- (e) Cases reported by the Assessing Officer where huge disallowance u/s 40(a)(i) of the Act has been made;
- (f) Grievance petitions filed by the deductee;
- (g) Analysis of cases decided by Courts/ITAT in favour of Revenue.

#### **6. Action on defaults in immovable property transactions based on AIR Information**

Data on sale of immovable properties over threshold limit available in AIR Returns may be obtained and matched with transactions on which TDS has been deducted u/s 195 to generate list of defaulters, on which action can be taken by AOs. It has been observed in several cases that the buyer of the property deducts only at the rate of 1% TDS on purchase of immovable property from NRIs, which actually requires TDS @20%. These are high-risk cases which need to be taken up on priority basis. Action may be taken in such cases to augment revenues. DIT(I&CI)/Systems Directorate should provide the necessary data to CsIT (IT)/ (IT& TP).

#### **7. Certificate/determination under section 197 or 195**

These certificates and orders should be issued expeditiously and in any case within two months from the date of receipt of application. At the same time, Range heads must ensure that certificates for lower or Nil deduction of tax are not given without adequate scrutiny of the facts. Where orders under section 195 are passed determining an amount of tax to be deducted, a copy of the order should be endorsed to the Assessing Officer of the deductor for the purposes of section 40(a)(i).

The CPC (TDS) has introduced a new feature in Form 26 AS (Part-G) showing various TDS demands of the concerned PAN (including demands in respect 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. In addition, demand outstanding against PAN of the applicant is also available on the system. These features will help the AOs in visualizing the demands against the tax payer, and should be used for recovery as also while considering issuance of certificate u/s 197/195 of the Act.

#### **8. Monitoring of TDS statements**

TDS statements filed by top 100 deductors (based on the deduction made by them in the corresponding period of the previous FY) shall be monitored by each AO and instances of lower TDS should be verified.

### 9. **Transfer Pricing**

As a consequence of amendments made in section 153 of the Act, the limitation period for scrutiny assessments for AY 2019-20 is getting curtailed. Correspondingly, transfer pricing audits will also have to be completed for this year within shorter time period. It is therefore necessary that a certain minimum number of non-time-barring audits are completed during 2019-2020 & 2020-21. The targets set out above accordingly require a minimum of 30 % of non-time-barring audits to be completed during the current year itself.

### 10. **Modification in chapter on TDS with respect to international taxation (addition in Table 12)**

| <b>Sl no</b> | <b>Key Result Area</b> | <b>Target /Activity</b>   | <b>Action to be taken by</b> | <b>Time Frame By</b>  |
|--------------|------------------------|---|------------------------------|---|
| 10           | Enforcement Action     | Surveys u/s 133(2A) of the Act/spot verification                                    | <b>AO (TDS) (IT)</b>         | At least <b>10</b> per AO during the year                                   |
|              |                        | Passing of Orders u/s 201 and 201(1A) in all appropriate cases of Surveys conducted | <b>AO (TDS) (IT)</b>         | Within <b>4</b> months from the end of the month in which Survey took place |

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**CHAPTER – VIII****TDS UNITS**

The importance of Tax Deduction at Source as a non-obtrusive but powerful instrument for preventing tax evasion, widening the tax base and augmenting revenues has been growing over the years. The contribution of TDS to the overall gross direct taxes collections during FY 2018-19 was about 37.55%. Effective and efficient TDS administration therefore remains a key area not only for achieving the above-mentioned objectives but also for providing better taxpayer service. The targets for FY 2019-20 are, accordingly, set out as under:

**TABLE 12****TAX DEDUCTION AT SOURCE (TDS)**

| <b>Sl. No.</b> | <b>Key Result Area</b>   | <b>Target/Activity</b>   | <b>Action to be taken by</b> | <b>Time frame by</b>  |
|----------------|--|--|------------------------------|---|
| 1              | To ensure compliance by Govt. Principal Account Officers/Deductors | Reconciliation of TDS reported by AINs with payments through OLTAS by State AGs based on report available on TRACES portal | <b>CIT(TDS)</b>              | One month after the end of due date of filing TDS statement |
| 2              |  | Creation of Online Facility on TRACES for surrender of AINs not under use  | <b>CPC(TDS)</b>              | <b>30.09.2019</b>   |
| 3              | Collection and reduction of demand (Arrear Demand)                 | 20% of Manual uploaded demand as on 01.04.2019.  | <b>AO(TDS)</b>               | <b>31.03.2020</b>   |
| 4              |  | 40% of short payment demand as on 01.04.2019 (System Generated)  | <b>AO(TDS)</b>               | <b>31.03.2020</b>   |
| 5              |  | 50% of Late Payment Interest Demand as on 01.04.2019 (System Generated)  | <b>AO(TDS)</b>               | <b>31.03.2020</b>   |
| 6              |  | 25% of Late Filing fees demand as on 01.04.2019  | <b>AO(TDS)</b>               | <b>31.03.2020</b>   |

| <b>Sl. No.</b> | <b>Key Result Area</b>                              | <b>Target/Activity</b>   | <b>Action to be taken by</b> | <b>Time frame by</b>   |
|----------------|---|--|------------------------------|--|
| 7              | Collection and reduction of demand (Current Demand) | 30% of current demand raised during the year by AO(TDS)  | <b>AO(TDS)</b>               | <b>31.03.2020</b>  |
| 8              | Capacity Building of Stakeholders                   | Organize focused sector specific and provision specific TDS awareness seminars including for Government deductors              | <b>Addl. CIT(TDS)</b>        | Not less than one in a month   |
| 9              | Enforcement Action                                  | Surveys u/s. 133(2A) of the Act/spot verifications   | <b>AO(TDS)</b>               | At least <b>20</b> per AO during the year                                    |
| 10             |   | Passing of Order u/s 201 and 201(1A) in <b>all appropriate</b> cases including Survey cases                                    | <b>AO(TDS)</b>               | Within 3 months from the end of the month in which Survey took place         |
| 11             | Taxpayer Service                                    | Disposal of application for Nil/Lower rate TDS certificate u/s. 197  | <b>AO(TDS)</b>               | Within <b>30 days</b> of from the end of month in which application received |
| 12             |   | (i) Prompt remedial action to address TDS mismatch grievance<br><br>(ii) Prompt disposal of application for challan correction | <b>AO(TDS)</b>               | Within two months from the end of the month in which grievance is received   |
| 13             |   | Disposal of application for refund approval/ TAN closure   | <b>AO(TDS)</b>               | Within one month from the end of the month in which application is received. |
| 14             | Audit Compliance                                    | Action on observations/objections raised in Performance/System/RAP audit and closure of IAP Objections                         | <b>AO(TDS)</b>               | Within 3-month s c receipt of audit report                                   |



|    |                           |   |                       |   |
|----|---------------------------|---|-----------------------|---|
| 15 | Prosecution & Compounding | Identification of potential cases for prosecution in accordance with <b>Scheme</b> approved by the Board, and disseminating the list to CIT (TDS)                                   | <b>CPC (TDS)</b>      | One month after due date for filing of Return of Income by Deductors.               |
| 16 |                           | Identification of potential cases for prosecution as a result of survey or other information or verification or proceedings <b>carried out in F.Y. 2018-19 &amp; earlier years.</b> | <b>AO (TDS)</b>       | <b>31.08.2019</b>   |
| 17 |                           | Disposal of prosecution proposals (Filing /Compounding)   | <b>CIT(TDS)</b>       | Within 6 months of receipt of proposal and disposal of at least 100 cases in a year |
| 18 |                           | Finalization of Compounding Proposals pending as on <b>31.03.2019</b>   | <b>CCIT/CIT (TDS)</b> | <b>30.09.2019</b>   |
| 19 |                           | Finalization of other compounding proposals   | <b>CCIT/CIT (TDS)</b> | Within 90days of application  |

| <b>Sl. No.</b> | <b>Key Result Area</b> | <b>Target/Activity</b>  | <b>Action to be taken by</b> | <b>Time frame by</b>  |
|----------------|------------------------|---|------------------------------|---|
| 20             | TRACES Tickets         | Settlement of TRACES Tickets pending as on 01.04.2019   | <b>AO(TDS)<br/>CPC(TDS)</b>  | <b>60% by<br/>31.07.2019<br/>90% by<br/>31.08.2019<br/>100% by<br/>30.09.2019</b> |
| 21             | Uploading reports      | (a) Top 200 cases in CIT(TDS) charge of current demand.<br><br>(b) Top 200 cases in CIT(TDS) charge of short payment demand<br><br>(c) Top 200 cases in CIT(TDS) charge of late payment interest demand | <b>CPC(TDS)</b>              | <b>31.07.2019</b>   |

|    |                    |  |   |                          |
|----|--------------------|--|---|--------------------------|
|    |                    | <p>d) Top 200 cases in CIT(TDS) charge of late filing fees</p> <p>(e) Uploading of bank account details of Top 100 cases of each CIT(TDS) charge of total arrear demand.</p> | <p><b>CIT(CPC)</b><br/><b>CIT-ITD</b><br/><b>ITBA</b></p> | <p><b>31.07.2019</b></p> |
| 22 | TDS CAP-I updation | Data related to demand difficult to recover as per column 9 of CAP-I are to be uploaded on AO Portal of CPC-TDS so as to firm up correct demand for further action.          | <b>AO(TDS)</b>  | <b>30.09.2019</b>        |

**Notes:**

- (a) System generated demand in respect of late payment interest and late filing fee is collectible and should be collected to the maximum possible extent.
- (b) TDS CAP – I available on AO Portal of CPC TDS gives bifurcation of demand under various categories. AO shall ensure that data related to demand difficult to recover as per Column 9 of CAP-1 reports are uploaded on TRACES portal on a regular basis by 31.10.2019.
- (c) CIT(TDS) shall ensure that all assessing officers do capture the completion of enforcement actions (notice u/s 201, prosecution, penalty, TDR etc.) on TRACES portal. 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. CPC TDS may ensure that there is no duplication of demands.
- (d) CIT-CPC shall ensure that reports required by field AOs are updated and uploaded by 31.07.2019 for arrear demands that is outstanding as on 01.04.2019.

**ACTION ITEMS**

The strategy to augment revenue through TDS requires a combination of proactive measures related to enforcement, capacity building (external and internal) and leveraging of information that is now available with the Department through the CPC(TDS). Following action items are laid down as guidance to the field officers though they may formulate area specific strategies as per specific need and priority.

## A. CAPACITY BUILDING:

- 1) TDS workshops and awareness programs can be conducted for all categories of deductors including government deductors. The programs can be targeted for those deductors who were not exposed to such programs earlier or those categories of deductors where there is less compliance. In corporate connect programs for companies, banks etc., it should be ensured that the senior functionaries attend the meetings to understand compliance requirements and the serious consequences of TDS violations for the entity as well as the principal officers.
- 2) Huge demands are pending in the system (TRACES) since long, related to short deductions, short payments, non-payment of interest, late filing fee etc. In some cases, mere correction / revision in the statements by the deductors can reduce the infructuous demands. Therefore, TDS AOs should take initiatives to educate the listed defaulters in this regard. If the demands are found to be genuine, the same have to be collected immediately.
- 3) Meetings should also be conducted with the Chartered Accountants and TDS Consultants regarding the preparation, submission and correction of TDS statements and payments. Auditors should be reminded of notifying the TDS violations clearly in the audit reports.
- 4) TDS officers should be in regular touch not only with other Officers and wings in the department, but also with the TDS officers in other jurisdictions and regions to gather information related to TDS violations from the information in tax returns, search and seizure actions, survey actions, and other proceedings.
- 5) CPC (TDS) conducts regular workshops, tutorials and troubleshooting guidance through video conferencing, conference calls and other online facilities. TDS officers should make use of these avenues to clarify their doubts so that they can be more efficient and also provide better services to deductors and taxpayers. One Nodal Officer may be nominated by each CIT (TDS) to interact with CPC (TDS) on a regular basis.

## B. CASH COLLECTION/REDUCTION:

- 1) There are huge demands pending in the System related to statements filed since FY 2007-08. With the facility to file corrections available to the deductors and the technological capacity to process the correction statements within 4-5 days of their receipt by CPC (TDS), it is possible to resolve the demand expeditiously. The field AOs should generate the list of defaulters from TRACES and issue letters to the defaulters. **[CPC(TDS) should give standard procedure]**. The system generated demands related to short payment, late payment interest, late deduction interest, late filing fees (for statements filed after 01/06/2015) are to be compulsorily collected. The “Unconsumed challans” report on the portal would give a 360-degree view of cases where short payment default is identified and informs whether any challan is available for matching.
- 2) The targets for collection and reduction of arrear demand have been rationalized in this year’s plan, having regard to the experience gained and the fact that some of the officers, particularly ITOs (TDS), have a very large number of entries and the process is time consuming. The revised targets must be met without fail.
- 3) All demands raised should be entered on the AOs portal of the CPC (TDS) and efforts should be made to collect the demands within the financial year itself.
- 4) In order to ensure correct and prompt reporting and collection of TDS by state governments, the Range heads should closely interact with the State Accountant General

and treasuries, and provide necessary guidance to minimize errors and delays. **Every quarter, one meeting with State AG should be organized.**

### **C. ISSUANCE OF CERTIFICATES UNDER SECTION 197**

- 1) Circulars and instructions issued by the CBDT shall be followed while issuing certificates under section 197.
- 2) The CPC (TDS) has introduced a new feature in Form 26 AS (Part-G) showing various TDS demands of the concerned PAN (including demands in respect 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. In addition, IT demand outstanding against PAN of the applicant is also available on the system. These features 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 Income Tax Act.

### **D. ENFORCEMENT ACTIONS**

#### **1) Surveys:**

Surveys are the most effective tools for detection of non-compliance in TDS/TCS and identifying defaults u/s 40(a)(i)/(ia)/(iii) of the Act – information that can be passed on to the A.O. of the deductor. The targets of **20** surveys/spot verification by each AO during the year shall continue.

CPC (TDS) would regularly provide useful reports/ inputs to field officers that may be used for identifying survey cases. The following indices may be useful for selecting a case for survey: -

- a) Cases in prosecution list (Cases where TDS/TCS not deposited after deduction);
- b) Trend of TDS payment in stark contrast to other deductors in similar business;
- c) Cases showing negative trend in payment (under a particular Section as compared to preceding FY);
- d) Tax evasion petitions (regarding non-deduction of TDS);
- e) Cases reported by the Assessing Officer with huge disallowance u/s 40(a) (ia) of the Act;
- f) Habitual late filers/non-filers of TDS Statement (late filing/non-filing is closely linked to late payment or non/short deduction);
- g) Negative growth in TDS payment as against healthy growth in Advance tax payment;
- h) Cases where frequent corrections have taken place and also where the name of deductors is changed on regular basis;
- i) Cases of sick units or units with negative operating margins (as indicated in Audit report u/s 44AB of the Act);
- j) Grievance petition filed by the deductee;
- k) Analysis of newspaper reports/information available through internet;
- l) Analysis of case laws decided in favour of Revenue.

#### **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. Standard Operating Procedures including compliance rating module approved/issued by CBDT may be followed while processing cases. Adequate publicity in local newspapers could be given to the action taken on Prosecution & also acceptance of compounding proposals, as this would prompt other defaulters to come forward with compounding proposals. Timelines and expected output have been rationalized in this Action Plan in view of experience gained last year.

### **3) Penalty u/s 271C for failure to deduct whole or any part of TDS:**

Surveys and other enforcement actions reveal in many cases 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) also gives a detailed list of deductors in whose case short deduction demand has been raised.

### **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 a "Tax Default Report" for a TAN (deductor) would be made available to the field TDS Officer for examination and further follow up, as deemed fit. The reports can also be of assistance to pick up cases for surveys/prosecutions.

### **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) – [please 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.

### **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. Action can be taken in this regard by the AOs to boost revenue and improve compliance. CPC(TDS) must coordinate with **CPC-ITD and ITBA** and generate the Reports for use by TDS AO and **provide this report pertaining to A.Y. 2019-20 by 31.12.2019 of the filed returns. In other words, verifications of mismatch in 3CD reports and TDS returns must be carried out in top 100 cases in each CIT charge. (Addl.CIT monitoring)**

### **7) Action on defaults in immovable properties transactions based on AIR Information:**

Data of sale of immovable properties over threshold limit from AIR returns 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. These transactions are not visible to TDS AO as they are PAN based. CPC(TDS) may coordinate with Assessment Module to generate such facility.

## **8) ACTION AGAINST NON-FILERS**

Non-filing of TDS statements results in consequential mismatch of TDS in the case of deductee taxpayers and consequent avoidable grievances. 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.

## **9) OTHER STRATEGIES**

**i) Monitoring of TDS statements of top 100 Deductors:** The deduction made by them in the corresponding period of the previous FY by each AO TDS in their respective charges.

**ii) Monitoring of Government Deductors:**

- (a) 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.
- (b) The 24G Statements filed by the AIN holders could be utilized to issue notices to Government Deductors to file their TDS statements in time.
- (c) Notices to AIN defaulters and cleaning up of AIN database by getting the data of AINs who are non-filers/have requested for closure.
- (d) Identification of PAOs/TOs/CDDOs who have not taken AINs. Follow up action to ensure such PAO/TOs/CDDOs (based on report available on TRACES portal) to obtain AIN.

**iii) Monitoring of Monthly TDS remittance from salaries on monthly basis is required, both from the private sector as well as Government Departments.**

**iv)** 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.

**v)** It is settled law that State Government undertakings are separate legal entities 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.

**vi)** 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.

**vii)** 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) surveys.

- viii)** Collection of tax at source is an area to augment considerable revenue as more areas have been included under this provision. TDS officers may conduct random surveys to ensure compliance.
- ix)** Lastly, Standard Operating Procedure (SOPs) for administering TDS incorporating the re-engineered processes circulated by the CPC-TDS should be adhered to.

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## CHAPTER-IX

### INTELLIGENCE & CRIMINAL INVESTIGATION

Directorate of Intelligence and Criminal Investigation has affected paradigm shift in the Direct Tax Administration. Promotion of voluntary compliance through non-intrusive tax administration and strengthening the mechanism for tax deterrence are the corner stones of the present tax policy and Administration. Achievement of these objectives is possible only by way of collection, collation and verification of vital information about financial transactions, by the Income-tax Department.

(2) The Directorate of Intelligence and Criminal Investigation (I&CI) has been entrusted with the responsibility of collection and dissemination of Actionable Intelligence Report (AIR) relating to financial transactions to the field formation. In the recent past, there have been many initiatives for strengthening the mechanism and organized collection of information in form of “**Statement of Financial Transactions (SFT)**” from specified sources in online manner. Needless to point out here again that the core function of Directorate of I&CI emanates from Section 285BA of the Income-tax Act, 1961 read with I.T. Rules, 1962, related to the filing of SFT by various entities. Therefore, running of outreach programmes and educating filers is one of the core compliance management functions of Directorate of I&CI. Access to credible and processed information through “**Insight Portal**” is also vital for the efficient functioning of the Income-tax Department. It is, therefore, essential that complete and correct filing of the SFTs be ensured. Further, the Special Pilot Projects to identify areas, which can be of vital importance for deepening and widening of the tax base, verification of non-PAN data and the processing of the FATCA/CRS/AEOI Inbound data forwarded to the Directorate; continue to be extremely important functions of the Directorate.

(3) In last few years, the Directorate has played a very significant role in deepening and widening of tax base, detection of huge amount of undisclosed income, identification of cases where violation of provisions of section 269SS & 269ST of I. T Act, 1961 regarding cash transactions were done, identification of Benami Properties and cases for levy of penalty under Black Money Act. This year also Directorate of I&CI is expected to play a pivot role in gathering intelligence Hub of the Department and act as fountainhead for transmission of intelligence inputs to various field formation including Investigation Wing and Benami Transactions Unit (BPU).

(4) Accordingly, a specific Action Plan for the Directorate of I & CI is therefore necessary and set out as under:

**TABLE-13**

| Sr. No.  | Target activity   | Time frame by   |
|----------|---|-----------------|
| <b>A</b> | <b>Compliance Management – Form 61A</b>   |                 |
| <b>1</b> | Up-dation of Master List of persons required to file SFT for FY 2018-19 in accordance with Rule 144E of the I.T. Rules, 1962, for which due date of filing is 31/05/2019. Data of “Master list” is to be provided by Directorate of Systems | Ongoing process |



|          |   |   |
|----------|---|---|
| 2        | Outreach programs to be conducted by every DIT(I&CI) wherein the registration and filing issues should also be addressed.   | <b>2 per Quarter.</b><br><i>(Preferably of SROs, Co-operative banks, Authorized Forex Dealers etc, with regard to capturing PAN or otherwise Form-60) and how to submit Form-61</i> |
| 3        | <b>SFT Spot Inspection/Verification</b>   |   |
| 3.1      | Inspection/verification of filers (other than SROs) to be conducted by every DIT(I&CI) to determine the correctness of filing and ensuring filing of SFT statements by all persons required to do so. | <b>2 per Quarter</b>  |
| 3.2      | <b>Inspection/Verification of SRO</b>   | <b>1 per Quarter</b>  |
| (a)      | Identification of cases of violation of section 269SS of the I.T. Act, 1961 cash payments of Rs. 5 Lakhs or above only of F.Y. 2016-17 & 2017-18  |   |
| (b)      | Identification of cases of undisclosed income as per section 50C and 56(2)(vii) of the I.T. Act, 1961.  |   |
| (c)      | Sending Actionable Intelligence report to Pr. CIT for levy of penalty u/s 271D of the I.T. Act, 1961 & assessment of undisclosed income   |   |
| 4        | <b>Penalty for non-filing of SFT</b>  |   |
| (a)      | Levy/dropping of penalty proceedings (as the case may be) pending as on 01.04.2019 u/s 271FA of the I.T. Act, 1961, in 100% cases   | 31.07.2019  |
| (b)      | <b>Directorate of Systems to provide the functionality to generate notice u/s 285BA (5) and penalty show cause notice 271FA of the I.T. Act, 1961 to no filer of SFT.</b>                             | 31.07.2019  |
| (c)      | Jt./Addl. DIT (I&CI) to issue notices u/s 285BA (5) of the I.T. Act, 1961 to all SFT non-filers (F.Y. 2017-18& 2018-19) on the basis of list provided by Directorate of System.                       | 16.08.2019  |
| (d)      | Jt./Addl. DIT (I&CI) to issue penalty show cause notices u/s 271FA of the Act in all fit cases to all SFT non-filers (F.Y. 2017-18& 2018-19).   | 30.09.2019  |
| (e)      | Levy/dropping of penalty proceedings (as the case may be) for F.Y. 2017-18, U/s 271FA of the I.T. Act, 1961, in 100% cases.   | 30.11.2019  |
| <b>B</b> | <b>Verification of Non-PAN/ Demonetization Data</b>   |   |
| 1        | Verification of all Non-PAN AIR/CIB data cases pending as on 1/4/2019 (including demonetization data as well as data from earlier verifications of high value transactions).                          | 30.09.2019  |

|          |  |   |
|----------|--|---|
| 2        | Selection of cases by the Risk Assessment Cell out of the Non-PAN SFT data from SFTs filed for FY 2016-17 & 2017-18, in accordance with approved SOP. ( <i>Out of those selected by Risk Assessment Cell, the DIT should have the choice to further select cases with approval of DGIT (I&amp;CI) for verification</i> ) | <b>31.08.2019</b><br>(Directorate of System has to provide relevant data pertaining to FY 2016-17 & 2017-18 to Risk Assessment latest by <b>15.06.2019</b> . Last year no data was provided for FY 2016-17. Further, Directorate of System has is also required to provide utility for sharing <b>AIR(Actionable Intelligence Report)</b> to AOs and subsequently feedback to be received from AOs to Directorate of I&CI in form of <b>ATR (Action Taken Report)</b> ) |
| 3        | 50 % verification of Non-PAN cases forwarded by Risk Assessment for F.Y. 2016-17 if provided by System Directorate   | 31.01.2020  |
| 4        | Identification of cases violating provisions of section 269ST of the Act from SFT of F.Y. 2018-19 filed and available on insight portal & report to Pr. CIT for levy of penalty u/s 271DA of the Act.  | 30.09.2019  |
| <b>C</b> | <b>Pilot Projects data collection/verification</b>   |   |
| <b>1</b> | <b>Submission of final report to CBDT in all pending Special Pilot Projects approved during F.Y. 2016-17 &amp; 2017-18</b>   | <b>31.07.2019</b>   |
| 2        | Submission of proposal of Special Pilot Projects for F.Y. 2019-20 to Member (Inv.) CBDT for approval   | 31.07.2019  |
| 3        | Completion of data collection for all pilot projects to be approved by the Board in FY 2019-20   | 30.09.2019  |
| 4        | Sending progress report to CBDT  | 31.12.2019<br>&<br>31.03.2020   |
| <b>D</b> | <b>Compliance Management: FATCA and CRS, Form 61B</b>  |   |
| 1        | Conducting regular seminars and interaction programs for filers of Form 61B by DGIT(I&CI) in coordination with Systems Directorate and Competent Authority for issues arising in CRS and FATCA filing  | Ongoing   |
| 2        | Conducting "Train the Trainers" program for officers of I&CI by DGIT (I&CI) specifically targeting compliance management for FATCA and CRS   | 31.08.2019  |
| 3        | Compliance review of the filers of Form 61B by the DsIT in accordance with the guidelines approved by the CBDT for this purpose  | As per Approved guidelines of the Board   |

| <b>E</b> | <b>Inbound FATCA/CRS data</b>   |   |
|----------|---|---|
| 1        | Completion of verification and dissemination of Actionable cases out of FATCA data for calendar year 2015 (received in FY 2017-18) and pending as on 1/4/2019   | 31-10-2019  |
| 2        | Processing, verification and dissemination of information to be provided by Directorate of Risk Assessment out of FATCA/CRS data for calendar year 2017 (received in FY 2018-19) by 31 <sup>st</sup> July, 2019 | 50% to be completed by 31.03.2020   |
| <b>F</b> | <b>Other information received under AEOI</b>  |   |
| 1        | Processing and completion of verification of information received in non-standard format and pending as on 1/4/2019   | 31.08.2019<br>As per Exchange manual, dissemination to DIT(I&CI) (transaction limit of Rs. 50 lakhs & above) and CCIT (transaction limit of Rs. 5 lakhs up to Rs. 50 lakhs). SOP is yet to be provided by Pr. DGIT(IT). |
| 2        | Processing, verification and dissemination of information received after 01/04/2019   | Within 4 months of receipt  |

(5) **The Action Points for the Directorate of I&CI and other Directorates are accordingly set out as under:**

(i) In order to gauge effectiveness of the outreach programmes, DI&CI are required to segregate number of SFT filers category wise, who have been touched during outreach programmes. Future coverage should depend on those sectors which have not been covered adequately and **preferably cases of SROs, Co-operative banks, Authorized Forex Dealers** etc., with regard to capturing PAN or otherwise (**Form-60**) and how to submit Form-61. This will help in effort of matching/tagging transactions with PAN which in turn help in identifying new assesses.

(ii) DsIT (I&CI) are required to submit report on the nature of unreported transactions such as Non-PAN, Incorrect PAN etc., detected generally in the cases of Cooperative Banks and SROs.

(iii) Non-PAN data for F.Y. 2015-16 was passed on the I&CI Directorate only in February, 2018. After that Directorate of Risk Assessment has not provided any actionable Non-PAN data. Therefore, the pendency for verification as on 01.04.2019 has to be liquidated by 30.09.2019. The number of verifications to be done per month by each DDIT(I&CI) should be minimum 13 (thirteen) and by each ITO(I&CI) should be 17 (Seventeen). Therefore, minimum annual target for disposal to be given by each DDIT(I&CI) and ITO(I&CI) should be 150 & 200 respectively, subject to final target assigned by respective DIT(I&CI). Verification of Non-PAN data should be in accordance of the SOP as mentioned in the I& CI Manual duly approved.

(iv) 50% Verification of actionable cases, (**to be forwarded by the Directorate of Risk Assessment by 15.07.2019**) from SFT of **F.Y. 2016-17 &2017-18**, should be completed by

within 6 months of receiving of data. Also, Directorate of Risk Assessment should not push company cases to I& CI, as company cases invariable have PAN. Similarly, cases of government bodies, schools and charitable institutions should be sent to Pr. CIT Exemptions.

(v) **Feedback in form of “Action Taken Report” (ATR) on sent “Actionable Intelligence Report (AIR)” to field formation:** DsIT (I&CI) are required to send a half yearly consolidated details of AIR to the Jurisdictional CIT and ask for the feedback of the respective AO and Range head on the AIR. The format of the feedback/ATR is as per the Para -8 of the SOP. Directorate of Systems is also required to provide functionality for getting online feedback from the AO to the Directorate of I& CI as per the SOP. [ **Action Directorate of System: For sending AIR to Directorate of I&CI and for giving functionality through the ITBA / Insight Portal Directorate of System**].

(vi) **Audit of Actionable Intelligence Report (AIR):** DsIT are required to send a consolidated list of AIR sent to the jurisdictional CsIT, to the Pr. CCIT with request to give necessary direction to Internal Audit of CIT (Audit) to include them in their list of auditable cases, particularly cases of 50C, immovable property transactions, penalty levied for violation of section 269SS and 269T of the Act, so as to audit the remedial measures taken by the AO. [ **Action: CIT (Audit)**].

(vii) With the setting up of the Committee on CRS and FATCA under the DG (Risk Assessment), the initial processing of all such inbound information received during F.Y. 2017-18 onwards is being carried out under SOPs developed by the Committee. Part of the information that is considered to be significant and immediately usable by Investigation Wing or by Assessing Officers, is expected to be sent to them by the Directorate of Risk Assessment. A substantial portion of other information that is considered important is expected to be further processed by the Directorate of I&CI. The targets in respect of inbound FATCA/CRS information have been modified accordingly.

(viii) **Insight Portal:** For Non-PAN verification cases, Directorate of Systems has to provide functionality for online transmission of AIR (Actionable Intelligence Report) along with scanned copies of documentary evidences gathered in cases & PAN population. [ **Action: Directorate of Systems**].

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## CHAPTER - X

**EXCHANGE OF INFORMATION UNDER TAX TREATIES**

TABLE-14

| <b>A</b>      | <b>Making requests for information under Exchange of Information provisions of tax treaties</b> |  |   |                                  |
|---------------|---|--|---|----------------------------------|
| <b>S. No.</b> | <b>Key Result Area</b>  | <b>Target/ Activity</b>  | <b>Timeframe by</b>   | <b>Reporting</b>                 |
| 1             | Making requests for information under 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, <b>at least one month</b> before time barring date. | One month before time barring date. Where time available is less than one month, request to be sent <u>only</u> with the approval of concerned CCIT/DGIT(Inv.). | Quarterly, in formats prescribed |

|          |  |  |  |   |
|----------|--|--|--|---|
|          |  |  |  |   |
|          |  | Clarification 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.                 |   |
|          |  | <b>Initial feedback on completeness of information and/or closure of request</b>   | <b>Within 15 days of receipt by Pr. CIT/ Pr. DIT/CIT/DIT concerned.</b>          |   |
|          |  | <b>Final feedback on utilization of information including additional tax demand raised on completion of assessment or information about launching of prosecution</b> should be provided to FT&TR Division.   | Within one month of completion of assessment <b>or launching of prosecution.</b> | <b>Annually, by 31<sup>st</sup> March</b>                     |
| <b>B</b> | <b>Capacity Building</b>   |  |  |   |
| 1.       | Training on making requests under tax treaties and maintaining confidentiality | Each Pr. CIT/Pr. DIT shall conduct one-day training programme for the officers of their charge on Exchange of Information including framing of requests. The training programme should also cover data protection safeguards and guidelines to maintain the confidentiality of tax treaty information as per ISO 27001 | 31.10.2019   | As and when completed, in format prescribed by FT&TR division |
| 2.       | 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  | Within 30 days of the receipt of request by the officer concerned                | Quarterly   |

|  |  |   |  |  |
|--|--|---|--|--|
|  |  | 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. |  |  |
|--|--|---|--|--|

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## CHAPTER – XI

COMPUTER OPERATIONS

TABLE-15

| <b>Section</b> | <b>Key Result Area</b> | <b>Sl.No.</b> | <b>Functions</b>  | <b>Time Frame</b>             | <b>Remarks</b> |
|----------------|------------------------|---------------|---|-------------------------------|----------------|
| A              | I. T. INFRASTRUCTURE   | 1             | Preparation and updating of Hardware and software inventory and linkage to ITD hierarchy on ITBA system as per process or on stand-alone basis. (Separately for network and non-network devices)  | 30.09.2019 and then quarterly | -              |
|                |                        | 2             | Assessment of additional requirement of IT Infrastructure including RSA tokens, PCs and related equipment, Bandwidth. Identification of requirement of new network nodes and send the requirement | 31.07.2019 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.  | 31.07.2019 and then quarterly | -              |
| B              | I. T. SECURITY         | 1             | Implementation of Security Policy and Procedures (ISPP) in Category A buildings (Refer CISO Instruction No. 1/2015).  | 31.12.2019                    | -              |
|                |                        | 2             | Implementation and maintenance of desktop policy which includes removal of unauthorized hardware and software on all networked PCs.   | 30.09.2019 and then quarterly | -              |



|   |                |   |  |   |  |
|---|----------------|---|--|---|--|
|   |                | 3 | Appointment of Nodal Offices (by Designation) in each Office Building (under intimation to Systems Directorate) and assigning the security, upkeep of Communication Room and other IT infrastructure. Inspection and upgrade, if required, of Communication Rooms as per the advisory of the Directorate of Systems. | 30.09.2019 and then quarterly                                   | -  |
|   |                | 4 | <b>Inspection of Network Communication Rooms across all locations and verification of Checklist parameters</b>   | <b>30.09.2019 and then quarterly</b>                            | -  |
| C | I. T. TRAINING | 1 | CsIT (CO)/RTIs/MSTUs to organize training programmes for ITBA applications.  | As per plan to be circulated by ITBA Team                       | -  |
|   |                | 2 | CsIT (CO) along with RTIs/MSTUs to organize and manage training for Project Insight.   | As per Training plan, to be circulated by Project Insight team. | -  |
| D | PAN AND AIS    | 1 | Migrating of PANs from OLD and ORPHAN Jurisdictions to jurisdictional AO   | -   | May be removed since this is one-time job and had been completed by all RCCs years back.   |
|   |                | 2 | Updating/Correction Standardization of hierarchy, roles, privileges, AO codes/Position codes for all the offices on AIS/ITBA system.   | -   | This column is not relevant to PAN and AIS module. This may be moved to new section "HRMS" |
|   |                | 3 | Inspection of TIN Facilitation Centers of both Service Providers in the jurisdiction of the RCCs and submission of check list/Inspection report.   | Monthly   | -  |
|   |                | 4 | Completion of Duplicate Resolving of PANs Core-field updating activity in PAN received online through both Service Providers on daily basis and  | Pendency report should be submitted by 10th of every month.     | -  |

|   |                    |   |   |   |   |
|---|--------------------|---|---|---|---|
|   |                    |   | redressal of grievances related to PANs   |   |   |
|   |                    | 5 | Circulation of lists of deleted/deactivated PANs received from both PAN Service Providers to the respective Assessing Officers, train them regarding restoration of deleted /deactivated PANs, if needed and send back the response received from AOs to the respective Service Providers on regular basis. | Pendency report should be submitted by 10th of every month. | -   |
|   |                    | 6 | Impart training regarding event marking of PANs and compliance of the Third-Party Verification report received from PAN Service Providers.  |   | "Impart training regarding event marking of PANs" may be removed since there is separate section for training and this is being covered in ITBA Training itself. However, pendency report should be submitted by 10th of every month. |
|   |                    | 7 | Timely action on the letters/grievances received from the PAN service provider for fast delivery of PAN cards.  | Pendency report should be submitted by 10th of every month. | -   |
| E | OLTAS              | 1 | Resolution of challan attribute correction requests.  | Within one week of request                                  | -   |
| F | Problem Resolution | 1 | Maintain and update FAQs, Instructions and list of resource persons.  |   | "FAQs, Instructions" may be removed since these are available under home page of ITBA login screen and also FAQs are being updated and circulated by  |

|          |      |   |  |  |   |
|----------|------|---|--|--|---|
|          |      |   |  |  | DIT (Systems)<br>from time to time  |
|          |      | 2 | Provide inputs to Pr. DGIT(S) related to new FAQs and unresolved issues.   |  | -   |
|          |      |   |  |  | Since the whole work is being shifted to online mode. It is important to devise a monitoring mechanism which quantifiable and measurable. |
| <b>G</b> | HRMS | 1 | Updating/Correction Standardization of hierarchy, roles, privileges, AO codes/Position codes for all the offices on AIS/ITBA system. | 31.07.2019 & then quarterly.   | Moved from PAN & AIS section  |
|          |      | 2 | Support to users in filing IPR and APAR submission, reporting, reviewing (During the period of January, April - June respectively)   |  | -   |
| <b>H</b> | TDS  | 1 | Allotment of TAN, Core field correction and Address updating.  | Pendency report should be submitted by 10th of every month to the Pr. DGIT (System). |   |

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## CHAPTER - XII

### EXEMPTION RELATED WORK

Assessing Officers in the exemption charges have functions akin to the normal assessment charges and for the assessment functions, the targets set out in earlier chapters shall be equally applicable to the exemption charges. The Commissioners of Income Tax (Exemptions) have the additional responsibility of granting registrations/ approvals u/s 12AA, 80G and 10(23C) of the Act. For this function by the Commissioners, even though timelines are statutorily prescribed, the following specific target areas, along with the time frames, are identified to avoid any grievance in the relevant matters and to ensure smooth functioning of the charge.

**TABLE -16**

| S. N. | Target/Activity   | Time frame   |
|-------|---|--|
| 1.    | The erstwhile jurisdictions dealing with matter of exemption were required to identify and transfer all records including the registers-maintained pertaining to, inter alia, grant of registration/approval etc. to the respective CsIT (Exemptions). <b>Any pending work in this regard is required to be completed during this year.</b> | <b>30.09.2019</b>  |
| 2.    | Uploading and updating of database (along with verification) by CsIT (Exemptions) of all cases related to section 12A/12AA, 80G and 10(23C) of the Act, including cases received from other jurisdictions, not uploaded so far in ITBA system or on website incometax.gov.in  | 1.Database of registrations /approval granted up-to 31.03.2019 - <b>by 30.09.2019.</b><br><br>2. Approvals granted subsequently during the year- <b>within the next month.</b> |
| 3.    | Verification of all cases approved u/s 35(1)(ii)/(iii) with regard to the compliance of requirements of rules 5D(5)/5E(4A)  | By 30.09.2019 for the pending cases as on 01.04.2019, and within four months from the end of the month in which I.T. return is filed by the assessee.                          |
| 4.    | Giving effect to the orders of judicial authorities setting aside the refusal to grant registration/approval to the file of CIT(E)  | Within 6 months of receipt of such orders in the office of the CIT(E).   |
| 5.    | Pending applications for approval u/s 80G- filed physically prior to 01.04.2018   | 30.09.2019   |

|    |  |   |
|----|--|---|
| 6  | References received in the office of the CIT(E) for withdrawal of approval u/s10(23C) (iv), (v), (vi)(via) of the Act or for rescinding of notification u/s10(21), 10(22),10(23A) (1023B) in terms of proviso to section 143(2) of the Act by the A.O. | <p>(i) All such proposals pending with the CIT(Exemptions) as on 01.04.2019 shall be decided by December,2019.</p> <p>(ii) Any new proposal or reference shall be decided within one year from the end of the month of receipt of such proposal in the CIT(E) office.</p> <p>(iii) In respect of rescinding of notification, the proposal shall be forwarded by the CIT(Exemptions) to the approving authority within one month of the receipt thereof.</p> |
| 7. | Disposal of proposals for cancellation of registration u/s12A/AA by invoking provisions of section 12AA (3) and 12AA (4)   | <p>(i) All pending proposals as on 01.04.2019, shall be decided by 30.09.2019.</p> <p>(ii) All new proposals shall be decided within six months from the end of month of receipt of such proposal.</p>  |
| 8. | Disposal of applications of condonation of delay in filing Form No.10.   | <p>(i) All pending applications as on 01.04.2019, shall be disposed by 31.07.2019.</p> <p>(ii) All new applications shall be decided within three months from the end of month of receipt of such proposal.</p>   |

### **ACTION ITEMS**

(1) The database of cases not pertaining to the Exemptions jurisdiction but lying in Exemptions Charges is to be made available by Directorate of Systems, so that such cases can be transferred by the charges to the respective PCsIT. Similarly, cases pertaining to Exemption charges lying with other PCsIT, are required to be transferred by them to the jurisdictional CIT(E). This exercise should be completed at the earliest. Physical records/old records must be transferred immediately upon transfer of a particular case from or to Exemptions charge. Corresponding obligation is on the PCsIT in regular assessment charges for transfer of cases to jurisdictional CsIT(E), at the earliest.

(2) In cases where registration u/s12A/12AA has been cancelled after 01.06.2016, it should be ensured that in appropriate cases, provisions of section 115TD are invoked as a consequence of cancellation of registration, in case no appeal is filed against the cancellation order, or if the cancellation order is upheld by the ITAT.

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## CHAPTER - XIII

### COMMUNICATION STRATEGY

It is felt that an effective & transparent communication with the stake-holders, - the tax-professionals, the tax-payers, the citizens at large, trade bodies, representatives of commerce & industry etc. is of prime importance for demonstrating accountability to the people which generates trust in the tax-administration. The Pr. CCITs & the CCITs need to play the critical role of leaders for a proactive engagement with citizens through outreach programme. In all such engagements with the stakeholders, all major government decisions that significantly impact the citizens or envisage a major paradigm change-either in policy or delivery of public services should be conveyed and emphasized upon. The focus should be on an effective communication by involving different media viz social, print, electronic etc. To ensure the same, Key result areas and Targets are stipulated as under:

**TABLE-17**

| Sl no | Key Result Area  | Target  |
|-------|--|---|
| 1     | Organizing interactive sessions with stake-holders   | ONE Session every month by the Pr. CCIT/CCIT followed by Q/A session with the stake-holders. Grievances to be redressed in the manner possible/desirable. Policy issues raised to be brought to the notice of the CBDT. |
| 2     | Organize interactive outreach sessions for taxpayers to educate them on specific initiatives/provisions/procedures/schemes | ONE program every month for each PCIT   |
| 3     | Talks in schools and other educational Institutions  | ONE visit every quarter for each PCIT   |

#### **ACTION ITEMS**

(1) Taxpayer outreach programs shall be conducted so that every Range Head conducts Interactive sessions/workshops to educate taxpayers on specific tax provisions and procedures and to highlight initiatives taken by the Department. This is a critically important area for achieving the objectives of a fair and transparent administration and high standards of taxpayer service, which ultimately translate into higher levels of voluntary compliance.

(2) The topics for interaction should be identified based on parameters such as low tax awareness, amendments in IT Act, new procedures/schemes, sectors where there is low tax compliance etc. Sessions may also be conducted in co-ordination with industry Trade/Professional associations.

(3) The educational Institutions to be covered should include different kinds of institutions i.e. Professional Colleges, Management Institutions, School etc. to be decided by the Pr. CsIT/CsIT from among the Institutions falling within their territorial jurisdiction so as to avoid any overlap. In case a Pr.CIT/CIT does not have any Institutions in his territorial jurisdiction or does not have territorial jurisdiction, the institution to be covered by his officers/officials should be decided by the concerned CCIT in consultation with the Pr. CCIT keeping in mind practical aspects and to ensure maximum coverage within the region.

Frequency of visits may be increased considering the local requirements so that a sizeable number of educational institutions in the city get to participate in this initiative. If considered beneficial, visit of students to the Income Tax Offices may also be organized.

**(4) Internal communication-**

While the communication strategy with the stakeholders outside the department needs no further emphasis, it is felt that internal communication amongst the officers & officials within the department is equally important. The Pr. CITs should, therefore, ensure through regular interactions/ seminars/ workshops (at least once in a month), that the officers and officials are abreast of the latest developments in terms of provisions of law and pronouncement of the appellate authorities. Another objective to be achieved through such interactions should be to ensure that the conduct of the officers and officials is non-adversarial but alert & efficient.

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## CHAPTER - XIV

### HUMAN RESOURCE MANAGEMENT

The collection and the maintenance of ACR/APAR is an important issue related to HR for any organization because it is sine qua non for timely promotion as well as career progression of an officer. It is also important because APARs are required for various purpose e.g.

1. Deputation
2. Empanelment of officers at the level of JS and above
3. Nomination for trainings etc.

2. The CBDT has issued detailed instruction vide F. No. HRD /PM /APAR /403 /HRMS /5 /2018-19/1164 dated 20.05.2019 for online submission of Annual Performance Assessment Report (APAR) by Group 'A' and Group 'B' (ITOs) officers for FY 2018-19 with the use of Digital Signatures. The Pr. CCITs may ensure that the following timeline as laid down for this exercise for FY 2018-19 is strictly adhered to.

**TABLE-18**

| <b>Sl. No.</b> | <b>Activity</b>   | <b>Below CCIT/ DGIT</b>                       | <b>CCIT/DGIT</b>                              |
|----------------|---|---|---|
| 1              | Submission of Self-appraisal for the year   | 30 <sup>th</sup> June                         | 30 <sup>th</sup> June                         |
| 2              | Appraisal by reporting authority  | 31 <sup>st</sup> July                         | 31 <sup>st</sup> July                         |
| 3              | Appraisal by reviewing authority and APAR to be sent to the custodian   | 31 <sup>st</sup> August                       | 31 <sup>st</sup> August                       |
| 4              | Disclosure to the officer reported upon by the custodian  | 10 <sup>th</sup> September                    | 15 <sup>th</sup> September                    |
| 5              | Representation of the officer reported upon, if any to the custodian  | Within 15 days from the date of communication | Within 15 days from the date of communication |
| 6              | Forwarding of representation of the officer reported upon to the competent authority by the custodian   | 30 <sup>th</sup> September                    | 15 <sup>th</sup> October                      |
| 7              | Disposal of the representation by the competent authority after consultation with the reporting and reviewing authorities and forwarding to the custodian | 31 <sup>st</sup> October                      | 30 <sup>th</sup> November                     |
| 8              | Communication of the decision/comment of the competent authority to the officer reported upon by the custodian  | 15 <sup>th</sup> November                     | 15 <sup>th</sup> December                     |
| 9              | End of entire APAR process  | 31 <sup>st</sup> December                     | 31 <sup>st</sup> December                     |

3. Creation of the database of the total manpower working in the Income Tax Department is of utmost importance to manage its cadre and reporting correct vacancies in all the grades. Further, correct information of Sanctioned Strength (S.S.) and Working Strength (W.S.) in all the grades is required on contemporaneous basis for DPCs, Parliament Questions and recruitments. Letter of HRD dated 20.11.2018 is required to be followed by the **Pr. CCITs in this regard and ensure populating data of Sanctioned Strength and Working Strength in all the cadres/grades of Income Tax Department on monthly basis in the Recruitment Module of ITBA-HRMS Module by 7th of following month.**

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**CHAPTER-XV**  
**INFRASTRUCTURE**

To streamline office and residential infrastructure of Income Tax Department, following actions to be taken by the Pr. CCITs within the time frame as stipulated: -

1. 20% of office space in hired buildings in 04 metro cities & all state capitals are to be identified before 31.03.2020 and to be de-hired over next three years by the field offices of CBDT, and correspondingly proposal for construction of building should be sent to the Board.
2. Proposal for purchase of land pieces equivalent to at least 20% of shortage of office space (excluding office space available in hired buildings) should be forwarded to the Directorate of Infrastructure by 31.03.2020.
3. Proposal for additional construction of office/residential buildings on unencumbered vacant land pieces in possession of the field offices shall be forwarded to Directorate of Infrastructure by 31.03.2020.
4. All Rent revision proposals should reach Directorate of Infrastructure 06 months before the due date of expiry of the lease / rent agreement.
5. The Pr. CCITs should also conduct monthly review meeting on infrastructure and monitor the progress of each new project (including rental premises).
6. Basic infrastructure like Visitor's Room/ Medical/ First Aid room, Crèche, drivers' room and indoor sports/recreation room to be opened in office complex.
7. Swachh Bharat Abhiyan:
  - Special efforts should be made under Swachh Bharat Abhiyan & to ensure healthy competition amongst various I.T. offices in the Pr. CCIT region, on quarterly basis and selection of best maintained building at national level. All efforts to "go green" at all office premises. Officers taking special interest in infrastructure development, land acquisition and related innovative measures of welfare activities should be felicitated every month, as Administrator of the month.
  - Suitable signage on the roads indicating the location of I.T. Offices and installation of sign boards with contact details & office address should be erected at appropriate locations at all I.T. offices
  - Reduction of electricity consumption at least by 10% by adopting auto switch off devices/ movement sensitive switches and installation of solar panels.
  - Effort should be made for water conservation and water harvesting in each building

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**CHAPTER-XVI****MISCELLANEOUS****Actions on Global Entry Program (GEP)**

**Global Entry Program (GEP)** is a US Customs and Border Protection (CBP) program that allows expedited clearance for pre-approved and low-risk travelers for entering the US through automatic kiosks. India became a participant country in the GEP and it has been operationalized with effect from 03<sup>rd</sup> July, 2017. The CBDT is required to give its recommendation to CEIB on the status of GEP applications filed by Indian Citizens as CLEARED/NOT RECOMMENDED, after verifying the credentials of applicant on certain specified parameters. A SOP has been framed for handling these applications, based on which, the targets for disposal of GEP applications are as under:

**TABLE-19**

|                 |   |   |
|-----------------|---|---|
| Pr. CCIT        | Report in Annexure -A after the verification of issues in SOP through jurisdictional Pr.CIT or CCIT(Central) and CIT(TDS) | Within 7 working days of receipt of GEP application from CBDT |
| CCIT(EXEMPTION) | Report in Annexure -A after the verification of issues in SOP   | Within 7 working days of receipt of GEP application from CBDT |
| CCIT(IT&TP)     | Report in Annexure -A after the verification of issues in SOP   | Within 7 working days of receipt of GEP application from CBDT |
| DGIT(Inv.)      | Report in Annexure -B after the verification of issues in SOP   | Within 7 working days of receipt of GEP application from CBDT |

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