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INCOME TAX DEPARTMENT

MANUAL OF OFFICE PROCEDURE

2019

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MANUAL OF OFFICE PROCEDURE

2019

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Manual of Office Procedure 2019

DISCLAIMER

The Manual of Office Procedure has been revised in consultation with the various offices encompassing the Income-tax Department. The revised Manual is solely based on inputs received from offices/ verticals of CBDT and Income-tax Department having domain knowledge and functional competence over the subject. The contents of this Manual are for information, ready reference purposes and for intra departmental use only and do not have any legal sanctity. Any use of the contents of this Manual may be carried out having due regard to the provisions of extant and relevant Acts, Rules, Judicial Pronouncements and Administrative/ Technical instructions/ Circulars/ Advisories/ Notifications of competent authority wherever applicable. No responsibility is taken for the accuracy and completeness of third party Circulars/ Citations etc referred to in this Manual. The Hyperlinks to third party websites that have been included in this Manual are provided for the sake of convenience only. The Department is not responsible for the contents or reliability of the hyperlinked websites and does not necessarily endorse the view expressed within them or guarantee the availability of such linked pages at all times. Though every effort has been made to provide accurate and updated information, it is likely that the some details may require to be updated or corrected on a continual basis by the concerned offices. Hence, the department does not assume any legal liability on the completeness, accuracy or usefulness of the contents of this Manual. Suggestions to improve this Manual are welcome and it is requested that errors (if any), may kindly be brought to notice.

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P. C. MODY
Chairman, CBDT &
Special Secretary to the Government of India

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Dated: 7th August, 2019

MESSAGE

The revised edition of Manual of Office Procedure is coming out after a gap of 16 years. This period has been long and extremely important in view of the many milestones that the Department has achieved specially with respect to adapting to the latest ICT Ecosystem and evolving business processes.

The preparation of this edition of the Manual of Office Procedure was an onerous task since it had to take care of all the changes, however small it may be, and record it so that the Manual serves as a piece of indispensable document for all officers and officials of the Department. I extend my heartiest congratulations to the Committee for revision of the Manual of Office Procedure and the entire team of Directorate of O&MS for their efforts to this end.

Since the Manual of Office Procedure will be introduced in the digital format as well, it is expected that all the verticals of the Department shall diligently apply themselves in the process of continual updation of the subjects which are related to them so that this Manual remains sacrosanct on a real time basis.

I am sure that this publication shall serve to be an extremely important tool for all the officers and officials of the Department to attain knowledge and augment efficiency and effectiveness of our Department.

(P. C. Mody)

सत्यमेव जयते
S.K. GUPTA
Special Secretary & Member

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GOVERNMENT OF INDIA
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Dated : 9th June, 2020

MESSAGE

This edition of the Manual of Office Procedure comes out at a time when the Department has completely re-aligned itself to the latest systems and processes.

The project to revise the Manual of Office Procedure of 2003 edition was instituted in late 2017, after a gap of 14 years, and I am glad that the team entrusted with the task has accomplished the work in just over a year, despite the enormity and challenges involved. I extend my heartiest congratulations to the Committee for revision of the Manual of Office Procedure for its efforts, and rising to the challenges involved in this project.

I would also extend my appreciation to all the offices and Directorates who have contributed by way of their inputs for the Manual and to the officers and officials of Directorate of O&MS for their untiring efforts in collecting the material for the Manual, and organising, editing and redrafting them, so that a final shape could be given to the revised Manual of Office Procedure.

I hope that the individual verticals and offices shall continually update their subject matter contained in the Manual with a view to keep this document up to date.

(S.K.Gupta)

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Dated: 2nd June, 2020

Message from Pr. DGIT Admn. & TPS

It gives me immense pleasure to present the Revised Edition of Manual of Office Procedure, 2019 which is being published after a gap of 16 years.

This compendium is designed to encompass all the verticals of the Department and the various systems and processes involved in Tax Administration. In the prevailing and ever dynamic digital ecosystem that the Department has fully embraced, the need of continual updation of the Manual cannot be over emphasized. Since the real time revision is not possible in the paper format, the Manual is also being released in a digital format with a robust search facility.

I express my sincere thanks to all the concerned Directorates and Offices who have contributed towards making of this Manual and urge them to diligently engage themselves in regularly updating the contents which pertains to them.

I extend my heartiest congratulations to the officers of Directorates of Organisation & Management Services for painstakingly content writing, drafting, composing, editing and layout designing this comprehensive and yet precise Manual.

Asha

(Asha Agarwal)

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सत्यमेव जयते

ADITYA VIKRAM, IRS
MEMBER, CBDT &
Special Secretary to the Government of India

FOREWORD

The Manual of Office Procedure is being revised after a gap of 16 years. In December, 2017, the task of revision of all the existing Manuals was undertaken by the Department and the one related to Office Procedure was entrusted to a Committee headed by the undersigned.

2. The preparation of a Manual of Office Procedure is a gigantic task when it concerns the Income Tax Department. With the paradigm shift in the functioning of the Department, the task of revisiting the Manual of 2003, and aligning it with the environment of 2019 was a challenging task. It also needs to be emphasized that the preparation of a Manual is equally delicate and intricate as every subject is equally important and must find a place in the document.

3. It is expected that this Manual will be of great value as a reference book and repository of information in light of the fact that separate Manuals are existing on various subjects. In view of the fact that the Department is earnestly embracing new technology, techniques and processes, skill sets, outlook and philosophy to keep abreast with the continuously and rapidly evolving ecosystem, it has been decided to have a digital format of this Manual, with the provision of robust search engine for ease of navigation. The digital version would also facilitate continual, easy and seamless updation of this Manual in light of changes in law, practice & procedures, wherever relevant and required.

4. The colossal task of revising the Manual of Office procedure would not have been possible without the sincere efforts and inputs of every office/vertical of CBDT and Income Tax Department having domain knowledge and functional competence over the subject. The Members of the Committee also deserve a special mention for their efforts. I would like to express my special appreciation to the officers of Directorate of Organization & Management Services (DOMS) who travelled that extra mile in collecting, collating and proof reading and in some cases, re-drafting chapters of this Manual, due to which the assigned task could be achieved in optimum time.

5. It is hoped that the Manual of Office Procedure will help in betterment of the standards and efficiency of our Department.

(ADITYA VIKRAM)
19.6.19

COMMITTEE ON UPDATION OF THE MANUAL OF OFFICE PROCEDURE

The Central Board of Direct Taxes, constituted a committee for updating the Manual Of Office Procedure vide Lettter F.No. P-II-5(597) ADG(PR,P&P)/2017-18/1086 dated 23.11.2017.

The Committee, after due deliberations, submits the revised Manual of Office Procedure, 2019, on this 28th Day of June, 2019 (*10 Ashadha, 2076 Vikram Samvat).*

Aditya Vikram,
Member (IT&C), CBDT
Chairman of the Committee

Suniti Srivastava,
Pr. CIT Dehradun,
Member

Manoj Joshi,
ADG DTRTI, Delhi,
Member

Kunal Singh,
ADG (O&MS),
Member Secretary

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Organisation

Committee

Shri Aditya Vikram
Member (IT&C), CBDT

Ms. Suniti Srivastava
Principal Commissioner of Income-tax, Dehradun

Shri Kunal Singh
Additional Director General & Member Secretary

Shri Manoj Joshi
Additional Director General

Secretariat

Smt. Kulwinder Kaur
Deputy Director

Shri Dharam Singh
Deputy Director

Shri Sumit Kumar Banerjee
Assistant Director

Shri Zulfiqar
Inspector of Income-tax

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Ministry of Finance

1. The Ministry of Finance is responsible for the administration of the finances of the Central Government. It is concerned with all economic and financial matters affecting the country as a whole, including mobilization of resources regulation of expenditure of the Central Government and the transfer of resources to the States. To meet the needs of the times, the Ministry has been re-organized periodically.

1.1 The Ministry of Finance comprises of the five Departments namely:

(a) Department of Economic Affairs.

(b) Department of Expenditure.

(c) Department of Revenue.

(d) Department of Investment and Public Asset Management.

(e) Department of Financial Services.

2. Department of Economic Affairs (DEA)

The DEA tenders expert advice to the Government on important issues of economic policy. It monitors economic developments, domestic and external, and advises on policy measures relating to macro management of the economy. Responsible for the preparation of and submission, to Parliament, the Annual Budget as well as Supplementary and Excess Demands for Grants of the Central Government and of States under President's Rule. The main functions of Department of Economic Affairs (DEA) are as under:

(a) Raising of external resources through Official Development Assistance (multilateral and bilateral) and commercial borrowings abroad, foreign investment, husbanding of foreign exchange resources including balance of payments.

(b) Printing of bank notes and manufacturing of coins of various denominations, postal stationery and stamps, etc.

(c) Cadre management, career planning and training of the Indian Economic Service (IES).

It brings out the:

(a) Economic Survey annually, which is placed in the Parliament prior to the presentation of the Central Government Budget.

(b) Economic and the Functional Classification of the Central Government's Budget, which is circulated among the Hon'ble Members of Parliament.

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(c) "Monthly Economic Report", (which gives the latest available data on the key sectors of the economy).

(d) Annual Status Report on India's External Debt and publishes data for end-September and end-December quarter every year, etc.

It also undertakes:

(a) Analyzing and monitoring India's macroeconomic parameters, (*viz.* gross domestic product, saving, investment, etc.).

(b) Country coordination for Special Data Dissemination Standard of the International Monetary Fund.

(c) Maintaining the National Summary Data Page on a routine basis.

(d) Compilation of the Macroeconomic Framework Statement that forms part of the Union Budget and the Macroeconomic Backdrop for the FRBM (Fiscal Responsibility Budget Management Act.

(e) Monitoring and maintaining database on WPI, CPI & International Commodity prices and gives policy advice on price related matters.

(f) Advising the Government on policy issues relating to agriculture and allied sectors, food management and the food processing sector.

(g) Advising the Government on policy issues relating to Industry at both macro and sectoral levels.

(h) Monitors and analyses the performance of India's Services Sector including services trade on an ongoing basis.

(i) Analyzing external sector developments and offering policy advice on related issues.

(j) Collection, compilation and publication of Quarterly External Debt Statistics in compliance with Special Data Dissemination Standards (SDDS) of IMF and Quarterly External Debt Statistics (QEDS) of the World Bank.

(k) Advising the Government on specific policy issues in social infrastructure, employment and human development.

(l) Monitoring of money market trends, developments in monetary policy of the Reserve Bank of India, and aggregate trends in credit flows.

(m) Helping shape the firming up of India's stand on financing issues related to climate change and sustainable development.

(n) Development and regulation of financial and commodities Markets in India.

(o) Financial sector development.

(p) Conceiving new initiatives related to infrastructure financing and promotion of investment in infrastructure sectors.

(q) Provide policy support on Foreign Investment policy.

(r) Facilitating and monitoring Externally Assisted Projects (Central & State Projects all over India) which are being implemented through Multilateral Development Banks and other related Trust Funds/ Loans/ Grants.

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3. Department of Expenditure (DOE)

The Department of Expenditure is the nodal Department for overseeing the public financial management system in the Central Government and matters connected with state finances. It is responsible for the implementation of the recommendations of the Finance Commission and Central Pay Commission, monitoring of audit comments/ observations, preparation of Central Government Accounts. It further assists central Ministries/ Departments in controlling the costs and prices of public services, reviewing system and procedure to optimize outputs and outcomes of public expenditure. The Department has under its administrative control the National Institute of Financial Management (NIFM), Faridabad, which is an autonomous body. The principal activities of the Department include overseeing the expenditure management in the central Ministries/ Departments through the interface with the Financial Advisers and the administration of the Financial Rules/ Regulations/ Orders, pre-sanction appraisal of major schemes/ projects, handling bulk of the central budgetary resources transferred to State. The business allocated to the Department of Expenditure is carried out through its Establishment Division, Plan Finance-I and Plan Finance-II Divisions, Public Procurement Division (PPD), Office of Chief Adviser Cost, Controller General of Accounts and Central Pension Accounting Office.

4. Department of Revenue (DOR)

The Department of Revenue exercises control in respect of revenue matters relating to Direct and Indirect Union taxes through two statutory Boards namely, the Central Board of Direct Taxes (CBDT) and the Central Board of Indirect Taxes and Customs (CBIC). The Department also is mandated with administration of:

(a) The Indian Stamp Act, 1899 (to the extent falling within the jurisdiction of the Union).

(b) The Central Sales Tax Act, 1956.

(c) The Narcotic Drugs and Psychotropic Substances Act, 1985 (NDPSA).

(d) The Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976 (SAFEM (FOP) A).

(e) The Foreign Exchange Management Act, 1999 (FEMA).

(f) The Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974 (COFEPOSA).

(g) The Prevention of Money Laundering Act, 2002 (PMLA) and Black Money Act.

(h) All laws relating to direct and indirect taxes including GST.

Matters relating to the following attached/ subordinate offices of the Department:

(a) Enforcement Directorate.

(b) Central Economic Intelligence Bureau (CEIB).

(c) Competent Authorities appointed under SAFEM(FOP) Act, 1976 and NDPSA.

(d) Chief Controller of Factories.

(e) Central Bureau of Narcotics.

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(f) Customs, Excise and Service Tax Appellate Tribunal (CESTAT).

(g) Appellate Tribunal under SAFEMA.

(h) Customs and Central Excise Settlement Commission (CCESC).

(i) Income-tax Settlement Commission (ITSC).

(j) Authority for Advance Rulings (AAR) for Customs and Central Excise.

(k) Authority for Advance Rulings (AAR) for Income-tax.

(l) National Committee for Promotion of Social and Economic Welfare (NCPSEW).

(m) Financial Intelligence Unit, India (FIU-IND).

(n) Adjudicating Authority under Prevention of Money Laundering Act.

5. Department of Investment and Public Asset Management (DIPAM)

The mandate of the Department is as follows:

(a) All matters relating to management of Central Government investments in equity including disinvestment of equity in Central Public Sector Undertakings.

(b) All matters relating to sale of Central Government equity through offer sale or private placement or any other mode in the erstwhile Central Public Sector Undertakings.

Note: *All other post disinvestment matters, including those relating to and arising out of exercise of Call option by the Strategic Partner in the erstwhile Central Public Sector Undertakings, shall continue to be handled by the administrative Ministry or Department concerned, where necessary, in consultation with the Department of Investment and Public Asset Management (DIPAM).*

(c) Decisions on the recommendations of Administrative Ministries, NITI Aayog, etc. for disinvestment, including strategic disinvestment.

(d) All matters related to Independent External Monitor (s) for disinvestment and public asset management.

(e) Decisions relating to Central Public Sector Undertaking for purposes of Government investment in equity like capital restructuring, bonus, dividends, disinvestment of government equity and other related issues.

(f) Advise the Government in the matters of financial restricting of Central Public Sector Enterprises and for attracting investment through capital markets.

(g) Financial Policy in regard to the utilization of the proceeds of disinvestment channelized into the National Investment Fund.

(h) The Unit Trust of India Act, 1963 (52 of 1963) along with relating to Specified Undertaking of the Unit Trust of India (SUUTI).

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6. Department of Financial Services (DFS)

The Department of Financial Services (DFS) is mainly responsible for policy issues relating to:

(a) Public Sector Banks (PSBs) and Financial Institutions including their functioning, appointment of Chairman, Managing Director and Chief Executive Officers (MD & CEOs), Executive Directors (EDs), Chairman cum Managing Directors (CMDs).

(b) Legislative matters.

(c) International banking relations.

(d) Appointment of Governor/ Deputy Governor of Reserve Bank of India.

(e) Matters relating to National Bank for Agriculture and Rural Development (NABARD), Co-operative Banks, Regional Rural Banks (RRBs) and Rural/ Agriculture Credit.

The Department also oversees the Financial Inclusion programme of the Government, Social Security Schemes and other targeted schemes aimed at facilitating flow of credit, matters relating to Insurance Sector and performance of Public Sector Insurance Companies, administration of various Insurance Acts, matters relating to Insurance Regulatory & Development Authority of India (IRDAI) and matters relating to Pension Reforms including the National Pension System (NPS), legislative and other issues regarding the Pension Fund Regulatory and Development Authority (PFRDA) etc.

(Source: Annual Report of the Ministry of Finance, Govt. of India)

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Central Board of Direct Taxes (CBDT)

1. Functions and Organisation

The Central Board of Direct Taxes is a statutory authority functioning under the Central Board of Revenue Act, 1963. The officials of the Board in their ex-officio capacity also function as a Division of the Ministry dealing with matters relating to levy and collection of direct taxes.

2. Historical Background of CBDT

The Central Board of Revenue as the apex body of the Department, charged with the administration of taxes, came into existence as a result of the Central Board of Revenue Act, 1924. Initially the Board was in charge of both direct and indirect taxes. However, when the administration of taxes became too unwieldy for one Board to handle, the Board was split up into two, namely the Central Board of Direct Taxes and Central Board of Excise and Customs with effect from 1.1.1964. This bifurcation was brought about by constitution of two Boards under Section 3 of the Central Board of Revenue Act, 1963.

3. Composition and Functions of CBDT

The Central Board of Direct Taxes consists of a Chairman and following six Members:

(a) Chairman.
(b) Member (Income-tax & Computerization).
(c) Member (Legislation).
(d) Member (Admn.).
(e) Member (Investigation).
(f) Member (Revenue & TPS).
(g) Member (Audit & Judicial).

4. Jurisdiction (Zonal)

Member (IT & C)	Chennai, Hyderabad, Bengaluru, Kochi. Pr. DGIT (Systems) & DGIT (Risk Assessment)
Member (L)	NWR, Delhi, UP (East), UP (West) & Uttarakhand
Member (Admn.)	Mumbai, Pune, Nagpur, Pr. DGIT (Vig.), Pr. DGIT (HRD) & Pr. DGIT (Trg.)
Member (Inv.)	All DGsIT (Inv.), all CCsIT (Central) and DGIT (I&CI)
Member (R&TPS)	Kolkata, Guwahati, Patna, Bhubaneshwar, Pr. DGIT (Admn. & TPS)
Member (A&J)	Ahmedabad, Jaipur, Bhopal, Pr. DGIT (L&R) & Pr. DGIT (Logistics) FT&TR Division and International Taxation.

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A. Allocation of Work

1. Cases or Classes of Cases, which shall be Considered Jointly by the Board

(a) Policy regarding discharge of statutory functions of the Board and of the Union Govt. under the various laws relating to direct taxes.

(b) General Policy relating to:

- (i) Organisation of the set-up and structure of Income-tax Department.
- (ii) Methods and procedures of work of the Board.
- (iii) Measures for disposal of assessments, collection of taxes, prevention and detection of tax evasion and tax avoidance.
- (iv) Recruitment, training and all other matters relating to service conditions and career prospects of the personnel of the Income-tax Department.

(c) Laying down of targets and fixing of priorities for disposal of assessments and collection of taxes and other related matters.

(d) Write-off of tax demands exceeding Rs. 25 lakhs in each case.

(e) Policy regarding grant of rewards and appreciation certificates.

(f) Any other matter which the Chairman or any Member of the Board, with the approval of the Chairman, may refer for joint consideration of the Board.

2. Cases or Classes of Cases which shall be Considered by Chairman, Central Board of Direct Taxes

(a) Administrative planning.

(b) Transfers and postings of officers in the cadre of Chief Commissioner of Income-tax and Commissioner of Income-tax.

(c) All matters relating to foreign training.

(d) Work relating to Grievance Cell and Inspection Division.

(e) All matters relating to tax planning and legislation relating to direct taxes referred to Chairman by Member (Legislation).

(f) All matters relating to Central and Regional Direct Taxes Advisory Committees and Consultative Committee of the Parliament.

(g) Any other matter which the Chairman or any other Member of the Board may consider necessary to be referred to the Chairman.

(h) Coordination and overall supervision of Board's work.

3. Cases or Classes of Cases, which shall be Considered by Member (Income-tax & Computerization)

(a) All matters relating to Income-tax Act, Super Profit-tax Act, Companies Profit (Sur-tax) Act, and Hotel Receipts Tax Act, except matters which have been specifically allotted to the Chairman or to any other Member.

(b) All matters relating to Interest Tax Act, 1974, Compulsory Deposit Act, 1974.

(c) Computerization of Income-tax Department.

(d) Supervision and control over the work of Pr. DGIT (Systems).

(e) Supervision and control over the work of DGIT (Risk Assessment).

(f) Supervision and Control over the work of CCIT (Exemptions).

4. Cases or Classes of Cases which shall be Considered by Member (Legislation)

(a) All work connected with the reports of various commissions and committees relating to Direct Taxes Administration.

(b) All matters of tax policy and legislation relating to direct taxes and the Benami Transactions (Prohibition) Act, 1988 and/ or the Prohibition of Benami Property Transactions Act, 1988.

(c) Monitoring of tax avoidance devices suggesting legislative remedial action.

5. Cases or Classes of Cases, which shall be Considered by Member (Revenue & TPS)

(a) All matters relating to Revenue budget including assigning of Revenue Budgetary targets amongst Chief Commissioners of Income-tax throughout the country.

(b) Recovery of taxes (Chapter XVII of Income-tax), Sections 179, 281, 281B, 289, Second Schedule and Third Schedule of the Income-tax Act, 1961.

(c) Matters relating to departmentalized accounting system.

(d) All matters falling under Chapter XIVA, XXA, XXC of the Income-tax Act, 1961.

(e) General coordination of the work in the Board.

(f) Supervision and control over the work relating to Pr. DGIT (Admn. & TPS).

(g) Supervision and control over the work of Chief Engineers (Valuation Cell).

(h) All matters relating to widening of tax base.

6. Cases or Classes of Cases which shall be Considered by Member (Administration)

(a) All Administrative matters relating to Income-tax establishments, Transfers and posting at the level of Assistant/ Deputy Commissioners, Joint/ Addl. Commissioners, Commissioners & Chief Commissioners will be routed through Member (Admn.) and shall be made with the approval of the Competent Authority as per Transfer and Posting guidelines, 2010.

(b) All matters relating to deputation of officers of the Department to ex-cadre posts.

(c) All matters relating to training except foreign training.

(d) All matters relating to expenditure budget.

(e) All matters relating to implementation of official language policy.

(f) Office equipments.

(g) Office and residential accommodation for the Income-tax Department.

(h) Supervision & control over work of Pr. DGIT (HRD), Pr. DGIT (Trg.), Pr. DGIT (Vig).

(i) Vigilance, Disciplinary proceedings and complaints against all officers and members of staff (both gazetted and non-gazetted).

7. Cases or Classes of Cases, which shall be Considered by Member (Investigation)

(a) Technical and administrative matters relating to prevention and detection of tax evasion particularly those falling under Chapter XIIB in so far as they are relevant to the functioning of Directors General of Income-tax (Inv.) and Chief Commissioners of Income-tax (Central), all matters falling under Chapter XIIIC, Chapter XIXA, Chapter XXB, Chapter XXI, Chapter XXII, Sections 285 B, 287, 291, 292 and 292 A of Chapter XXIII of the Income-tax Act, 1961 and corresponding provision of other Direct Tax Acts.

(b) Processing of complaints regarding evasion of tax.

(c) All matters relating to administrative approval for filing, dropping or withdrawing of prosecution cases in respect of offences mentioned in Chapter XXII of the Income-tax Act and corresponding provisions in other Acts relating to Direct Taxes.

(d) All technical and administrative matters relating to provisions of Sections 147 to 153 (both inclusive) of the Income-tax Act, 1961.

(e) Searches, seizures and reward to informants.

(f) Survey.

(g) Voluntary disclosures.

(h) Matters relating to the Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976.

(i) Work connected with High Denomination Bank Notes (Demonetizations) Act, 1978.

(j) Supervision and control over the work of all DGIT(Investigation), all Chief Commissioners of Income-tax (Central) and DGIT (I&CI).

(k) All matters relating to Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015.

(l) All matters and cases or classes of cases relating to the Benami Transactions (Prohibition) Act, 1988 and/ or the Prohibition of Benami Property Transaction Act, 1988, other than those considered by Member (Legislation), CBDT and by Member (A&J), CBDT.

(m) Verification of Global Entry Program (GEP) applications.

8. Cases or Classes of Cases, which shall be Considered by Member (Audit & Judicial)

(a) All judicial matters under Chapter XX and Section 288 of the Income-tax Act, 1961.

(b) All matters relating to writ and appeals to the High Courts and Supreme Court and all matters relating to civil suits under the code of Civil Procedure, 1908.

(c) Matters relating to appointment of Standing Counsels, Prosecution Counsels and Special Counsels for the Income-tax Department before the High Courts and Supreme Court.

(d) All matters relating to Audit & Public Accounts Committee.

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(e) All matters falling under Section 72A and 80-O of the Income-tax Act, 1961.

(f) Supervision and control over the work of Pr. DGIT (L&R) and Pr. DGIT (Logistics).

(g) Supervision and control over the work of FT & TR Division and International Taxation.

(h) All matters and cases or classes of cases relating to the Audit & *Publication* Account Committee, Court Cases before High Court and Supreme Court and appointment of counsels in respect of the Benami Transactions (Prohibition) Act, 1988 and/ or the Prohibition of Benami Property Transactions Act, 1988.

B. Work Allocation among Commissioners of Income-tax, CBDT

1. CIT (Audit & Judicial)

(a) All files related to Audit & Judicial.

(b) Chairman of the Circular group.

2. CIT (Coordination & Systems)

(a) All policy matters relating to establishment and cadre management, on behalf of CBDT.

(b) Financial Management relating to expenditure budget for which ADG (Expenditure Budget) is the nodal agency, shall be supervised by him on behalf of CBDT.

(c) Policy relating to infrastructure requirement of the Department.

(d) Serious cases of Grievances including CPGRAMS and all VIP references in this regard wherever urgent attention is needed.

(e) All PMO references, Supervision of Implementation of Cabinet decisions, decisions of Cabinet Committee.

(f) Any other matter of Coordination on behalf of CBDT as assigned by Revenue Secretary.

(g) Coordinating the work of various members in the CBDT and maintaining liaison with outside agencies.

(h) Matters relating to Database Cell (DBC).

(i) Any other work assigned by Chairman and other higher authorities.

3. CIT (ITA)

(a) All Sections working under Member (IT&C) will report through CIT (ITA).

(b) Complaints, Representations relating to above.

(c) Zonal work pertaining to collection of revenue, coordination with Chief Commissioners of the Zone, and developing strategy for Revenue enhancement of the Zone.

(d) Parliament questions and matters relating to PAC and Consultative and Advisory Committees of Parliament relating to the above.

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4. CIT (Inv.)

(a) All Sections working under Member (Inv.) will report through CIT (Inv.).

(b) All tax evasion complaints including those received from M.Ps. and others.

(c) Inter-departmental coordination relating to investigation and enforcement agencies.

(d) All complaints/ representations, Parliament Questions, PAC work, Consultative and Advisory Committee work relating to the above.

(e) All matters relating to search and seizure including statistics and cases relating to Sections 132, 132A and 132B of the Income-tax Act, Survey operations and CIB work.

(f) Monitoring the review of the work of the Directorate of Investigation under the Directors General of Income-tax (Investigation).

(g) Co-ordination with other enforcement Agencies.

(h) All matters relating to Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015.

(i) All matter and cases or classes of cases relating to the Benami Transactions (Prohibition) Act, 1988 and/ or the Prohibition of Benami Property Transaction Act, 1988, other than those considered by Member (Legislation), CBDT and by Member (A&J), CBDT.

(j) Verification of Global Entry Program (GEP) applications.

5. CIT (IT&CT)

(a) All Sections working under Member (R & TPS) will report through CIT (IT&CT).

(b) Work connected with constitutional and meetings of the Central Direct Taxes Advisory Committee and the Regional Direct Taxes Advisory Committee.

(c) Work connected with the meeting of Parliamentary Consultative Committee.

(d) All complaints/ representations, Parliament Questions, PAC work, Consultative and Advisory Committee work relating to the above.

(e) Zonal work of Member (R & TPS).

(f) Matters relating to interpretation of Right to Information Act and its implementation in CBDT.

(g) Grant of Rewards for outstanding performance in collection of Taxes, including grant of Samman Awards to taxpayers.

6. CIT (Vig.)

(a) All files dealt with by Director (V&L) shall be submitted to the Member (Admn.) through Commissioner (Vig.), CBDT.

(b) CIT (Vig.) shall assist Member (Admn.) in work relating to

  (i) Vigilance and disciplinary proceedings/ complaints against Group A Officers.

  (ii) Zonal matters falling under Member (Admn.).

  (iii) Any other work assigned by member (Admn.).

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(c) Monitoring and review of work of Pr. CCsIT in zone assigned to Member (Admn.).

(d) References from the Members of Parliament/ VIPs/ Ministries and Parliament Questions pertaining to the above subject.

(e) Nodal Authority for Training Matters (NADT).

7. Media Coordinator

There is a Media Cell in Central Board of Direct Taxes (CBDT) which is headed by an officer of the level of Commissioner of Income-tax who is designated as the Media Coordinator for CBDT. The Media Coordinator, who also functions as the Official Spokesperson for CBDT, reports directly to Chairman, CBDT.

Functions of Media Cell:

(a) The Media Cell of CBDT handles all matters dealing with media.

(b) It is the nodal point for dissemination of information relating to Direct Taxes and of public value to the media.

(c) It seeks information for responding to queries raised in the media from the divisions/ desks in CBDT, attached offices and field formations of CBDT.

(d) It also acts as office of the Spokesperson, CBDT, and organizes press conferences/ briefings of senior functionaries of CBDT, besides maintaining record of the same.

(e) It reports the factual position on action taken by the Department against high profile individuals/ institutions reported in the media.

(f) It gives periodic feedback about the public opinion expressed through the media.

(g) It acts as resource centre for keeping record of information, both paper and electronic, appearing in the media.

(h) The Media Cell is also looking after the work of social media through the Twitter account of the Department, which is maintained and operated by the Media Cell. Only dissemination of information relating to Direct Taxes is being done, at present, through the Twitter handle Income-tax India.

C. Work Allotted to Different Sections

1. Ad. VI Section

The following matters relating to IRS Officers only of the Income-tax Department:

(a) Pay–Next Below Rule.

(b) Technical Resignation.

(c) DPCs for promotion to the grade of JCIT, CIT, Pr. CIT, CCIT and Pr. CCIT.

(d) Transfers/ Postings of IRS officers.

(e) Recruitment (Group ‘A’ of IRS)

(f) Promotion to the grade of Assistant Commissioner of Income-tax (ACIT).

(g) All India Inter-se-seniority of ITOs and Inter charge transfer of ITOs.

(h) Parliament Questions pertaining to the subjects dealt within the Ad. VI Section.

(i) Report and Returns pertaining to the subjects dealt within the Ad. VI Section.

2. Ad. VI (A) Section

The following matters relating to Gazetted officers of Income-tax Department:

(a) Payment of interest on delayed pensionary benefits for the cases dealt in Ad. VIA Section.

(b) Counting of past service & Pay protection.

(c) CCS (Conduct) Rules, 1964.

(d) Medical Attendance Rules.

(e) House Building Advance, Car Advance, GPF Advance, part and final withdrawal.

(f) Leave Matters.

(g) Permission to Non-entitled officers to travel by air.

(h) Relaxation to travel by airlines other than Air India.

(i) TA/ Leave travel concession.

(j) Change of Home Town/ Name/ Surname/ Date of Birth.

(k) HRA/ CCA.

(l) Resignation (except technical resignation) and Voluntary retirement of Officers.

(m) Permission for setting up of chamber practice and commercial employment after retirement.

(n) Parliament Questions on the above items of work.

(o) Reports & Returns.

(p) Extension and Re-employment.

3. Ad. VII Section

(a) All general organisational administrative matters relating to Attached and Subordinate offices under the CBDT.

(b) Representations against supersession in promotion to non-gazetted posts.

(c) Non or delayed confirmation/ promotion–Representations thereof.

(d) All matters relating to reservation for SC/ ST in services in the attached and subordinate offices under the CBDT.

(e) All matters relating to seniority of Group 'C' and 'B' non-gazetted Staff.

(f) Processing of proposals for de-reservation of posts and preparation of various statistical returns relating to reservation.

(g) Appointment on compassionate grounds of dependents of deceased Govt. Servants-Processing of proposals.

(h) Representations against adverse remarks in confidential reports–Review and revision of CR forms.

(i) Withdrawal of resignation and reinstatement in service.

(j) Matters relating to granting financial assistance to Canteens and Recreation Clubs.

(k) CCS (Conduct) Rules–administration of.

(l) Processing of representations from Unions/ Associations of Income-tax employees in service matters concerning Ad. VII Section–Preparation of monthly reports to the Board regarding important matters.

(m) Compilation of various statements/ returns regarding reservation for SC/ STs in offices under CBDT.

(n) Preparation of various reports and returns relating to staffing strength, for group 'B' & 'C' non-gazetted staff, recruitment on non-Indians as sportsmen etc.

(o) Reservation/ absorption etc. for physically handicapped persons and ex-servicemen.

(p) Parliament Questions relating to the above items of work.

4. Ad. VIII (DT) Section

(a) Issuance of sanction order in the capacity of 'Sanction Communicating Authority' in respect of various Infrastructure Projects.

5. Ad. IX Section

Functions

S. No.	Subject
1.	Advance – GPF Advance, House Building Advance, Floor Advance etc.
2.	Leave, Holidays and leave salary etc.
3.	Condonation of break in service
4.	Fixation of pay of re-employed pensioners and ex-combatant clerks
5.	Allowances – (HRA, DA, LTC, Children Education Allowance, Washing Allowance, Conveyance Allowance etc.)
6.	Waving of recovery of over payments.
7.	Association and Unions (Recognition and other matters).
8.	Pension and Gratuity etc. Matter regarding.
9.	Counting of previous military and civil service for Pension, Leave etc.
10.	Arrear Claims of Pay, Allowance etc.
11.	Medical Charges – Re-imbursement and investigation of arrears claim etc.
12.	Department Council of the Ministry of Finance – Quarterly meetings – follow up action – Committee Meetings of the Departmental Council.
13.	Suggestion Scheme – matter regarding.
14.	Delegation of Financial Power Rules.
15.	Central Government Employees Insurance Scheme/ Linked Insurance Scheme.
16.	Miscellaneous reference.
17.	Parliament Questions pertaining to the above subjects.
18.	Reference from MPs/ Ministers/ PMO/ President Secretariat pertaining to above subjects.

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6. Vigilance & Litigation Section

6.1 Vigilance & Litigation-I

(a) Vigilance and disciplinary proceedings in respect of Gazetted and retired Non-Gazetted staff of the Income- Tax Department.

(b) Disciplinary proceedings, Appeals and petitions in disciplinary cases of Gazetted and retired non-Gazetted employees of the Income-tax Department addressed to the CBDT or to the President.

(c) Complaints in respect of Gazetted employees.

(d) Coordination of work with Chief Vigilance officer (CBDT) namely Pr. DGIT (Vigilance).

(e) Grant of vigilance clearance to various retiring officers as well as on other matters, if so required.

(f) Processing of any suggestion of vigilance matters from the field formation or otherwise.

(g) To attend to matters coming in the Courts/ Central Administrative Tribunal and assisting/ briefing Government Counsel/ Central Agency.

(h) Engagement of Special Counsels/ Standing Counsels/ Additional Standing Counsels/ Senior Standing Counsels in various vigilance litigation matters.

(i) Consultation with Ministry of Law or Central Agency Section in respect of vigilance matters.

(j) Take remedial action on account of any change in the Central Civil Services (Classification, Control & Appeal) Rules and/ or Central Civil Services (Conduct) Rules pertaining to vigilance matter.

(k) References from the Member of Parliament/ VIPs/ Ministers and Parliament Questions pertaining to above subjects.

(l) Monitoring of Reports and Returns.

(m) Consideration and disposal of representation/ appeals against penalty imposed under Central Civil Services (Classification, Control & Appeal) Rules.

6.2 Vigilance & Litigation Section-II (Service Litigation)

(a) Suits/ Court cases and legal matters in various benches of Central Administrative Tribunal, High Court and Supreme Court of India regarding service matters.

(b) To attend to matters coming in the Courts/ Central Administrative Tribunal and assisting/ briefing Government Counsel/ Central Agency.

(c) Engagement of Special Counsels/ Standing Counsels/ Additional Standing Counsel/ Senior Standing Counsels in various service litigation matters.

(d) Consultation with Ministry of Law and other Ministries & their Divisions or Central Agency Section in respect of service litigation matters.

(e) References from the Member of Parliament/ VIPs/ Ministers and Parliament Questions pertaining to above subjects.

(f) Monitoring of Reports and periodical statements in respect of service litigation matters.

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7. IT (A-I) Section

All matters relating to subjects dealt with in the following Chapters of Income-tax Act, 1961:

(a) Chapter I i.e. Extent and scope of the Act, Determination of previous year, Definitions, Declarations of Companies-excluding Section 2(17)(iv) and 2(3).

(b) Chapter II i.e. Basis of charge excluding Section 5(2), 9 and 9A.

(c) Chapter III i.e. Income which do not form part of total income and other exemptions under Section 10, 11, 12 & 13 (Excluding Section 10(4), 10(4A), 10(6), 10(7), 10(8), 10(9), 10(15) (iv))

(d) Chapter IV i.e. Computation of total income- following parts of Chapter IV: **A.** Salaries **B.** Interest on securities excluding Section 21. **C.** Income from property excluding Section 25. **D.** Income from other sources excluding Section 58(a) (ii).

(e) Chapter V i.e. Income of other persons included in assessee's total income.

(f) Chapter VI-A i.e. Deductions to be made in computing total income (excluding Sections 80-O, 80-R, 80 RRA).

(g) Chapter VII i.e. Income forming part of total income on which no Income-tax is payable.

(h) Chapter VIII i.e. Reliefs and Rebates.

(i) Chapter X Special provision relating to avoidance of tax (excluding Section 92, 93 & 94A).

(j) Chapter XII i.e. Determination of tax in certain special cases excluding Sections 111A, 112, 112A, 115A, 115AB, 115AC, 115ACA, 115AD and 115BBA.

(k) Chapter XII B with regard to special provisions relating to certain companies.

(l) Chapter XII C with regard to special provisions relating to retail trade.

(m) Work connected with interpretation and implementation of the provisions of the various Tax Credit Certificates Schemes under Chapter XXII-B of the Income-tax Act.

(n) Jurisdiction under Section 120 except jurisdiction of CIT(A) which has been allotted to Judicial and 124.

(o) Transfer of cases under Section 127.

(p) Opening of new Income-tax Offices.

(q) Interest Tax Act.

(r) Hotel Receipt Tax Act, 1980.

(s) Industrial parks and SEZs.

(t) Order under Section 119 of the Income-tax Act, 1961 relating to the above subjects.

(u) Complaints, Representations and Parliament Questions relating to above.

8. IT (A-II) Section

(a) All matters having bearing on subjects dealt within the following Chapter of the Income Tax Act, 1961.

(b) Chapter IV-Parts D and E only *viz.* profits and gains of business or Profession and Capital gains.

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(c) Chapter VI except set off and carry forward of loss.

(d) Chapter XII i.e. Determination of tax in certain special cases (Section 111A, 112 and 112 A).

(e) Chapter XIV Sections from 139 to 146 - All matters relating thereto.

(f) Chapter XV *viz.* liability of Special cases except Parts H, I & J.

(g) Chapter XVI *viz.* Special provisions applicable to firms.

(h) Chapter XVIII *viz.* Relief regarding tax on dividend in certain cases.

(i) Chapter XXB - Sections 269T and 269TT of Income-tax Act, 1961.

(j) All schedules to the Income-tax Act, 1961 except Schedule II & III.

(k) Section 138 of Chapter XIII-C.

(l) Section 153 *viz.* Time limit for completion of assessment.

(m) Sections 154 to 158 - All matters relating thereto.

(n) Approval under Section 35(i)(ii)(iii) relating to above subjects of the Income-tax Act, 1961.

(o) Approval under Clause (d)/ Clause (e) of the proviso to sub-Section (5) of Section 43 of the Income-tax Act, 1961.

(p) Approval under Section 35CCC of the Income-tax Act, 1961.

(q) Approval under Section 35CCD of the Income-tax Act, 1961.

(r) Approval under Section 35AD of the Income-tax Act, 1961.

(s) Approval under Section 36(1) (xii) of the Income-tax Act, 1961.

(t) All complaints/ representations, Parliament Questions, PAC work, Consultative and Advisory Committee work.

(u) ITVC and ITCC under Pilot Scheme.

(v) Concessions to migrants from Pakistan, Burma, Sri Lanka and East African countries.

(w) Registration of firms etc. except Section 182(3).

(x) Orders under Section 119 of the Income-tax Act, 1961 relating to the above subjects.

9. IT (Judicial) Section

(a) All problems having bearing on subjects dealt within Chapter XX of Income-tax Act, 1961, i.e. Appeals and Revisions. Revisions under Section 263/ 264 of Income-tax Act, 1961 and Section 33-A, 33-B of Income-tax Act, 1922.

(b) Chapter XXIII Miscellaneous (Income-tax Practitioners etc.) except items specifically allotted to other Sections.

(c) Chapter XIVA-Special provision for avoiding repetitive appeals.

(d) Writ Petitions relating to matters.

(e) All suit matters relating to Income-tax.

(f) Jurisdiction and control over the work of CIT(A), distribution of their work, transfer of appeals and jurisdiction of CIT(A) under Section 120.

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(g) Engagement of Special counsels, Standing Counsels and Prosecution Counsels.

(h) Statistics regarding:

(i) Pendency of appeals etc. with High Courts/ Supreme Court.

(ii) Institution, disposal and pendency of appeals, references before Commissioner of Income-tax (Appeals).

(iii) Institution, disposal and pendency of appeals, reference/ cross objections with Income-tax Appellate Tribunal.

(i) Order under Section 119 of the Income-tax Act, 1961 relating to the above subjects.

(j) All complaints/ representations, Parliament Questions, PAC work, Consultative and Advisory Committee work relating to the above.

(k) Taking remedial action either by issue of administrative instructions or by amendment of law on decisions of the courts in the light of the advice given/ views expressed by the Ministry of Law.

(l) Reviewing and monitoring the impact of new provisions of law granting reliefs and their implementation/ administration by the field officers for the purpose of plugging any loopholes pointed out by the field formations.

(m) Identification of loopholes noticed under the existing provisions of law and suggesting remedial action.

(n) The work relating to the following subjects has been assigned to the Pr. DGIT (L&R).

(i) Income-tax appeals to Supreme Court by way of SLP and Leave granted by High Courts (SAFEMFOPA). SLP cases are to be dealt by the Deputy Secretary (Competent Authority Cell), Department of Revenue.

(ii) To attend matters coming in the courts and assisting/ briefing govt. counsel/ central agency and

(iii) Implementation of NJRS.

Note: The actual work relating to the processing of appropriate legislation regarding items 11 and 12 above will be the responsibility of TPL Section to whom the matter should be referred after examination.

10. IT (Budget) Section – (No Change Reported)

(a) Receipt, Analysis and Dissemination of all statistics relating to Corporation Tax, Income-tax only in respect of Budget Targets and Collection of Demands (Arrear and Current both).

(b) Estimation and allocation of Budget Targets.

(c) Periodical Review of Budget collection and measures to be taken for augmenting it.

(d) All matters connected with Chapter XVII (except Section 195) and Chapter XVII D including its implementation, interpretation by way of issue of circulars, instructions etc. and processing of suggestions in this regard.

(e) Receipt and analysis of TDS data in details and monitoring it for increasing the collection under this head.

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(f) Evolving system for monitoring and control of collection by way of Advance Payment of Tax.

(g) Measures to be taken for collection of Current and Arrear Demands.

(h) Problems relating to scaling down and Write-off of Arrear Demand.

(i) Delegation of powers of Write-off to ITOs, ACITs, DCITs, Chief Commissioners/ Directors General.

(j) Monitoring of Annual Action Plan for TROs.

(k) Work including references from Chief Controller of Accounts relating to acceptance of Direct Taxes by public sector banks.

(l) Opening of new Heads of Accounts under Revenue Receipts.

(m) Section 289 of Chapter XXIII of Income-tax Act.

(n) Orders under Section 119 of the Income-tax Act, 1961 relating to the above subjects.

(o) Refund Banker Scheme.

(p) All Complaints/ representations, Parliament Questions, PAC work, Consultative and Advisory Committee work relating to the above.

(q) The Nodal Office for work relating to authentication of Notifications issued under the Income-tax Act to be laid on the table of both houses of the Parliament.

11. Income-tax Coordination Section (ITCC)

(a) Coordination and compilation of various Fortnightly, Monthly and Quarterly Reports i.e. PM's references, MP/ VIP references, Significant Events, etc.

(b) Coordination and compilation of Annual Report of Ministry of Finance (CBDT Part).

(c) Board's Meeting - Organisation and follow up action.

(d) Chief Commissioners' Conference - Organisation and follow up action.

(e) Work connected with constitution and meetings of the Central Direct Taxes Advisory Committee and the Regional Direct Taxes Advisory Committees.

(f) Work connected with the meeting of Parliamentary Consultative Committee.

(g) All complaints/ representations, Parliament Questions, Consultative and Advisory Committee work relation to the above.

(h) Monitoring of recovery of arrears in big arrears cases.

(i) Sections 281, 281 B of Chapter XXIII of the Income-tax Act, 1961.

(j) The Second and Third Schedules to Income-tax Act, 1961 i.e. procedure for recovery of tax and procedure for distraint by the Income-tax Officer.

(k) Order under Section 119 of the Income-tax Act, 1961 relating to the above subjects.

(l) Circular Group Meetings for vetting of the circulars/ instructions of the Board.

(m) Allotment of number to the Instructions/ Circulars and notifications issued by various Sections.

(n) Preparation of Index of all Circulars and Instructions issued by the Board.

(o) Zonal work of Member (R&TPS).

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12. Other Taxes

(a) Matter relating to budgeting of Wealth Tax Act as well as of Expenditure Tax Act.

(b) All references to Board emanating from Valuation Cell and appointment of Valuation Officers.

(c) Transfer of jurisdiction cases relating to Wealth Tax/ Expenditure Tax appeals.

(d) All Court cases relating to Wealth Tax/ Expenditure Tax.

(e) All matters and references relating to Estate Duty/ Gift-Tax Acts but excluding:

- (i) All matters and references relating to agreement with other countries, avoidance of double taxation in respect of Estate Duty/ Gift-tax.
- (ii) All matters relating to Tax Planning and Legislation and issue of instructions relating to the new legislation in respect of Estate Duty/ Gift-Tax Acts.
- (iii) All matters relating to penalties under Estate Duty/ Gift-Tax Acts.
- (iv) All matters relating to tax evasion under these Acts (ED & GT) including complaints/ tax evasion petitions.

(f) Transfer of jurisdiction cases relating to Estate Duty/ Gift Tax Acts.

(g) All court cases relating to Estate Duty/ Gift Tax Acts.

(h) All other miscellaneous matters relating to Estate Duty/ Gift Tax Acts.

(i) Chapter XXA of Income-tax Act, 1961. Acquisition of immovable properties.

(j) Chapter XXC of Income-tax Act, 1961. Preemptive purchase of Immovable properties.

(k) All Court cases pertaining to Chapter XXC/ XXA of Income-tax Act, 1961.

(l) Complaints and representations relating to the above items.

(m) Parliament Questions, PAC work, Consultative and Advisory Committee work relating to the above.

(n) All non-statutory work relating to Securities Transaction Tax (STT).

(o) Chapter VI - only and set off and carry forward of loss.

(p) Chapter XIX *viz.* Refund of Income-tax.

Tax Policy and Legislation Section

13. TPL-I

(a) Provisions of IT Act relating to:

- (i) Chapter III (exemption of income).
- (ii) Taxation of non-residents and NRIs.

(b) Double taxation relief (Chapter IX).

(c)

- (i) Special Provisions relating to avoidance of tax (Chapter X)
- (ii) General Anti Avoidance Rule (Chapter XA)

(iii) Determination of tax in certain special cases (Chapter XII).

(iv) Special provisions relating to certain incomes of non-residents (Chapter XIIA).

(v) Special provisions relating to tax on distributed profits of domestic companies (Chapter XIID).

(vi) Special provisions relating to tax on distributed income of domestic company for buyback of shares (Chapter XIIDA).

(vii) Special provisions relating to tax on distributed income (Chapter XIIE).

(viii) Special provisions relating to tax on distributed income by securitization trusts (Chapter XIIEA).

(ix) Special provisions relating to business trusts (Chapter XIIFA).

(x) Special provisions relating to tax on income of investment funds and income received from such funds (Chapter XIIFB).

14. TPL-II

(a) Income from salaries.

(b) Capital gains.

(c) Income from other sources.

(d) Deductions to be made in computing total income (Chapter VIA).

(e) Rebates and reliefs (Chapter VIII).

(f) Incentives in relation to SEZ/ STP etc.

(g) Special provisions relating to certain companies (Chapter XIIB).

(h) Special provisions relating to certain limited liability partnerships (Chapter XIIBA).

(i) Special provisions relating to conversation of India branch of a foreign bank into a subsidiary company (Chapter XIIBB).

(j) Special provisions relating to tax on income received from venture capital funds (Chapter XIIF).

(k) All legislative matters relating to the Benami transactions (Prohibition) Act, 1988 and/ or the Prohibition of Benami Property Transactions Act, 1988.

(l) Proposals for new tax concessions.

(m) All other subject which are not specifically allotted to any other directors in the TPL division.

15. TPL-III

(a) Provisions of IT Act relating to:

(i) Profits and gains of business or profession.

(ii) Aggregation of Income and set-off of losses (Chapter VI).

(iii) Collection and recovery of taxes (Chapter XVII-Part B/ BB).

(iv) Special provisions applicable to firms (Chapter XVI).

(b) Tonnage Tax (Chapter XII-G).

(c) All matters relating to Wealth Tax.

16. TPL-IV

(a) Provisions of IT Act relating to:

(i) Income from House Property.

(ii) Income-tax Authorities (Chapter XIII).

(iii) Procedure for Assessment (Chapter XIV).

(iv) Special provision for Avoiding Repetitive Appeals (Chapter XIVA).

(v) Special procedure for assessment of search cases (Chapter XIVB).

(vi) Liability in Special Cases (Chapter XV).

(vii) Collection and Recovery of Taxes (Chapter XVII – Part C/D/F/G).

(viii) Refunds (Chapter XIX).

(ix) Settlement Commission (Chapter XIXA).

(x) Authority for Advance Rulings (Chapter XIXB).

(xi) Appeals & Revision (Chapter XX).

(xii) Requirement as to Mode of Acceptance of Payment or Repayment in Certain Cases to Counteract Evasion of Tax (Chapter XXB).

(xiii) Penalties and Prosecutions (Chapters XXI and XXII).

(xiv) Miscellaneous (Chapter XXIII).

(b) All legislation relating to Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015.

(c)

Investigation Section

17. IT (INV. I) Section

(a) Policy matters relating to tax evasion, including measures and suggestions for curbing evasion.

(b) Policy matters relating to intelligence and investigation for detection of tax evasion.

(c) Researches and studies to monitor tax evasion and measures to curb tax evasion.

(d) Matters relating to investigation into foreign assets cases.

(e) Matters relating to investigation not specifically allotted to Investigation-II to V.

(f) Matters relating to Section 269 SS of Income-tax Act, 1961.

(g) Orders under Section 119 of the Income-tax Act, 1961 relating to above.

(h) Complaints/ representations, Parliament Questions, PAC, Consultative and Advisory Committee work relating to the above.

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(i) All work related to the Benami Transactions (Prohibition) Act, 1988 and/ or the Prohibition of Benami Property Transactions Act, 1988 mentioned as under:

  (i) All policy matters, including issuing Guidelines and monitoring the performance of the Benami Prohibition Units (BPU) of the Income-tax Department.

  (ii) All matters related to the Adjudicating Authority and the Appellate Tribunal, excluding appointment of counsels.

  (iii) All matters relating to penalties.

  (iv) All matters relating to prosecution, excluding appointment of counsels.

  (v) Parliament Questions relating to the above.

  (vi) All other miscellaneous matters not specifically allotted to Investigation-II to V Sections.

(j) All matters relating to Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015.

18. IT (INV. II) Section

(a) Matters relating to search & seizure operations and related reports including two hourly, telex/ fax, search & seizure statistics.

(b) MIS Reports on searches and search assessments.

(c) Administrative matters including complaints/ petitions, disciplinary proceedings relating to Investigation Directorates, Central charges and Intelligence & Criminal Investigation Directorates.

(d) Matters relating to Multi Agency Centre (MAC) under the Ministry of Home Affairs.

(e) Matters relating to Data Bank, NATGRID and related issues (including SEIN Node).

(f) Matters relating to ITDMS, Cyber Forensic Labs and related software/ tools/ issues.

(g) Inter-Branch and Inter-Division coordination within the CBDT.

(h) Inter-departmental coordination relating to investigation and enforcement agencies.

(i) Orders under Section 119 of the Income-tax Act, 1961 relating to above.

(j) Complaints/ representations, Parliament Questions, PAC, Consultative and Advisory Committee work relating to the above.

(k) Verification of Global Entry Program (GEP) applications.

19. IT (INV. III) Section

(a) Matters relating to reward to informants relating to Income-tax Act, 1961, Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015.

(b) All works related to the Benami Transactions (Prohibition) Act, 1988 and/ or the Prohibition of Benami property Transaction Act, 1988 mentioned as under:

  (i) Matters of the reward to informants and related reports.

  (ii) Parliament Questions relating to the above.

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(c) Matters relating to reward to officers and staff in search and seizure cases and assessment cases, survey cases and representation before Tribunal.

(d) Monitoring of DO letters and working of DsGIT(Inv.) and CCsIT(Central) and issues arising out of the same including centralization & decentralization of cases, search assessments and related reports.

(e) Monitoring of Internal Action Plan of DsGIT (Inv.) and CCsIT (Central).

(f) Matters relating to survey operations under Direct Tax laws.

(g) Matters relating to Income-tax Settlement Commission, settlement cases and issues relating to Chapter XIX-A of the Income-tax Act, 1961 and Chapter VA of the Wealth Tax Act, 1957.

(h) Orders under Section 119 of the Income-tax Act, 1961 relating to above.

(i) Complaints/ representations, Parliament Questions, PAC, Consultative and Advisory Committee work relating to the above.

20. IT (INV. IV) Section

(a) Matters relating to exchange of information with FIU-IND, stock and commodities regulators, market intermediaries etc. and related coordination.

(b) Matters relating to tax evasion petitions (TEPs)/ Complaints including from VIPs and monitoring action thereon.

(c) Monitoring of PEPs (Politically Exposed Persons), VHNIs (Very High Net-Worth Individuals) and HNIs (High Net-worth Individuals) to reduce tax risks and deepen the tax base in these groups of taxpayers.

(d) Information management, data-warehousing and data mining relating to reduction of tax avoidance and curbing tax evasion, management of tax risks.

(e) Matters relating to FATF and other similar bodies/ agencies dealing with anti-money laundering (AML) and counter terror funding (CFT) issues having bearing on direct taxes.

(f) Matters relating to 24X7 Control Room, Top Secret/ Secret Record Management and related issues.

(g) Orders under Section 119 of the Income-tax Act, 1961 relating to above.

(h) Complaints representations, Parliament Questions, PAC, Consultative and Advisory Committee work relating to the above.

(i) Complaints, representations and Tax Evasion Petitions including from VIPs and monitoring action thereon relating to the Benami Transactions (Prohibition) Act, 1988 and/ or the Prohibition of Benami Property Transactions Act, 1988 and Parliament Questions relating to it.

21. IT (INV. V) Section

(a) Matters relating to coordination with Election Commission of India including monitoring of election-related expenditure, political funding.

(b) Matters relating to penalties under Chapter XXI of the Income-tax Act, 1961 and corresponding penalties under other direct tax laws.

(c) Matters relating to prosecution and compounding under Direct Tax laws.

(d) Matters relating to DGIT(I&CI) including CIB, AIR and information received through FT&TR Division under automatic exchange of information.

(e) Monitoring of DO letter, working and internal action plan of DGIT (I&CI) and issues arising out of the same.

(f) Matters relating to security of Direct Tax establishments, including CBDT, its attached Directorates and subordinate offices.

(g) Matters relating to establishment of armed units, procurement of arms & ammunition, management of armory and related issues.

(h) Matters relating to establishment of marine/ air-borne units for the purposes of counter intelligence and special operations.

(i) Orders under Section 119 of the Income-tax Act, 1961 relating to above.

(j) All complaints/ representations, Parliament Questions, PAC, Consultative and Advisory Committee work relating to the above.

Note: Any of the work areas can be reallocated to any of the branches of Investigation Division with prior approval of Member (Inv.), CBDT.

22. A&PAC-I Section

(a) All general matters relating to Internal & Revenue Audit.

(b) Matters relating to Internal Audit/ Organisation setup.

(c) References from C&AG of India on Audit objections on specific cases of Income-tax, Corporate Tax.

(d) References from CSIT regarding audit objections on specific cases as regards Income-tax, Corporate Tax.

(e) Processing of draft audit paras for Audit Report (Revenue Receipts) Direct Taxes from C&AG's Office in individual cases relating to Income-tax, Corporate Tax.

(f) Procuring and furnishing the statistical data required for publication in C&AG's Report and liaison with CAG & ADG (R&S Wing) of Income-tax Department and other Sections of the Ministry in this connection.

(g) Processing of Systems Reviews/ Appraisal conducted by the C&AG and included in the Audit Report of the C&AG.

(h) Action on informal assurances made in the course of the meetings of the PAC relating to audit paras dealt in the Section.

(i) Coordinating and monitoring the processing of recommendations contained in PAC Reports and furnishing Action Taken Notes.

(j) Parliament Questions on the above items.

(k) All matters relating to the Specified Authority under Section 72 A of the Income-tax Act 72A(1), A (3), A (2) (ii).

(l) Zonal matters of Member (A&J), CBDT.

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23. A&PAC-II Section

(a) References from C&AG of India on audit objections relating to Income-tax, Corporation Tax.

(b) References from Commissioners of Income-tax regarding audit objections on Income-tax, Corporation Tax.

(c) Processing of draft audit paras for Audit Report (Revenue Receipts) received from C&AG's Office in individual cases relating to Corporation Tax.

(d) Procuring and furnishing of information of Public Accounts Committee before and after its meeting.

(e) Taking action on informal assurances made in the course of the meetings of the Public Accounts Committee relating to audit paras dealt in the Section.

(f) Coordinating and monitoring the recommendations contained in the Public Accounts Committee Reports including Action Taken reports on audit paras dealt in the Section.

(g) Parliament Questions on the above items.

(h) Preparing action taken reports on the Annual Reports of C & AG, and also on PAC Reports.

(i) Miscellaneous items including O&M Reports/ Returns.

(j) Processing of Systems Reviews/ Appraisal conducted by the C&AG and included in the Audit Report of the C&AG.

(k) All matters related to co-ordination with C&AG of India and PAC of Parliament including liaison & PR.

Foreign Tax & Tax Research Division

The work distribution in the Foreign Tax and Tax Research as revised by CBDT on 6.12.2013 is as under:

24. FT&TR-I

(a) Providing inputs on policy issues relating to International Taxation, Transfer pricing, Advance Pricing Agreements, International Tax Evasion and Avoidance and Exchange of Information in the work area related to JS (FT&TR-I), in consultation with JS (FT&TR-II).

(b) All matters relating to Double Taxation Avoidance Agreements (DTAA) and agreement for the Exchange of Information and Assistance in collection of Taxes (AEI & ACT) with Countries in the following geographical regions.All matters relating to Exchange of Information in respect of countries in geographical region referred to in serial no. b above.

(c) All matters relating to Inter-Governmental Agreement (IGA) with the USA under Foreign Account Tax Compliance Act (FATCA) and Automatic Exchange of Information (AEOI) under the Common Reporting Standards (CRS) (including at the Global Forum on Transparency and Exchange of information for tax purpose OECD Working Party 10) and the Common Transmission System (CTS).

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(d) All matters relating to Mutual Agreement Procedure (MAP) and Bilateral Advance Pricing Agreements (APA) in respect of countries in geographical region referred to in serial no. b above.

(e) All matter related to Unilateral APAs in respect of cases of name commences with alphabets A to K.

(f) All matters related to taxation in G20 countries.

(g) Coordination with OECD in work related to BEPS, including in CFA and Working Parties 1, 6, 10 and 11 of the OECD; in relation to Forum on Tax Administration including FTA MAP forum; Global Forum on Tax Treaties and Transfer Pricing.

(h) All matters relating to Central Direct Tax Advisory Committee and Tax Administrative Reforms Committee.

(i) All matters relating to Sections 94A, 95, 115A, 115AB, 115AC, 115BBA, 195, 230 and Chapter XIIA of the Income- Act, 1961.

(j) All matters related to the Joint International Task Force on Shared Intelligence and Collaboration (JITSIC).

(k) Any other matters relating to foreign tax that may be assigned by Member (A&J), CBDT (in charge FT&TR).

25. FT&TR-II

(a) Providing inputs on policy issues relating to International Taxation, Transfer pricing, Advance Pricing Agreements, International Tax Evasion and Avoidance and Exchange of Information in the work area related to JS (FT&TR-II) in consultation with JS (FT&TR-I).

(b) All matters related to DTAA and AEI & ACT with countries in the following regions:

 (i) Asia including Japan.

 (ii) Australia including Pacific Islands.

 (iii) Africa.

 (iv) South America.

(c) All matters relating to Exchange of Information in respect of countries in the geographical regions referred to in serial no. b above.

(d) All matters relating to Mutual Agreement procedures and bilateral Advance pricing Agreement in respect of countries in geographical regions referred to serial no. b above.

(e) All matters related to Unilateral APAs in respect of cases whose name commences with alphabets L to Z.

(f) All matters relating to multilateral agencies including United Nation, BRICS, IBSA, SAARC, CATA, CIAT, SGATAR, G-24 and Global Forum on Transparency and Exchange of Information for Tax Proposes (excluding issues relating to Automatic Exchange of Information).

(g) All matters relating to Multilateral Convention (MLI) to implement Tax Treaty related measures to prevent Base Erosion & Profit Shifting (BEPS).

(h) Coordination in OECD on issues relating to Global Relations, Training, Working party 2, Tax and Development, ISORA and Tax Inspectors without Borders, Forum on Harmful Tax Practices and BEPS Action 5.

(i) Capacity building in developing countries through bilateral and multilateral arrangements and coordination of trading on International Taxation, Transfer Pricing and exchange of information with NADT and RTIs.

(j) All matters relating to foreign training.

(k) All matters related to Dispute Resolution Panels and standing Committee on Parliament.

(l) All matters relating to Section 6 (2), 9, 10(15), 44B, 44BB, 44BBA, 44BBB, 44C, 44D, 44DDA, 44G, 44H, 90, 90A, 91,163, 172, 173, and 174 of the Income-tax Act, 1961.

(m) All FDI proposals marked to DoR for comments.

(n) Examination of applications for permission to downlink TV Channels under the down linking guidelines of the Ministry of I&B.

(o) All applications seeking approval under Section 9A of the Income-tax Act, 1961.

(p) Any other matters relating to foreign tax that may be assigned by Chairperson, CBDT, any other such matter not otherwise covered in the work area of JS (FT&TR-1).

26. Headquarters and Grievances Cell

(a) All matters relating to monitoring of CPGRAMS and coordination of grievances with the Grievance Cell (GC).

(b) All PMO references, Supervision of Implementation of Cabinet decisions, decisions of Cabinet Committee.

(c) Policy relating to infrastructure requirement of the Department.

(d) Any other work assigned by the CIT (C&S), Chairman and other higher authorities.

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Attached Directorates of the Central Board of Direct Taxes

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1. With passage of time, whereas there has been increase in revenue from direct taxes, there is also an increase and change in composition of the department to cope up with work in every sphere. The first Directorate of Inspection (Income-tax) was created in 1940 by the Central Board of Revenue. Now there are as many as 8 Directorates as attached offices of CBDT to play a vital role by developing a positive liaison between the field formations and the Central Board of Direct Taxes. The following are the attached Offices/ Directorates of the CBDT:

(a) Principal Director General of Income-tax (Administration & TPS), New Delhi.

(b) Principal Director General of Income-tax (Legal & Research), New Delhi.

(c) Principal Director General of Income-tax (Training), NADT, Nagpur.

(d) Principal Director General of Income-tax (Systems), New Delhi.

(e) Principal Director General of Income-tax (HRD), New Delhi.

(f) Principal Director General of Income-tax (Logistics), New Delhi.

(g) Director General of Income-tax (Vigilance), New Delhi.

(h) Director General of Income-tax (Risk Assessment), New Delhi.

1.1 Functions and work allocation of each Directorates is specified and updated in the Administrative Hand Book published every year by the Directorate of Public Relation, Printing & Publicity. The same is detailed below from the AHB 2018.

2. Functions of Directorate of Admn & TPS

2.1 Functions of ADG (Research and Statistics)

(a) Responsible for collection, compilation and dissemination of statistics on various aspects of Direct Taxes. Statistics are being collected from the field establishments i.e. from the offices of Chief Commissioners of Income-tax/ Director General of Income-tax and Commissioners of Income-tax (Appeals). Based on the statistics collected from the field establishments, this directorate prepares various periodical reports, (as below) which are used by the Central Board of Direct Taxes for monitoring & evaluation of existing policies and for formulation of new policies.

(b) Other Miscellaneous Work:

(i) Furnish information relating to the statistics on Direct Taxes to different organisations as well as to the Central Board of Direct Taxes (CBDT) as per their requirements.

(ii) Furnish the material for Annual Report of the Ministry.

(iii) Analysis of data and findings thereon for submitting to CBDT.

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2.2 ADG (TPS-I)

2.2.1 Functions with Regard to TPS-1

(a) Oversee and Coordinate all matters relating to grievances/ issues (except CPGRAM) pertaining to tax payers falling within the jurisdiction of Assessing Officers across the country.

(b) Oversee and coordinate all matters being dealt by Aaykar Seva Kendras.

(c) Devise an effective monitoring and reporting mechanism for Tax Payer Services in field offices.

(d) Coordinate with all the Commissioners of Income-tax (Admin & Tax Payer Service)/ Addl. Commissioner of Income-tax (Headquarters & Tax Payer Services) working under Pr. Chief Commissioners of Income-tax/ Chief Commissioners of Income-tax across the country and collate the monthly reports received from them and put-up a consolidated report to Member, (Revenue & Tax Payer Services) on a quarterly basis through Pr. DGIT (Administration and Tax Payer Services).

(e) Maintain effective co-ordination with Directorate of Income-tax (Tax Payer Services-II).

(f) Review & Monitor the implementation of Citizen Charter.

(g) Carry out research and surveys on taxpayer satisfaction.

(h) Monitor the Tax Return Preparer (TRP) Scheme.

(i) Any other function relating to delivery and monitoring of Tax Payer Services.

2.2.2 Functions with Regard to TDS

(a) Effective monitoring, statistical analysis and reporting of TDS collection.

(b) Consolidation and analysis of statistical data relating to prosecution, compounding, surveys/ spot verifications, outreach programmes/ seminars in respect of TDS.

(c) Dissemination of data relating to TDS.

(d) Holding annual TDS conference.

(e) Oversee and Coordinate all the matter relating to TDS related grievances and complaints.

(f) Any other function relating to TDS.

2.2.3 Functions with Regard to BIFR

Providing inputs for seamless transition of matters of erstwhile BIFR to field formations subsequent to notification of IBC, 2016 as per territorial jurisdiction of NCLT/ NCLAT.

2.3 Functions of ADG (TPS-II)

The functions of the Directorate of Income-tax (Tax Payer Services-Il) are as under:

(a) Educate taxpayers in respect of E-services being provided to the taxpayers.

(b) Monitoring of CPGRAMS & pgportal (https://pgportal.gov.in/cpgoffice) on behalf of CBDT.

(c) Deal with grievances of taxpayers relating to matters such as processing of return of income, issue of refunds, demand verification. PAN, TAN, CPC-TDS related grievances.

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(d) Coordinate with the Directorates under Pr. DGIT (Systems) including Centralized Processing Centre-ITR and Centralized Processing Centre-TDS to ensure delivery standards of e-enabled Tax Payer Services.

(e) Coordinate with Directorate of Systems regarding instructions for monitoring of grievances and setting of timeliness for various actions to be taken by the Directorate of Systems.

(f) Provide taxpayer feedback of Directorate of Systems for development of new methods of providing services to taxpayers through apps and mobile telephone, SMS alerts etc.

(g) Coordinate with Directorate of Systems for effective functioning of the National Call Centre of Department.

(h) Prepare monthly reports regarding E-services and grievances relating to E-services and put up a consolidated report to Member (Revenue and Tax Payer Services) on a quarterly basis through Pr. DGIT (Administration and Tax Payer Services).

2.4 Functions of ADG (PR, P&P)

(a) To carry out the advertisement campaign for the Income-tax Department in print, electronic media, internet, social media and outdoor publicity for bring awareness amongst taxpayers about Income-tax provisions and statutory timelines.

(b) Setup and operate Tax Payer Lounge at the Indian International Trade Fair, New Delhi and also in other fair/ exhibitions in India.

(c) Running the Mobile App 'Aaykar Kutumb' (the digital version of AHB).

(d) Bring out publications for internal use of Income-tax Department.

(e) Updation, printing and distribution of Administrative Hand Book containing information in respect of the CBDT and the Income-tax Department, and contact details of Senior Officers.

(f) Design, print and distribution of New Year Calendar and table Calendar of Income-tax Department.

(g) Printing of Tax Payer Information Series in the form of booklets, brochures/ pamphlets pertaining to various taxes related issues.

2.5 Functions of ADG (Organisation and Management Services)

(a) Carry out functions of an internal management consultant to the CBDT.

(b) Conduct of organisation and management studies.

(c) Identification of locations and organizing budget for setting up of Aayakar Seva Kendras as a part of Single Window System for public service delivery.

(d) Coordinating agency for Results Framework Document (RFD) of the CBDT. It liaises with the various Directorates General of Income-tax in order to obtain the action points related to objectives enshrined in the RFD and regularly coordinates with them to ensure that the objectives are met within the resolved deadlines.

(e) Collates CAP-I and CAP-II statements of the field offices of the Income-tax Department. It also carries out a detailed analysis of CAP-I and CAP-II statements on a quarterly basis.

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(f) *Vision Document:* ADG (O&MS) is the Nodal officer for Vision Document of Department of Revenue for preparing.

  (i) 15 years Vision.

  (ii) 7 years Strategy to convert the long term vision into implementable policy and action as a part of "National Development Agenda".

  (iii) 3 years Action Plan; and for exercise & handling to achieve Sustainable Development Goals (SDG).

(g) Functioning of Centralized e-mail ID as Vision DOMS. The ADG DOMS is the Nodal Officer for the Vision DOMS accessible at the web portal vision.doms@incometax.gov.in by the employees of Income-tax Department. Vision DOMS is an initiative of CBDT towards employees satisfaction through effective monitoring of their concerns with the aim to achieve greater employee satisfaction and consequently better delivery of services.

(h) Income-tax Welfare Fund (ITWF). Coordinating for Operationalization of Income-tax Welfare Fund for the officers and staff of Income-tax Department.

2.6 Functions of ADG (Recovery)

(a) Monitoring of dossiers above 25 Crores, recovery matters thereto. Follow up of directions provided by the Directorate.

(b) Processing of matters relating to publication of names of Tax defaulters—collecting, collating, processing information of pan India charges.

(c) Analysis of confidential matters relating to Recovery, processing for FIU data dissemination of information thereto as nodal agency etc.

(d) Processing of proposals relating to Write-off for and on behalf of CBDT and its analysis thereto.

(e) PAC, standing committee matters relating to recovery above Rs. 25 Crores and inputs thereof etc.

(f) Confidential matters relating to recovery, intelligence inputs via FIU, reports etc.

3. Functions of Directorate of Legal & Research

The Pr. Director General of Income-tax (L&R) reports to the Member (A&J), CBDT. The broad functions of Directorates under Pr. DGIT (L&R) are given below.

3.1 Functions of Pr. DGIT (Legal & Research)

The Directorate of Income-tax (L&R) has the mandate to process proposals on Direct Tax Issues received from field offices to file Special Leave Petitions (SLPs) and provide recommendation to the CBDT. This Directorate is the nodal agency within the Department to process the proposals for filing SLPs on Direct Tax issues and for coordinating with the Ministry of Law on such issues.

The CBDT only recommends the filing of appeal to the Ministry of Law, which has final say in the matter of litigation on behalf of the Union government in the Supreme Court.

Only matters involving a substantial question of law that require adjudication of the Apex Court are carried to the Supreme Court.

The CTC & NJRS units constitute the Research wing of L&R Directorate.

3.2 Functions of ADG/ CIT

(a) ADG (L&R)-1: ADG-1 is responsible for:

  (i) Administration of L&R Directorate.

  (ii) SLP work of West Zone and South Zone.

(b) ADG (L&R)-2: ADG-2 is responsible for:

  (i) The work of Supreme Court Cell.

  (ii) SLP work of North Zone and East Zone.

(c) CIT (OSD) (CTC): Another measure of litigation management is the CBDT appointed Central Technical Committee (CTC). This is an institutional mechanism to provide clarity and consistency on contentious legal issues and to formulate a Departmental view. It was initiated by the Board vide OM dated 28/8/2012. The office of DIT (Research), presently CIT (OSD) (L&R), is to work as Secretariat of the CTC.

(d) CIT (OSD) (NJRS): The NJRS (National Judicial Reference System) is a robust tool available with the Department for litigation management, as well as for strengthening the assessments. The NJRS has been designed keeping in mind the commonly occurring problems in litigation management like lack of information about judicial precedents, non-availability of records, status tracking, pending issues, frequently occurring issues, bunching, reporting, audit trails etc.

(e) ADG (A&I): ADG (A&I) is responsible for:

  (i) Monitoring the functioning and performance of the internal and Revenue Audit setup

  (ii) Coordinating agency for all CsIT (Audit) and coordinating the progress & settlement of Audit objections

  (iii) coordination and review of the Inspections conducted of the performance of field units.

4. Functions of Directorate of Training, NADT, Nagpur

4.1 National Training Policy

The Ministry of Personnel, Public Grievances and Pensions has formulated a National Training Policy, 2012 which lays down guidelines for the training needs of the employees of various Ministries/ Departments. Based on this Policy, the various Ministries/ Departments lay down the necessary guidelines and framework for their training needs, taking into account their specific requirements.

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4.2 Training Setup within the Income-tax Department

In line with the National Training Policy, the organisational setup of the training in the Income-tax department is as follows:

(a) National Academy of Direct Taxes (NADT).

(b) Direct Taxes Regional Training Institutes (DTRTIs) .

(c) Ministerial Staff Training Units(MSTUs).

ADG (Trg.)-3 INDUCTION	ADG (Trg.)-2 P&R	ADG (Trg.)-1 Administration	DTRTIs
• Planning and conduct of courses for the officer trainees of IRS. • All matters relating to the NADT Library, Newsletter and journal of NADT. • Conducting examination of OTs. • Personal and establishment matters including leave & Service matters of OTs. • Centre for Accounts & Financial Management; Centre for General & Allied Laws; Centre for Direct Tax Laws and Practices.	• Planning and Conduct of In-service courses mounted by all the eight assigned centers. • Planning and conduct of Orientation Courses for the newly promoted ACsIT. • Planning and conduct of courses for other organisations including domestic and international courses. • All matters relating to Rajbhasha Hindi. • All matters relating to Computerization of NADT including development and maintenance of website of NADT. • Centre for Case study & Training Methodology research; and Centre for Cyber and Financial Forensics.	• All Administration matters. • Planning & Conduct of Foundation Courses. • Matters relating to infrastructure, repairs and maintenance including ATC projects. • Infrastructure matters of DTRTIs. • Centre of Transfer Pricing and International Tax; Centre for Intelligence & Investigation; and, Centre Organisation & Management.	• ADGs head the DTRTIs and supervise the overall functioning and administration of training for the officers and officials posted in respective Pr. CCsIT (CCA Regions). • Training at DTRTI is imparted through mandatory and In-Service programmes as well as national and regional course which include special and request courses in addition to the Excellence Series of Programmes. There are now ten DTRTIs located at Ahmedabad, Bengaluru, Bhopal, Chennai, Chandigarh, Delhi, Lucknow, Kolkata, Mumbai and Hazaribagh. These institutes conduct courses for participants at the level of Income-tax Inspectors (ITIs) and above. • Similar programmes are conducted at the level of the MSTUs for the officials below the cadre of Inspectors of Income-tax. Total 45 MSTUs are operational currently. • The MSTUs have been placed under administrative control of the Academy vide Gazette Notification dated 10/11/2017.

5. Functions of Directorate of Systems

5.1 Brief Overview of Directorate of Systems. It was created in 1981 to coordinate, at the apex level, all activities relating to introduction of computerization in the Income-tax department and to perform the following functions.

5.1.1 Software Development

(a) Conduct of feasibility and systems study to identify areas suitable for computerization.

(b) Development, testing and documentation of application software packages.

(c) Implementation of software packages at various computer centers of the department including on-the-job training and monitoring the progress of implementation.

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5.1.2 Hardware Installations

(a) Conduct of bench-mark tests for selection of appropriate computer hardware for various users of the Department and finalization of terms and conditions for purchase with the approval of appropriate authorities.

(b) Selection of sites for installation of computer hardware, preparation of sites with the help of the appropriate Govt. agency, installation of computer systems, conducting acceptance tests and making the system operational.

(c) Maintenance of computer hardware through appropriate agencies and finalization of terms and conditions of the annual maintenance contract which may be taken up centrally and/ or in decentralized manner through Pr. CCIT of the region, concerned.

(d) Monitoring of the performance of installed computer hardware and periodic evaluation of the needs of additional hardware.

5.1.3 Training and Coordination

(a) Identification of training requirements of the Department in the field of computers.

(b) Conduct of various courses at different computer centers of the Department to build up in-house expertise in the field of computers at various operational levels.

(c) Coordination of all activities relating to the smooth functioning of all computer centers of the Department.

(d) Evaluation of the requirements of technical manpower to man the computer centers of the Department and preparation of suitable recruitment rules for the appointment of this manpower from within and outside the Department.

5.1.4 National Computer Centre

(a) Planning and co-ordination of all activities relating to setting up and functioning of the National Computer Centre.

(b) Maintenance of the national databases pertaining to departmental application softwares.

(c) Ensuring security of the national databases.

5.1.5 Research and Development

Undertaking of special projects to enhance the speed of work flows in the Department for ensuring better taxpayer services and tax compliance.

5.2 Functions of Principal Director General of Income-tax (Systems)

(a) He supervises and controls the work of the Directorate of Income-tax(Systems).

(b) He acts as cadre controlling authority in respect of Group 'B' officers as also the staff allocated to the above Directorates and his own office.

(c) He handles the vigilance and disciplinary matters of the gazetted officers working under his administrative control. The relevant files will be put up to the Pr. DGIT (Systems) for appropriate orders through the ADG concerned.

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(d) He writes the Annual Performance reports of the ADGs working in his charge in addition to officers working directly under him.

(e) He reviews the Annual Performance reports of the officers written by the Director of Income-tax. The Pr. DGIT (Systems) obtains reports from the ADG concerned and takes further necessary action including communication of adverse remarks. The headquarters office of the Pr. DGIT (Systems) would deal with the representations against adverse remarks and submit the relevant file to the Pr. DGIT (Systems) through the ADG concerned. The all concerned will forward two copies of the duly completed Annual Performance Reports of all the officers working under him to the Pr. DGIT(Systems), who, after keeping one copy for his record, will pass on the other copy to the Board.

(f) He scrutinizes immovable property returns submitted by the officers. At the end of the year, he will obtain an annual report of the performance of each ADG under him and send one copy each thereof with his comments to the Chairman, CBDT or the functional Member concerned.

(g) All financial sanctions under the relevant rules shall be issued by him, or the officer(s) authorized by him. The residuary financial powers and budgetary control in respect of the Directorates specified above will vest with the Pr. DGIT (Systems).

5.3 Composition and Functions of Directorate of Income-tax (Systems)

This Directorate, has the following functional modules:

(a) Addl. Director General (Systems) -1 – PAN & Data Centres.

(b) Addl. Director General (Systems) -2 – OLTAS, PROJECT INSIGHT, NMS, CASS.

(c) Addl. Director General (Systems) -3 – ITBA 2.0.

(d) Addl. Director General (Systems) -4 – TAXNET, WEBSITE.

(e) Addl. Director General (Systems) -5 – HOD, CISO of Income-tax Department.

(f) Commissioner of Income-tax (CPC-TDS) – TRACES.

(g) Commissioner of Income-tax (CPC-ITR)– e-filing.

(h) Commissioner of Income-tax (OSD) (ITBA)-ITBA.

(i) Commissioner of Income-tax (e-Verification)– e-Verification.

S. No.	Module	Project/ Assignments/ Functions/ Work Allocation
1.	ADG (Systems)-1	1. All work related to Permanent Account Number (PAN). 2. Managing PAN Service Providers agreements with M/s National Securities Depository Ltd. e-Governance Infrastructures Ltd. (NSDL E-Gov.) and M/s UTI Infrastructure Technology and Services Ltd. (UTIITSL). 3. Work related to Monitoring and Implementation of ITBA-PAN module and technical matters related to same. 4. Work related to areas pertaining to erstwhile Global and MMS Modules merged into ITBA-HRMS and technical matters related to same. 5. Management of Data Centre Service Providers Contracts for PDC, BCP and DR Site.

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S. No.	Module	Project/ Assignments/ Functions/ Work Allocation
	ADG (Systems)-1	6. Integration of PAN with other departments such as MCA, DIPP (e-Biz) and others. 7. Seeding of Aadhaar into PAN database. 8. Monitoring of grievances related to PAN with NSDL e-Gov. & UTIITSL received on CPGRAM, e-Nivaran and other modes. 9. Handling Right to Information (RTI) matters relating to PAN. 10. Handling court matters relating to PAN. 11. Furnishing of information relating to PAN under Section 138 of Income-tax Act, 1961 to various Law Enforcement Agencies/ Authorities. 12. Handling Parliamentary questions relating PAN. 13. Technical support to RCCs in respect of ITBA-PAN & ITBA-HRMS modules. 14. Technical support to RCCs for Updation/ correction/ standardization of Hierarchy, roles, privileges, AO codes position codes for all officers on ITBA-HRMS system. 15. Real Time PAN/ TAN Processing Centre (RTPC). It is contemplated with the objective of allotment of e-PAN through Aadhaar based e-KYC on near to real time basis (1 less than 10 minutes). The project is presently at initial state where a consultant has been appointed and work on preparation of "Request of Proposal(RFP)" for tendering and selection of a "Managed Service Provider(MSP)" for the project is underway.
2.	ADG (Systems)-2	1. Project Insight- Implementation of an integrated data warehousing and analytical platform to strengthen the non-intrusive information driven approach for improving compliance and effective utilization of information. The project also operationalizes two new centers i.e. Income-tax Transaction Analysis Centre (INTRAC) and Compliance Management Centralized Processing Centre (CMCPC). 2. Non-filers Monitoring Systems(NMS)- Pilot project to prioritise action on non-filers with potential tax liabilities. This will merge with Insight platform. 3. Computer Aided Scrutiny Selection (CASS) System- Selection of scrutiny cases by a centralized rule based selection system. This will merge with Insight platform. 4. OLTAS- System for reporting, monitoring and reconciliation of tax collection. 5. Refund Banker-System driven process for dispatch and credit of tax refunds. 6. TIN Facilitation Centers (TIN-FSs)- Collection of electronic TDS/ TCS quarterly statements and SFT(from specified reporting persons) on CD. 7. i-taxnet-Internet of the Income-tax Department such is used for electronic compilation and transmission of statistical reports. 8. Sevottam- Application for centralized receipt of returns and other documents at Aayakar Sewa Kendras(ASKs).
3.	ADG (Systems)-3	1. Income-tax Business Application (ITBA) 2.0- The Union Cabinet has approved the expenditure sanction of Rs. 4,241.97 crore for the Integrated E-filing & Centralized Processing Centre(CPC) 2.0 Project of the Income-tax Department. CPC will process return filed by all categories of taxpayers across the country in a consistent, uniform, rule driven, identity blind manner. This will assure fairness in tax treatment of every taxpayer irrespective of their status. The e-filing and CPC Project have enabled end to end taxpayers bank account directly using various innovative methods to provide taxpayer services and to promote voluntary compliance.

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S. No.	Module	Project/ Assignments/ Functions/ Work Allocation
4.	ADG (Systems)-4	1. Taxnet Project- Connecting 777 plus Income-tax Offices across over 500 cities in India, supported by 6 special Sites including Primary Data Centre, Backup & Disaster Recovery Centers, NSDL, UTI, Aayakar Sampark Kendras (ASK) & Computer Terminal Bank. Connecting more than 19000 Departmental users across the country. Besides ensuring connectivity, the module-4 also accomplishes other allied jobs such as installation & relocation of nodes/ sites etc. 2. Video Conference- Facilitate Video Conferencing (VC) at more than 57 locations pan India including 7 locations at North Block. Other units/ Sections of the department also use VC facility for imparting training/ conducting workshop apart from holding routine conferences. 3. Departmental Website- The National website(bilingual) of the Income-tax Department(www.incometaxindia.gov.in) is the primary vehicle for delivery of services to the taxpayers. Website adhere to (W3C) Web Content Accessibility Guidelines(WCAG) 2.0 laid down by the World Wide Web Consortium compliance. 4. FMS Service- Facility Management Services (FMS) extended to 777 plus sites across all over India. The support services includes. (i) Helpdesk services. (ii) Technical support. (iii) Asset Management. (iv) Vendor Management. (v) Distribution of remote Secure Authentication (RSA) token. 5. Technical Support for information Technology & other Advisory Services- Finalizing requirements of hardware, related software, nodes etc. Asset management through FMS. 6. Infrastructure- Processing the proposal for Procurement of laptops and PC peripherals, IT equipment etc. of the field formation and NADT, along with a matters relating to Disposal & obsolescence Policy are also being handled by Module-4
5.	ADG (Systems)-5	1. Chief Information Security Officer(CISO) of Income-tax Department. 2. All Technical Matters. 3. All Administration Matters. 4. Electronic Data Processing(EDP) related matters. 5. H.O.D. Functions. 6. Rajbhasha. 7. Aayakar Sampark Kendra(ASK) 8. Grievance received from: (i) PMO. (ii) FM, RS & CBDT. (iii) DGIT(Systems). (iv) CPGRAMS. (v) E-Nivaran. (vi) Others including Paper Grievance & e-mails/ twitter. 9. Submission of MIS for e-Nivaran & CPGRAMS. 10. Compilation of MIS for Directorate.

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S. No.	Module	Project/ Assignments/ Functions/ Work Allocation
6.	CIT (CPC-TDS)	1. Undertake end to end processing of TDS Statements through a rule-based technology enabled system, for seamless flow of data for tax credits. 2. Online display of information and provide an integrated platform for tax deductors, taxpayers and the officers of the Department. 3. Automated processing of TDS Statements to generate “Annual Tax Credit” statements for taxpayers in Form 26AS, for reconciliation with the TDS Certificates. 4. TDS defaults of short payment, short deduction, interest etc. in the TDS statement are intimated to ensure tax enforcement and compliance. 5. Raising awareness among the deductors and taxpayers by organizing training and contact programmes.
7.	CPC-ITR, Bengaluru	1. Managing routine tax administration functions such as verification/ validation, processing, issue of refunds and storage of IT returns in a centralized manner. The scope covers all IT returns furnished in electronic form as also the returns furnished in paper form in the state of Karnataka and Goa. 2. Providing a comprehensive range of allied services relating to processing such as handling of rectification requests, taxpayer services through Helpdesk/ Call centre, Online housing of processing related information on e-filing website and grievance management.
8.	CIT ITBA	1. Maintenance of all modules under ITBA-The new Income-tax Business Application(ITBA) executed under Directorate of Income-tax (Systems) aims to e-enable internal business process of the Income-tax Department. This project is a comprehensive project with implementation of hardware, software and technical support to enable computerization of business process including assessment, appeal, investigation, exemption, audit, human resource management and other functions of the Department. 2. All work related to AST. 3. All work related to e-Filing. 4. Database management- CPC Project, E-filing Project and ITD Database.
9.	CIT e-Verification	1. e-Verification adopts a pre-dominantly digital approach keeping in view the changing environment and the priorities of the Government. Centralized e-Verification involves centralized verification compliance issues using an online interface in a jurisdiction less and identity blind manner. 2. The philosophy behind the Centralized e-Verification is to protect the interest of all the stakeholders especially the revenue and taxpayer. This can be achieved by leveraging the growing of digital awareness of citizenry. E-governance provides the best tool for effective, efficient and economic performance of administrative duties. 3. Objective of the Centralized e-Verification- The three broad objective of Centralized e-verification are following: (i) Increased Compliance at reduced cost (ii) Non-intrusive Tax administration. (iii) Widening and Deepening of Tax base 4. e-Verification Life Cycle: the verification will be conducted on the three levels depending on the complexity of issue, response submitted by taxpayer and evidence required for verification.

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S. No.	Module	Project/ Assignments/ Functions/ Work Allocation
	CIT e-Verification	Following are the three e-Verification levels: (i) e-Verification(systems)- Verification issue is active only on the compliance portal and CMCPC will be responsible for implementing electronic campaign. Designated ITD user can review the outcome of the systems driven process. (ii) e-Verification (Centralized Verification Unit)- Once system is unable to take a view on any verification issue, that issue will be assigned to an ITD user in Centralized Verification Unit, who will be able to conduct verification and seek online response on compliance portal. The whole process will be identity blind. (iii) e-Verification (Field)- If Centralized Verification Unit is unable to a take view on any issue and deems fit that the case should be transferred to Verification Unit(Field) for further investigation. The case will be transferred to Verification Unit(Field) for further enquiry. The designated officer will be able to conduct verification and seek online response on compliance portal. The verification process will not be identity blind beyond this point. 5. Identity Blind- The personal identity details of the taxpayer under verification will be anonymous to the ITD users till e-Verification (Centralized Verification Unit). Only when verification is transferred to field, the identity details will be revealed so that necessary field verification can be done. 6. Expected benefits- The expected benefits of Centralized e- verification are following: • Detect non-compliance at the earliest possible stage and to take swift action. • Enable taxpayer convenience and ease of response to issues of non-compliance raised by Department. • Create the capacity to manage large scale non-compliance and take it to its logical conclusion in a consistent and expeditious manner. • Enable differentiated treatment to various taxpayer segments. • Enable transparency and accountability in verification while maintaining anonymity (identity blind decision making) to the extent feasible. • Deliver quality in outcomes both to taxpayer and Department. • Reduce litigation while enhancing compliance. • Develop skill and experience within the Income-tax cadre in scrutiny, verification and litigation activities while examining the feasibility of reduction in manpower for assessment work and redeployment of the workforce for other areas.

6. Functions of Directorate of Vigilance

6.1 Director General of Income-tax (Vigilance) and Chief Vigilance Officer, CBDT

6.1.1 The Vigilance set-up of the Income-tax Department is headed by the Director General of Income-tax (Vigilance) who is also the Chief Vigilance Officer of the organisation. As CVO, his/ her functions can be broadly divided into three categories, *viz.* (i) Preventive vigilance; (ii) Punitive vigilance; and (iii) Surveillance and detection. He/ She is responsible for taking the initial decision on complaints against Group-A officers.

He/ She is also required to maintain an up to date record of such complaints and their latest status, through the prescribed registers, for submission of periodical reports to the CVC, DOPT etc. All the complaints against Group-A officers are, therefore, required to be forwarded to him/ her for registration in the CVO's register as well as for further necessary action. All the files pertaining to disciplinary proceedings against Group-A officers are processed and put up before the Disciplinary Authority by

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the Director General of Income-tax (Vigilance). As CVO, he/ she is the link between the Department and the Central Vigilance Commission on one hand and the Department and the Central Bureau of Investigation on the other.

6.1.2 As CVO, he/ she is required to examine and comment on all proposals where a reference to the CVC is required to be made. Apart from the officers posted in his headquarters, who assist him/ her in initial processing of complaints and post disciplinary proceeding cases of Group-A officers, four regional Directorates of Income-tax (Vigilance) headed by Additional Directors General (Vigilance) assist him/ her in conduct of preliminary verifications or investigations. He/ She makes all vigilance related references to CBDT, CVC, DOPT, UPSC etc. All such references should, therefore, be sent to him/ her through the ADG (Vig.) concerned.

6.1.3 Vide order No. 164 of 2003 issued by the Department of Revenue on 6th October 2003, the post of zonal DIT (Vigilance) was re-designated as Director of Income-tax (Vigilance) and Deputy Chief Vigilance Officer, CBDT. They were made nodal vigilance officers for their zones and tasked with performing all the functions of CVO in respect of Group 'B' officers and NGOs posted within their jurisdiction.

6.2 Zonal Directorates

Four Zonal Vigilance Directorates with jurisdiction over regions and headquarters as noted below are headed by Addl. Director General (Vigilance) under the control and supervision of Pr. DGIT (Vig.)/ CVO, CBDT. Zonal ADsG (Vig.) are CVOs in respect of Group-B and Group-C officers and officials in their jurisdictions. Zonal Directorates process complaints against Group-B officers and also conduct preliminary verification and investigation of both Group-A and Group-B officers.

Designation	Headquarters	Jurisdiction CCIT (CCA) Wise
ADG (Vig.), North	Delhi	Delhi, NWR, Lucknow and Kanpur
ADG (Vig.), West	Mumbai	Mumbai, Pune, Jaipur, Ahmedabad, Bhopal and Nagpur
ADG (Vig.), East	Kolkata	Kolkata, Bhubaneswar, Guwahati and Patna
ADG (Vig.), South	Chennai	Chennai, Bengaluru, Hyderabad and Kochi

7. Functions of Directorate of HRD

7.1 The Directorate of Income-tax, Human Resource Development (HRD), Central Board of Direct Taxes, Department of Revenue, Ministry of Finance came into existence on 31/12/2007 by notification no. 292/2007 dated 31/12/2007. As per notification the functions of the Directorate of Income-tax (HRD) shall be as under:

(a) To develop and design strategic human resource plans, policies and processes aligned with the goal and vision of the Income-tax Department for ensuring optimal resource mobilization and delivery of taxpayer services.

(b) To assess and determine the job requirements job profiles and skills needed for various jobs in the Income-tax Department, and make projections of human resource requirements.

(c) To assist CBDT in designing and implementing policies for systematic career progression, equal opportunity, gender equity, counseling and employee welfare.

(d) To operate a human resource information system by accessing database maintained by CBDT.

(e) To assist CBDT in developing and implementing proper human resource development policies including those relating to recruitment, promotions, performance appraisals, transfers and succession plans.

(f) To design a scientific and objective performance management system to foster accountability and develop a scientific scheme for linking of rewards to performance.

(g) To identify training needs, formulate training policies and facilitate skill enhancement, and to coordinate with other educational/ training institutions/ agencies in India and abroad for training of officers of the Department.

(h) To foster international co-operation for incorporating administrative best practices in the field of tax administration.

(i) Any other matter which may be specially assigned by the CBDT.

7.2 The Directorate of Income-tax (HRD) will be headed by a Pr. Director General of Income-tax (HRD) who will be an officer of the level of Pr. Chief Commissioner of Income-tax and will be located in New Delhi. The Directorate shall have a Director of Income-tax (HRD) who shall be an officer of the rank of Commissioner of Income-tax.

7.3 The Directorate of Income-tax (HRD) shall have three divisions of Cadre Management, Performance Management, and Training & Capacity Building. These divisions would be headed by officers of the rank of Additional Commissioners of Income-tax who would perform the functions enclosed as Annexure '1'. The divisions shall report to Director of Income-tax (HRD). The functions assigned to the divisions can be amended by the Central Board of Direct Taxes.

7.4 The Directorate of Income-tax (HRD) will function under the administrative control of the Pr. Director General of Income-tax (HRD) New Delhi.

7.5 The Directorate of Income-tax (HRD) shall be an attached office of CBDT and its proposals shall be put up to Pr. Director General of Income-tax (HRD), who will put up the same to Member (Personnel), Central Board of Direct Taxes.

7.6 The staff requirements of the Directorate of Income-tax (HRD) will be met from within the overall sanctioned strength of the Income-tax Department.

7.7 Functions Assigned to the Three Divisions of the Directorate of Human Resource Development

7.7.1 Cadre Management Division

(a) Manpower forecasting and planning.

(b) Staffing.

(c) Proposing changes in the recruitment rules.

(d) Drawing annual direct recruitment plan and projecting requirement of staff and officers yearly.

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(e) Designing HR policies, processes and systems and aligning the CBDT's long-term goals to HR systems and processes, including proposals for diversion of posts from one functional area to another.

(f) Identifying officers with the requisite skill-sets like advocacy, international taxation, fiscal policy & management, tax administration etc., provide requisite training & institutional support.

(g) Accessing database of employees maintained by the CBDT for Human Resource Information System, such as training, placement, skill upgradation and succession planning and query resolution.

(h) Identifying and recommending welfare measures and providing counseling services on technical and personal matters; and

(i) Any other function assigned to it by higher authorities.

7.7.2 Performance Management and ACR Division

(a) Development of Management Information System (MIS) and Performance Management System (PMS) for capturing individual performances.

(b) Development of performance indicators for the organisation, group and individual posts based on objective goal setting taking into consideration manpower and infrastructural constraints.

(c) Designing of a scientific appraisal system, and a scheme of performance measurement etc.

(d) Coordinating annual performance appraisals.

(e) Linking of rewards with performance and designing appropriate reward policy.

(f) Liaisoning with "external consultants" to develop a suitable system to track, support and monitor individual performance and maintain accountability.

(g) Designing of ACR formats.

(h) Any other function assigned to it by higher authorities.

7.7.3 Training and Capacity Building Division

(a) Organising and coordinating in-service training programs in coordination with DG, NADT for officers of the department at service intervals (*e.g.* 6–9 years of service, 10–16, 17–19 and 20–30 years of service) with a number of institutions inside and outside the country.

(b) Development of trainers.

(c) Development of viable models of 'Training Needs Analysis', 'Direct Trainers Skills', 'Designs for Training' etc.

(d) Nomination of officers for training based on Training Need Analysis in consultation with DG, NADT.

(e) Coordination with foreign institutions for training of officers through domestic sources.

(f) Developing Centres for Fiscal Policy (esp. taxation policy) in collaboration with foreign institutions.

(g) Organising domestic training programmes in direct taxation and fiscal/ public policy; and Any other function assigned to it by higher authorities.

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8. Functions of ADG (Exam and Official Language)

(a) Conducting Departmental Examinations for the post of Assistant Commissioner of Income-tax (Probationers) and other Gazetted and Non-Gazetted cadres of Income-tax Department and dealing with all matters relating to these exams.

(b) Coordination of work for identification and action against officers/ officials who are either on unauthorized leave or are absconding in the Income-tax organisation.

(c) All work related to official language (OL) in the Income-tax organisation, including management of the official language cadre. The Official Language wing is headed by DD (OL) (Hqr. Admn.) who reports directly to the ADG (Exam & OL). Other posts in this wing include Assistant Director (OL), Senior Translators and Junior Translators to look after all activities relating to implementation and administration of official language.

9. Directorate General of Income-tax (Logistics)

9.1 Overview

Directorate of Logistics is headed by the Pr. DGIT (Logistics). Three following Directorates, headed by Addl. DG work under Pr. DGIT (Logistics):

(a) Directorate of Expenditure Budget (EB).

(b) Directorate of Infrastructure I.

(c) Directorate of Infrastructure II.

9.2 Functions of Directorate of Income-tax (Expenditure Budget)

(a) to issue the Budget Circular as prescribed by Budget Division, Department of Economic Affairs:

(b) to examine the budget proposals received from the various constituent formations/ units/ under the grant.

(c) to consolidate the budget proposals received from the various constituent formations/ units at each stage of the Budget exercise i.e. Budget Estimate (BE), Revised Estimate (RE) and Final Requirement (FR) and submit the same to FA (Finance) for further action.

(d) to allocate object head-wise approved provisions to respective Budget controlling authorities.

(e) to prepare the Statement of Budget Estimates (SBEs) for inclusion in the relevant Budget documents.

(f) to monitor the progress in Expenditure *vis-à-vis* Sanctioned Grant and submit the Monthly and Quarterly Expenditure Review to FA (Finance) for further action.

(g) to propose the Re-appropriation orders, surrender of savings etc., to FA (Finance) for concurrence/ approval of the competent authority.

(h) to finalize the Appropriation Accounts in consultation with Principal CCA, CBDT and submit to FA (Finance) for concurrence.

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(i) to take necessary action in respect of the examination by the Standing Committee on Finance on Detailed Demands for Grants.

(j) to take action in respect of Audit reference in Expenditure matters, for example, Action Taken Notes on Audit Paras/ PAC para etc.

(k) Any other matter, related to above.

Further, the Directorate is also Carrying out Following Additional Function:

(a) To manage the various advance namely House Building Advance (HBA), and Computer Advance (CA).

(b) To work as nodal authority for mandatory publication of tender enquiries by the Department on the Central Public Procurement Portal.

(c) To work as nodal authority in respect of all matters related to the use of Integrity Pact in the Income-tax Department.

9.3 Primary Functions of Directorate of Infrastructure (Both I&II)

(a) Examination of proposals of purchase of land/ building, repairs of departmental buildings, minor works, hiring/ construction of office premises, residential quarters & guest houses.

(b) Scrutiny of proposals regarding acquisition of land for construction of departmental buildings involving detailed examination of requirements of office and residential accommodation based on staff strength, etc.

(c) Framing and interpretation of rules regarding allotment of residential accommodation in departmental pool.

(d) Disposal of surplus lands and buildings.

(e) Processing proposals for purchase, replacement and hiring of vehicles for the attached and subordinate offices.

(f) Incurring contingent expenditure on account of telephone, furniture, stationery, books etc.

(g) Handling of Parliamentary questions/ other matter related to Parliament in this regard.

9.4 Jurisdiction of Addl. DGIT I&II, Infrastructure (Pr. CCIT, CCA Region Wise)

Addl. DG (Infra)	Pr. CCIT (CCA) Region
1.	Delhi, NWR, UP(West), UP (East), Andhra Pradesh & Telengana, Kerala, Tamil Nadu and Puducherry, Karnataka and Goa
2.	Gujarat, Mumbai, Rajasthan, MP and Chattisgarh, Pune, Nagpur, WB and Sikkim, NER, Bihar and Jharkhand, Odisha

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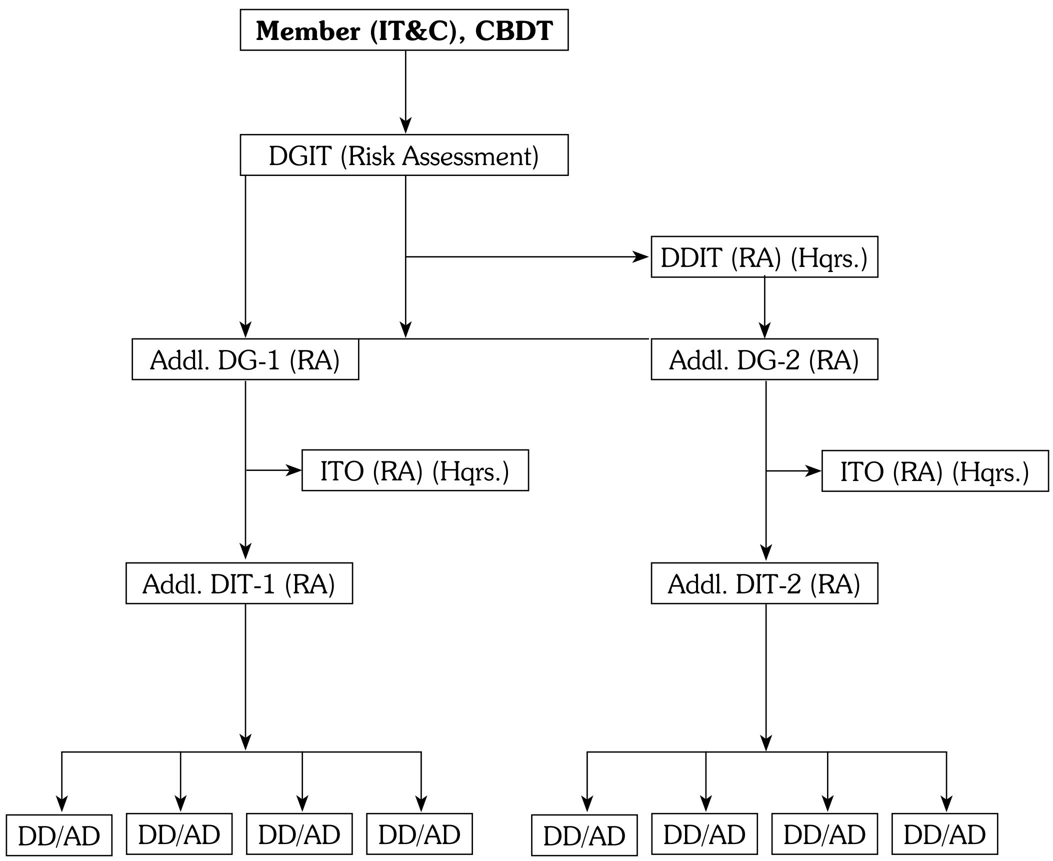
10. Functions of Directorate of Risk Assessment

10.1 Composition

The Directorate of Income-tax (Risk Assessment) was established in January, 2014 as an attached office of the Central Board of Direct Taxes. The organisational structure of the Directorate is as under:

ORGANISATIONAL STRUCTURE OF DIRECTORATE OF RISK ASSESSMENT



10.2 Objectives and Functions

Vide Board's order in F.No. 402/27/2015-ITCC dated 16th February, 2015, the Directorate General of Income-tax (Risk Assessment) was assigned the following functions:

(a) To identify different types of risk areas relevant to the tax gap in the Income-tax Department and to conduct risk assessment of such areas.

(b) To select areas requiring deeper analysis for risk-assessment and to conduct risk assessment in such areas.

(c) To assess risk in areas identified or selected by the Board and assigned to DGIT (Risk Assessment).

(d) To analyze compliance behaviour and develop treatment strategy.

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(e) To suggest a feedback mechanism for risk-based strategies and evaluate compliance outcomes.

(f) To submit recommendations to the Board regarding policy and administrative measures for control and mitigation of the assessed risks.

(g) To review and re-assess policies and measures to mitigate the risk and recommend policy and administrative alternatives to the Board.

(h) Any other matter incidental to the above as may be assigned by the Board.

10.3 Computer Aided Scrutiny Selection (CASS)

CASS protocol is used for selection of cases for scrutiny every year with the approval of Board. Vide Board's order in F.No. 402/27/2015-ITCC, the Directorate of Risk Assessment had been given the mandate of making recommendations to DGIT (Systems) for running of CASS cycles and identification of parameters for CASS. DGIT (Risk Assessment) heads the CASS Committee.

10.4 Risk Assessment Projects

The Directorate of Risk Assessment undertakes projects assigned by the CBDT or suo moto with the approval of the Board based on requirement of data analytics and risk profiling of cases in where large data set is involved. The Directorate is foraying into new areas such as Risk Analysis of FATCA and Common Reporting Standard (CRS) Data, Selection of cases for Transfer Pricing Audit on the basis of Country-by-Country Report/ Master File (CbCR/ MF) Data, Risk Profiling of STRs received from FIU-IND, etc.

The Directorate of Risk Assessment is employing trained manpower and sophisticated data analytics tool for accomplishing its mandate. However, the Directorate is critically dependent on data from Systems Directorate relating to ITR and other information for completing its projects.

10.5 Functions of ADG (RA)-1 & ADG (RA)-2

The following Projects/ Tasks are allocated to the officers of the Directorate of Risk Assessment:

S.No.	Designation	Project/ Task
1.	ADG (RA)-1 (Head of the Department of the Office)	1. All administrative work relating to finance, infrastructure, T&P, outsourcing, Purchase, etc. 2. All technical work related to Data Analysis, Data Safety, Data requisition and dissemination, etc. 3. All coordination work with Board, other offices, other department, other directorates etc. 4. All officers will report to him in general except those attached with ADG-2.
2.	ADG (RA)-2	1. All coordination work with DIT(Systems) related to Project Insight/ DWBI 2. Supervision and control of officers & officials posted under him.

04

Composition of Income-tax Department

1. Pr. Chief Commissioner of Income-tax/ Pr. Director General of Income-tax

1.1 At present, there are 26 posts of Pr. Chief Commissioner of Income-tax/ Pr. Director General of Income-tax. Out of 26 posts, 20 Pr. Chief Commissioners of Income-tax are as per the details given below:

S. No.	Pr. CCIT Region	Station
1.	Pr. CCIT, Gujarat	Ahmedabad
2.	Pr. CCIT, Karnataka	Bangalore
3.	Pr. CCIT, Madhya Pradesh and Chattisgarh	Bhopal
4.	Pr. CCIT, Odisha	Bhubaneswar
5.	Pr. CCIT, North West Region	Chandigarh
6.	Pr. CCIT, Tamil Nadu and Puducherry	Chennai
7.	Pr. CCIT, Delhi	Delhi
8.	Pr. CCIT, North East Region	Guwahati
9.	Pr. CCIT, Andhra Pradesh and Telangana	Hyderabad
10.	Pr. CCIT, Rajasthan	Jaipur
11.	Pr. CCIT, UP (West) and Uttarakhand	Kanpur
12.	Pr. CCIT, Kerala	Kochi
13.	Pr. CCIT, West Bengal and Sikkim	Kolkata
14.	Pr. CCIT, UP (East)	Lucknow
15.	Pr. CCIT, Mumbai	Mumbai
16.	Pr. CCIT, Nagpur	Nagpur
17.	Pr. CCIT, Bihar and Jharkhand	Patna
18.	Pr. CCIT, Pune	Pune
19.	Pr. CCIT, International Taxation	Delhi
20.	Pr. CCIT, Exemption	Delhi

Note: *It may be noted that since Cadre Restructuring proposal is in the process, therefore the functions defined in this Chapter may change after finalization of Cadre Restructuring and this chapter may have to be rewritten.*

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Secondly, the work assigned as per ITBA and mapped through System to different functionaries are communicated to relevant officer/ officials from time to time by the office of Pr. DGIT (Systems). Since this process is dynamic, the same cannot be specifically included in the assigned work of officers/ officials.

There are 8 Pr. Directors General of Income-tax/ Directors General of Income-tax attached with CBDT, who are posted in the following Directorates.

1.	Pr. DGIT, Admn. & TPS
2.	Pr. DGIT, Systems
3.	Pr. DGIT, Logistics
4.	Pr. DGIT, L&R
5.	Pr. DGIT, HRD
6.	Pr. DGIT, Training
7.	DGIT, Vigilance
8.	DGIT, Risk Assessment

1.2 Functions to be Performed Exclusively by Pr. CCsIT

The Pr. Chief Commissioner of Income-tax performs the following cadre control functions:

(a) Transfer and posting of Group 'A' officers upto the level of Addl./ Joint CIT and all other cadre control functions in relation to Groups 'B' and 'C' employees.

(b) Fixation of the sanctioned strength of various cadres in the charge of each Pr. CIT and allocation of officers and staff to each Pr. CIT/ CIT/ CIT(A).

(c) Vigilance and disciplinary matters.

(d) Confidential reports of officials working in the region in addition to those working directly under him.

(e) Immovable property returns.

(f) Budgeting and expenditure control.

(g) Estate functions.

(h) Grievance redressal.

(i) Employees' association matters.

(j) Protocol functions.

(k) Computerisation.

Note:

(i) Detailed functions of the Pr. CCIT are enumerated in relevant chapters of this manual, such as 'Headquarters Organisation and Functions', 'Vigilance', 'Public Relations and Grievance Redressal Mechanism' etc.

(ii) In the interest of efficiency of administration, the Pr. CCIT may delegate these functions to any other CCIT functioning within his cadre control. Such delegation may especially be considered when other CCsIT are posted outside the headquarters of the Pr. CCIT.

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1.3 Functions to be Performed by the Chief Commissioners Including Cadre Controlling CCsIT

(a) Supervision and control over Pr. CsIT and CsIT (A).

(b) Administrative approval of proposals for write-off of arrears.

(c) Review of arrear dossiers.

(d) Administrative sanction for launching prosecutions against tax delinquents.

(e) Implementation of Official Language Policy.

(f) Implementation of computerisation in the department as per the policies and procedures laid down by CBDT/ Pr. DGIT (Systems).

(g) Changing of headquarters of any officer upto the level of DCIT under intimation to Pr. CCIT.

(h) Staff grievances.

(i) Statutory functions under direct tax laws.

Note:

(i) Detailed functions of the CCIT are enumerated in the relevant chapters of this manual, such as 'Headquarters Organisation and Functions' etc.

(ii) In the interest of efficiency a Chief Commissioner may delegate any of his functions to a Pr. CIT except those conferred on him statutorily. Such delegation may be considered when the performance of a function becomes difficult due to the fact that the headquarters of the Pr. CIT is situated away from that of the Pr. CCIT.

2. Functions of Director General of Income-tax (Investigation)

The Director General of Income-tax (Investigation) performs the following functions:

(a) Supervision and control over the Pr. Directors of Income-tax (Investigation) and Pr. Commissioners of Income-tax (Central). In Mumbai and Delhi, CCIT (Central) exercises control over CIT (Central).

(b) Chief Commissioner to continue as cadre controlling authority in respect of Group 'B' officers as also the staff allocated to the DG or Directors or CsIT, Additional/ Joint/ Deputy Directors, ADsIT and Central Circles under the control of DG(Inv.). In respect of Group 'B' officers and staff borne on the strength of the Directorate of Income-tax (Inv.) Delhi, the Director General is the cadre controlling authority.

(c) Fixing of overall sanctioned strength of each Directorate and Central Circle.

(d) Selection of officers upto the level of Addl./ Joint DIT in consultation with cadre controlling Chief Commissioner of Income-tax and Chief Commissioner of Income-tax (Central).

(e) Computerisation.

3. Functions of Pr. Chief Commissioner of Income-tax (Exemptions)

The Pr. Chief Commissioner of Income-tax (Exemptions) performs the following functions:

(a) Statutory functions.

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(b) Assistance to CBDT in processing of certain approvals and notifications for exemption.

(c) Supervision and control over CsIT(E).

(d) Vigilance and disciplinary matters.

(e) Computerisation.

4. Functions of Pr. Director General of Income-tax (Legal & Research)

The Pr. Director General of Income-tax (Legal & Research) performs the following functions:

(a) Supervision and control over Directorate of Income-tax (Legal & Research).

(b) Vigilance and disciplinary matters.

(c) Planning and monitoring research studies.

(d) Computerisation.

5. Functions of Pr. Chief Commissioner of Income-tax (International Taxation)

The Pr. Chief Commissioner of Income-tax (International Taxation) performs the following functions:

(a) Supervision and control over the work of Commissionerate of Income-tax (International Taxation).

(b) Vigilance and disciplinary matters.

(c) Computerisation.

(d) Statutory functions.

6. Functions of Pr. Commissioner of Income-tax

Detailed administrative and statutory functions of the CIT have been enumerated in the relevant chapters of this manual, for example 'Head quarter Organisation and Functions' etc.

7. Functions of Commissioner of Income-tax (Appeals)

The posts of CIT (Appeals) were created in July' 1978 to perform the functions of first appellate authority under the statute.

8. Functions of Commissioner of Income-tax (Admn. & TPS)

Each Regional Computer centers (RCC) is headed by a Commissioner of Income-tax. Other Computer Centres have also been placed under the functional control of the CsIT (Admn. & TPS). Their major functions are:

(a) Working as liaison officer between the Pr. CCIT/ Pr. CIT and Pr. DGIT (Systems)/ Pr. DIT (Systems).

(b) Management of the RCC, Computer Centres and terminal banks in their charge.

(c) Working as liaison officer between Department and outside agencies such as banks, telephone department etc.

(d) Implementation and maintenance of centralised application software (ITBA-PAN System and HRMS).

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(e) Providing help, training and support to end users in implementation of other application software, and monitoring their performance.

(f) Implementation of technical instructions concerning implementation of information technology issued from the CBDT/ Pr. DGIT (S)/ Directorate of Income-tax (Systems).

(g) Maintenance of hardware and network including annual maintenance contracts.

(h) Resolving day-to-day problems of officers/ officials in implementation of the computerisation programme.

(i) Management of all types of backups such as system backup, database backup, and software library.

(j) Security of system and data.

9. Functions of Commissioner of Income-tax (Judicial)

With the restructuring of the Department, four posts of CIT (Judicial) were created at Delhi, Mumbai, Chennai and Kolkata to Coordinate the intra-zonal judicial work as detailed in the instruction no. 4/ 2002 dated the 07/05/2002 (F.No. 277/109/2001-ITJ)

10. Functions of Director General of Income-tax (I&CI)

Following are the functions of Director General of Income-tax (I&CI):

(a) Supervision and control over the work of officers and staff of I&CI branch.

(b) Collection, Collation, Verification and Dissemination of Significant Financial Transactions under Section 285 BA of the Income-tax Act, Foreign Account Tax Compliance Act (FATCA) of USA and common Reporting Standard (CRS) of OECD.

11. Functions of Commissioner of Income-tax (Audit)

11.1 Internal audit in Income-tax department was introduced in the year 1954 with a view to provide for a second check in ensuring arithmetical accuracy in the assessment of income and levy of tax. In 1960, the Government introduced audit of Income-tax receipts by C&AG. The object of Internal Audit function was subsequently enlarged so that "it has a deterrent and reforming effect in the direction of prevention of mistakes and secondly, it plays a corrective role by checking up on the mistakes and having these remedied without loss of time. This dual role, go a long way in improving the Department's performance and image, saving it avoidable comments from C&AG as well as PAC, thus, safeguarding the interest of both the revenue and assessee." (Instruction No. 485 dated 13/12/1972). In pursuance of these objectives the Department setup Internal Audit parties and Special Audit parties to audit assessments and refunds. The Directorate of Income-tax (Audit), setup in 1963 mainly Coordinates and supervises the audit work on behalf of the Board.

(a) As per the Office Memorandum No.HRD/AD/802/3/2017-18/736, dated 3/5/2017, issued by ADG(HRD)-1, CBDT, New Delhi, the Directorate of Audit has been brought under administrative control of Pr. Director General of Income-tax (L&R). The Inspections work has also been shifted from ADG (Exam) to ADG (Audit) and the post of ADG (Audit) has been re-designated as ADG (Audit & Inspections). Now internal Audit is governed by Instruction No. 15 and 16 of CBDT dated 04/11/2008.

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(b) There is an Internal Audit setup for each region under the direct supervision and control of the Pr. CCIT. The audit structure is headed by a CIT (Audit) in each Pr. CCIT Region. However, in the metro charges of Delhi, Mumbai, Kolkata and Chennai, there are two CsIT (Audit). The CIT (Audit) has the headquarters at the same station as that of the Pr. CCIT. Each CIT (Audit) has one JCIT (Audit). Each JCIT (Audit) has one SAP (Special Audit Party) headed by ACIT(Audit) and as many IAPs (Internal Audit Party) headed by ITO (Audit), as mentioned in Cadre Restructuring Plan, 2013. Apart from audit of cases, the JCIT (Audit) will supervise the work of SAPs and IAPs assigned for audit. There are 22 CsIT (Audit) in the Internal Audit set-up in the country.

(c) In case of Assessment Units of International Taxation, Transfer Pricing, Central Charges, Exemptions etc., stationed in the territorial jurisdiction of a Pr. CCIT/ CIT (Audit), which is different from the jurisdiction of the Pr. CCIT/ CIT (Audit), where the controlling PCIT of such AOs is stationed, the responsibility for Internal Audit of all such assessment units will be of the local CIT (Audit), related to the Pr. CCIT, in whose territorial jurisdiction, the AOs are located.

(d) For the purpose of control and settlement of Internal Audit Objections raised in cases mentioned in above para, the local IAPs, JCIT (Audit) and CIT (Audit) would be treated as Audit Officers in ITBA Audit Module. However, the settlement of such objections will be between the concerned PCIT having the administrative control over such assessment units and the CIT (Audit), located in the different territorial jurisdiction.

11.2 There are separate chapters on 'Internal Audit' and 'Revenue Audit' of this Manual which detail the role and functions of officers at various levels in relation to audit work of the department. In addition to his audit related functions, CIT(Audit) has following administrative functions also:

(a) Supervision and control over the officers and staff working under him.

(b) Vigilance and disciplinary matters.

12. Functions of Commissioner of Income-tax (Departmental Representative), Income-tax Appellate Tribunal

The functions of CIT(DR) and organisation of his office etc. have been described in detail in the Chapter on 'Appeal and Revision' of this Manual.

13. Functions of Pr. Director of Income-tax (Investigation)

The Pr. Director of Income-tax (Investigation) performs the following functions:

(a) Planning and execution of search and seizure and survey operations.

(b) Statutory functions.

(c) Grant of awards/ rewards.

(d) Administration of secret funds.

(e) Processing of TEPs.

(f) Computerisation.

14. Functions of Commissioner of Income-tax (Exemptions)

The Director of Income-tax (Exemption) performs the following functions:

(a) Statutory functions relating to claims for exemption.

(b) Supervision and control over the Directorate.

(c) Vigilance and disciplinary matters.

(d) Computerisation.

15. Functions of Pr. Chief Commissioner of Income-tax (International Taxation)

Functions are:

(a) Supervision and control over the Directorate.

(b) Statutory functions in respect of taxation of foreign companies and non-residents and withholding tax on remittances abroad.

(c) Vigilance and disciplinary matters.

(d) Computerisation.

16. Functions of Additional/ Joint Commissioner of Income-tax (Headquarters)

The Additional/ Joint Commissioner (Headquarters) attends to the work entrusted to him by the Chief Commissioner/ Commissioner of Income-tax. The detailed functions of the headquarters are enumerated in the Chapter on 'Headquarters Organisation and Functions'.

17. Functions of Additional/ Joint Commissioner of Income-tax (Range)

17.1 After restructuring of the department, the business process has been redesigned to make it Range-centric, thus emphasizing the pivotal role of the Range-head. Additional/ Joint Commissioner, who is the head of the Range, exercises concurrent jurisdiction and may, as such, also be required to formulate assessments in revenue yielding and complex cases.

17.2 As head of the range, the main functions of the Addl./ Joint Commissioner of the Income-tax are:

(a) Supervision and control.

(b) Statutory functions.

(c) Effective tax-payer services.

(d) Expansion of tax-base.

(e) Judicial functions.

(f) Processing of TEPs.

(g) Computerisation.

Note: Detailed functions of the Range are enumerated in the relevant chapters of this Manual such as 'Office Management', 'Assessment Procedure', etc.

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18. Functions of Departmental Representatives (Senior/ Junior), Income-tax Appellate Tribunal

In an appeal filed before the Tribunal, the Assessing Officer is one of the parties and since every officer cannot appear himself, the officers of the rank of Additional/ Joint Commissioner of Income-tax and Deputy/ Assistant Commissioner of Income-tax are appointed as Senior Departmental Representatives and Junior Departmental Representatives respectively to represent the case before the Income-tax Appellate Tribunal. The Senior or Junior Departmental Representative is expected to present and argue the case of the department independently and to render necessary assistance to the CIT(DR).

19. Functions of Additional/ Joint/ Deputy/ Asstt. Commissioner of Income-tax (Audit)

19.1 The Additional/ Joint Commissioners of Income-tax (Audit) are expected to test check the registers maintained in Income-tax Offices for recording audit objections and their disposal, as also to check the working of Audit Cells setup in Income-tax Offices for dealing with audit objections. The primary responsibility in these matters rests with Addl./ Joint Commissioner of Income-tax (Range). Addl./ Joint Commissioner of Income-tax (Audit) will, however, report any deficiency in the matter to the CIT. The idea underlying is to ensure that the statistics compiled from these registers reflect a true picture.

19.2 There are separate chapters on 'Internal Audit' and 'Revenue Audit' of this Manual which detail the role and functions of officers at various levels in relation to audit works of the department.

20. Functions of Addl./ Joint/ Deputy/ Assistant Director of Income-tax (Investigation)

(a) Pre-search enquiries and reconnaissance work.

(b) Search and Seizures.

(c) Preparation of appraisal report.

(d) Enquiry work in the TEPs.

(e) Surveys under Section 133 A(1) and 133A(5).

(f) Keeping liaison with other departments like Customs and Central Excise, Enforcement Directorate, Revenue Intelligence, Economic Offenses Wing of State Govt., Police, etc.

(g) Deals with the informants.

21. Functions of Deputy/ Assistant Commissioner of Income-tax (Headquarters)

Deputy/ Assistant Commissioner of Income-tax (Headquarters) assists the Chief Commissioner/ Commissioner of Income-tax in the headquarter functions. CCsIT/ CsIT have been permitted to utilize more than one Deputy/ Assistant Commissioner of Income-tax as Deputy/ Assistant Commissioner of Income-tax (Headquarters) in multi CC regions.

22. Functions of Assessing Officers

The main functions of the Assessing officers include, but are not limited to the following:

(a) Ensuring processing of returns on AST module.

(b) Allotting PANs wherever required.

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(c) Making IRLA operational and ensuring that all demands are entered into this system.

(d) Ensuring that all the software packages prescribed by the Systems are made operational.

(e) Seeing that all tax payers grievances are attended in time and redressed in a fixed time bound manner.

(f) Ensuring timely collection of demands and issue of refunds.

(g) Selection of cases for scrutiny in time and ensuring their timely disposal.

(h) Controlling all computer hardware and software of the range and ensuring its maintenance, replacement and updating. Providing technical support and guidance for operation of the computer system.

(i) Taking all necessary steps for widening of the tax base.

(j) Internal Audit functions.

(k) Ensuring that appeal effects are given and central scrutiny reports are submitted in time.

(l) Statutory functions.

23. Functions of Deputy/ Assistant Director (Systems)

23.1 Deputy Director (Systems)

(a) Function as Networking Administrator.

(b) Matters relating to maintenance of various computer systems, peripherals and accessories (UPS and CVTs) in the Directorate as also in the Income-tax Department all over India and maintenance of inventory of all hardware all over India and also security of all hardware installed in the Directorate.

(c) Implementation of Departmental Application Softwares.

(d) Overall responsibility of software development and implementation of all application systems from systems angle and Database management angle.

(e) Identification of hardware and software requirement from technical angle.

(f) Identification and design of databases.

(g) Maintenance of all computer centres including in Delhi, Mumbai and Chennai.

(h) Provide assistance in preparing material for Parliament questions/ PAC matters/ Parliamentary Committees/ Parliament assurance/ VIP references/ Action Plan.

23.2 Assistant Director (Systems)

(a) Provide assistance to JD/ DD (Systems).

(b) Software development, implementation and maintenance of departmental application softwares from systems angle and Database management angle.

(c) Matters relating to procurement of new systems at NCC and RCC as well as other hardware, software etc.

(d) Maintenance of library of software programs.

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(e) All matters relating to oracle RDBMS.

(f) Functioning as DBA for NCC and RCC and to Coordinate DBA activities for NCC and RCC.

(g) Providing assistance in evaluating hardware/ software requirement proposals, hardware configuration designing.

(h) All matters relating to co-ordination (application software and database related issues).

(i) Function as System Administrator for NCC and RCC.

(j) Function as Networking Administrator.

(k) All matters related to e-mail for the entire Income-tax Department.

(l) Annual maintenance contract.

(m) Provide assistance in maintaining software products/ library/ manuals/ application software.

(n) In charge of all hardware at NCC and RCC.

(o) Maintenance of all electric connections in the office.

(p) Compilation and implementation of instructions on management of computer centre.

(q) Purchase of computer consumables and maintenance of receipt and issue record.

(r) Designing of forms and coding structure.

(s) All matters relating to training.

(t) Provide assistance in the functioning of system administration.

24. Functions of Tax Recovery Officer (TRO)

24.1 The jurisdiction of the Tax Recovery Officer (TRO) commences when an assessee is in default or is deemed to be in default in making payment of tax. The Tax Recovery Officer may draw up under his signature a statement in the prescribed form specifying the amount of arrears due from the assessee under Section 222(1) of the Income-tax Act, 1961. The procedure for recovery of tax is stipulated in the Second Schedule to the Income-tax Act, 1961. Rule 4 of the Second Schedule lays down the following modes of recovery of arrears of tax:

(a) Attachment and sale of the assessee's movable property.

(b) Attachment and sale of his immovable property.

(c) Arrest of the assessee and his detention in prison.

(d) Appointing a receiver for the management of his movable and immovable properties.

24.2 The Tax Recovery Officer has to exercise his powers in accordance with Income-tax (Certificate Proceedings) Rules (ITCP Rules), 1962 and the Second Schedule to the Income-tax Act. The Tax Recovery Officer is primarily responsible for effecting recovery of the arrears of tax. If at any time, after drawing the tax certificate, the higher authority treats the assessee as not being in default for a particular period for a certain demand, the TRO is bound to stay his recovery proceedings for that demand for the particular period. He should liaise with the Assessing Officer so that details of movable and immovable property and also the correct position of demand can be ascertained.

25. Functions of Administrative Officers

Following are the duties/ functions of different categories of Administrative Officers.

25.1 Functions of Senior Administrative Officer

(a) General supervision of administration/ establishment and accounts personnel and ensuring discipline and punctuality in office.

(b) Supervision over the work of Administrative Officer Grade-II and Administrative Officer Grade-III.

(c) Authority to inflict punishment to non-gazetted personnel according to the procedure laid down in CCS(CCA) Rules.

25.2 Functions of Administrative Officer Grade-II

(a) General supervision of administration/ establishment and accounts personnel and ensuring discipline and punctuality in office.

(b) Supervision over the work of Administrative Officer Grade-III.

(c) Matters relating to staff grievances-action thereon, follow-up and disposal thereof.

(d) Custody of all important documents including annual confidential reports of non-gazetted personnel.

(e) Any other work/ duties assigned by the Senior Administrative Officer/ JCIT/ Addl.CIT/ CIT/ CCIT.

25.3 Functions of Administrative Officer Grade-III

(a) Head of office holding the charge of Drawing and Disbursing Officer for gazetted and non-gazetted personnel of the Region/ Charge/ Range.

(b) Security Officer of the office premises and general supervision.

(c) Function related to GeM, PFMS and E-Bhavishya.

(d) Supervision of administration/ establishment and accounts personnel and ensuring discipline in the office.

(e) Annual physical verification and stock taking of records and stationery.

(f) Drawing up of contingent bills within the limit of sanction of budget allotted to the region/ charge.

(g) Management of areas relating to preparation of statements, statistics and matters relating to recovery.

(h) Co-ordination of matters relating to Supreme Court, High Court, CAT etc. in the CCIT/ CIT offices.

(i) Transfer and posting of non-gazetted personnel with the approval of administrative CCIT/ CIT/ Addl.CIT/ JCIT.

(j) Grant of casual leave and also sanction of leave to non-gazetted personnel under existing rules to the extent laid down in the rules.

(k) Supervision and maintenance of attendance and punctuality of Non-Gazetted personnel.

(l) Writing of A.C.Rs. of the personnel working under his administrative charge and assisting him.

(m) Administration relating to proper docketing of receipt and dispatch of dak and control over distribution of dak. Maintenance of service books, stock register, furniture and fixtures.

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(n) Preparation of pension and other retirement related papers and forwarding thereof.

(o) Maintenance and cleanliness of office buildings. Welfare work relating to recreation and sports.

(p) Supervision of the work of Caretakers of office buildings.

(q) Any other work/ duties assigned by the Administrative Officer Grade-II/ Senior Administrative Officer/ JCIT/ Addl.CIT/ CIT/ CCIT.

26. Functions of Inspectors of Income-tax

26.1 General

(a) Assistance in search and seizure operations at any time, if so directed.

(b) Implementation of specific roles assigned to an Inspector in the departmental application software.

(c) Assistance of works relating in preparation of replies to Parliament questions, reports for C&AG and Parliamentary Committees etc.

(d) Assistance in performance review to Assessing Officers to review performance, monitoring of Action Plan, other targets and timely submission of statistical reports to higher authorities.

(e) Assistance in public relations and grievance redressal, taxpayer education and taxpayer assistance, work relating to staff welfare and staff associations, departmental examinations and protocol work.

(f) Outdoor work relating to filing of appeals or reference applications before ITAT, Courts, Settlement Commission, consultation with standing counsel, attending Courts/ CAs.

(g) Service of summons/ notices, if so directed.

(h) Any other work of official nature specifically assigned.

26.2 Work Relating to Enquiry and Surveys

(a) External survey including survey under Section 133A.

(b) Internal survey including collection, verification and dissemination of information.

(c) Specific enquiries in individual cases as may be assigned from time to time.

(d) Gathering of intelligence information.

(e) Maintaining and entering data regarding survey cases, parties/ premises surveyed, details of authorizations, staff associated with surveys, assessment particulars of parties, and surveys involving violent incidents etc.

(f) Preparing & Maintaining appraisals survey reports regarding concealment detected in surveys.

(g) Surveys consequential to outstation requests, and recommendations made.

(h) Preparing list of new assessees added consequent to these surveys.

26.3 Work Relating to Assessments and Related Functions

(a) Assisting AO in processing of returns i.e. checking/ verifying data for processing of returns on computers using departmental application software including related data entry.

(b) Assistance in checking of returns under Section 139(9), and generating letters of deficiencies.

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(c) Assistance in checking of claims, brought forward losses, deductions, exemptions, relief and rebates under the Act.

(d) Generating notices for defaulters, demand notices and penalty notices.

(e) Assisting the Assessing officer in passing orders relating to revisions, rectifications, appeal effects.

(f) Assisting the Assessing officer processing of applications under Section 154.

(g) Collection, compilation and entry of data for valuation purposes.

(h) Operation of judicial reference system for locating case laws, circulars, instructions and notifications issued by CBDT/ Directorates, and inter-linking/ cross-checking of references and citations.

(i) Assistance the work relating to preparation of statistical reports/ statements called by higher authorities including audit, PAC matters, Parliament questions and other matters.

(j) Drafting of penalty orders.

(k) Scrutinizing appellate orders and preparing comments/ necessary reports for submitting to appropriate authorities including drafting of remand reports.

(l) Examination of accounts in regard to specific items, including assistance in search cases.

(m) Preparation of appeal papers and filing of appeals.

26.4 Work Relating to Collection of Arrear Demand and Related Functions

(a) Assisting the Assessing officer for issuing notice under Section 220, 221, 226.

(b) Reconciliation of arrear demand.

(c) Entering and verifying arrear demand on the system.

(d) Generating ledger statement from system and their follow up.

(e) Maintaining list of cases where instalments/ stay of demand and Write-off granted by the AO including related data entry.

(f) Generating notices to defaulters under Section 220, 221 & 226.

(g) Generating list of advance tax defaulters and notices.

(h) Outdoor work relating to recovery of taxes.

(i) Preparing proposals for write-off/ scaling down.

(j) Assistance in preparation of reports in dossier cases.

(k) Follow-up of arrear and current demand, including issue of show-cause notices, generate notices & other action under Section 226 etc., disposal of stay petitions, and levy of penalty etc.

(l) Carrying forward of arrear demand and its verification.

26.5 Work Relating to Tax Evasion Petitions

(a) Data entry of TEPs, TEP Parties and TEP petitioners.

(b) Generating and maintaining lists of TEPs, and related information.

(c) Conduct of enquiries on TEPs as directed.

(d) Preparing monthly report of TEPs.

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26.6 Prosecutions

(a) Maintenance of list and register for prosecution cases including related data entry.

(b) Monitoring dates of hearings/ proceedings in the courts, and briefing standing counsel.

(c) Maintaining list of potential/ pending prosecution cases where appeals are pending before CIT (Appeals), ITAT, High Court or Supreme Court including related data entry.

(d) Collection and compilation of evidence for processing of prosecution cases.

26.7 Work Relating to Audit and Related Functions

(a) Audit work of the Range or Assessing Officer.

(b) Internal audit of assessments, issue of audit reports and follow up action.

(c) Processing of revenue audit objections, audit paras, etc.

26.8 Work Relating to TDS and Related Functions

(a) Implementation of all roles assigned in TDS application software to an Inspector posted in TDS circle, including related data entry, verification and processing of TDS returns, detection of missing information and defaults, and generating outputs like show cause notices, orders and demand notices and recovery notices etc.

(b) Attending to matters relating to penalty, rectification, revision, appeal etc.

(c) Follow up of current and arrear demands.

(d) Assisting AO in matters relating to disposal of penalty proceedings, maintaining list of defaults detected and penalty proceedings, issue of show cause notices, drafting of penalty orders and their follow-up.

(e) Maintaining register of prosecution cases, monitoring progress of prosecution proceedings with dates of hearings, particulars of standing counsel etc.

26.9 Work Relating to Tax Recovery and Related Functions

(a) Handling of tax recovery certificates assigned by the TROs.

(b) Assistance to TRO in the discharge of his functions under the Second Schedule.

(c) Checking of interest charged in respect of certified demands.

(d) Reconciliation of arrears.

(e) Execution of distraint warrants.

(f) Maintenance and making entries in the collection/ reduction register or on ITBA/ Departmental software.

(g) Maintenance of disposal register, stay register, instalment register, cheque register.

26.10 Work Relating to the Office of Range Additional/ Joint CIT

(a) Scrutiny and processing of appellate orders and scrutiny reports for further appeals etc.

(b) Matters relating to assessments, search/ seizure cases, penalty and prosecution cases requiring approval of Additional CIT/ JCIT.

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(c) Dealing with references, tax evasion petitions, audit objections, and other statutory, technical and administrative functions.

(d) Monitoring of collections, Action Plan and other targets set by higher authorities.

(e) Assistance in inspections & work relating to audit.

(f) Monitoring of budget collections and action plan targets.

(g) Follow up of matters relating to inspection, audit, public grievance, PAC reports, parliament questions, reports called by higher authorities etc.

(h) Work relating to timely disposal of audit objections, stay of demand, Write-off, action plan etc.

26.11 Work Relating to the Office of Pr. CIT/ CIT

Assistance in matters relating to:

(a) Proposals under Sections 147, 263/ 264 and applications under Section 273A etc. and corresponding provisions of other direct tax laws.

(b) Judicial work - second appeals, references, writs and matters before courts including CAT.

(c) Collection, collation and dissemination of information and its follow up.

(d) Approvals of various funds like provident fund superannuation fund and gratuity fund.

(e) Registration of charitable trusts under Sections 12AA/ 80G etc.

(f) Granting of statutory approvals under various provisions of the Acts relating to Direct Taxes.

(g) References from different sources including tax evasion petitions, audit objections, and other statutory, technical and administrative functions.

(h) Monitoring of collections, Action Plan and other targets set by higher authorities.

(i) Receipt accounting, inspections, & audit work.

(j) Vigilance matters.

(k) Registration of Income-tax practitioners and valuers.

26.12 Work Relating to the Office of Pr. CCIT/ CCIT/ Pr. CIT/ CIT

Assistance in matters relating to:

(a) Performance review, monitoring of Action Plan and other targets, and submission of statistical reports to higher authorities.

(b) Coordination within the Department and with other agencies, bodies, etc.

(c) Granting of statutory approvals, appointment of valuers, ITPs & all other matters technical in nature.

(d) Judicial work relating to references, writs and court work including CAT.

(e) Approval to various funds like PF, superannuation fund, gratuity fund.

(f) Vigilance matters including collection of ACRs & collection of data for holding DPC.

(g) References from different sources including tax evasion petitions, audit objections, and other statutory, technical and administrative functions.

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(h) Security arrangements.

(i) Organisation of conferences, meetings.

(j) Monitoring of budget collections and action plan targets.

(k) Follow up of matters relating to inspection, audit, public grievance, PAC reports, parliament questions, reports called by higher authorities etc.

26.13 Work Relating to Representation before Tribunal

(a) To obtain the necessary case-records/ paper books well in advance.

(b) To prepare briefs, notes and to flag necessary papers.

(c) To search, organise and link judicial references, circulars etc.

26.14 Work Relating to Computer Processing Centres

(a) Checking of postings of challans in TAS, including verification of challans/ refunds exceeding Rs. 1,00,000/-, reconciliation & Designating Officer (DO) check of challans, detailed accounts etc.

(b) Implementation of all roles assigned in ITBA-PAN System.

(c) Assisting CIT (Admn. & TPS)/ JCIT in implementation of Computerisation programme.

(d) To pursue matters with Banks/ ZAOs for supply of missing challans/ refunds.

26.15 Investigation and Related Work

(a) Assistance in confidential enquiries, conduct and all other aspects of search and seizure operations and their follow up.

(b) Enquiries into tax evasion petitions and other references.

(c) Reconnaissance work.

(d) Work related to survey, collection, collation and dissemination of information from internal/ external sources.

(e) Maintenance of relevant records and generation of reports relating to TEPs, search cases and survey cases.

(f) Vigilance matters.

(g) Assistance in all matters relating to sanction of rewards.

26.16 Work Relating to the Office of CIT (Appeals)

(a) Assisting the CIT in compilation and verification of submission by the assessee with Assessment records.

(b) Generation and submission of monthly disposal statistical reports.

(c) Online generation of Notices.

(d) Referring judgments, rulings, case laws etc from tax expert, NJRS or other JRS software. Inter linking and cross reference of one citation with another.

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27. Functioning of Office Superintendent

27.1 General

(a) General supervision, ensuring discipline and punctuality and checking of attendance register twice.

(b) Ensuring proper maintenance and checking of all records/ registers.

(c) Ensuring maintenance of guard files of circulars, notifications and instructions, register of registers and register of files, attendance register, casual leave register, service book etc.

(d) Ensuring completeness, accuracy and timely submission of all the statistical reports and returns and proper maintenance of the supporting registers.

(e) Ensuring proper maintenance and checking of cash book, contingent expenditure register, diet money register, stock register, properties register, stamp register, stationary register, register of records destroyed, dead stock register, register of books and publications, service books, register of advances, pay bills, TA bills, LTC bills, medical bills, contingent bills etc., personal files, leave accounts, receipt and dispatch register, stamp accounts etc.

(f) Ensuring proper and timely distribution of liveries.

(g) Checking the quality of local purchases and ensuring observance of proper procedure while making purchases.

(h) Ensuring timely preparation of pension, gratuity and provident fund papers etc. in respect of all retiring officials so that payment of retirement benefits is made to the person concerned by the date of retirement.

(i) Ensuring timely submission of indent for forms and stationary, timely procurement, proper distribution thereof and proper maintenance of the registers.

(j) Ensuring smooth functioning of dak counters, including supervision of receipt and dispatch, making of dak papers to the functionaries and prompt distribution thereof.

(k) Ensuring annual physical verification and stock taking of records, and all moveable/ immoveable assets i.e. computers, printers, furniture's, calculators, photocopying machines, FAX, PCs, etc.

(l) Ensuring proper and timely disposal of audit objections/ queries.

(m) Ensuring correct and timely reply to all parliament questions, PAC, Estimates Committee and C&AG queries.

(n) Ensuring proper arrangement for conduct of all departmental and other examinations.

(o) Ensuring proper arrangements for repair of furniture, photocopying machines, FAX, PCs, etc.

(p) Ensuring auction sale of condemned typewriters, furniture, waste papers and other useless articles.

(q) Ensuring cleanliness and general maintenance of all staff rooms, officer's rooms, record rooms, store rooms, corridors, bathrooms etc. in the office building and departmental guest house.

(r) Providing facilities like lights, fans, drinking water etc. to the officers, staff members and assesses etc.

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(s) Rendering assistance to the administrative officers regarding posting and transfer of officers and staff members and maintenance of particulars of their dates of joining and relief.

(t) Arrangement of proper binding of registers, service book etc.

(u) Checking of magazines and news paper accounts and disposal of the waste/ scrap.

(v) Miscellaneous correspondence with the higher authorities.

(w) Getting ACRs of staff members written countersigned in time.

(x) Ensuring regular and proper weeding out of old and obsolete records and obsolete forms as preexisting instructions.

(y) Ensuring maintenance and updation of library.

(z) Monitoring of work relating to implementation of Official language policy.

(aa) Assistance in public relations and grievance redressal, taxpayer education and taxpayer assistance, work relating to staff welfare and staff association, departmental examinations and protocol work.

(ab) Implementation of all rolls assigned to Office Superintendent in departmental application software.

(ac) Maintaining particulars to address and telephone numbers of officers and staff.

(ad) Ensuring proper handing/ taking over of files and also ensuring that pending actions are duly indicated.

(ae) Any other work of official nature specifically assigned.

27.2 Work Relating to Cash Section

Supervision and ensuring:

(a) Preparation of group wise pay roll of all employees.

(b) Preparation of all schedules & statements for recovery of loans and advances.

(c) Preparation of monthly pay slip for each employee.

(d) Calculation and deduction of Income-tax.

(e) Calculation of interest on provident fund in respect of Group 'D' staff at the end of financial year.

(f) Preparation of TDS certificates and annual returns of TDS.

(g) Automatic transfer of payrolls data from one office to another office in the event of transfer of a employee.

(h) Maintenance of sanctioned grant, its allocation and surrender.

(i) Maintenance of expenditure as incurred and outstanding.

(j) Maintenance of commitments at Drawing and Disbursing officer level.

(k) Preparation of statistical reports including:

  (i) Monthly expenditure statement.

  (ii) Five monthly budget statement.

  (iii) Ten monthly budget statement.

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(iv) Certificate of expenditure.

(v) Appropriation register.

(vi) List of bills.

(vii) Query of subhead wise expenditure.

(viii) Query for party wise expenditure.

27.3 Work Relating to Administration Section

Supervision and ensuring:

(a) Maintenance of complete biodata of employees.

(b) On-line allotment of employees numbers from the biodata furnished by employees.

(c) Preparation of promotions and transfer orders using HRMS.

(d) Automatic updation of relevant portion of biodata in HRMS on promotion/ transfer etc.

(e) Work relating to completion of annual confidential reports, immovable property returns etc.

(f) Maintenance of records of vigilance proceedings and their follow-up.

(g) Maintenance of service book, leave account, etc.

(h) Maintenance of list of office and residential accommodations, and assistance in allotment of flats.

(i) Maintenance of list of telephones and vehicles and monitoring their allocation.

(j) Maintenance of receipt, issue and balance stock of office equipment, stationery, blank forms with the forms store.

27.4 Work Relating to Assessment and Related Functions

(a) Implementation of all roles assigned to office Superintendent in departmental applications software including entering, checking and verification of data relating to allotment of PAN, transfer of cases and processing of returns etc.

(b) Assisting AO in and Supervising following work relating to assessment, on ITBA/ Departmental software (wherever applicable):

(i) Generation and issue of intimation letters & deficiency letter and generation, maintenance and updating of PAN/ TAN directories.

(ii) Generating transfer list of cases and giving effect to transfer order.

(iii) Generation of returns receipt register; AO's control register (blue book); list of non filers of returns and generation of notices under Section 142(1).

(iv) Checking of arithmetical accuracy of assessment and other orders including totals, depreciation, and computation of income etc.

(v) Checking calculation of tax and interest; adjustment of prepaid taxes; and refunds before issue of orders & notices.

(vi) Prompt service of all notices such as demand notices/ challans and refund orders; and checking of notice server's register.

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(vii) Proper compliance of foot-notes to assessment and other orders.

(viii) List of Survey cases, Search cases, cases selected for scrutiny, cases reopened under Section 147.

(ix) List of time barring actions.

(x) Disposal of applications for rectification and appeal effect, and maintenance of relevant registers.

(xi) Monitoring of internal/ revenue audit objections, draft paras, review reports, system study reports-their timely disposals; maintenance of relevant registers, monthly progress report on audit work.

(xii) Monitoring appeals with CIT (Appeals), ITAT and High Court and Supreme Court; and prompt submission of records on requisition from appellate and other higher authorities and audit parties.

(xiii) Carry forward, verification and reconciliation of arrear demands.

(xiv) Maintenance and generation of statistical reports including Central Action Plan-I report; defaulter's list; advance tax defaulter's list ledger statement; quarterly progress report; Central Action Plan-II report etc.

(xv) Proper maintenance of records including placement of all papers specially returns, forms, TDS certificates etc. on records including placement of all papers conducting test checks.

(xvi) Maintenance and supervision of central record room, including receipt/ issue/ retrieval of records.

(c) Assisting Range Officer in:

(i) Organizing distribution of work and jurisdiction amongst Assessing officers- including centralized receipt & distribution of returns and dak, centralized dispatch, maintenance of common record room etc.

(ii) Checking all reports and files submitted to higher authorities.

(iii) Monitoring action plan and other targets.

(iv) Disposal of cases under Section 144A.

(v) Work relating to inspections, audit, stay of demand, Write-off, etc.

(vi) Watching of progress of recovery in cases of demands over Rs. 10,00,000/- and correspondence with appellate authorities in high demand appeals.

27.5 Work Relating to Tax Recovery and Related Functions

Supervision and ensuring:

(a) Preparation of statement of arrear demand for recovery.

(b) Reconciliation of TRO's demand register with the AOs register.

(c) Checking of interest under Section 220(2) upto the date of recovery.

(d) Proper action on letters of cancellation of RCs received from AOs.

(e) Watching progress of recovery.

(f) Maintenance of custody register, including:

(i) Issue of acknowledgement for the attached articles and cash.

(ii) Making of entries regarding particulars of the attached articles in the custody register.

(iii) Affixing separate slips on each attached article including the file number name of defaulter and the date of attachment.

(iv) Maintenance of special cash book for collection and receipt of cash from the tax recovery inspectors, issue of acknowledgment slips and remitting the amount to bank.

(v) Maintenance and making entries in the collection reduction register.

(vi) Keeping of cash receipt books for receiving cash from assesses in the office in the absence of tax recovery inspector.

(g) Maintenance of disposal register, stay register, instalment register, cheque register.

27.6 Work Relating to TDS and Related Functions

Supervision and ensuring:

(a) Allotment/ reformatting of TAN.

(b) Receipt of annual returns on the system.

(c) Data entry of annual returns, and on-line validations for ensuring high degree of data accuracy.

(d) Uploading TDS returns on magnetic media.

(e) Detection of late and non filers and issue show cause notices.

(f) Verification of TDS returns, detection of missing information computational error, TDS payment mismatch with IRLA payment.

(g) Detection of default & generation notices for:

(i) Late filling of returns.

(ii) Short deduction.

(iii) Short/ non-payment of tax or late payment of tax.

(iv) Averaging.

(v) Late furnishing of TDS certificate/ declarations.

(h) Implementation of the relevant role in TDS software including generating of queries and reports e.g.:

(i) TAN information letters.

(ii) AO-wise TAN Directory.

(iii) Return receipt register.

(iv) TDS control register.

(v) List of late filers.

(vi) List of non-fillers.

(vii) Report for short deduction (other than TDS on salaries).

(viii) Report for short/ non payment of tax.

(ix) Report for late payment of tax.

(x) Report for late furnishing of TDS certificates.

(xi) Report for late furnishing of declarations.

(xii) Notices of demand.

(xiii) Payment advice from demand raised.

(xiv) Quarterly progress report.

(xv) Refund vouchers.

(i) Maintenance of detected defaults of above nature and issue of show cause notices for:

(i) Short deduction.

(ii) Late furnishing of TDS certificate/ declaration.

(iii) Penalty.

(iv) Non quoting of TAN on documents.

(v) Non fillers of TDS and TCS returns.

(vi) Demand and penalty and subsequent proceedings viz, revision, appeal etc.

27.7 Work Relating to the Office of CIT (Appeals)

Supervision and ensuring:

(a) Maintenance of appeal register, disposal register, remand cases register, stamp account register-including entry in AST software and Office Automation software for offices of CsIT (Appeals).

(b) Timely and adequate fixation of appeals and maintenance of appointment register.

(c) Timely preparation and dispatch of fortnightly batches.

(d) Prompt dispatch of appellate orders.

(e) Maintenance of tribunal's order and consequential action thereon.

(f) Generation and submission of statistical reports.

(g) Collection of cases records well before the date fixed for hearing.

(h) Referring judgments, rulings, case laws etc. from taxpert or other JRS software, Inter linking and cross reference of one citation with another.

(i) Retrieval of direct taxes act/ rules, circulars/ instructions/ notifications issued by Central Board of Direct Taxes/ Directorates.

27.8 Work Relating to Departmental Representation

Supervision and ensuring:

(a) Maintenance of fixation register and cause list.

(b) Collection of records/ briefs well before the date of hearing.

(c) Referring citations, judgments, rulings, case law etc. from taxpert, NJRS or other JRS software and their inter linking etc.

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(d) Retrieval of direct tax acts/ rules, circulars/ instructions/ notifications issued by Central Board of Direct Taxes/ Directorates.

(e) Maintenance of all records, files and registers relating to representation.

27.9 Work Relating to the Office of Pr. CCIT/ CCIT/ Pr. CIT/ CIT

Supervision and ensuring:

(a) Tax payer assistance and public relations.

(b) Checking of copying and inspection fees.

(c) Maintenance of files relating to approved valuers and jurisdiction of various authorities.

(d) Arrangements of display of advertisement and posters received from DIT (PR, P&P) and other ministries and departments.

(e) Supervision of security, cleanliness, sanitation, water and electricity arrangements in the office building and departmental guest house.

(f) Liaison between the Department and Government press and Directorate of printing.

(g) Checking of files/ records submitted to higher authorities i.e. fixation of pay, nomination for deputation, service records, arrangement and records for holding DPCs.

(h) Proper maintenance of seniority list of non gazette cadres, disposition/ gradation lists, register of sanctioned/ working strength reservation register, roster of vacancies.

28. Functions and Duties of Senior Tax Assistant

28.1 General

(a) Compilation/ preparation of periodical and miscellaneous statistical statements and reports.

(b) Dealing with PAC/ C&AG matters, parliament questions etc.

(c) Calculation and verification of tax, interest, penalty and prepaid taxes.

(d) Maintenance of guard files regarding circulars.

(e) General assistance to higher authorities in investigation work.

(f) Communication of notices received from the court for evidence to the concerned persons.

(g) Assistance in public relations and grievance redressal, taxpayer education and taxpayer assistance.

(h) Work relating to staff welfare and staff association, departmental examinations and protocol work.

(i) Maintenance of the movement registers for files/ records.

(j) Any other work of official nature specifically assigned.

(k) Preparation and timely submission of statistical reports.

(l) Arranging railway/ air-tickets for the officers going on official tours.

28.2 Work Relating to Assessments, Collection and Related Functions

(a) Receipt of returns, maintenance of return receipt register and inwards register.

(b) Transfer of assessment records including generation of transfer list in departmental software, preparation of transfer memos etc.

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(c) Generating notices for defaulters, demand notices and penalty notices.

(d) Data Entry and processing of returns on departmental software for computation of Income-tax, interest and refund.

(e) Data entry and maintenance of demand and collection register and postings in IRLA.

(f) Generating and printing payment advices, calculation sheets, letter to tax defaulters, letter for adjustment of refund, notices for various penalties etc.

(g) Verification of correctness of calculations of deductions, exemptions, rebates and relief etc. in the assessment orders.

(h) Calculation of tax/ interest/ penalty/ refund on income determined by AO

(i) Generation of calculation sheet, demand notices, penalty notices, challans, intimation slips, and ensuring that demand notices are issued after adjustment of prepaid taxes.

(j) Preparation of refund vouchers and advice notes, making caging entries, and ensuring that refund vouchers are issued after adjustment of outstanding demands, unless otherwise directed by the AO.

(k) Ensuring proper service of assessment orders, demand notices, intimations, penalty orders etc.

(l) Attending to taxpayer grievances.

(m) Proper maintenance of registers and records.

(n) Preparation of lists of time barring/ limitation matters after physical verification of records.

(o) Proper placement of all papers including those regarding advance tax, partnership deeds, application for registration of firms, challans, advice notes etc. in case records and their timely processing.

(p) Preparation and issue of notices wherever so directed.

(q) Preparation of advance tax folders where directed, and necessary follow-up.

(r) Verification of challans produced by assessee and giving credit thereof in the relevant registers as per rules.

(s) Timely processing of applications under Section 154.

(t) Calculation of tax/ refund/ interest on rectification, appeal effect, revision etc..

(u) Follow-up of arrear and current demand, including issue of show-cause notices, garnishee notices & other action under Section 226 etc., disposal of stay petitions, and levy of penalty etc.

(v) Carrying forward of arrear demand and its verification.

(w) Preparation of dossier reports in respect of arrears of Rs. 10 lakh and above.

(x) Follow-up of audit objections.

(y) Maintenance and printing of:

  (i) Register for penalty proceedings.

  (ii) Register for internal and revenue audit objections.

  (iii) Appeal effect register.

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(iv) Rectification register.

(v) Generating CAP-I, advance tax defaulters list, defaulters list, ledger statements, and other statistical reports.

(z) All work related to assessment & post assessment on ITBA/ Departmental software such as preparation of refund, Preparation of lists of time barring/ limitation matters, list of cases selected for scrutiny, notices for hearing, notices for reopening of assessments, Maintenance of blue book, rectification register, register of penalty proceeding, Verification of relevant particulars from the assessment order for correct computation of income or tax, Calculation and checking of tax/ refund/ interest/ penalty on the total income/ wealth determined by the Assessing Officer. Verification of challans produced by the assessee and giving credit thereof in the relevant registers. Preparation of calculation sheet, demand notices, penalty notices, challans, acknowledgment slips and other documents which are required to be sent to the assessee alongwith the assessment order/ intimation slip. Calculation of tax/ refund/ interest due to rectification, appeal effect, revision etc. Preparation of refund and advice notes making caging entries, Ensuring that refund vouchers are issued only after adjustment of all outstanding arrears, unless otherwise directed by the Assessing Officer. Collection work, including issue of show-cause notices, garnishee notices and other action under Section 226 etc., putting up cases of defaulters for levy of penalty, both of arrear and current demand.

(aa) Any other work of official nature, specifically assigned.

28.3 Work Relating to Audit and Related Functions

(a) Verification of the list of auditable cases with reference to D&CR.

(b) Assistance in auditing of cases, and their follow-up.

(c) Maintenance of audit registers.

(d) Preparation and submission of statistical and other reports relating to audit cases.

(e) Preparation of objection memos.

28.4 Judicial Work and Related Functions

(a) Receipt of appellate orders/ references.

(b) Sending reports/ records to appellate authorities.

(c) Submission of scrutiny reports on appellate orders/ references etc.

(d) Preparation of papers for appeals/ references/ revisions, waiver and watching limitations.

(e) Preparation of paper books.

(f) Dealing with court cases.

(g) Calling reports/ records from the Assessing Officers.

(h) Fixation of cases for revision and rectification etc. and their follow-up.

(i) Processing of appointment of standing counsel.

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28.5 Work Relating to TDS and Related Functions

(a) Maintenance of registers prescribed for TDS work.

(b) Maintenance of files regarding tax deduction at source.

(c) Detection of late and non filers and issue of show cause notices.

(d) Verification of TDS certificates with the TDS returns received.

(e) Verification & processing of TDS returns, detection of missing information computational error, short deduction/ payment, TDS payment mismatch with IRLA payment.

(f) Detection of defaults & generation of notices for late filing of returns; short deduction; short/ non-payment; late payment of tax; averaging; and late furnishing of TDS certificates/ declaration.

(g) Maintaining manually detected defaults and issue of show cause notices for these.

(h) Preparation of orders of interest chargeable under Section 201(1A) and penalty under Section 272A.

(i) Entry of demands raised and postings to IRLA, and generation of demand notices challans etc.

(j) Generation of various lists, reports & registers-list of defaults detected, list of show cause notices where orders have been passed/ pending, reports for short deductions of tax, short/ non-payment of tax, late furnishing of TDS certificates/ declarations, quarterly progress report, notices for penalty, register for penalties and prosecutions.

(k) Carry forward of arrear demand to new D&CR.

(l) Generating list of defaulters for non filers/ late filers of return.

(m) Generating demand notices.

(n) Generate penalty and other show cause notices.

(o) Maintaining details of demand, penalty orders.

(p) Revision, rectification and giving effect to orders.

(q) Generating QPR and other statistical reports.

28.6 Work Relating to Administration Section

(a) Preparation of all papers regarding all DPCs.

(b) Implementation of all roles assigned in HRMS.

(c) Maintenance of bio data of employees, on-line allotment of Employee Number preparation of Promotion order and transfer orders, updating of biodata on promotion/ transfer etc.

(d) Maintenance of leave account.

(e) Matter relating to allotment of residential and official accommodation.

(f) Matters pertaining to recruitment rules;. Dealing with references relating to Conduct Rules, including immovable property returns.

(g) Issue of letters for non-receipt of annual confidential reports/ immovable property returns, and assistance in their follow-up.

(h) Maintenance of records, registers etc. in vigilance matters and assistance in their follow up.

(i) Maintenance of list of office/ residential accommodation and assistance in their allotment.

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(j) Maintenance of telephones/ vehicles and their allotment etc.

(k) Maintenance, receipt, issue and balance stock of all forms, office equipment and stationery items.

(l) Preparation of pension, gratuity and provident fund papers etc. so that payment of retirement benefits is made to the person concerned latest on the date of retirement.

(m) Preparation of expenditure budgets.

(n) Preparing jurisdiction orders, work distribution orders.

(o) Preparation of seniority list of non-gazetted cadres.

(p) Matters relating to the sanctions of expenditures in search and seizers cases.

28.7 Work Relating to Cash Section

(a) Preparation of group wise pay roll and their schedules & statements for recovery of loans and advances of all employees; calculation & deduction of Income-tax.

(b) Preparation of monthly pay slip for each employee.

(c) Calculation of interest on provident fund at the end of financial year.

(d) Preparation of TDS certificates and annual returns of TDS.

(e) Transfer of payroll data on transfer of employee.

(f) Maintenance of sanctioned grant, its allocation and surrender.

(g) Maintenance of expenditure incurred and outstanding.

(h) Maintenance of commitments at Drawing and Disbursing Officer level.

(i) Generating and preparing monthly expenditure statement, five monthly/ ten monthly budget statements, certificate of expenditure, appropriation register, list of bills, sub-head wise/ party-wise expenditure.

28.8 Work Relating to Tax Recovery and Related Functions

(a) Maintenance of registers and records including TRO's register.

(b) Data entry and generation of the list of certified demands statements/ certificates of arrears by TRO.

(c) Checking of interest charged in respect of certified demands.

(d) Reconciliation of arrears demand.

(e) Execution of distraint warrants.

(f) Annual verification and tallying of TRO's Register with the D&CR of the AOs

(g) Calculation of interest under Section 220 and issue of show cause notices including notices under Section 226 for recovery of arrear demand.

(h) Cross-checking with the records of AOs for cancellation/ modification of certificates of recovery.

(i) Preparation of list of top arrear demand cases and their follow up for recovery.

(j) Preparation of distraint warrants.

(k) Assistance in attachment, auction & sale of property.

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28.9 Work Relating to the Office of the Range Additional/ Joint CIT

(a) Receipt and processing of all dak papers.

(b) Maintenance of files and their timely submission to Range Officer.

(c) Assistance in work relating to allocation of jurisdiction and follow-up of related proposals for transfer of cases etc.

(d) Assisting Range Officer in organising distribution of work amongst Assessing Officers-including centralised receipt & distribution of returns and dak, centralised dispatch, maintenance of common record room etc.

(e) Compilation of all statistical and other reports.

(f) Watching progress of recovery in dossier cases and its follow-up.

(g) Processing of appeal batches, scrutiny reports, second appeals, revisions etc.

(h) Processing and follow-up of prosecution proposals and cases.

28.10 Work Relating to the Office of CIT (Appeals)

(a) Receipt of appeal memos and data entry for implementation of on ITBA/ Departmental software for CIT (Appeals).

(b) Preparation and maintenance of appeal folders.

(c) Maintenance of appeal register, fixation register, remand report register, disposal register, and rectification register.

(d) Generation of notices/ cause list.

(e) Generation of statistical reports.

(f) Maintenance of list of high demand appeals, old appeals, and set aside case.

28.11 Work Relating to the Offices of Pr. CCIT/ CCIT/ Pr. CIT/ CIT

(a) Receipt and processing of all dak papers.

(b) Maintenance of files and their timely submission.

(c) Performance review, monitoring of Action Plan and other targets, and timely submission of statistical reports to higher authorities.

(d) Assistance in work relating to jurisdiction orders.

(e) Compilation of all statistical and other reports including CAP-I, CAP-II and QPRs.

(f) Monitoring progress of recovery in dossier cases and correspondence.

(g) Maintenance of files regarding jurisdiction of various authorities.

(h) Data entry and maintenance of registers for penalty proceedings, revision applications, rectification applications and prosecution cases etc.

(i) Work relating to appeal batches, scrutiny reports, second appeals and references to high courts/ appeals in supreme court.

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(j) Assistance in processing of proposals for prosecution and maintenance of prosecution/ composition files and processing of cases regarding sanction of payment of legal fee.

(k) Work relating to registration of Income-tax practitioners and valuers.

28.12 Work Relating to Computer Centre/ CPC

(a) Receipt and dispatch of Dak.

(b) Implementation of all roles assigned to Sr. TA in departmental software.

(c) Coding of challans and their posting in departmental software.

(d) Attending to public grievances and maintenance of grievance register.

(e) General correspondence with AOs, ZAO, banks, and other authorities.

(f) Assistance in work relating to Maintenance of systems, follow-up of complaints, and AMCs etc.

28.13 Work Relating to the Offices of DGIT (Research) and DIT (Research)

(a) Assisting in collection, compilation and collation of data from Income-tax returns and other sources for detailed analysis.

(b) To assist in carrying out research work.

(c) Preparation of prescribed reports and returns.

(d) Maintenance of prescribed registers.

28.14 Work Relating to Departmental Representation

(a) Supervision and ensuring:

- (i) Maintenance of fixation registers and cause list.
- (ii) Collection of records/ briefs well before the date of hearing.
- (iii) Referring citations, judgments, rulings, case laws etc. from Tax expert or other JRS software and their inter linking etc.

(b) Retrieval of direct tax acts/ rules, circulars/ instructions/ notifications issued by Central Board of Direct Taxes/ Directorates.

(c) Maintenance of all records, files, registers relating to representation.

28.15 CIB Related Functions

Preparation and maintenance of prescribed statistical statements and registers.

28.16 Work Relating to Prosecution Section

Processing of proposals for prosecution, and their follow-up.

29. Functions of Stenographer

(a) Taking dictation and transcription.

(b) Data entry work on departmental application software.

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(c) Attending to inward and outward telephone calls.

(d) Attending to visitors and fixation/ cancellation of appointments.

(e) Keeping note of engagements, meetings etc. and reminding the officer well in time.

(f) Getting required papers ready for meetings and appointments.

(g) Maintaining files relating to minutes of meetings and discussions and sending intimations regarding follow up action.

(h) Keeping a record of files moving to and from the officer.

(i) Keeping track of follow up action in regard to matters marked by the officer to officials under him.

(j) Circulation of tour programme and attending to arrangements relating to tours.

(k) Maintenance of officer's personal library and updating of reference books therein.

(l) Dispatch and receipt of DO letters and confidential dak.

(m) Maintenance of confidential files including ACRs.

(n) Maintenance of personal files of the officer.

(o) Destroying by burning stenographic record of confidential and secret letters after typing and issuing the letters.

(p) Bringing to the notice of the officer important pending matters which require his urgent attention.

(q) Maintenance of relevant registers pertaining to above matters.

(r) Preparation of returns/ statistics as and when required.

(s) Issue and receipt of communication/ intimation slips.

(t) Preparation of compliance memos.

(u) Any other work of official nature specifically assigned (including typing and comparison work, maintenance of confidential files, maintenance of copying register etc.).

30. Functions of Tax Assistant

30.1 General

(a) Assisting the concerned authority in matters relating to security, cleanliness and sanitation of the building, search and seizure cases.

(b) Receipt, distribution and despatch of dak.

(c) Maintenance of files and their timely submission to the concerned offices.

(d) Implementation of all roles assigned to Tax Assistants in departmental application Software-including data entry.

(e) Assistance in work relating to maintenance of systems, follow-up of complaints, and AMCs etc.

(f) Maintenance of the movement registers for files/ records; Purchase and distribution of books, newspapers periodicals and sale of waste.

(g) Dealing with examination matters i.e. issue of roll numbers, making arrangements for seating, compilation of results etc.

(h) Maintenance and upkeep of fire-fighting equipment, PBX, furniture & library and records thereof.

(i) Income-tax verification certificates and maintenance of the relevant register.

(j) Assistance in public relations and grievance redressal, taxpayer education and taxpayer assistance, work relating to staff welfare and staff association, departmental examinations, and protocol work.

(k) Matters relating to canteen, staff associations and welfare society etc.

(l) Weeding out of old records.

(m) Publication of names of defaulters under the direct taxes laws.

(n) Maintenance of the movement registers for files/ records.

(o) Preparation and timely submission of statistical reports.

(p) Any other work of official nature specifically assigned.

30.2 Work Relating to Administration and Cash Section

(a) Transfer of payroll data on transfer of employee.

(b) Proper maintenance of cash book, contingent register, diet money register, stamp registers and incidental correspondence, statements, etc.

(c) Withdrawal of cash from bank and disbursement thereof.

(d) Implementation of all roles assigned to TAs in PAS, FRS, and PRS software.

(e) Proper maintenance of properties register, register of records destroyed, dead stock register, register of books and publications, service books, personal files, GPF account of class-IV staff, leave accounts, telephone register, etc.

(f) Preparation of pay bills, TA Bills, contingent bills, bills of various advances, bills of OTA, tuition fee, medical reimbursement, etc. and maintenance of allied registers.

(g) Assistance in purchase/ distribution/ maintenance of stationery, forms/ books/ pamphlets/ newspapers/ periodicals/ articles/ liveries/ sanitary articles/ electrical goods/ typewriters/ calculators/ air conditioners/ transformers/ room desert coolers/ water coolers/ computers/ photocopy machines/ pedestal fans/ first aid box/ day-to-day articles for office use/ miscellaneous items etc.

(h) Dealing with establishment/ administrative matters i.e. maintenance of attendance registers, issue of office orders, fixation of pay, nomination for deputation/ training.

(i) Preparation of pension, gratuity and provident fund papers etc. so that payment of retirement benefits is made to the person concerned latest on the date of retirement.

(j) Preparation of expenditure budgets.

(k) Preparing jurisdiction orders, work distribution orders.

(l) Local printing of forms, issue of refund voucher books etc.

(m) Preparation of all papers regarding all DPCs.

(n) Dealing with references from the Board/ Directorates or miscellaneous reference from assessees.

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(o) Matters relating to the sanction of expenditure in search and seizure cases.

(p) Maintenance/ additions/ alterations of govt. buildings/ payment of rents, water electricity and telephone bills.

(q) Implementation of incentive scheme.

(r) Preparation of seniority list of non-gazetted cadres.

(s) Preparation of disposition lists.

(t) Matter relating to allotment of residential and official accommodation.

(u) Sanction of advances.

(v) Maintenance of personal deposit account.

(w) Compilation of figures from ZAO and Banks.

(x) Purchase and printing/ indenting of forms and stationery.

(y) Maintenance of guard file regarding circulars.

(z) Preparation of periodical statements/ returns.

(aa) Issue of tax deduction statements, L.P.C, salary certificates, service certificates.

(ab) Matters pertaining to recruitment rules.

(ac) Dealing with references relating to Conduct Rules, including immovable property returns.

(ad) Matters pertaining to leave of staff and officers.

(ae) Assisting in up-keep and maintenance of light, fans, room coolers, water-coolers, personal computers, photocopy machines, air-conditioners, firefighting equipment, first aid box etc.

(af) Maintenance of library including issue of books.

(ag) Getting the binding of ITRs, bulletins, service books, registers, etc.

(ah) Assisting in the issue of CGHS/ identity cards.

(ai) Assisting in arranging railway/ air-ticket for officers going on official tours.

(aj) Maintenance of registers of dead stock and display of list of dead stock items in each room.

(ak) Keeping record of files moving to and from officers.

(al) Receipt, dispatch and distribution of dak to various functionaries, entry in peon book, maintenance of stamp account and relevant registers.

(am) withdrawal of cash from bank and disbursement thereof, preparation of group-wise payrolls of all employees.

(an) Preparation of all Schedules and statements for recovery of loans and advances.

30.3 Work Relating to Assessment and Related Functions

(a) Data entry of all paper returns.

(b) Receipt of returns, maintenance of return receipt register and inwards register.

(c) Transfer of assessment records including generation of transfer list in AIS, preparation of transfer memos etc.

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(d) Ensuring timely & proper service of assessment orders, demand notices, intimations, penalty orders etc. and entry of their date of service in the D&CR.

(e) Proper maintenance of registers and records as per prescribed procedure.

(f) Preparation of lists of time barring/ limitation matters, list of cases selected for scrutiny, notices for hearing, notices for reopening of assessments; after physical verification of records.

(g) Maintenance of blue book, rectification register, register of penalty proceeding.

(h) Verification of relevant particulars from the assessment order for correct computation of income or tax.

(i) Calculation and checking of tax/ refund/ interest/ penalty on the total income, determined by the Assessing Officer.

(j) Verification of challans produced by the assessee and giving credit thereof in the relevant registers.

(k) Preparation of calculation sheet, demand notices, penalty notices, challans, acknowledgment slips and other documents which are required to be sent to the assessee alongwith the assessment order/ intimation slip.

(l) Receipt and distribution of returns of income and other inward dak.

(m) Maintenance of Return Receipt Register, and other Inward register.

(n) Proper maintenance of registers and records as per prescribed procedure.

(o) Proper placement and processing of all papers including those regarding advance tax, partnership deeds, challans, advice notes etc. in the respective case records.

(p) Implementation of all roles assigned to TA in IPAN, AIS, AST, and IRLA software.

(q) Query assessee data as required by AO and generate appropriate reports.

(r) Preparing Transfer memos/ summarized transfer memos.

(s) Data entry for processing of returns of income on ITBA System.

(t) Data entry for AD&CR.

(u) Preparation of refund vouchers.

(v) Ensuring that demand notices/ refund vouchers are issued after adjustment of prepaid taxes.

(w) Proper dispatch and service of assessment orders, demand notices/ intimations, penalty orders etc. and their entry in the AD&CR.

(x) Processing of applications under Section 154.

(y) Calculation of tax/ refund/ interest due to rectification, appeal effect, revision etc.

(z) Preparation of refund vouchers and advice notes making caging entries.

(aa) Ensuring that refund vouchers are issued only after adjustment of all outstanding arrears, unless otherwise directed by the Assessing Officer.

(ab) Collection work, including issue of show-cause notices, garnishee notices and other action under Section 226 etc., putting up cases of defaulters for levy of penalty, both of arrear and current demand.

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(ac) Preparation and submission of statistical reports concerning audit.

(ad) Transfer of assessment records.

(ae) Assistance in maintenance of central record room/ record room.

(af) Verification of list of auditable cases with reference to AD&CR.

(ag) Maintenance of audit registers.

(ah) Preparation of objection memos.

30.4 Work Relating to TDS and Related Functions

(a) Maintenance of registers prescribed for TDS work.

(b) Maintenance of files regarding tax deduction at source.

(c) Entry in the control register of all periodical returns/ statement received from the person responsible for tax deduction at source.

(d) Implementation of all roles assigned to a TA in departmental software.

(e) Data entry of annual returns and application of on-line validations for data accuracy.

(f) Implementation of all roles assigned to TAs in TDS software.

(g) Updating information related to Tax deductors (Data entry).

(h) Printing intimation letters in respect of the above.

(i) Generating list of defaulters for non filers/ late filers of return.

(j) Generating demand notices.

(k) Generate penalty and other show cause notices.

(l) Maintaining details of demand, penalty orders.

(m) Revision, rectification and giving effect to orders.

(n) Printing & maintaining AO-wise TAN Directory.

(o) Printing & maintaining TAN return receipt register.

(p) Printing and maintaining TAN return control register.

(q) Generating QPR and other statistical reports.

(r) Maintaining register of prospective deductors.

(s) Generation of all registers/ lists/ reports on ITBA/ Departmental software.

30.5 Work Relating to Tax Recovery and Related Functions

(a) Maintenance and making entries in the collection/ reduction register.

(b) Maintenance of disposal register, stay register, instalment register, cheque register & online updation of all these entries. Maintenance of registers and records including TRO's register.

(c) Data entry and generation of the list of certified demands statements/ certificates of arrears by TRO.

(d) Receipt, distribution and dispatch of dak and records.

(e) Maintenance of registers and records including TRO's register.

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(f) Data entry and generation of the list of certified demands statements/ certificates of arrears by TRO.

(g) Annual verification and tallying of TRO's Register with the D&CR of the AOs

(h) Calculation of interest under Section 220 and issue of show cause notices including notices under Section for recovery of arrear demand.

(i) Cross-checking with the records of AOs for cancellation/ modification of certificates of recovery.

(j) Preparation of list of top arrear demand cases and their follow up for recovery.

(k) Preparation of distraint warrants.

(l) Assistance in attachment, auction & sale of property.

30.6 Work Relating to Judicial and Related Functions

Receipt of Appellate Order Batches/ References:

(a) Calling reports/ records from the Assessing Officers.

(b) Assistance in scrutiny of batches of appellate orders/ references/ reports/ records.

(c) Watching limitations.

(d) Preparation of papers for appeals/ references/ revisions, waivers.

(e) Fixation of cases for revision and rectification etc. and their follow-up.

(f) Preparation of paper books.

(g) Dealing with court cases.

(h) Processing of appointment of standing counsel.

30.7 Work Relating to Prosecution Section

(a) Maintenance of prosecution/ composition files.

(b) Processing of cases regarding sanction of payment of legal fee.

(c) Assisting the authorities in processing of prosecution proposals, obtaining counsel's opinion, taking Board's approval, correspondence with the AOs/ counsels.

(d) Processing of proposals for prosecution, and their follow-up.

30.8 Work Relating to the Office of CIT (Appeals)

(a) Receipt of appeal memos and data entry for implementation of ITBA software for CIT (Appeals).

(b) Maintenance of appeal register, fixation register, remand report register, disposal register, and rectification register.

(c) Preparation and maintenance of appeal folders.

(d) Generation of notices/ cause list.

(e) Generation of statistical reports.

(f) Maintenance of list of high demand appeals, old appeals, and set aside cases.

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30.9 Work Relating to the Offices of DGIT (Research) and DIT (Research)

(a) Assisting in collection, compilation and collation of data from Income-tax returns and other sources for detailed analysis.

(b) To assist in carrying out research work.

(c) Preparation of prescribed reports and returns.

(d) Maintenance of prescribed registers.

30.10 Work Relating to Departmental Representation in ITAT

Supervision and ensuring:

(a) Maintenance of fixation register and cause list.

(b) Collection of records/ briefs well before the date of hearing.

(c) Referring citations, judgments, rulings, case laws etc. from Tax-Expert or other JRS software and their inter linking etc.

(d) Retrieval of direct tax acts/ rules, circulars/ instructions/ notifications issued by Central Board of Direct Taxes/ Directorates.

(e) Maintenance of all records, files, registers relating to representation.

30.11 Investigation and Related Work

Maintenance of relevant records and generation of reports relating to TEPs, search cases and survey cases.

30.12 Work Relating to the Office of the Pr. CCIT/ CCIT/ Pr. CIT/ CIT/ Additional/ Joint CIT

(a) Receipt and processing of all dak papers.

(b) Maintenance of files and their timely submission to Range Officer.

(c) Receipt and processing of all dak papers.

(d) Maintenance of files and their timely submission.

(e) Data entry and maintenance of registers for penalty proceedings, revision applications, rectification applications and prosecution cases etc.

31. Functions of Data Processing Assistant Grade ‘A’

In addition to the jobs mentioned for DPA Grade ‘A’, assistance in planning, scheduling, co-ordination and implementation of interrelated and integrated data processing and supervision of the work of DPA Grade ‘A’.

32. Functions of Data Processing Assistant Grade ‘B’

(a) Assistance in design and development of software.

(b) Implementation of information systems and databases.

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(c) Operation and analysis of information systems and databases.

(d) Assistance in system analysis, programming, data organisation, data collection, collation, validation & coding.

(e) Processing and maintenance of all forms of data including alphanumeric, textual, graphic, voice and optical data.

(f) Operation of all EDP machines/ computers/ computer based equipment/ instruments, computer based on-line or real time systems/ computer network based systems etc.

33. Functions of Staff Car Drivers

(a) Driving, maintaining and security of staff car and other office vehicles.

(b) Maintenance of log book.

(c) Any other work of official nature, specifically assigned.

34. Functions of Notice Servers

(a) Service of Notices, Letters and other official communications.

(b) Proper maintenance of Notice Server's diary and its submission to supervisory officers, whenever asked for.

(c) Maintenance of Self Diary.

(d) Any other work of official nature, specifically assigned.

35. Functions and Duties of Senior Private Secretary

The Senior Private Secretary is posted with the officers of the rank of Chief Commissioner of Income-tax/ Director General of Income-tax. Following are the functions of Senior Private Secretary:

(a) Taking Dictation and transcription.

(b) Attending to inward and outward telephone calls.

(c) Attending to visitors, and fixation/ cancellation of appointments.

(d) Keeping note of engagements, meetings etc. and reminding the officer well in time.

(e) Getting ready papers required for meetings and appointments.

(f) Maintaining files relating to minutes of meetings and discussions and sending intimations regarding follow up action.

(g) Keeping a record of files moving to and from the officer.

(h) Keeping track of follow up action in regard to matters marked by the officer to officials under him.

(i) Circulation of tour programmes and attending to arrangements relating to tours.

(j) Maintenance of officer's personal library and updating of reference books therein.

(k) Dispatch and receipt of D.O and confidential dak.

(l) Maintenance of confidential files including CCRs.

(m) Maintenance of personal files of the officer.

(n) Destroying by burning stenographic record of confidential and secret letters after typing and issuing the letters.

(o) Bringing to the notice of the officer important pending matters which require his urgent attention.

(p) Any other work specifically entrusted by the officer.

36. Functions and Duties of Private Secretary

The Private Secretary is posted with the officers of the rank of Commissioner of Income-tax/ Director of Income-tax. Following are the functions of Private Secretary:

(a) Taking Dictation and transcription.

(b) Attending to inward and outward telephone calls.

(c) Attending to visitors, and fixation/ cancellation of appointments.

(d) Keeping note of engagements, meetings etc. and reminding the officer well in time.

(e) Getting ready papers required for meetings and appointments.

(f) Maintaining files relating to minutes of meetings and discussions and sending intimations regarding follow up action.

(g) Keeping a record of files moving to and from the officer.

(h) Keeping track of follow up action in regard to matters marked by the officer to officials under him.

(i) Circulation of tour programme and attending to arrangements relating to tours.

(j) Maintenance of officer's personal library and updating of reference books therein.

(k) Dispatch and receipt of D.O and confidential dak.

(l) Maintenance of confidential files including CCRs.

(m) Maintenance of personal files of the officer.

(n) Destroying by burning stenographic record of confidential and secret letters after typing and issuing the letters.

(o) Bringing to the notice of the officer important pending matters which require his urgent attention.

(p) Any other work specifically entrusted by the officer.

37. Functions of Officers and Staff of Official Language Wing

37.1 Staff Meant for Implementation of Official Language Policy in the Income-tax Department

The Director of Income-tax (Exam & Official Language) is assisted by the following categories of staff in implementation of the Official Language Policy in the Department:

S.No.	Designation	Level of Pay Matrix
1.	Deputy Director(OL)	Level 11 of pay matrix (Rs. 67700/- –208700/-)
2.	Assistant Director (OL)	Level 10 of pay matrix (Rs. 56100/- –177500/-)
3.	Senior Hindi Translator	Level 7 of pay matrix (Rs. 44900/- –142400/-)
4.	Junior Translator	Level 6 of pay matrix (Rs. 35400/- –112400/-)

Implementation Committees have been constituted both at the headquarters as well as at the CCIT/ CIT levels. Quarterly meetings of these committees are held to monitor the progressive use of Hindi in the Department.

38. Functions of MTS

(a) Watch and Ward duties.

(b) Developing and upkeep of lawns/ garden/ flower pots in the office premises and potted plants etc.

(c) Cleaning of building, furniture and fixtures etc.

(d) General cleanliness and upkeep of the Section/ units.

(e) Cleaning and arranging the furniture, records and other documents/ registers in the office rooms.

(f) Dusting of furniture.

(g) Opening and closing of rooms.

(h) Physical maintenance of records of the Section/ office.

(i) Making available record as and when required.

(j) Placing of papers in relevant files.

(k) Attending to the Officers.

(l) Carrying of files and other papers within the building.

(m) Operating and maintaining Photocopier machine and sending of FAX etc.

(n) Other non-clerical work in the Section/ Unit/ office.

(o) Assisting in routine office work like dairy, dispatch etc. including on computer.

(p) Delivering of Dak (outside the building).

(q) Any other work of official nature, specifically assigned.

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Headquarters Organisation and Functions

05

1. Introduction

1.1 Background

The core function of the Income-tax department is collection of taxes. Therefore, a sizable portion of human resources are either deployed directly for assessment, collection and recovery of revenue or indirectly through supervision of those who perform these functions. In this process of tax collection, it becomes extremely important that the concept of Citizen Centric Governance through dedicated and continual taxpayer services is maintained. In order to effectively perform these functions, administrative Principal Commissioners and Chief Commissioners also require support at their headquarters.

1.2 Difference in Practices

Since no guiding principles have been prescribed for the functioning of the headquarters organisation, different practices have evolved over a period of time at different places, even in respect of the same managerial functions. Thus differences exist with regard to nomenclature of posts, inter-se allocation of duties/ responsibilities among the official, the employment intensity of various functions and the span of control.

2. Organisation and Functions

2.1 Organisation and Functions of Headquarters of PCCITs and CCITs

The Pr. CCIT exercise control over a Region. This is of two types–multi CCIT Regions in which more than one Chief Commissioner have their headquarters and single CCIT regions in which only of Chief Commissioner's headquarters is located. The multi CCIT Regions are again of two types, depending on territorial distribution of the Chief Commissioner. Thus, there are multi CCIT Regions like Delhi and Mumbai, where all the Chief Commissioners including the cadre controlling Pr. Chief Commissioner of Income-tax are headquartered. The second type of multi CCIT regions are the ones like in Andhra Pradesh and Uttar Pradesh, where Chief Commissioners are located in stations other than ones where the cadre controlling Pr. Chief Commissioner's headquarter is located. Further, Directors General of Income-tax (Inv.) and Pr. Directors of Income-tax (Inv.) also function with their own headquarters, in most of the Regions.

While all the Chief Commissioners perform similar function in relation to the technical matters, in relation to non-technical matters, the cadre controlling Pr. Chief Commissioners, whether in multi CCIT Regions or single CCIT Regions, have a greater role to perform, in matters pertaining to personnel, vigilance and coordination. The headquarters of Pr. Commissioners of Income-tax also perform most of the functions assigned to the Chief Commissioners, but on a lower scale. The functions of Principal

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Commissioners differ depending on whether they are headquartered in the Chief Commissioner's headquarters, or not. Where the Pr. Commissioners' offices are situated in stations other than the Chief Commissioner's headquarters, the Principal Commissioners perform most of the functions relating to protocol, welfare, coordination and estate administration. Given below is a brief description of various functions of the headquarters of the Chief Commissioners and Principal Commissioners. While most of these functions are supposed to be discharged by the Chief Commissioners of Income-tax, it is quite common for the Chief Commissioner to delegate these powers to the Pr. Commissioners also. In multi Chief Commissioner Regions, the practice of distributing different functions among the Chief Commissioners is also there. So in actual practice, different functions are performed by the headquarters of Chief Commissioners, depending on the understanding amongst the Chief Commissioners and also on the levels of delegation of powers. In view of this, an attempt is being made to describe briefly the various administrative and technical functions, hereunder. The role to be played by either Chief Commissioners or Principal Commissioners in discharging these functions are also indicated wherever it can be fixed.

The functions of the headquarters of the DGIT and Pr. DIT are co-terminus with those of the CCIT and Pr. CIT, but with emphasis on investigation related work.

3. The Functions of the Headquarters of the Principal Chief Commissioners, Chief Commissioners and the Principal Commissioners Can be Categorized as Under

(a) Administrative Functions:

- (i) Establishment matters.
- (ii) Budgetary functions.
- (iii) Vigilance related functions.
- (iv) Protocol and welfare related functions.
- (v) Coordination functions.
- (vi) Estate related functions.
- (vii) Supervisory functions/ Inspection functions.

(b) Technical Functions:

- (i) Functions related to judicial work.
- (ii) Functions related to Audit.
- (iii) Technical functions related to the Income-tax Act.
- (iv) Computer related functions.

3.1 Establishment Matters

3.1.1 Principal Chief Commissioner

The headquarters of the Principal Chief Commissioner is primarily responsible for management of human resources available for the Department, within a Region. The following are some of the important functions relating to this aspect of work.

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(a) Transfer and posting of the officers and staff, maintenance of rosters.
(b) Registers, service registers, vigilance folders.
(c) Dealing with the Staff association.
(d) Recognition of Staff associations.
(e) Organizing meetings of the Joint Consultative Committees.
(f) Making appointments on compassionate ground.
(g) Matters relating to promotion up to the cadre of Income-tax Officers.
(h) Litigation matters pertaining to personnel.
(i) Selection, management and training of Staff.
(j) Conducting of departmental promotion committee meetings.
(k) Sanction of different kinds of leave to the officers working in the Region.
(l) Related establishment matters.

3.1.2 Principal Commissioner

The headquarters of the Principal Commissioner of Income-tax deals with the following aspects in relation to the personnel matters:

(a) Transfer and posting of the officers and staff, when they are placed at his disposal.
(b) Issuing appointment and promotion orders of Group 'C' and erstwhile Group 'D' staff.
(c) Pursuing litigation matters relating to personnel.
(d) Sanction of different kinds of leave to the officers working in the Charge.
(e) Maintenance of various registers, vigilance folders etc.

3.2 Budgetary Functions

3.2.1 Principal Chief Commissioner

3.2.1.1 The office of the Principal Chief Commissioner deals with all matters involving financial sanctions. Thus, all the sanctions relating to purchase of office equipment, hiring of office accommodation, printing etc. will have to be approved by the office of the Principal Chief Commissioner, as per the General Financial Rules.

3.2.1.2 Further, the headquarters of the Principal Chief Commissioner has the responsibility for preparing the budgetary requirements of all the officers working under the Principal Chief Commissioner's Region. For this purpose, by 23rd September this office has to submit the following details to the IFU in the CBDT:

(a) Expenditure incurred in the earlier financial year.
(b) Expenditure incurred in the last seven months of the earlier financial year.
(c) Expenditure incurred for the first five months of the current financial year.
(d) Revised estimates for the current financial year.
(e) Budget estimates for the subsequent financial year.
(f) For this purpose, details have to be obtained from Principal Commissioners well in time.

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3.2.1.3 Apart from this a consolidated monthly expenditure statement has to be sent to the IFU before 20th of every month, in relation to the earlier month. In the month of February, details of actual expenditure incurred in the details will have to be obtained from Pr. CIT.

3.2.1.4 The budget sanctions given under various heads by the IFU to the Pr. CCIT's region will have to be distributed by the headquarters of the CCIT amongst all the Principal Commissioners and DDOs functioning in the respective CCITs region.

3.2.1.5 The headquarters of the Pr. CCIT/ CCIT will also be in-charge of preparing pay bill and communication with the ZAO and Pay & Accounts office, in relation to the offices working in the headquarters.

3.2.2 Principal Commissioner

3.2.2.1 The headquarters of the Principal Commissioner of Income-tax is responsible for submitting the consolidated figures required by the IFU, to the O/o CCIT. Hence this office obtains the details from all the DDOs functioning within the jurisdiction of a Principal Commissioner's charge and consolidates them before submission to the O/o CCIT.

3.2.2.2 The monthly consolidated expenditure statements and the ten monthly statements (to be submitted in February) are prepared by the Pr. CIT's headquarters, after collating the details obtained from the offices functioning under his charge.

3.2.2.3 The headquarters of the administrative Pr. CIT is responsible for preparation of pay bills and communication with the ZAO and Pay & Accounts Officers, in respect of the offices working within his jurisdiction.

3.2.2.4 The office of the Principal Commissioner deals with all matters involving financial sanctions. Thus, all the sanctions relating to purchase of office equipment, hiring of office accommodation, printing etc. within the charge will have to be given by the office of the Principal Commissioner in accordance with the General Financial Rules.

3.3 Vigilance Related Matters

3.3.1 Principal Chief Commissioner

3.3.1.1 The headquarters of the Principal Chief Commissioner perform the following functions in relation to vigilance matters:

(a) Processing of intimations received from the officers and staff regarding acquisition and disposal of immovable properties and transactions in movable properties

(b) Verification of the annual property statements submitted by the officers.

(c) Dealing with complaints against the staff and conducting enquiries and disciplinary proceedings against them.

(d) Pursuing litigation in relation to vigilance matters.

(e) Maintenance of Annual Performance Appraisal Report of officers and staff.

It needs to be reiterated that even though matters pertaining to the intimations and annual property statements under the Conduct Rules are in a sense related to preventive vigilance, they have to be handled by the personnel/ administrative division of the headquarters and not by vigilance Section

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of the headquarters. This is because this work relates much more to personnel rather than vigilance management. It also needs to be emphasized that the intimations given by officers should ordinarily be accepted and not be subjected to unnecessary queries.

3.3.1.2 Unless specifically delegated or assigned to another CCIT, all the above functions-except (c) & (d) supra are performed by the cadre controlling Pr. CCIT.

3.3.2 Principal Commissioner

The headquarters of the Principal Commissioner looks after the following matters, in relation to vigilance:

(a) Appointment of Enquiry Officers where enquiries are pending against any member of the staff.

(b) Imposition of various kinds of penalties against the staff working in the charge on completion of enquiry proceedings.

(c) Processing of petitions received against officers in cases, where petitions are specific and signed.

3.4 Protocol and Welfare Related Functions

3.4.1 Principal Chief Commissioner/ Chief Commissioner

3.4.1.1 Welfare Functions

The headquarters of the Principal Chief Commissioner/ Chief Commissioner performs a number of welfare functions, so as to ensure that the morale of the staff working in the region remains high. For this purpose, they have to create and maintain infrastructure for crèches, sports facilities etc.

Being the senior most officers, the Principal Chief Commissioner/ Chief Commissioner of Income-tax normally heads the Central Government Employee' Welfare Coordination Committee as its Chairman and his headquarters looks after matters relating to conduct of meetings, correspondence etc.

3.4.1.2 Protocol Functions

(a) Receiving the Chairman/ Members, CBDT and officers of the Ministry of Finance and making arrangements for their stay etc. on their visits.

(b) Making arrangements for their stay and conveyance of senior officers, on their visit to headquarter on official work.

(c) Celebration of national festivals like Republic Day and Independence Day etc.

(d) Observance of vigilance week.

(e) Deputing staff and officers for election duty.

3.5 Coordination Functions

3.5.1 Principal Chief Commissioner/ Chief Commissioner

The headquarters of the Principal Chief Commissioner/ Chief Commissioners performs the following coordination functions:

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(a) Liaison with such agencies as BSNL, NIC etc. in relation to computer related matters.

(b) Matters relating to awarding Samman at regional level and national level.

(c) Organizing meetings of the Regional Direct Taxes Advisory Committee.

(d) Liaison with CPWD on matters pertaining to hiring and purchasing of premises for the Department.

(e) Handling of grievance petitions.

(f) Providing taxpayers with information and assistance in relation to the tax matters.

(g) Liaison with the media.

(h) Dealing with other sister departments and convening meetings of the Regional Economic Coordination Committee.

(i) Communication with local bodies like Chambers of Commerce, trade Organisations, tax payers' associations etc., for taxpayer education campaigns.

(j) Improvement of taxpayers' facilities like waiting hall, well equipped reception counters, etc.

(k) At the macro level, informing and educating taxpayers about their rights and obligations under the direct tax laws.

3.5.2 Principal Commissioner

The headquarters of the Principal Commissioner of Income-tax is responsible for:

(a) Processing of grievance petitions, submitting reports to the CCIT, in relation to all matters referred by the latter.

(b) Performing functions relating to Samman at the regional level.

(c) Coordination with other departmental agencies in matters relating to computers.

(d) Liaison with the media. However, in stations where the headquarters of the CCIT is located, the Principal Commissioner of Income-tax can issue press notes, only with the approval of the CCIT.

(e) Coordination with local bodies like Chambers of Commerce, trade Organisations, taxpayers' associations etc., for taxpayers' education campaign.

(f) Improvement of facilities for taxpayers' such as waiting halls, well equipped reception counters, etc.

(g) Informing and educating the taxpayers about their rights and obligations under the direct tax laws.

3.6 Estate Related Functions

3.6.1 Principal Chief Commissioner/ Chief Commissioner

The headquarters of the Principal Chief Commissioner/ Chief Commissioner is responsible for maintenance and allotment of residential quarters. Unless these powers are delegated, the Chief Commissioner's office also takes care of the maintenance of all the offices located in his headquarters. Other functions–such as hiring of office accommodation and purchase of land and buildings for the usage of the department are performed by the headquarters of the CCIT, subject to the limitations imposed under the General Financial Rules.

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3.6.2 For offices located at places other than the headquarters of the Chief Commissioners, the Pr. Commissioners performs all the functions of the Chief Commissioner, subject to the general limitations placed by the General Financial Rules.

3.7 Supervisory Functions/ Inspection Functions

3.7.1 Principal Chief Commissioner

As the head of the organisation within the Region, the Principal Chief Commissioner is mainly responsible for ensuring efficient and responsive working of the staff and officers, under his control. He also inspects the work of offices of the CIT (DR), CIT (Admn & TPS), CIT (Audit) and CIT (TDS).

3.7.2 Principal Commissioner

Similarly, the Pr. Commissioner has the overall responsibility for proper functioning of the offices under his charge.

(a) Inspections involve an annual comprehensive inspection of the concerned office. The Inspecting Officer will examine and comment on the overall functioning of the office in the light of various Government Instructions in general and CBDT Instructions in particular. However, it will not be necessary to give comments on selected assessment orders as part of inspection, as this will be done during Review of the assessments, instructions in respect of which are being issued separately.

(b) The system of Inspection is as under:

- (i) **Assessing Officers:** Inspection of the office of DCIT/ ACIT and that of the Additional CsIT/ JCsIT will be carried out by the concerned Pr. Commissioner of Income-tax. The offices of ITOs and TROs working in a Range will be inspected by the concerned Range head i.e. the Additional Commissioner or Joint Commissioner.
- (ii) **Range Office:** The Inspection of the Range office headed by an Additional Commissioner or Joint Commissioner will be carried out by the concerned Pr. Commissioner of Income-tax.
- (iii) **CIT (Appeals):** Inspection of the office of CIT (Appeals) will be carried out by the concerned Chief Commissioner of Income-tax.
- (iv) **CIT (Audit), CIT(TDS), CIT(CO):** Inspection of these offices will be carried out by the concerned Pr. Chief Commissioner of Income-tax/ Chief Commissioner of Income-tax.
- (v) **ITO (Hqrs.), ITO (Judicial), DDO:** Inspection of these offices will be carried out by the concerned Controlling Officers.

The detailed procedure of Inspections & Reviews as prescribed in instruction no. 15 of 2008 & instruction 16 of 2008 has been elaborated in this MOP.

3.8 Judicial Functions

3.8.1 Chief Commissioner

The judicial functions of the Headquarters relate to filing of appeals before the appellate authorities, processing of the prosecution cases including compounding of offences and performing the functions relating to appointment of Senior/ junior Standing counsels and Special Counsels.

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3.8.1.1 Processing of Appeals

3.8.1.1.1 The Chief Commissioner authorizes filing of appeals under Section 260A or references under Section 256 to the High Court on receipt of the report in Proforma 'A' containing brief facts of the case along with the opinion of the Pr. CIT and the opinion of the Standing Counsel.

3.8.1.1.2 As regards appeal to Supreme Court under Section 261, the Hqrs. of the CCIT has to obtain a report in Proforma 'B' along with Paper Book from the Pr. CIT in relation to cases wherein appeals have to be filed to the Supreme Court. These documents are then forwarded to the CBDT which takes care of filing of appeal before the Supreme Court. The time limit for this purpose is 90 days from the date of receipt of certified copy of the order of the High Court in the office of Pr. CIT. While forwarding such document, the monetary limit of Rs. 1 crore stipulated in circular No. 3/2018 dated 11/07/2018 has to be kept in mind.

3.8.1.2 Processing of prosecution cases: The CCIT has to authorize prosecution in relation to any case which is found to be fit for this purpose. Before authorizing prosecution, the following aspects are to be taken care of-

3.8.1.2.1 Examining the default in the light of statutory provisions

3.8.1.2.2 Verifying as to whether the case falls within the parameters of the guidelines laid down in F.No.285/08/2014-IT (Inv)/147, dated 14/06/2019.

3.8.1.2.3 Whether show cause notice has been issued to the assesse specifying the nature of the offence and also giving an offer of compounding.

3.8.1.2.4 Whether opinion of the standing Counsel has been obtained or not.

3.8.1.3 Compounding of offence.

Guidelines issued by the Board vide F. No. 285/08/2014-IT(Inv.V)/147 dated 14/06/2019, shall come into effect from 17/06/2019 and shall be applicable to all applications for compounding received on or after the aforesaid date. The applications received before 17/06/2019 shall continue to be dealt with in accordance with the Guidelines of the Board issued vide F. No. 285/35/2013 IT(Inv.V)/108 dated 23/12/2014.

3.8.2 Principal Commissioner

3.8.2.1 Processing of Appeals

3.8.2.1.1 Appeal under Section 253 before ITAT: On receipt of an appellate order from the Commissioner of Income-tax (appeals), a report is called for from the concerned Assessing officer. Both the assessing Officer, as well as Range Joint/ Addl. CIT report along with their comments and the draft "ground of appeal", as to whether a second appeal is to be filed in the Income-tax Appellate Tribunal or not. Based on the facts and circumstances, the Pr. CIT decides whether there is a case for filing second appeal before the ITAT or not. If he decides to file second appeal before the ITAT, he will give an authorization to the assessing officer, to do so. To file an appeal, two aspects are to be considered. One is the time limit and the other is the monetary limit. The time limit for filing a second appeal is 60 days from the date of receipt of appellate order from the CIT (A), in the office of the

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Pr. CIT. The monetary limit for filing second appeal before the Tribunal in Income-tax matters is a tax effect of Rs. 20 lakh.

3.8.2.1.2 Appeal under Section 260A/ reference under Section 256 to High Court on receipt of appellate orders from the Tribunal, a report is called for from the Assessing Officer concerned, through the Range Officer. On receipt of such report, the Pr. CIT may obtain the opinion of the Standing Counsel of the department regarding the fitness or otherwise of the case to take action under Section 260A of the Act, before the High Court. Draft "questions of law" are also submitted to the Standing counsel at this stage for his opinion and amendments, if any. After receiving the opinion of the standing Counsel, the Pr. CIT submits a report in Proforma 'A' containing brief facts of the case along with his opinion, and enclose the opinion of the standing Counsel and the paper books to the CCIT for obtaining the necessary authorization. On receipt of the said authorization from the CCIT, the same along with paper books is forwarded to the Standing Counsel for filing before the High Court.

The time limit for filing an appeal under Section 260A is 120 days from the date of receipt of the order of the ITAT, in the office of the Pr. CIT. If there is any delay in filing, the same is to be accompanied by a request for condonation of Delay. The monetary limit for filing an appeal under Section 260A/ reference under Section 256(2) before the High Court is a tax effect of Rs.50 Lakhs, according to circular No. 3/2018 dated 11/07/2018.

3.8.2.1.3 Appeal to Supreme Court under Section 261: An appeal lies to the Supreme Court from any judgment of the High Court, delivered on a reference made under Section 256 (against an order made under Section 254 before 01/10/1998) or an appeal made to High Court (in respect of an order passed under Section 254 on or after that date) in any case, in which the High Court certifies the case to be a fit for appeal to the Supreme Court. On receipt of the certified copy of the order of High Court in the office of Pr. CIT, a report in Proforma 'B' along with the paper books is submitted to the CCIT.

3.8.2.1.4 The headquarters of the Pr. CIT is also responsible for filing miscellaneous petition before the ITAT and the High Court for rectification of any omissions found in their respective orders.

3.8.2.2 Processing of Prosecution Cases

3.8.2.2.1 The Headquarters of the Pr. Commissioner has to ensure that all relevant enquiries in respect of the defaulter are completed before prosecution is launched against an assessee.

3.8.2.2.2 While processing the proposals, the opinion of the Special Prosecution Counsel may be obtained wherever it is considered necessary before forwarding the proposals with the Pr. CIT's comments to the CCIT.

3.8.2.3 The office of the four Zonal Commissioners of Income-tax (J) (one each for each of the four Zones) is required to maintain a Database of all the questions of law referred to the High Court/ Supreme Court, to ensure that there is uniformity in the departmental stand on a particular issue.

3.8.2.4 In matters relating to appointment of Senior/ Junior Standing Counsels and Special Counsels, the headquarters of the Pr. Commissioner has the role of obtaining the details of eligible Counsels and suggesting their names for approval.

3.8.2.5 The Pr. Commissioner also performs the function of assessing the performance of the standing Counsel and reporting to the CCIT, periodically.

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3.9 Audit Related Functions

Principal Chief Commissioner

The role of the headquarters of the Principal Chief Commissioner in relation to audit is as under:

(a) Providing for a smaller unit in his headquarters from the existing strength, for monitoring the audit work and for ensuring smooth functioning of both the internal audit and Receipt Audit work.

(b) The headquarters of Pr. CCIT/ DGIT is responsible for obtaining statistical reports from Pr. CIT/ CIT (Audit) and consolidating them, to be forwarded to the DIT (audit) and the CBDT.

3.10 Income-tax Act Related Technical Functions

Following are some of the technical functions relating to Income-tax Act, which have to be handled by the headquarters of the CCIT:

3.10.1 Chief Commissioner

(a) Disposal of waiver petitions.

(b) Disposal of matters relating to approval under Section 17(2) read with rule 3A and exemption under Section 10(23).

(c) Matters pertaining to condonation of delays in case of delayed submission of refund applications, where the refund claim exceeds Rs. 10,000/-.

(d) Approval of Auditors under Section 142(2A) under the Income-tax Act and approval of valuers for property, jewelry etc. under Section 34AB of the Wealth Tax Act.

(e) Issue of notifications under Section 127/ centralization of cases.

(f) Preparation and forwarding of Region's MIS reports– CAP-I, CAP-II, New assessees (monthly) and quarterly reports to the Board/ Pr. CCIT.

(g) Submission of dossier reports involving arrears between Rs. 15 Crore to Rs. 25 Crore to Pr. CCIT. Similarly, Headquarters of Pr. CCIT submits dossier reports involving arrear in excess of Rs. 25 crore and above (quarterly) to the CBDT.

(h) Consolidation and submission of information relating to Board References.

(i) Handling of Parliamentary questions.

(j) Monitoring of Action Plan targets.

3.10.2 Principal Commissioner

The office of the Principal Commissioner of Income-tax carries out the functions relating to the following matters and sends necessary reports and returns with regard thereto:

(a) Stay petitions pertaining to assessee's request for stay of recovery proceedings for pending demand.

(b) Compiling of Dossier reports of high demand cases and monitoring recovery proceedings.

(c) Matters under Section 127, 263-264, 119(2)(a) and 119(2)(b) etc.

(d) Tax evasions petitions, I&CI extracts, 15-H forms, approval under Section 133(6), petition for waiver of interest, penalty etc.

(e) Search & Seizure cases, PD account, survey, monitoring of search cases, widening of tax base matters.

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(f) Retention/ release of books and valuables and gratuity fund matters.

(g) Grievance petitions/ refund, registration of valuers under Section 34AB.

(h) CAP-I & CAP-II statement.

(i) Statement of aggregation of agricultural income with non-agricultural income.

(j) Quarterly statement of IT and Advance Tax.

(k) Quarterly progress report of TRO.

(l) Quarterly report on block assessment and misc. Statements.

(m) Hindi quarterly statement.

(n) Grievance redressal of assessees on various aspects of the Income-tax Act, write-off of arrear demands etc.

(o) Handling of parliamentary questions.

(p) Approval for scrutiny cases.

3.11 Computer Related Functions

3.11.1 Principal Chief Commissioner

(a) The Principal Chief Commissioner has the overall responsibility for ensuring smooth functioning of the computer Section. For this purpose, apart from supervising the work of CIT (Admn & TPS), the Principal Chief Commissioner has to ensure the availability of necessary computer resources like hardware, network, software and training.

(b) The headquarters of the Pr. CCIT has to coordinate with DGIT (Systems) and DIT (Systems) for ensuring smooth functioning of the computer Section.

(c) The software developed for the purpose of computerization has facilities for querying AD&CR, Database for enquiring stay and instalment status of demand, interest and Write-off etc. The Pr. CCsIT/ CCsIT office can see the data stored in the snap shots. There is facility for the Pr. CCIT/ CCITs office to execute various queries and generate reports.

3.11.2 Principal Commissioner

(a) The Pr. Commissioner of Income-tax, as a supervisory authority, is responsible for ensuring that necessary computer resources like hardware, network etc. are available.

(b) The headquarters also has the responsibility of ensuring that standing instructions regarding maintenance of hardware, network facility, security and implementation of computer applications are followed by all concerned.

(c) The headquarters has the responsibility of coordinating with the CIT (Admin.& TPS) and DIT(Systems) for getting the problems encountered in implementation of the programmes resolved at local levels.

(d) The headquarters also has to ensure that prescribed duties and functions are carried out by their subordinates and those records, reports etc. are maintained and submitted, as prescribed.

(e) As in the case of the Chief Commissioner, the Principal Commissioner also is provided with facilities for accessing the data relating to his Charge, with various queries.

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06

Recruitment and Promotion

1. Constitutional Provision Regarding Rules for Recruitment in the Government

Article 309 of the Constitution of India stipulates:

"Recruitment and conditions of service of persons serving the Union or a State-Subject to the provisions of this Constitution, Acts of the appropriate legislature may regulate the recruitment and conditions of service of persons appointed, to public services and posts in connection with the affairs of the Union or of any State:

Provided that it shall be competent for the President or such person as he may direct in the case of services and posts in connection with the affairs of the Union and for the Governor of a State or such person as he may direct in the case of services and posts in connection with the affairs of the State, to make rules regulating the recruitment, and the conditions of service of persons appointed, to such services and posts until provision in that behalf is made by or under an Act of appropriate Legislature under this article, and any rules so made shall have effect subject to the provisions of any such Act."

Thus in terms of the Constitution, the Parliament is to enact a legislation governing the recruitment and conditions of service for employees of the Central Government. Pending such legislation, the President is empowered by the Constitution to make rules on these subjects. The Parliament is yet to enact any law governing the conditions of service of the Central Government employees. At present, these are governed by rules framed by the President in terms of the aforesaid proviso to Article 309 of the Constitution. These rules relate primarily to recruitment, conduct, discipline and appeals, pay, retirement benefits and pensions, etc. In respect of matters for which there are no specific rules, the conditions of service are governed by executive orders issued by the Government.

2. Classification of Posts in the Government of India

(As per DOPT OM F.No. 11012/10/2016-Estt.A-III dated 09/11/2017)

All Central civil posts under the Government of India are normally classified into Groups as Group 'A', 'B' & 'C' depending on their pay-levels as indicated below:

Description of Posts	Classification of Posts
A Central civil post carrying a Pay Level with a maximum of not less than Pay Level 10 i.e. Rs. 56,100	Group 'A'
A Central civil post carrying a Pay Level with a maximum of not less than Pay Level 8 but less than Pay Level 10 i.e. between Rs. 47,600 to Rs. 53,100	Group 'B'
A Central civil post carrying a Pay Level 1 with a maximum of over Pay Level 7 but less than Pay Level 8 i.e. between Rs. 44,900 to Rs. 18,000	Group 'C'

Note: There may be instances of variations from the above standardized pattern in categorization of posts in specific situations depending on the needs of an organisation.

Group 'A': These posts carry higher duties and responsibilities and comprise middle and senior level management cadres of the Government.

Group 'B': These are supervisory posts above Group 'C'.

Group 'C': These are mainly subordinate and clerical posts such as Tax Assistants, Stenographers, Notice Servers and Multi-Tasking Staff etc.

3. Recruitment to Group 'A' Posts in the Indian Revenue Service

3.1 The Indian Revenue Service, which is one of the premier organised Group 'A' services of the Central Government, has a large cadre strength, which has been further augmented by the recent restructuring of the Income-tax department. The present grade-wise strength of the service is indicated below:

Cadre Post (Duty Posts)	Pay Level/ Basic Pay	No. of Posts
Pr. CCIT/ Pr. DGIT (Apex Scale)	Level -17/ Rs. 2,25,000	26
CCIT/ DGIT (Higher Administrative Grade Plus-HAG+)	Level -16/ Rs. 2,05,400	90
Pr. CIT/ Pr. DIT (Higher Administrative Grade)	Level -15/ Rs. 1,82,200	300
CIT/ DIT (Senior Administrative Grade)	Level -14/ Rs. 1,44,200	635
Addl. CIT/ Addl. DIT (Non-Functional Selection Grade in JAG)	Level -13/ Rs. 1,18,500	***
Jt. CIT/ Jt. DIT (Junior Administrative Grade)	Level -12/ Rs. 78,800	1575
Dy. CIT/ Dy. DIT (Senior Time Scale)	Level -11/ Rs. 67,700	1394
Asstt. CIT/ Asstt. DIT (Junior Time Scale)	Level -10/ Rs. 56,100	900
Reserve (Group A)	Level -10/ Rs. 56,100	620
Total posts		5540

*** The number of posts in 'Non-functional Selection Grade' in the pay scale of Pay Band- 4, Rs. 37,400/- – 67,000/- (Grade Pay Rs. 8,700/-) shall be restricted to thirty per cent of senior duty posts in the cadre, that is posts in Pay Bands with Grade Pay of Rs. 6,600/- and above. There shall be no increase in the overall strength of the cadre and the number of posts to be operated in the 'non-functional selection grade' shall not exceed the number of posts available in the Junior Administrative Grade.

3.2 The service matters like recruitment, probation, promotion, seniority etc. of the members of the Service are governed by the Indian Revenue Service Rules.

3.3 The posts in the grade of ACIT, which is the lowest in Group 'A', are filled 50% by direct recruitment through the annual Civil Services Examination conducted by the UPSC and the balance of 50% posts in the grade are filled by promotion (selection mode) of ITOs in Group 'B'. All the posts in the higher grades (other than that of ACIT) in Group 'A' are filled by way of promotion only either

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through an internal DPC (Senior Time Scale and Non-Functional Selection Grade) or through a DPC (Junior Administrative Grade, Senior Administrative Grade and Higher Administrative Grade) held in the UPSC. The constitution of the DPCs mentioned above is prescribed in the IRS Rules.

3.4 There is, as such, no lateral entry in the service at higher levels by way of direct recruitment, deputation etc. Thus, the Indian Revenue Service has all the attributes of an organised Group 'A' service. These attributes, as prescribed by the Department of Personnel & Training, are as follows:

(a) The highest post in the service should not be below the Pay Level 17 i.e. Rs. 2,25,000/- (Apex Scale).

(b) It should have all the standard grades, namely Pay Level 10 i.e. Rs. 56,100/- (JTS), Pay Level 11 i.e. Rs. 67,700/- (STS), Pay Level 12 i.e. Rs. 78,800/- (JAG), Pay Level 13 i.e. Rs. 1,18,500/- (NFSG), Pay Level 14 i.e. Rs. 1,44,200/- (SAG), Pay Level 15 i.e. Rs. 1,82,200/- (HAG) and Pay Level 16 i.e. Rs. 2,05,400/- (HAG+)

(c) At least 50% of the vacancies in the Pay Level 10 i.e. Rs. 56,100/- (JTS) are required to be filled by direct recruitment; and

(d) All vacancies above the Junior Time Scale (Pay Level 10 i.e. Rs. 56,100/-) and upto the Apex Scale (Pay Level 17 i.e. Rs. 2,25,000/-) are to be filled by promotion from the next lower grade.

4. Recruitment to Other Group 'A' Posts in the Department

4.1 EDP Cadre

The present grade-wise strength of the EDP cadre is indicated below:

Post	Pay Level/ Basic Pay	Number of Posts
Director (Systems)	Level- 13A/ Rs. 1,31,100	5
Additional Director (Systems)	Level -13/ Rs.1,18,500	9
Joint Director (Systems)	Level -12/ Rs.78,800	26
Deputy Director (Systems)	Level -11/ Rs.67,700	68
Assistant Director (Systems)	Level -10/ Rs.56,100	81

The service matters like recruitment, probation, promotion, etc. of the officers of the EDP Cadre are governed by:

(a) The Directorate of Income-tax (Systems), Director (Systems), Additional Director (Systems), Recruitment Rules, 2018.

(b) The Directorate of Income-tax (Systems), Joint Director (Systems), Deputy Director (Systems) and Assistant Director (Systems), Recruitment Rules, 2001.

4.2 Recruitment in the EDP Cadre

4.2.1 Director (Systems)

(a) **Method of Recruitment:** By promotion failing which by Deputation (including short term contract).

(b) **Criteria for Promotion:** Must have rendered 2 Years regular service in the cadre of Additional Director (Systems) in Pay Level 13.

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(c) **Criteria for Deputation:** The appointees should be in analogous posts or should have rendered 2 years of regular service in Pay Level 13.

(d) **Educational Qualifications Required for Deputation:** MCA or MSc (Computer Science or Information Technology) or BE/ B.Tech. (Computer Engineering/ Computer Science/ Computer Technology/ Computer Science & Engineering/ Information Technology).

(e) **Work Experience for Deputation:** 12 years post qualification experience in relevant areas in a government office/ PSU/ Autonomous or Statutory Body/ Recognised institution.

4.2.2 Additional Director (Systems)

(a) **Method of Recruitment:** By promotion failing which by Deputation (including short term contract).

(b) **Criteria for Promotion:** Must have rendered 5 Years regular service in the cadre of Joint Director (Systems) in Pay level 12.

(c) **Criteria for Deputation:** The appointees should be in analogous posts or should have rendered 5 years of regular service in Pay Level 12.

(d) **Educational Qualifications Required for Deputation:** MCA or MSc (Computer Science or Information Technology) or BE/ B.Tech. (Computer Engineering/ Computer Science/ Computer Technology/ Computer Science & Engineering/ Information Technology).

(e) **Work Experience for Deputation:** 10 years post qualification experience in relevant areas in a government office/ PSU/ Autonomous or Statutory Body/ Recognised institution.

4.2.3 Joint Director (Systems)

(a) **Method of Recruitment:** By promotion failing which by Deputation and failing both by Direct Recruitment.

(b) **Criteria for Promotion:** 5 Years regular service in the grade of Deputy Director (Systems) failing which combined regular service of 10 years in the Grade of Deputy Director (Systems) and Assistant Director (Systems) with a minimum of 2 year regular service in the Grade of Deputy Director (Systems).

(c) **Criteria for Direct Recruitment:**

Age: Should not exceed 45 years of age (relaxable upto 5 years in case of Government Servants).

(d) **Educational Qualifications**

(i) MCA or MSc (Computer Science or Information Technology)/ MTech (Computer Applications) or BE/ B.Tech. (Computer Engineering/ Computer Science/ Computer Technology. In addition they must have 8 years of EDP experience out of which 4 years' experience should be in Design, Development or Organising Computerised Information Storage and Retrieval System post qualification experience in relevant areas in a government office/ PSU/ Autonomous or Statutory Body/ Recognised institution.

(ii) (i) Degree in Computer Application Computer Science or Degree in Electronics/ Electronics and Communication Engineering from a recognised University or equivalent. (ii) 10 years' experience of electronic data processing work out of which at least 5 years experience should be in Design, Development or Organising Computerised Information Storage and Retrieval System.

(iii) (i) Masters Degree of a recognised University or equivalent or Degree in Engineering of a recognised University or equivalent. (ii) 12 years' experience of Electronic Data Processing work, out of which at least 6 years' experience should be in Design, Development or Organising Computerised Information Storage and Retrieval System.

(e) **Criteria for Deputation:** Officers of Central Government holding analogous posts or with 5 years regular service in posts in the Pay Level 11 and possessing the educational qualification and experience prescribed for Direct Recruits.

4.2.4 Deputy Director (Systems)

(a) **Method of Recruitment:** By promotion failing which by Deputation and failing both by Direct Recruitment.

(b) **Criteria for Promotion:** 5 Years regular service in the grade of Assistant Director (Systems).

(c) **Criteria for Direct Recruitment:**

Age: Should not exceed 40 years of age (relaxable upto 5 years in case of Government Servants).

(d) **Educational Qualifications:**

(i) MCA or MSc (Computer Science or Information Technology)/ MTech. (Computer Applications) or BE/ BTech. (Computer Engineering/ Computer Science/ Computer Technology. In addition they must have 5 years of EDP experience out of which 2 years experience should be in Design, Development or Organising Computerised Information Storage and Retrieval System post qualification experience in relevant areas in a government office/ PSU/ Autonomous or Statutory Body/ Recognised institution.

(ii) Degree in Computer Application or Computer Science or Degree in Electronics/ Electronics and Communication Engineering from a recognised University or equivalent. (ii) 7 years experience of electronic data processing work out of which at least 3 years experience should be in Design, Development or Organising Computerised Information Storage and Retrieval System.

(iii) Masters Degree of a Recognised University or equivalent or Degree in Engineering of a recognised University or equivalent. (ii) 8 years experience of Electronic Data Processing work, out of which at least 4 years experience should be in Design, Development or Organising Computerised Information Storage and Retrieval System.

(iv) 'A' Level Diploma under DOEACC (Department of Electronics Accreditation of Computer Courses) Programme or Post Graduate Diploma in Computer Application offered under University Programme/ post-polytechnic diploma in Computer Applications awarded by State Council of Technical Education or equivalent. (ii) 8 years experience of Electronic Data Processing work out of which at least 4 years experience should be in Design, Development or organising Computerised Information storage and Retrieval System.

(e) **Criteria for Deputation:** Officers of Central Government holding analogous posts or with 5 years regular service in posts in the Pay Level 10 or 6 years regular service in Pay Level 8 or 8 years regular service in Pay Level 6 and possessing the educational qualification and experience prescribed for Direct Recruits.

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4.2.5 Assistant Director (Systems)

(a) **Method of Recruitment:** 40% by promotion failing which by Deputation/ absorption and failing both by Direct Recruitment. 60% by Direct Recruitment.

(b) **Criteria for Promotion:** 5 Years regular service in the grade of Data Processing Assistant Grade-'B' failing which combined 8 years of regular service in the Grade of Data Processing Assistant Grade-'A' and 'B' with a minimum of 2 years regular service in the Grade of Data Processing Assistant Grade- 'B'.

(c) **Criteria for Direct Recruitment:**

Age: Should not exceed 35 years of age (relaxable upto 5 years in case of Government Servants).

(d) **Educational Qualifications:**

(i) MCA or MSc. (Computer Science or Information Technology)/ MTech (Computer Applications) or BE/ BTech. (Computer Engineering/ Computer Science/ Computer Technology. In addition they must have 2 years of EDP experience including experience of actual programming.

(ii) (i) Degree in Computer Application Computer Science or Degree in Electronics/ Electronics and Communication Engineering from a recognised University or equivalent. (ii) 3 years' experience of electronic data processing work out of which at least 1 year should be in actual programming.

(iii) (i) Masters Degree of a recognised University or equivalent or Degree in Engineering of a recognised University or equivalent. (ii) 4 years' experience of Electronic Data Processing work, out of which at least 2 years in actual programming.

(iv) (i) 'A' Level Diploma under DOEACC (Department of Electronics Accreditation of Computer Courses) Programme or Post Graduate Diploma in Computer Application offered under University Programme/ post-polytechnic diploma in Computer Applications awarded by State Council of Technical Education or equivalent. (ii) 4 years' experience of Electronic Data Processing work, out of which at least 2 years in actual programming.

(e) **Criteria for Deputation:** Officers of Central Government holding analogous posts or with 2 years regular service in posts in the Pay Level 8 or 5 years regular service in Pay Level 7 or 8 years regular service in Pay Level 6 and possessing the educational qualification and experience prescribed for Direct Recruits.

5. Official Language (OL)Cadre

Post	Pay Level/ Basic Pay	Number of Posts
Deputy Director (OL)	Level -11/ Rs. 67,700	18 (2016)
Assistant Director (OL)	Level -10/ Rs. 56,100	98 (2016)

Recruitment in the Official Language (OL) Cadre:

5.1 Deputy Director (OL)

(a) **Method of Recruitment:** By promotion failing which by Deputation (including short term contract).

(b) **Criteria for Promotion:** Must have rendered 5 years regular service in the cadre of Assistant Director (OL) in Pay level 10 and have successfully completed mandatory training of two to four weeks in the relevant field from the institute to be prescribed by Department of Revenue.

(c) **Criteria for Deputation:** The appointees should be in analogous posts or should have rendered 5 years of regular service in Pay Level 10.

(d) **Educational Qualifications Required for Deputation:** Master's degree of a recognised University in Hindi with English as a compulsory or elective subject or as the medium of examination at degree level; or Master's degree of a recognised University in English with Hindi as a compulsory or elective subject or as the medium of examination at degree level; or master's degree of a recognised University in any subject other than Hindi or English, with Hindi medium and English as a compulsory or elective subject or as the medium of examination at degree level; or Master's degree of a recognised University in any subject other than Hindi or English, with English medium and Hindi as a compulsory or elective subject or as the medium of examination at degree level; or 'Master's degree of a recognised University in any subject other than Hindi or English, with Hindi and English or compulsory or elective subject or either of the two as a medium of examination and the other as a compulsory or elective subject at degree level.

(e) **Desirable:** Studied one of the languages other than Hindi included in the Eighth Schedule to the Constitution at 10th level from a recognised Board.

(f) **Work Experience for Deputation:** Five years experience of using or applying terminology (terminological work) in Hindi and translation work for English to Hindi or vice-versa, preferably of technical or scientific literature under the Central Government or State Governments or autonomous bodies or statutory organisation or public sector undertakings or Universities or recognised research or educational institutions; or Five years experience of teaching in Hindi and English or research in Hindi or English under Central Government or State Governments or autonomous undertakings or Universities or recognised research or educational institutions.

5.2 Assistant Director (OL)

(a) **Method of Recruitment**: 60% by promotion failing which by Deputation(including short term contract), 40% by Deputation (including short term contract) failing which by Direct Recruitment.

(b) **Criteria for Promotion:** Must have rendered 3 Years regular service in the cadre of Senior Translator in Pay level 7 and have successfully completed mandatory training of two to four weeks in the relevant field from the institute to be prescribed by Department of Revenue.

(c) **Criteria for Deputation:** The appointees should be in analogous posts or should have rendered 2 years of regular service in Pay Level 8 or 3 years in regular service in Pay Level 7.

(d) **Educational Qualifications Required for Deputation:** Master's degree of a recognised University in Hindi with English as a compulsory or elective subject or as the medium of examination at degree level; or Master's degree of a recognised University in English with Hindi as a compulsory or elective subject or as the medium of examination at degree level; or master's degree of a recognised University in any subject other than Hindi or English, with Hindi medium and English as a compulsory or elective subject or as the medium of examination at degree level; or Master's degree of a recognised University in any subject other that Hindi or English, with English medium and Hindi as a compulsory or elective subject or as the medium of examination at degree level; or 'Master's degree of a recognised University in any subject other than Hindi or English, with Hindi and English or compulsory or elective subject or either of the two as a medium of examination and the other as a compulsory or elective subject at degree level.

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(e) **Desirable:** Studied one of the languages other than Hindi included in the Eighth Schedule to the Constitution at 10th level from a recognised Board.

(f) **Work Experience for Deputation:** Three years' experience of using or applying terminology (terminological work) in Hindi and translation work for English to Hindi or vice-versa, preferably of technical or scientific literature under the Central Government or State Governments or autonomous bodies or statutory organisation or public sector undertakings or Universities or recognised research or educational institutions; or Three years experience of teaching in Hindi and English or research in Hindi or English under Central Government or State Governments or autonomous undertakings or Universities or recognised research or educational institutions.

6. Recruitment Rules of Other Posts in the Department

The following Recruitment Rules for other posts are available:

Name of the Post	RR Notification Number
Income-tax Cadre	
Pr. Admn.Officer/ Admn. Officer Gr.-II & III	GSR 5 dated 30.12.2004
Senior Private Secretary/ Private Secretary	GSR 61 dated 04.04.2007
Income-tax Officer	GSR 2 dated 21.12.2004
Income-tax Inspector	GSR 2800 dated 20.12.1969, GSR 768 dated 08.09.1986
Office Superintendent	GSR 78 dated 13.02.2007
Senior Tax Assistant, Staff Car Driver Special Grade, Gd-I & II, LDC, Sr. Gest. Operator	GSR 321 dated 02.09.2003
Stenographer Grade-I	GSR 380 dated 26.10.2005
Tax Assistant	GSR 990 dated 18.12.2015 as amended by GSR 254 dated 21.03.2018
Stenographer Grade-II (Erstwhile Grd-III)	GSR 752 dated 13.09.2010
Notice Server	GSR 991 dated 18.12.2015 as amended by GSR 252 dated 21.03.2018
MTS	GSR 30 dated 17.01.2011
EDP Cadre	
Data Processing Assistant Grade-B	GSR 263E dated 04.04.2008
Data Processing Assistant Grade-A	GSR 263E dated 04.04.2008
Official Languages Cadre	
Junior Hindi Translator	Under finalization
Senior Hindi Translator	Under finalization
Staff Car Driver (Ord. Grade)	GSR 992 dated 18.12.2015 as amended by GSR 253 dated 21.03.2018
Canteen Staff posts such as General Manager, Dy General Manager, Manager Grade-II, Accountant and Manager Grade-III	GSR 134 dated 15.04.2004
Canteen Staff (Group C posts) i.e. Asstt. Manager cum Store Keeper/ Clerk/ Halwai cum Cook/ Asst. Halwai cum Cook/ Canteen Attendant	GSR 883 dated 18.11. 2015 as amended by GSR 252 dated 16.03.2017

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After restructuring of the department in 2013, the recruitment rules of the following grades (posts) are currently in the process of framing/ amendment:

Group 'A': Principal Administrative Officer.

Group 'B': ITO, Sr. PS, AO Grade-II & III, ITI and Executive Assistant.

Note: The posts of ITI and Executive Assistant have been classified as Group 'B' posts in the proposed recruitment rules.

Source Documents

(a) Pay level Matrix (7th Pay Commission).

(b) IRS Rules, 2015 dated 29/04/2015.

(c) Draft RR extracted from F. No. Admn. 3004(2)/ OLD/ RRs/ 2014–15 of ADG (PR, PP & OL).

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Departmental Examination

07

1. Introduction

1.1 Departmental examinations are important means for testing employee's competence both for the purpose of validating him for his current post as well as evaluating him for higher job responsibility within the organisation.

1.2 The nodal agency to look after the examination processes in the Department is the Directorate of Income-tax (Exam & Official Language). For the sake of brevity, the general aspects of the processes of conducting of examinations are discussed separately under the head common examination procedures, as these would be applicable to all categories.

2. Directorate of Income-tax (Exam & Official Language)

2.1 The Directorate of Income-tax (Exam & OL) has a functional unit known as Examination Division. This is responsible for conducting the following examinations in the Income-tax Department:

- (a) Assistant Commissioners of Income-tax (Group-A) (Probationers).
- (b) Income-tax Officers.
- (c) Income-tax Inspectors.
- (d) Ministerial Staff.

2.2 Even after the restructuring of the department, the Examination Division continues to discharge the function of conducting departmental examinations for the categories of employees, specified in para 2.1.

2.3 The main functions of the Examination Division include the following:

- (a) Formulation, review, amendment and interpretation of the examination rules.
- (b) Preparation and review of the syllabi for various examinations.
- (c) Preparation and dispatch of question papers.
- (d) Preparation of model answers.
- (e) Evaluation of answer books.
- (f) Compilation of results of examinations.
- (g) Sanction of honorarium to paper setters and valuers.
- (h) Matters concerning grant of exemption.
- (i) Matters relating to representations from candidates on results of the examinations.

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(j) Creation of examination centres.

(k) Relaxation of standards for candidates belonging to certain groups.

(l) Other residuary matters which may be linked to the results of departmental examination and have been referred to the Directorate either by the CBDT or its attached directorates or any of the cadre controlling authorities from the field.

2.4 In regard to the examinations for the ministerial staff and others, the Examination Division is responsible only for prescribing the rules, framing the syllabi, laying down the time table and setting, translating, printing, packing and dispatching question papers. The rest of the operations in the conduct of the examinations are to be conducted by the field offices themselves through designated officers.

2.5 The process of conducting departmental examinations starts after notification of the timetable. The Directorate of Income-tax (Income-tax) calls for the statement of requirements of question papers from the cadre controlling authorities (Pr. CCsIT/ CCsIT/ Pr. CsIT/ CsIT). The Pr. CCsIT/ CCsIT/ Pr. CsIT/ CsIT in charge of examination then make another notification calling for the names of the candidates intending to appear in different examinations. On receipt of applications from the candidates, the Pr. CCsIT/ CCsIT/ Pr. CsIT/ CsIT concerned allow the candidates to appear in the examination concerned in conformity with the relevant Examination Rules. They also allot permanent roll numbers to candidates. Such permanent roll numbers do not change from year to year unless and until a candidate gets transferred to another charge.

2.6 On the basis of essential details of number of the candidates and the subjects in which they intend to appear the Pr. CCIT/ CCIT/ Pr. CIT/ CIT concerned is required to send the statement of the requirement of question papers to the Directorate. After completion of the examination he (Pr. CCIT/ CCIT/ Pr. CIT/ CIT) sends the name of the candidates in list 'B' showing the details of performance in the earlier examination of the candidates. The Directorate then compiles and declares the results of the examination on the basis of list 'B' and the performance in the current examination.

3. National Academy of Direct Taxes

3.1 Presently, the National Academy of Direct Taxes is involved in the departmental examination process to the extent that it is responsible for the conduct of examinations applicable in the cases of Group A Officers (Probationers). The Academy conducts the examination twice every year around August and February when the probationers are allowed to appear in ten papers, namely Accountancy, Income-tax (both Theory and Practical), Other Taxes & Allied Laws, Office Management and Business Laws. The Academy, as per the Schedule of Training, proposes the time-table and sends the same to the Directorate of Income-tax for approval. It also sends a list of probationers to the Directorate who have completed six months of training at the Academy and who intend to appear in the examination.

3.2 The Academy conducts these examinations like any other field office: it is provided by the Directorate of Income-tax (Exam & OL) with question papers and other modalities of conducting examinations such as observers. The results are finally declared by the Directorate. Fifty per cent of the total marks in all the subjects are allocated for the internal assessments to be made by the Pr. DGIT, National Academy of Direct Taxes based on various periodical tests and appraisals carried out in the Academy. The Directorate of Income-tax (Exam & OL) in accordance with the procedure applicable to all other departmental examinations earmarks the balance fifty per cent marks for evaluation.

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4. Common Examination Procedures

Some of the common procedures involved in the conduct of examination are discussed hereunder.

4.1 Treatment of Candidate using Unfair Means

A Candidate who is or has been found to be indulging in any one or more of the following:

(a) Obtaining support for his candidature by any means.

(b) Impersonating.

(c) Procuring impersonation by any person.

(d) Submitting fabricated document or documents which has been tampered with.

(e) Making statements which are incorrect or false, suppressing material information.

(f) Resorting to any other irregularity or any other improper means in connection with his or her candidature for the examination or in connection with the result of the examination.

(g) Using unfair means in the examination hall.

(h) Misbehaving in the examination hall in any manner.

(i) Attempting to commit, or, as the case may be, to abet in the commission of all, or any of the acts, specified in the foregoing Clauses.

May, in addition to rendering himself liable to criminal prosecution and disciplinary proceedings under the appropriate rules, be liable to all or any of the following actions:

(a) To be disqualified by the Competent Authority from the examination for which he/ she is a candidate and declared as failed obtaining zero marks in all the papers in which he/ she appeared in that examination.

(b) To be debarred either permanently or for a specified period; and.

(c) To an adverse entry in the annual confidential report.

Explanation 1: "Competent Authority" shall be the ADG (Exams & OL).

Explanation 2: A candidate found in possession of any paper, book, note or any other material, the use of which is not permitted in the examination hall shall be deemed to have used unfair means in the examination hall. Candidates communicating with each other or exchanging calculators, chits, blotting papers etc. (on which something is written) shall also be treated to have used unfair means.

4.2 Procedure for Award of Punishment

The Competent Authority shall issue a memorandum to the candidate requiring to submit his/ her explanation within 30 days (which may be extended at the discretion of the Competent Authority in appropriate case for sufficient reasons) of the receipt of the memorandum of charges of which he/ she has been found guilty.

The Competent Authority shall examine all the material available on record. After making a careful evaluation of the said material on record, if the Competent Authority arrives at the conclusion that the allegation against the candidate stand proved, either wholly or partly, he/ she shall proceed to determine the punishment to be imposed and pass appropriate order in writing.

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4.3 Reviewing Authority

A candidate aggrieved by the order of punishment by the Competent Authority may within thirty days of the receipt of the said order represent to the Pr. Director General of Income-tax (HRD) for the review of the punishment order. The Pr. Director General of Income-tax (HRD) shall have the powers to condone the delay in filing of the review petition for a further period of 30 days from the date of receipt of the said order of punishment by the candidate.

The Pr. Director General of Income-tax (HRD) after going through the facts reported to him apprising the evidence on record and the representation of the candidate shall pass appropriate orders in writing. The order passed by the Pr. Director General of Income-tax (HRD) in respect to all matters connected with the imposition; modification or revocation on the punishment shall be final.

4.4 Representation for Revaluation

(a) No request shall be entertained under any circumstances for revaluation or re-totalling of the Answer-Scripts for the objective type papers.

(b) The request for recounting of marks will, however, be entertained for the subjective type paper, if a representation is submitted by the candidate to the Commissioner/ Chief Commissioner (In-charge of Examination) within 45 days from the date of issue of the result by the Directorate or 30 days of the declaration of the result by concerned CIT (Exam) whichever is earlier.

For this purpose the date of uploading of result on the departmental website "*incometaxindia.gov.in*" shall be taken to be the date of issue of result by the directorate. The (Principal) Commissioner (In-charge of examination) shall forward all the representations received by him/ her to the ADG (Exams & OL).

4.5 Application for Appearing in the Examination

The application for appearing in an examination will be made by the candidate to the Commissioner of Income-tax (In-charge of examinations) in the prescribed format immediately after the declaration of the results for the preceding year by the CCIT/ CIT (In-charge of examinations).

4.6 Declaration of Results

The result of the examination will be compiled in the Directorate and communicated to the (Principal) Commissioners (In-charge of examinations). The (Principal) Commissioner (In-charge of examinations) will announce the same to the candidates showing the marks in each subject. He will declare the names of the candidates who have passed the examination fully and send the list of fully successful candidates to the ADG (Exams & OL), Pr. Director General of Income-tax (HRD), and CBDT within 15 days of the declaration of the results.

4.7 Power to Relax

Where it is felt necessary or expedient so to do, the Member (Personnel) Central Board of Direct Taxes may, with the approval of the Chairman, by order, for reasons to be recorded in writing, relax any of the provisions of these rules with respect to any class of persons or category of persons.

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5. Examination for Group 'A' Officers

The Departmental Examination for Asstt. Commissioner of Income-tax (Probationers) is conducted in two parts for officer trainees. The First Departmental Examination will be held in the month of July/ August and Second Departmental Examination held in the month of January/ February in the following years. A supplementary examination, if necessary, is also held in the month of January every year for the ACIT probationers who fail in the main examination. The relevant authority for conduct of these examinations is derived from the Rules of Departmental Examination for Asstt. Commissioner of Income-tax (Probationers), 2010.

5.1 Eligibility Criterion

A probationer would be eligible to take the Departmental Examination if on the first day of the month of the examination he has completed six months of training in the National Academy of Direct Taxes, Nagpur. The Officer Trainee will be allowed to take the Second Departmental Examination, only if he/ she has appeared earlier in the First Departmental Examination.

5.2 Chances Permissible

A probationer will be required to pass the Departmental Examination fully in not more than three chances.

The Director of Income-tax (Exam & OL) may at his discretion give not more than one additional chance to a probationer, provided the failure to pass fully in his case in the admissible chances, has been on account of unavoidable circumstances and the head of the department under whom the probationer is posted certifies that the work and conduct of the probationer is good and recommends an extra chance on that account.

5.3 Subjects

The departmental examination in the cases of ACIT (Probationers) consists of subjects spread over ten papers as under:

5.3.1 First Departmental Examination

(a) Paper I - Theoretical Concepts of Direct Taxes Law - without books

(b) Paper II - Practical Application of Direct Taxes Laws - with books

(c) Paper III - Business Law - I (With Bare Acts)

(d) Paper IV - Advance Accounting & Finance

(e) Paper V - Official Language

5.3.2 Second Departmental Examination

(a) Paper VI (Part A, B, C&D) - Procedure Techniques of Investigation and Drafting of Orders and Reports

(b) Paper VII - Information Technology and Operations

(c) Paper VIII - Management & Administration in the Income-tax Department

(d) Paper IX - Business Laws - II

(e) Paper X - Transfer Pricing and International

5.4 System of Examination

Fifty per cent of the total marks in all the subjects included in the departmental examination are allocated for the internal assessment to be made by the NADT based on various kinds of periodical tests and other appraisals in the NADT. Balance 50 per cent marks in all the subjects included in the departmental examination are allocated for the examination to be conducted by the Directorate.

OR

When regulations for re-fixation of inter-se seniority on completion of training are applicable with specific percentage of marks allotted for assessment by the NADT, the total marks for all papers shall be 200 each.

5.5 Pass Percentage, Carry Over and Aggregation

(a) A probationer will be declared to have passed the departmental examination if he/ she secures not less than 50 per cent (45 per cent in the case of probationers belonging to the reserved categories) of the marks in each subject. A probationer who fails in the examination will, however, be treated to have passed and be exempted from re-examination in the subject in which a minimum of 50 per cent (45 per cent in the case of probationers belonging to the reserved categories) of the marks is secured.

(b) The marks for internal assessment for the subjects mentioned in the departmental examination to be awarded by the Pr. DGIT, NADT would be based on various kinds of periodical tests conducted and appraisal made in the NADT before the departmental examination. These marks will be intimated by the Pr. DGIT, NADT at least four weeks before the date on which the probationer is due to appear in the departmental examination.

(c) The marks for the internal assessment as intimated by the Pr. DGIT, NADT and the marks obtained by the probationer in the examination held by the Directorate in each subject would be added together to see whether the candidate has secured the requisite pass percentage marks in the subject.

5.6 Competent Authority

The Competent Authority who shall in this case be the ADG (Exams & OL) shall issue a memorandum to the candidate requiring him/ her to submit his/ her explanation within 30 days of receipt of the memorandum of the charges of which the candidate has been found guilty of:

(a) The Competent Authority may, in appropriate cases if he is satisfied that the candidate was prevented by sufficient cause from filing the explanation within the stipulated period, allow the candidate to file his explanation after the expiry of thirty days specified above but normally not beyond the expiry of 60 days of the receipt of the memorandum by the candidate.

(b) The Competent Authority after receipt of the explanation may conduct an enquiry through an officer not below the rank of a Deputy Director (Income-tax) or a Deputy Commissioner of Income-tax on the points, which are disputed by the candidate and shall obtain an enquiry

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report from him. The enquiry officer shall afford the candidate an opportunity for personal hearing before sending a report in the matter to the Competent Authority.

(c) The Competent Authority after going through the facts reported to him, evidence on record, report of the Enquiry Officer and the explanation, if any, furnished by the candidate shall determine the punishment, to be imposed under the Rules.

(d) A candidate aggrieved by the order of the Competent Authority under the Rules may within 30 days of the receipt of the said order represent to the Pr. DGIT (HRD), New Delhi for the review of the order. The Pr. DGIT(HRD) shall have the power to condone the delay in the filing of the review petition up to a maximum period of 60 days from the date of the receipt of the said order.

(e) The Pr. DG after going through facts reported to him, evidence on record and after hearing the candidate shall pass an appropriate order. The order of the Pr. DGIT in regard to all matters connected with the imposition/ modification or revocation of the punishment shall be final.

5.7 Representation and Revaluation

No request for revaluation of the papers will be entertained except for re-counting of marks obtained. No representation in this regard will, however, be entertained if received by the Directorate after the expiry of 45 days from the date of declaration of result by the Directorate.

The Pr. DGIT, NADT and the (Pr.) Commissioners of Income-tax will send to the ADG (Exams & OL) the list of probationers appearing in the examination by the 31st July and 31st December every year for the examinations to be held in September and January respectively.

5.8 Declaration of Results

The results of the departmental examination will be declared by the ADG (Exams & OL) who will also declare the names of the probationers who have passed the departmental examination as a whole or in part.

6. Examination for Income-tax Officers

The departmental examination for Income-tax Officers is conducted by the Directorate of Income-tax (IT) once a year in the first quarter of the financial year. The periodicity of this examination is, however, subject to change at the discretion of the Directorate. The ADG (Exams & OL) notifies the exact date of the examination and fixes the timetable well in advance of the date of examination.

6.1 In-charge of Examination

The (Principal) Commissioner of Income-tax nominated by the (Principal) Chief Commissioner of Income-tax (Cadre Control) shall be responsible for the proper conduct of the examination for Income-tax Officers in that charge. The said (Pr.) CCIT shall authorize the (Pr.) CIT so nominated to:

(a) receive applications from the candidates appearing in the examination in the prescribed proforma.

(b) intimate to ADG (Exams & OL), the requirement of question papers.

(c) furnish all statements that have a bearing on the conduct of the examination in the forms prescribed by the ADG (Exams &OL) from time to time.

(d) make all arrangements for proper conduct of the examination and declaration of results thereof.

(e) perform such other essential functions that may be required for the conduct of the examination or as may be deemed necessary by the ADG (Exams & OL).

6.2 Eligibility Criterion

The following persons will be eligible to appear in the departmental examination for Income-tax Officers:

(a) Income-tax Inspectors who have passed the departmental examination for Income-tax Inspectors.

(b) Office Superintendent, Senior TA; TA; Stenographers Grade I&II who have passed the departmental examination for Income-tax Inspectors regardless of whether they have been promoted as Income-tax Inspector or not. Stenographers Grade II (earlier designated as Stenographer Grade-III) who have completed 5 years regular service after induction and have passed the departmental examination for ITIs.

6.3 Chances Permissible

A candidate may avail of a maximum of 10 chances.

6.4 Subjects

The examination will be held in the following subjects:

Paper No.	Subject	Paper Type	Maximum Marks
1.	Income-tax Law and Computation	Objective	100
2.	Advance Accountancy	Objective	100
3.	Allied Laws	Objective	100
4.	Income-tax & Accountancy (with IT Act. & Rule)	Subjective	100

6.5 Pass Percentage, Carry Over and Aggregation

(a) A candidate will be declared to have passed the examination if he/ she secures 50% (45% for reserved category) marks in each of the papers 1 to 4.

(b) A candidate who secures the minimum pass marks in one subject in a particular examination will be exempted from appearing in that paper in the subsequent examinations.

6.6 Furnishing of List/ Statement

The (Principal) Commissioner of Income-tax (In-charge of examinations) shall send the following list/ statement to the ADG (Exams & OL):

(a) Requirement of question papers before 31st March of the year of Examination.

(b) List "B" in the prescribed proforma, within 15 days of the conclusion of the examination, indicating, inter alia, the names of candidates allowed to appear as per permission granted by the (Principal) Commissioner of Income-tax (In-charge of examinations) including their roll numbers and the exemption marks obtained by them in different subjects in earlier years' examinations,

(c) List "A" of the candidates with the particulars of absentees in the examination for any particular subject(s) marked in red ink within 15 days of the conclusion of examination.

7. Examination for Income-tax Inspectors

The Directorate of Income-tax (Exam & OL) conducts the departmental examination for Income-tax Inspectors once in a year in the second quarter of the financial year. The periodicity of this examination is, however, subject to change at the discretion of the Directorate. The ADG (Exams & OL) notifies the exact date of the examination and fixes the timetable well in advance.

7.1 In-charge of Examination

The (Principal) Commissioner of Income-tax nominated by the (Principal) Chief Commissioner of Income-tax (Cadre Control) shall be responsible for the proper conduct of the examination for Income-tax Inspectors in that charge. The said (Pr.) CCIT shall authorize the CIT so nominated to:

(a) receive applications from the candidates appearing in the examination in the prescribed proforma.

(b) intimate to Director of Income-tax (Exam & OL) the requirement of question papers.

(c) furnish all statements that have a bearing on the conduct of the examination in the forms as prescribed by Director of Income-tax (Exam & OL) from time to time.

(d) make all arrangements for proper conduct of the examination and declaration of results thereof.

(e) perform such other essential functions that may be required for the conduct of the examination or as may be deemed necessary by the Director of Income-tax (Exam & OL).

7.2 Eligibility Criterion

The following persons will be eligible to appear in the departmental examination for Income-tax Inspectors:

(a) All ITIs (for confirmation).

(b) Office Superintendents.

(c) T.As (those having already passed Ministerial Staff Exam.).

(d) Sr. T.As (those having already passed Ministerial Staff Exam.).

(e) Steno Gr. II & I (those having already passed Ministerial Staff Exam.).

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7.3 Chances Permissible

A candidate may avail of a maximum of 10 chances.

7.4 Subjects

The examination will be held in the following subjects:

Subject	Type	Maximum Marks
Paper-1: Income-tax Law & Computation (Without books)	Objective	150
Paper-2: Book Keeping (Without Books)	Objective	100
Paper-3: Allied Laws (Without books)	Objective	100
Paper-4: Office Procedure (Without Books)	Objective	100
Paper-5: Hindi	Subjective	50

7.5 Pass Percentage

(a) A candidate will be declared to have passed the examination if he/ she secures 45 per cent (40 per cent for reserved category) marks in each of the papers 1 to 5.

(b) A candidate who secures the minimum pass marks in one subject in a particular examination will be exempted from appearing in that paper in the subsequent examinations.

Those who have qualified in Hindi paper in the matriculation examination, its equivalent or any higher examination or in the departmental examination for ministerial Staff will be exempted from passing the Hindi paper in this examination.

7.6 Furnishing of List/ Statement

The (Principal) Commissioner of Income-tax (In-charge of examination) shall send the following list/ statement to the ADG (Exams & OL):

(a) Requirement of question papers before 31st March of the year of examination.

(b) List "B" in the prescribed proforma within 15 days of the conclusion of the examination indicating, inter alia, the names of candidates allowed to appear as per permission granted by the Commissioner of Income-tax (In-charge of examinations) including the roll numbers and the exemption marks obtained by them in different subjects in earlier years' examinations.

(c) List "A" of the candidates with the particulars of absentees in the examination for any particular subject(s) marked in red ink, within 15 days of the conclusion of the examination.

8. Examination for Ministerial Staff

The departmental examination for ministerial staff is conducted by the Directorate of Income-tax (Exam & OL) once a year in the first quarter of the financial year. The periodicity of this examination is, however, subject to change at the discretion of the Directorate. The ADG (Exams & OL) notifies the exact date of the examination and fixes the time-table well in advance of the date of examination.

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8.1 In-charge of Examination

The (Principal) Commissioner of Income-tax nominated by the (Principal) Chief Commissioner of Income-tax (Cadre Control) shall be responsible for the proper conduct of the examination for ministerial staff in that Charge. The said CCIT shall authorize the CIT so nominated to:

(a) receive applications from the candidates appearing in the examination in the prescribed proforma.

(b) intimate to ADG (Exams & OL) the requirement of question papers.

(c) furnish all statements that have a bearing on the conduct of the examination in the forms as prescribed by ADG (Exams & OL) from time to time.

(d) make all arrangements for proper conduct of the examination and declaration of results thereof.

(e) perform such other essential functions as may be required for the conduct of the examination or as may be deemed necessary by the ADG (Exams & OL).

8.2 Eligibility Criterion

The following persons will be eligible to appear in the Departmental Examination for Ministerial Staff:

(a) Tax Assistants having passed computer test.

(b) Stenographers Grade-II and Grade-I.

(c) Sr. TA.

(d) Lower Division Clerks including Hindi Typists.

(e) Notice Server/ MTS who have passed the computer test .

8.3 Chances Permissible

There is no restriction on the number of chances to be availed of in respect of this examination.

8.4 Subjects

The examination for ministerial staff is held in the following subjects:

Paper No.	Subject	Maximum Marks
1.	Precis & Drafting	100
2.	Office Procedure (FRs, SRs, GFRs etc.) (with books)	100
3.	Office Procedure (Income-tax) (without books)	150
4.	Practical Test (with books)	150
5.	Hindi Test	100

8.5 Pass Percentage

(a) A candidate will be declared to have passed the Examination if he/ she secures 40 per cent (35 per cent in case of reserved candidate) marks in each of the papers 1 to 3 and 50 per cent (45 per cent in case of reserved candidate) in Paper-IV (Practical Test) with books.

(b) A candidate who secures the minimum pass marks in one subject in a particular examination will be exempted from appearing in that paper in subsequent examinations.

(c) Those who have qualified in Hindi paper in the matriculation examination, its equivalent or any higher examination will be exempted from passing the Hindi examination.

9. Conduct of Examination and Declaration of Result

(a) The (Principal) Commissioner of Income-tax (In-charge of examinations) shall make arrangements for conducting the examination including allotment of roll numbers, distribution of question papers, prescribing the procedure in the examination hall, evaluation of the answer books and the declaration of results. He/ she will also declare the names of the candidates who have completely qualified the examination with or without the Hindi test.

(b) The (Principal) Commissioner of Income-tax (In-charge of examinations) shall send the requirements of question papers to the ADG (Exams & OL) before 31st March of the year of examination. The ADG (Exams & OL) will supply the required number of question papers to the (Principal) Commissioner of Income-tax (In-charge of examinations).

(c) The (Principal) Commissioner of Income-tax (In-charge of examinations) shall send the following to the ADG (Exams & OL) as soon as the results are declared:

(i) a report on the conduct of the examination.

(ii) a copy of the mark sheet with the list of candidates declared successful.

Annual Performance Appraisal Report (APAR)

08

1. Purpose of Writing Annual Performance Appraisal Report-Performance Evaluation

1.1 The performance of every Government servant is assessed annually through his APAR. Hence, APAR assumes immense importance in the career of a Government Employee, as the work, conduct and capabilities of the officer reported upon can be reasonably judged from the recorded opinion. Moreover, these reports, in the process, aim at ensuring efficiency in services.

1.2 It is in the interest of every Government servant that he should know how well or otherwise, he is performing the job assigned to him. In fact, he would be more interested to know particularly his defects and shortcomings, which would affect his career advancement in the long run. Unless he comes to know of them in time and overcomes them by taking remedial measures, he cannot plan his career development in a systematic manner.

1.3 The system of APAR has three principal objectives. First and foremost is to improve the performance of the subordinates. The second objective is to assess his potentialities, provide appropriate feedback and guidance in order to ensure that the shortcomings (if any), are adequately addressed so that there is an overall development of the officer. Thirdly, APAR provides the basic and vital inputs for assessing the performance of an officer and his suitability for purposes of advancement in his career, confirmation, promotion, selection for deputation etc. It may be emphasized that Government has in principle accepted that the continuance in government service after the age of 50 years/ completion of 30 years of service shall be based on the assessment of APAR dossiers.

2. Period and Frequency of Reporting

2.1 In every Department, APAR should be recorded preferably annually for the period covered by the financial year.

2.2 Officers writing the APAR should have carefully observed the work and conduct of those under their control and have provided the required training and guidance wherever necessary. The APAR should be based upon the results of such observations as well as periodical inspections.

2.3 There is no objection to two or more independent reports being written for the same year by different reporting officers in the event of a change in the Reporting Officer during the course of a year provided that no report should be written unless a reporting officer has at least three months' experience on which to base his report. In such cases, each report should indicate precisely the period to which it relates. The reports for the earlier part or parts of the year should be written at the time of the transfer or immediately thereafter and not deferred till the end of the year. The responsibility for obtaining APAR in such cases should be that of the Head of the Department or the office.

2.4 When a Reporting Officer who has been in charge for substantial portion of the year has to proceed on long leave, transfer etc. He should, even if the reports are not due to be written at that time, write the report before handing over charge. The Reviewing Officers should, in similar circumstances, review the reports so written.

2.5 The official reported upon should, at the end of the financial year, submit the duly filled in APAR form to the reporting officer. Wherever required, the self-appraisal containing the annual work done by the officer may be duly filled. The self-appraisal should be precise, to the point and within the prescribed number of words. The Reporting Officer should make due note of the date of receipt of the APAR submitted. After assigning grades to the various functional areas of the officer reported upon and after inserting his comments, the Reporting Officer will submit the APAR to the Reviewing Officer.

The Administrative Branch may authenticate the personal details in the APAR form before the same is filled by the officer reported upon and submitted to the reporting officer.

2.6 If the Reporting/ Reviewing Officer is under suspension, he may be permitted to write/ review the report within two months from the date of his having been placed under suspension or within one month from the date on which the report was due, whichever is later. An officer under suspension cannot be asked to write/ review APAR after these time limits. Where the Reporting Officer retires or otherwise demits office, he may be allowed to give the report on his subordinates within a month of his retirement or demission of office.

2.7 The APARs in the case of officers working in Headquarters/ Admin of the Pr. CCIT/ CCIT/ Pr. CIT/ CIT will be treated as complete after reporting by the concerned Pr. CCIT/ CCIT/ Pr. CIT/ CIT and the comments of the reporting officer in such cases will be treated as final. (Circular No. HRM/ PM/ APAR/ 403/5/2015-16 dated 17/03/2016)

3. Responsibility of Reporting/ Reviewing Officers

3.1 In order to minimize the element of subjectivity and of conscious or unconscious bias, the confidential report is required to be written by two officers. It is expected that every officer knows a large number of employees two grades below him. His overall assessment of the character, performance and ability of the reported officer, therefore, is necessary as a built in corrective. The judgment of the immediate superior, even though completely fair in its intent, might sometimes be too narrow and subjective to do justice to the officer reported upon. The officer superior to the Reporting Officer should, therefore, consider it his duty to personally know and form his own judgment of the work and conduct of the officer reported upon. He should, accordingly, exercise positive and independent judgment on the remarks of the Reporting Officer under the various detailed headings in the form of the report as well as on the general assessment, and express clearly his agreement or disagreement with these remarks. This is particularly necessary in regard to adverse remarks (if any), where the opinion of the higher officer shall be construed as the correct assessment. If the superior officer does not fully agree with the Reporting Officer he should indicate the nature and content of such difference.

3.2 The system of APAR on the performance of Government servants is a means to an end and not an end in itself. The ultimate goal is to optimize the achievement of Government policies and programmes. This is possible only if the APAR lead to the optimization of the performance of the concerned Government servants. The main focus of the Reporting Officer should, therefore, be

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developmental rather than judgmental. The APAR should be a true indicator of the achievement of the Government servant; it should not be a mere tool to control or discipline him.

3.3 The system of APAR has two principal objectives and the Reporting Officer should have a very clear perception of these objectives. The first and foremost is to improve the performance of the subordinate in his present job. The second objective is to assess the potentialities of the subordinate and prepare him through appropriate feedback and guidance for future possible opportunities in service. To a great extent, the second objective is dependent on the achievement of the first.

3.4 It is the duty of the superior officer to give the subordinate a clear understanding of the tasks to be performed and to provide requisite resources for his performance. The subordinate is required to contribute to the best of his capacity to the qualitative and quantitative achievement of the given tasks making optimum use of the resources provided. Also, both the superior and his subordinate have to be necessarily aware of the ultimate goal of their organisation, which can be achieved only through the joint efforts of both of them. This is the basic philosophy underlying any system of APAR.

3.5 The Reviewing Officer is free to make his remarks on points not even mentioned by the Reporting Officer. Such additional remarks would, in fact, be necessary where the report is too brief, vague or cryptic.

3.6 With a view to enabling the Reviewing Officer to discharge his responsibility in ensuring the objectivity of the confidential report, it has been decided that where he is not sufficiently familiar with the work of the officer reported upon so as to be able to arrive at a proper and independent judgment of his own, it should be his responsibility to verify the correctness of the remarks of the Reporting Officer after making such enquiries as he may consider necessary. Where necessary, he should also give a hearing to the person reported upon before recording his remarks. The report is to be written by the Reporting Officer immediately superior to the officer reported upon and reviewed by the next higher authority. In both the cases, they should have supervised the work of the officer reported upon for not less than three months. In accordance with the DOP&T OM No.21011/1/93-Estt.(A) dated 14/1/1993, the Reporting and Reviewing Officers may be allowed to report/ review the ACRs of their subordinates within one month of their retirement or demission of office. If the Reporting Officer and/ or Reviewing Officer is/ are under suspension, the CRs of the subordinates are to be written/ reviewed within two months of the date of suspension or one month of the due date of completion of the CR, whichever is later.

4. Form and Contents of APAR

4.1 As per Department of Personal & Training's instructions, the form in which APAR are to be recorded can vary from department to department and as between different levels of responsibility within a departmental hierarchy, depending upon the nature of work and duties attached to various posts. It is, however, prescribed that a performance appraisal report should contain the assessment of certain qualities of general importance such as integrity, intelligence, keenness, industry, tact, attitude to superiors and subordinates, relations with fellow-employees etc. In addition to the prescribed attributes, every APAR should carry a general appreciation of the character, conduct and aptitudes of the officer reported upon. Reference to specific incidents may be made, if at all, only by way of illustrations to such adverse comments of a general nature, e.g. inefficiency, dilatoriness, lack of initiative or judgment etc.

4.2 In the Income-tax Department, Inspection Reports may help Reporting as well as Reviewing Officers to write APAR in an objective manner. The extent of Fulfilment of various action plan targets would also be helpful in writing specifically such reports. Reporting and Reviewing Officers would well advised to focus specifically on the officer's achievements under the plan and comment on the extent of the shortfall, if any, and the reasons therefor.

4.3 For the Income-tax Department, the APARs are written by the Reporting/ Reviewing Officers with their digital signatures in various forms prescribed for different levels of officer and staff, available in APAR module of HRMS in ITBA.

5. Detailed Instructions for Online Submission of APARs with the Use of DSCs

The APAR consists of 4 parts and the process of affixing digital signature of each part leading to a complete and comprehensive single document and PDF format which is digitally signed is described below. Each part can be digitally signed ONLY if the previous part has been digitally signed. In case at any stage the chain breaks, then the subsequent part will be manual.

5.1 Section I - Basic Information

As per the APAR process, the initiation of the APAR is by the DDO who will complete the basic information accurately on the basis of records maintained in that office/ from the service book and would affix his digital signature on the first part – Section I – Basic Information.

5.2 Section II - Self Appraisal

Once the DDO has completed Section I and has digitally signed the same, the data and the digitally signed PDF representing Section I will be visible to the Officer filling up his self-appraisal. The Officer will complete his self-appraisal and then digitally sign the Section II Self-appraisal. The cumulative PDF document containing Section I which had been previously digitally signed by the DDO and Section II which is now being digitally signed by the officer completing his self-appraisal would be created.

It may be noted that any point of time the PDF document can have only one digital signature, however, the cumulative document will contain the details confirming that the previous Section namely Section I had been previously digitally signed by the DDO and Section II would be digitally signed by the Officer completing his self-Appraisal.

5.3 Section III(A) - Appraisal

At this stage the digitally signed document of the officer completing his self-appraisal would be visible to the reporting officer for grading. The reporting officer will complete Section III (A) and will sign Section III (A) digitally. On doing so the cumulative PDF document now containing Section I and Section II which have been previously digitally signed and Section III (A) containing the appraisal by the reporting officer which has now been digitally signed will be submitted.

At each stage a 2D bar code of the previous Sections are affixed at the end of each Section of the APAR. This 2D bar code also confirms that the previous Sections had been digitally signed and encrypted hash of the previous stages are generated and stored in the database to ensure that no tampering is possible of the data or the PDF. This ensures non-repudiation.

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5.4 Section IV(A) - Review

At this stage the reporting officer has digitally signed the appraisal and this cumulative document containing Section I, II and III(A) are now available in PDF format for viewing and the data is available in non-editable mode for further action by the Reviewing Officer. The Reviewing Officer will now complete his part of reviewing the appraisal of the Reviewing Officer and fill up Section IV(A) appropriately. Thereafter, the Reviewing Officer will place his digital signature on Section IV(A) and complete the APAR process.

At this stage a complete and comprehensive APAR document containing Section I, II and III(A) which have been previously digitally signed by the DDO, officer completing his self-appraisal and Reporting Officer and Section IV(A) bearing the digital signature of the Reviewing Officer will be generated. Thus the final APAR form will bear the digital signature of the Reviewing Officer in each and every case signifying the completion of this process.

6. Issue of NRC (No Report/ Review Certificate) for Missing Periods of APARs

6.1 The Directorate of Income-tax (HRD) has been assigned the task of scanning & digitization of all the APARs of Group A&B officers. Accordingly, APAR dossiers of Group A officers were obtained from the DT/ Pers Section of CBDT and scanned & uploaded in APAR module of HRMS.

6.2 The complete APAR dossier of the officer is very essential for his career progression i.e. promotion, deputation, empanelment to the post of Joint Secretary & above to the Government of India. It has been observed that in respect of many officers, APARs are missing either for full year or part period. In many of these cases, the NRC (No Report/ Review Certificate) requires to be issued by the competent authority for completing the APAR dossiers.

6.3 Instances have been noticed where the NRC was issued and subsequently the APAR for the same period surfaced. Also different practices are being followed for issuance of NRC in various CCA Regions. Accordingly, it is proposed to streamline the process of issuance of NRC in cases where the APAR is missing. The following procedure may be adopted for the issuance of NRC hence forth:

(a) The DIT (HRD) has uploaded scanned copies of available APARs/ ACRs/ NRCs since reporting year 2007–08 in APAR module of HRMS in respect of all the group ‘A’ officers. All the officers should visit APAR module of HRMS to check the status of their APARs and any discrepancies in the uploaded documents should be brought to the notice of the DIT (HRD) through the concerned Pr. CCIT (CCA) with certified copy of correct document.

(b) Wherever any officer finds that their ACR/ APAR is not available/ missing, suitable action should be taken immediately for completing his APAR dossier either by providing certified copy of his APAR or getting the NRC issued for the period of missing/ not available APAR.

(c) In the case, where NRC is required to be issued for the deficient period, the concerned officer shall write to the Pr. CCIT (CCA) requesting him for issuance of NRC. While making such request, the officer shall provide detail of his place of posting, reporting officer, reviewing officer and date of submission of his self-appraisal to the reporting officer in respect of the deficient period.

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(d) The Pr. CCIT (CCA) shall verify from the APAR dossier of the concerned officer available with him/ her whether or not the APAR for relevant period is available in the folder. In case the APAR is available, a certified copy of the same (each page certified by an officer not below the rank of Assistant Commissioner) shall be sent to the DIT (HRD). An intimation in this regard shall be sent to the officer concerned also.

(e) In case the APAR is not available in the APAR dossier maintained at the Pr. CCIT (CCA), he will examine the reasons given by the officer and issue/ recommend NRC as the APAR should be written/ reviewing/ appraised before 31th August by accepting authority (MOF O. M. No. 50050/40/2014-Per/ HQ dated 02/07/2014).

(f) Before issue/ recommendation of NRC, if deemed fit, the Pr. CCIT (CCA) may also get verification from reporting/ reviewing authorities as to whether the APAR of the concerned period was written, reviewed and forwarded during the relevant time. Accordingly, a report may be obtained from the region where the officer was posted at that point of time, on the facts of the case.

(g) On receipt of the verification request, the concerned Pr. CCIT (CCA) will verify from correspondence files of the APAR Section/ confidential Section where the officer was posted during the relevant period, to see whether the APAR of the officer for concerned period was written, reviewed and forwarded or not. Accordingly, the factual report shall be sent to the requesting Pr. CCIT(CCA) for consideration and issuance of NRC.

(h) The NRC should be signed by the Pr. CCIT (CCA) himself or with his approval by an officer in his office not below the rank of Assistant Commissioner.

(i) While issuing the NRC, the guidelines issued by the DOPT/ DOR/ CBDT from time to time may be kept in mind and the reasons for issuance of NRC should be mentioned in the No Report Certificate.

(j) Generally following nature of cases have been noticed where the APAR is missing:

  (i) The part period is over 90 days but the part period is reckoned as reduced to less than 90 days as the officer was on leave/ training for more than 15 days & the leave/ training period so deducted may be verified from the service book and NRC may be issued.

  (ii) The period is over 90 days but was not reported upon within stipulated time. In such cases also, the NRC has to be issued as the APAR for same period cannot be initiated in terms of the DOP&T guidelines (DOP&T O.M. No. 2011/02/02/2009- Estt. (A) Dated 16/02/2009 & MOF O. M. No. 50050/04/2014-Per/ HQ dated 02/07/2014).

  (iii) The missing period is over 90 days but the officer has not completed 90 days period under any single reporting officer. In such cases, the facts may be verified and NRC may be issued.

  (iv) Reporting and/ or reviewing officers retired/ expired/ demitted office, in such cases, the facts may be verified and NRC may be issued.

  (v) Officer was on unauthorized absence. In such cases NRC may be issued, after verification of facts.

  (vi) The APAR could not be completed within stipulated time, by the retiring reporting/ reviewing officer.

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The above reasons are only indicative, there may be other cases besides those mentioned above.

6.4 After issue/ recommend, one copy of the NRC should be placed in the APAR dossier of the officer maintained in his office and the second copy of the NRC should be sent to the ADG (HRD) - 1, in original under a covering letter.

General Guidelines for Filling Up the PAR Form

1. Introduction

1.1 The Performance Appraisal Report is an important document. It provides the basic and vital inputs for further development of an officer. All officers should undertake the duty of filling up the form with a high sense of responsibility

1.2 Performance appraisal should be used as a tool for career planning and training, rather than a mere judgmental exercise. Reporting Authorities should realize that the objective is to develop an officer so that he/ she realizes his/ her true potential. It is not meant to be a faultfinding process but a developmental tool.

1.3 All the columns should be filled with due care and attention and after devoting adequate time.

1.4 Although the actual documentation of performance appraisal is a year-end exercise, in order that it may be a tool for human resource development, career planning and training, rather than a mere judgmental exercise, the Reporting Authority and the officer reported upon should meet during the course of the year at regular intervals to review the performance and to take necessary corrective steps.

2. Section-I

2.1 This Section should be filled up by Head of Department with signature and stamp. Period of report could either be the entire reporting year, namely, from 1st of April to 31st March or a part of the year (exceeding 3 months). In case the period of report is a full year, it should be indicated accordingly; for example, 2015–16. In case the period of report is less than the entire year, specific start and end dates should be indicated, for example, 10th September 2015, 31st March 2016.

2.2 Information on the present grade (pay-scale) as well as present post (actual designation and organisation) and the date from which he/ she has been on his/ her present post needs to be mentioned.

2.3 In the table relating to reporting, reviewing the name and designation of the reporting and reviewing authorities should be mentioned so that the officer reported upon is clear about whom he/ she is required to send the report.

2.4 The period of absence from duty, on leave, training, or for other reasons, should also be mentioned in this Section in the table provided for the purpose. Details of the training attended, date of filing of property returns and whether the officer reported upon has reported/ reviewed and the annual performance report of all his/ her subordinate officers for the previous year should be mentioned in the table for the purpose.

2.5 This Section provides for regular annual medical examination. The health check is mandatory for all officers above the age of 40. A copy of part C of the health checkup report is to be attached to

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the PAR form by the Admin./ Personnel Deptt. and a copy provided to the member of the service. The format of the health checkup will be made available by the concerned Admin./ Personnel Deptt. A report of health issues should not be influencing the grading of an officer in any manner and health problems should not be viewed seriously.

3. Section-II

3.1 The officer reported upon is first required to give brief description of his/ her duties and responsibilities, which would normally not exceed about 100 words. Ideally, this should be in bullet form.

3.2 All officers are required to develop a work plan for the year and agree upon the same with the reporting officer. The work plan should incorporate the relative annual work *rhythm* and budgetary cycle. This exercise is to be carried out at the beginning of the year and finalized by 30th April, positively. In case of a change of the reporting officer during the year, the work plan agreed with the previous reporting officer would continue to apply, or the new reporting officer can change the work plan with the consultation of the officer concerned. The work plan agreed upon at the beginning of the year has to be reviewed again during the month of September/ October as a mid-year exercise and finalized by 31st October. Based on this review, the work plan may undergo some changes from that originally prepared.

3.3 After the work plan is prepared, it is possible that the officer reported upon is transferred out on the new incumbent joining the office; a new plan can be worked out. The period spent by the officer during the year and his contribution could be considered for evaluation his performance against the work plan. In the case of mid-term transfers, continuity and assessment of work and the lower performance profile in the earlier quarter should be taken into consideration.

3.4 The work plans, duly signed by the officer reported upon and the reporting authority has to be submitted to the reviewing authority for his/ her perusal. The performance appraisal form provides for an assessment of the accomplishments vis-à-vis the work plan agreed at the commencement of the year and reviewed mid-year. The officer reported upon is required to fill up the table provided for the purpose in Section-II.

3.5 The reporting officer should also make a mid-year appraisal of the reported officer on 31st October and intimate of him/ her of any need for improvement with suggestion/ constructive ideas for improving the achievement of targets. This would only be an exercise for improving target achievement, human resource development and work improvement. A comment for improvement should not be taken as a negative or adverse comment

3.6 It is necessary that the work plan should be essentially quantitative in nature, for field level posts, but for secretarial level posts it would consist of policy objectives to be achieved etc.

3.7 Section-II also provides a column where the officer concerned can reason why he was not able to fulfil the quantitative targets given to him and what hindrances were faced in achieving those targets.

3.8 Section-II also provides an opportunity for the officer to reflect upon his/ her performance during the year and indicate items which he/ she thought were significant contributions made by him/ her during the year. It is always possible for any officer to make significant contribution even in activities otherwise

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regarded as routine in nature. Example of such contribution may be the successful organisation of a major event like the annual returns counter and CC conferences or successful conclusion of an activity that has been going on for a long time, or even successful dealing of an emergency, would be an exceptional contribution.

3.9 Section-II also provides opportunity to the officer to explain in not more than 300 words the quality work he has done during the year.

4. Section-III

4.1 This Section requires the reporting authority to record a numerical grade in respect of the work output of the officer reported upon both in respect of the planned work as well as the unforeseen tasks. A numerical grade is also required in respect of the 'quality' of the output. In doing so, the reporting authority should take into account, the time taken and whether the laid down rules/ procedures have been adhered to in accomplishing the tasks.

4.2 The reporting authority is also required to record a numerical grade in respect of work output, personal attributes and functional competencies.

4.3 This Section also takes into account the efforts put in by the officers to achieve the planned targets. Even if, they could not be achieved during the year, it is important for supervisory officer to see the intensions and efforts put in rather than numerical results.

4.4 Section-III requires the reporting authority to comment on the integrity of the officer reported upon. In recording remarks with regard to integrity, the following procedure should be followed in filling up the column relating to integrity:

(a) If the Officer's integrity is beyond doubt, it may be so stated.

(b) If there is any doubt or suspicion, the column should be left blank and action taken as under:

  (i) A separate secret note should be recorded and followed up. A copy of the note should also be sent together with the Performance Appraisal Report to the next superior officer who will ensure that the follow up action is taken expeditiously. Where it is not possible either to certify the integrity or to record the secret note, the Reporting Officer should state either that he/ she had not watched the officer's work for sufficient time to form a definite judgment or that he/ she has heard nothing against the officer, as the case may be.

  (ii) If, as a result of the follow up action, the doubts or suspicions are cleared, the officer's integrity should be certified and an entry made accordingly in the Performance Appraisal Report.

  (iii) If the doubts or suspicions are confirmed, this fact should also be recorded and duly communicated to the officer concerned.

  (iv) If as a result of the follow up action, the doubts or suspicions are neither cleared nor confirmed, the officer's conduct should be watched for a further period and thereafter action take as indicated at (b) and (c) above.

4.5 Finally, the reporting authority is required to record an overall grade. This should also be done on a scale of 1–10 with 1 referring to the lowest grade and 10 to the highest grade.

4.6 Reporting authority is then required to make recommendations relating to domain assignment.

5. Section-IV

5.1 This Section is to be filled up by the reviewing authority. He/ she is required to indicate if he/ she agrees with the assessments made by the reporting officer. In case of disagreement, he/ she shall record his/ her own assessment against the work output or any of the attributes and functional competency in the column specifically provided for the purpose. In case of agreement, he/ she should only record "I agree with the grades given by the reporting officer".

5.2 The reviewing authority shall fill column 4 of the PAR Section-IV only in circumstances when he does not agree with the reporting officer and upgrades or downgrades the officer reported upon. Otherwise, he will fill up this column if he agrees with the reporting officer that overall grading of the officer reported should be below 6.

5.3 The reviewing authority is also required to record an overall grade in the scale of 1–10, which may differ from that of the reporting officer wherever there is disagreement.

6. Numerical Grades

At several places, numerical grades are to be awarded by reporting and reviewing authorities. These should be on a scale of 1–10 where 1 refers to the lowest grade and 10 to the highest. In awarding a numerical grade the reporting, reviewing authorities should rate the officer against a larger population of his/ her peers that may be currently working under them.

Guidelines Regarding Filling Up of APAR with Numerical Grading

(a) The columns in the APAR should be filled with due care and attention and after devoting adequate time.

(b) It is expected that any grading of 1 to below 6 (against work output of attributes or overall grade) would be adequately justified in the pen-picture by way of specific failures and similarly, Grades of 1 to below 6 & above 9 are expected to be rare occurrences and hence the need to justify them. In awarding a numerical grade the reporting and reviewing authorities should rate the officer against a larger population of his/ her peers that may be currently working under them.

(c) APARs graded between 8 and 10 will be rated as 'outstanding' and will be given a score of 9 for the purpose of calculating average scores for empanelment/ promotion.

(d) APARs graded between 6 and short of 8 will be rated as 'very good' and will be given a score of 7.

(e) APARs graded between 4 and 6 short of 6 will be rated as 'good' and given a score of 5.

(f) APARs graded below 4 will be given a score of zero.

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7. Weightage & Mean

Weights have been assigned to work output, personal attributes and functional competency. The overall grade will be based on the addition of the mean value of each group of indicators in proportion to weightage assigned.

8. Disclosure

8.1 The full APAR, including the overall grade and assessment of integrity, should be communicated to the officer reported upon after the report is complete with the remarks of the reviewing officer. Where Government servant has only one supervisory level above him as in the case of personal staff attached to officers, such communication shall be made after the reporting officer has completed the performance assessment.

8.2 The Section entrusted with the maintenance of APARs after its receipt shall disclose the same to the officer reported upon.

9. Representations

9.1 The concerned officer reported upon shall be given the opportunity to make any representation against the entries/ grading given in the Report ***within a period of fifteen days from the date of receipt by him of the entries/ grading in the APAR.*** The representation shall be restricted to the specific factual observations contained in the report leading to assessment of the officer in terms of attributes, work output etc. While communicating the entries, it shall be made clear that in case no representation is received within the fifteen days, it shall be deemed that he/ she has no representation to make. If the concerned APAR Section does not receive any information from the concerned officer on or before fifteen days from the date of disclosure, the APAR will be treated as final.

9.2 The competent authority may consider the representation, if necessary, in consultation with the reporting and/ or reviewing officer and shall decide the matter objectively based on the material placed before him ***within a period of thirty days from the date of receipt of the representation.***

9.3 The competent authority after due consideration may reject the representation or may accept and modify the APAR accordingly. The decision of the competent authority and the final grading shall be communicated to the officer reported upon within fifteen days of receipt of the decision of the competent authority by the concerned Section/ co-ordinating authority.

(DOP&T OM No 21001/1/2005-Estt.(A) (Part-II) dated 14/05/2009, DOP&T OM No. 21011/1/2010-Estt.(A) dated 13.04.2010 and DOP&T OM No. 21011/1/2005-Estt.(A)(Pt-II) dated 19/05/2011 may also be referred to)

9.4 Competent Authority in terms of Representation would be defined by DOP&Ts OM No 51/5/72/ Estt.(A) dated 20/05/1972 at para 9.5 (i) which reads as under:

'All representations against adverse remarks should be examined by an authority superior to the reviewing officer, in consultation if necessary, with the reporting and the reviewing officers. The said superior authority shall be regarded as the competent authority to deal with such representations.'

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10. Time Schedule for Preparation/ Completion of APAR

10.1 The following schedule should be strictly followed:

Reporting Year–Financial Year

S. No.	Activity	Below CCIT/ DGIT	CCIT/ DGIT
1.	Blank PAR form to be given to the officer reported upon by the administration Division/ personnel Department, specifying the reporting officer and reviewing authority	1st April	1st May
2.	Self-appraisal for current year	30th April	31st May
3.	Appraisal by reporting authority	31st May	30th June
4.	Appraisal by reviewing authority and APAR to be sent to the custodian/ coordinating authority	30th June	31st July
5.	Disclosure to the officer reported upon by the custodian/ coordinating authority	31st August	15th September
6.	Representation of the officer reported upon, if any to the coordinating authority	15th September	30th September
7.	Forwarding of representation of the officer reported upon to the competent authority by the coordinating authority	30th September	15th October
8.	Disposal of the representation by the competent authority after consultation with the reporting and reviewing authorities and forwarding to the coordinating authority	31st October	30th November
9.	Communication of the decision/ comment of the competent authority to the officer reported upon by the coordinating authority	15th November	15th December
10.	End of entire PAR process	31st December	31st December

10.2 The completed PAR should reach the Cadre Controlling Authorities by 31st July of the following year. The Cadre Controlling Authority will prepare list of PARs not received and follow up with the respective Chief Commissioner/ Director Generals in the field, and will send monthly report thereafter to the DGIT (HRD).

10.3 The Chief Commissioner/ Director Generals (CCAs) in the field shall be the Nodal Authority for all officers up to the rank of Pr. CIT/ Pr. DIT and they will ensure that the PARs of the members of Service, duly completed, are sent to the Cadre Controlling Authority by 31st July of the following year.

10.4 For all officers above Pr. CIT/ Pr. DIT the nodal officer will be DGIT (HRD).

10.5 If a PAR relating to a financial year is not recorded by the 31st July of the following year in which the financial year ended, no remarks shall be recorded thereafter. The member of service will be assessed based on the overall record and self-assessment of the year concerned, if he had given his self-assessment in time and the Reporting Authority or Reviewing Authority have not completed the PAR according to the time schedule given in para 10.1.

10.6 The member of Service reported upon shall, while forwarding his self-appraisal to the Reporting Authority, endorse a copy of the self-appraisal, to the nodal authority and keep a record of the same as evidence that he had submitted the self-appraisal in time.

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10.7 The Reporting officers can write the APAR of the officer reported upon after giving him a notice of 15 days that he is going to write the APAR if self-appraisal is not received by the reporting officer according to the time schedule given in para 10.1

10.8 The Reporting Authority shall record his comments in the PAR of the officer reported upon within the stipulated time and send it to the Reviewing Authority along with a copy thereof to the nodal authority.

10.9 In case the Reporting Authority fails to submit the PAR to the Reviewing Authority within the stipulated period under intimation to the nodal Authority, the nodal Authority shall send a copy of self-appraisal directly to the Reviewing Authority and authorize him to initiate the PAR. The nodal Authority shall also keep a note of the failure of the Reporting Authority to submit the PAR of his subordinate in time for an appropriate entry in the PAR of such Reporting Authorities.

10.10 The nodal Authority shall evolve a suitable mechanism to ensure that the remarks of the Reporting, and the Reviewing authority are recorded without fail by the dates as per the schedule given at Para 10.1.

10.11 In case the self-appraisal is not submitted on time and the reporting officer also fails to initiate the PAR within time according to schedule given above then the reviewing officer can initiate the PAR after giving 15 day notice to the officer reported upon.

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Important Instruction/ Guidelines Issued by the DOPT

1. General Principles

1.1 The performance of every Government servant is assessed annually (April- March) through his Annual Performance Assessment Report, which is an important document providing the basic and vital inputs for assessing the performance of the Government servant and for assessing his suitability for his further advancement in his career on occasions like confirmation, promotion, selection for deputation, selection for foreign assignment etc. Performance appraisal is a tool for human resource development in order to enable a Government servant to realize his true potential.

(Department of Personnel & Training O.M. No. 12/2/84-PP dated the 17/12/1986)

1.2 The Reporting Officer, at the beginning of the year has to set quantitative/ physical targets in consultation with each of the Government servants, whose reports he is required to write. Performance appraisal is meant to be a joint exercise between the Government servant reported upon and the Reporting Officer. While fixing the targets, priority should be assigned item-wise taking into consideration the nature and the area of the work. The APAR is initiated by the Government servant to be reported upon himself, who gives a brief description of his duties, specifies the targets set for him wherever applicable, achievements against each targets, the shortfalls, if any, constraints encountered and areas where the achievements have been greater.

(Department of Personnel & Training O.M. No. 12/2/84-PP dated the 17/12/1986)

1.3 The performance is then assessed by the Reporting Officer, who after completing his part of the Report submits it to his own superior, known as the Reviewing Officer for review. The assessment of the performance of Government servant at two levels ensures a greater degree of objectivity and fairness. However, where a Government servant has only one supervisory level above him as in the case of personal staff attached to officers, the assessment will be at the level of Reporting Officer only. The officers at both Reporting and Reviewing levels are required to have at least three months experience of supervising the work and conduct of the Government servant reported upon, before they can record their assessment on the performance of the Government servant.

(Department of Personnel & Administrative Reforms O.M. No. 51/3/74-Estt. 'A' dated the 22/12/1975)

1.4 While normally there should be only one Report covering the year of Report, there can be situation in which it becomes necessary to write more than one Report during a year. There is no objection to two or more independent Reports being written during a year by different Reporting Officers, subject to the condition that each Reporting Officer has at least three months experience on which he can base his Report on the Government servant reported upon. Where more than one Report is written in the course of a year, each Report should indicate precisely the period covered by it. When a Report has to be written by a Reporting Officer, who is under transfer, it should be written at the time of transfer or immediately thereafter and not deferred till the end of the year. The responsibility for obtaining the APAR from the Reporting Officer concerned in such cases will be that of the Section handling the APAR.

(Department of Personnel O.M. No. 51/5/72-Estt. 'A' dated the 20/05/1972)

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1.5 Where for a period of Report, there is no Reporting Officer with the requisite experience to initiate the Report, the Reviewing Officer himself may initiate the Report as a Reporting Officer provided the Reviewing Officer has been the same for the entire period of Report and he is in a position to fill in columns to be filled in by the Reporting Officer. Where a Report is thus initiated by the Reviewing Officer, it will have to be submitted by him to his own superior for Review if there is a superior officer to him.

(Department of Personnel & Training O.M. No. 21011/8/85-Estt. 'A' dated the 23/09/1985)

1.6 Where a Reporting officer/ Reviewing officer retires, he may be allowed to give the report on his subordinates within one month of retirement.

1.7 Where an officer has taken Earned Leave for a period of more than 15 days, the total period spent on leave can be deducted from the total period spent on any post, for the purposes of computing the period of 3 months which is relevant for writing of entries in the APAR. Leave taken for short term duration need not be treated as relevant for the purpose.

1.8 Assessment of the performance of a Government servant at more than one level has been prescribed as a general rule with a view to ensure maximum objectivity. While it might be difficult for an officer to have a detailed knowledge of the qualities of a Government servant two levels below him, his over-all assessment of the character, performance and ability of the Government servant reported upon is vitally necessary as a built-in corrective. The judgment of the immediate superior can sometimes be too narrow and subjective to do justice to the Government servant reported upon. The Reviewing Officer should, therefore, consider it his duty to personally know and form his judgment of the work and conduct of the Government servant reported upon. He should exercise positive and independent judgment on the numerical grading given by the Reporting Officer and remarks of the Reporting Officer under the various detailed headings in the form of Report as well as on the pen picture, and express clearly his agreement or disagreement with these remarks. The Reviewing Officer is also free to make his own remarks on points not mentioned by the Reporting Officer. Such additional remarks would, in fact, be necessary where the Report of the Reporting Officer is too brief, vague or cryptic. However, the remarks of the Reviewing Officer himself should not be vague or self-contradictory to another remark given by himself in the APAR.

(Department of Personnel O.M. No. 5/5/72-Estt. 'A' dated the 20/05/1972)

1.9 Where the Reviewing Officer is not sufficiently familiar with the work of the Government servant reported upon, so as to be able to arrive at a proper and independent judgment of his own, it should be his responsibility to verify the correctness of the remarks of the Reporting Officer after making such enquiries as he may consider necessary.

(Department of Personnel & Administrative Reforms O.M. No. 51/3/74-Estt 'A' dated the 22/05/1975)

1.10 As a corollary to the need for maintaining objectivity by a Reporting and Reviewing Officer, care should be taken to ensure that a close relative of an officer is not posted under the direct charge of that officer. When such a situation becomes inescapable, it should not be allowed to continue beyond the barest minimum time necessary. In such a situation, the officer concerned should abstain from writing

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the Report on the Government servant who is his close relative and instead, the Reviewing Officer should take on the role of the Reporting Officer. If in a rare case, the Reviewing Officer is also closely related to the Government servant reported upon, the role of the Reviewing Officer will have to be taken by the Officer superior to him.

(Department of Personnel & Administrative Reforms O.M. No. 21011/3/78-Estt.(A) dated the 31/05/1978)

1.11 If a Reporting/ Reviewing Officer is under suspension when the Annual Performance Assessment Report has become due to be written/ reviewed, it may be written/ reviewed by the officer concerned within two months from the date of his having been placed under suspension or within one month from the date on which the Report was due, whichever is later. An officer under suspension shall not be asked to write/ review Annual performance Appraisal Reports after the time limit specified above. The Section entrusted with the maintenance of the APAR should take the necessary action to have such APAR completed.

(Department of Personnel & Administrative Reforms O.M. No. 21011/2/78-Estt. 'A' dated the 01/08/1978)

1.12 It is not necessary to maintain Annual Performance Assessment Report on existing Group D Government servants unless the maintenance of Confidential Report serves public interest, as for example, where the staff are employed on 'sensitive work'. Where the Annual performance Assessment Reports are dispensed with, punishments, including recordable warnings, commendations, etc. conveyed to the Government servants should be entered in their Service Books and these may be referred to as and when necessary.

(Department of Personnel & Administrative Reforms O.M. No. 35014/11/76-Estt. 'A' dated the 25/08/1977)

1.13 The various processes in regard to completion of the APAR and its final taking on record from the reporting year 2008-09 are given below:

(a) The full APAR including the overall grade and assessment of integrity shall be communicated to the concerned officer after the Report is complete with the remarks of the Reviewing Officer and the Accepting Authority wherever such system is in vogue. Where Government servant has only one supervisory level above him as in the case of personal staff attached to officers, such communication shall be made after the reporting officer has completed the performance assessment.

(b) The Section entrusted with the maintenance of APARs after its receipt shall disclose the same to the officer reported upon.

(c) The concerned officer shall be given the opportunity to make any representation against the entries and the final grading given in the Report within a period of fifteen days from the date of receipt of the entries in the APAR. The representation shall be restricted to the specific factual observations contained in the report leading to assessment of the officer in terms of attributes, work output etc. While communicating the entries, it shall be made clear that in case no representation is received within the fifteen days, it shall be deemed that he/ she has no representation to make. If the concerned APAR Section does not receive any information from the concerned officer on or before fifteen days from the date of disclosure, the APAR will be treated as final.

(d) The competent authority may consider the representation, if necessary, in consultation with the reporting and/ or reviewing officer and shall decide the matter objectively based on the material placed before him within a period of thirty days from the date of receipt of the representation.

(e) The competent authority after due consideration may reject the representation or may accept and modify the APAR accordingly. The decision of the competent authority and the final grading shall be communicated to the officer reported upon within fifteen days of receipt of the decision of the competent authority by the concerned APAR Section.

(*Department of Personnel & Training O.M. No. 21011/1/2005-Estt. 'A' (Pt-II) dated 14/05/2009)*

2. Timely Completion of Annual Performance Assessment Report

2.1. Annual Performance Assessment Reports are vital for proper personnel administration, it is essential that they are completed within a time-frame so that up-to-date Annual Performance Assessment Reports are available at any given time. With this end in view, a time-schedule has been prescribed. After the expiry of the first week of the time-schedule, if the self-appraisal is not received by that time, Reporting Officer should take it upon himself to remind the officer to be reported upon in writing, asking him to submit his self-appraisal. If no self-appraisal is received by the stipulated date, the reporting officer can obtain another blank APAR form and proceed to write the report on the basis of his experience of the work and conduct of the officer reported upon. While doing so, he can also point out the failure of the officer reported upon to submit his self-appraisal within the stipulated time.

(Ministry of Personnel & Training, Administrative Reforms and Public Grievances and Pensions O.M. No. 35014/4/83-Estt. 'A' dated the 23/09/1985)

2.2 As cases continue to occur where confirmation, regular promotion, appointment to sensitive posts, etc., could not be considered in time because of non-availability of APARs for the relevant period, the matter of timely completion of APARs was further reviewed and it has now been provided that in case the APAR is not initiated by the Reporting Officer for any reason beyond 30th June of the year in which the financial year ended, he shall forfeit his right to enter any remarks in the APAR of the officer to be reported upon and he shall submit all APARs held by him for reporting to the Reviewing Officer on the next working day. Similarly, the Reviewing Officer shall also forfeit his right to enter any remarks in the APAR beyond 31st August of the year in which the financial year ended. The Section entrusted with maintaining the APARs shall, while forwarding the APARs for self-appraisal with copy to the Reporting/ Reviewing Officers also annex the schedule of dates. It shall also bring to the notice of the Secretary concerned in the case of Ministry/ Department and the Head of the organisation in the case of attached and subordinate offices, the names of those Group A and B Reporting Officers and Group A Reviewing Officers in the month of October after receiving the completed APARs who have failed to initiate/ review the APARs even by 30th June or 31st August as the case may be. The Secretary in the Department/ Head of the organisation in the case of attached/ subordinate offices may direct to call for the explanation of the concerned officers for not having performed the public duty of writing the APARs within the due date and in the absence of proper justification direct that a written warning for delay in completing the APAR be placed in the APAR folder of the defaulting officer concerned.

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2.3 In case the remarks of the Reporting officer or Reviewing Officer as the case may be have not been entered in the APAR due to the concerned officer forfeiting his right to make any entry as per the provision in para 2 above, a certificate to this effect shall be added in his APAR for the relevant period. In case both the Reporting officer and Reviewing officer had forfeited their rights to enter any remarks, the APAR format with the self-appraisal given by the officer to be reported upon will be placed in his APAR dossier.

2.4 The instructions in para 2.2 & 2.3 above shall be applicable for the APARs for the reporting period 2008–09 onwards.

(Department of Personnel & Training O.M. No. 21011/02/2009-Estt. 'A' dated the 16/02/2009)

2.5 Wherever there is any gap in the APAR during a particular reporting period, it is the responsibility of the officer in-charge for maintaining the APAR to place a no report certificate indicating the reasons, e.g. the officer has not worked for minimum 3 months under a reporting officer; he was on leave/ training during the period; he was on unauthorized absence if it is a fact; the APAR could not be completed by lapse of the time limit for making remarks by the retired reporting/ reviewing officer.

3. Special Provisions in Certain Cases

3.1 While Annual Performance Assessment Report need not be written on officer appointed on honorary or purely part-time basis, they should be written on Government servants appointed on contract. As Annual Performance Assessment Report is an annual assessment of the work and conduct of every Government servant serving under the Government, the Annual Performance Assessment Report written on a Government servant appointed on contract can be the basis to assess his performance and to decide whether the contract may be renewed if the circumstances require extension of the contract.

(Department of Personnel O.M. No. 51/5/72-Estt. (A) dated the 20th May, 1972 Department of Personnel & Administrative Reforms O.M. No. 21011/1/84-Estt. 'A' dated the 26/04/1984)

3.2 In the case of Government servants who are deputed to the United Nations or its Agencies, the following procedure should be followed:

(a) Where there is no practice of writing periodical assessment reports by the concerned agency, it is not necessary to get Annual Performance Assessment Reports on Government servants on deputation to it. An entry, however, may be made in the Annual Performance Assessment Report dossier of the Government servant to the effect that he is on deputation to a U.N. Agency where there is no practice of writing Annual Performance Assessment Reports.

(b) In respect of Government servants working on deputation under the World Bank, Asian Development Bank and I.M.F., Annual Performance Assessment Report may be obtained through the Executive Directors, normally at the end of the tenure of the Government servants and, in special cases, when a Government servant is to be considered for promotion. Ministry of Finance (Department of Economic Affairs) may be approached for obtaining such reports as and when required by any cadre authority.

(c) Annual Performance Assessment Reports in respect of past cases where the Government servant might have already returned from deputation need not be obtained.

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(Department of Personnel & Administrative Reforms O.M. No. 51/1/67-Estt. 'A' dated the 19/10/1974)

3.3 In the matter of writing Reports on the Integrated Financial Advisers, the following procedure should be followed:

(a) The Annual Performance Assessment Report on the Integrated Financial Adviser would be initiated by the Secretary of the Administrative Ministry/ Department to which the Integrated Financial Adviser is attached.

(b) Where the Integrated Financial Adviser is attached to more than one Ministry/ Department, the Secretaries in the Ministries/ Departments concerned would write separate reports.

(c) The Secretary concerned in the Ministry of Finance would write a report on each of the Integrated Financial Advisers.

(d) The Reports referred to at (a), (b) and (c) above would then be submitted to the Minister in charge of the Administrative Ministry for a review.

(e) After review by the Minister(s) in the Administrative Ministry/ Ministries, the report or reports would be submitted to the Finance Minister for his counter- signatures.

(f) Where the Minister in the Administrative Ministry is the Prime Minister himself, the reports referred to at (1), (2) and (3) above would, in the first instance, be submitted to the Finance Minister for a review and thereafter submitted to the Prime Minister.

(Department of Personnel & A.R. O.M. No. 21011/2/77-Estt. 'A' dated the 22/06/1977)

3.4 In the case of Chief Controllers/ Controllers of Accounts, whose reports are written by Integrated Financial Adviser and reviewed by the Secretary in the Administrative Ministry/ Department, the Controller General of Accounts will communicate his remarks or observations, whenever he feels it necessary, to the Secretary concerned for incorporating the same in the Annual Performance Assessment Reports of the Chief Controller/ Controller of Accounts. On receipt of such remarks from the Controller General of Accounts, the Secretary concerned, as the Reviewing Officer, may incorporate them, adding his own comments, if necessary.

(Department of Personnel & A.R. O.M. No. 21011/2/79-Estt. 'A' dated the 26/04/1979)

3.5 No Annual Performance Assessment Report need be obtained on Government servants deputed to foreign Governments (other than Government of Bhutan) on Contract assignments under bilateral arrangements and assignments under ITEC, SCAAP etc. A note may be kept in the Annual Performance Assessment Reports dossier of such a Government servant indicating that during the relevant period the Government servant concerned was on foreign assignment.

(Department of Personnel & Training O.M. No. 1/5/86-FAS dated 03/03/986)

3.6 In regard to Chief Vigilance Officer, who are working on a full time basis, their Annual Performance Assessment Reports shall be written by the Secretary of the Ministry/ Department concerned. Thereafter, the Report would be reviewed by the Minister. As regards Chief Vigilance Officers working on a part-time basis in addition to other items of work, where the vigilance work forms the major part of the Government servant's work, the head of the Department would write the Annual Performance Assessment Report after obtaining the opinion of the immediate superior about the performance of

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the Government servants reported upon in the non-vigilance areas and thereafter the report would be reviewed in the manner indicated above. Where the vigilance work forms only a small part of the work of the part-time Chief Vigilance Officer and he is mostly engaged on other work, the Reporting Officer in respect of the major items of work would record his assessment in respect of non-vigilance work and submit the same to the Head of the Department, who will not only review the Report but also add his remarks about vigilance work. The work of the Chief Vigilance Officer will also be assessed by the Central Vigilance Commissioner as provided in the Government Resolution setting up the Central Vigilance Commission.

(Department of Personnel & Training O.M. No. 122/2/85-AVD. I dated the 28/01/1986)

3.7 In the case of Central Government servants who are deputed to other Departments, State Governments or are on Foreign Service, the Annual Performance Assessment Report should be maintained by their parent Departments and the periodicity of such confidential reports should be the same as in the parent Departments. It will be the responsibility of the parent Departments to obtain the reports of their officers on deputation and maintain them.

(Department of Personnel O.M. No. 51/5/72-Estt. 'A' dated the 20/05/1972)

4. Miscellaneous Matters

4.1 In order to give at one place, information regarding the qualifications acquired by a Government servant from time to time, various training courses attended by him etc. a History Sheet in the prescribed form should be added at the beginning of the Annual Performance Assessment Reports dossier. This History Sheet should be kept up-to-date by adding additional material as and when it becomes necessary. In History Sheet of Group 'A' Government servants, a passport size photograph of the Government servant concerned should also be affixed at the right hand top corner.

(Department of Personnel & A.R. O.M. No. 21011/2/76-Estt. 'A' dated the 31/05/1976)
Department of Personnel & Training O.M. No. 21011/9/85-Estt. 'A' dated the 18/09/1985)

4.2 Whenever it becomes necessary to send the Annual Performance Assessment Reports dossier to an outside authority for purpose of selection, promotion, appointment etc., it would be advisable to keep the original Annual Performance Assessment Reports dossier with the cadre authorities and send out only a photocopy. If the Character Roll is required simultaneously at more than one place, the requisite number of photocopies may be prepared and sent. Care should also be taken to ensure that the photocopies are destroyed immediately after the purpose for which they were made has been accomplished.

(Department of Personnel & Training O.M. No. 21011/1/85-Estt. 'A' dated the 23/08/1985)

4.3 Copies of Annual Performance Assessment Report dossiers or the substance of the Reports contained in the dossier should not be sent to private bodies in connection with any purpose whatsoever. However, where a request is received from a public undertaking or an autonomous body controlled by Government, a gist of the relevant Annual Performance Assessment Reports may be supplied, unless Government's own interest requires that the management of the public undertaking or autonomous body should see the Annual Performance Assessment Reports in full. In such cases, the full dossier may be furnished to the offices concerned after taking the orders of administrative Ministry/ Department in the case of Group 'A' or Group 'B' Government servant.

(Department of Personnel O.M. No. 51/5/72-Estt. 'A' dated the 20/05/1972)

4.4 Annual Performance Assessment Reports relating to deceased Government servants may be destroyed after a period of two years from the date of death. In the case of retired Government servants, the Annual Performance Assessment Reports dossiers may be retained for a period of five years after the date of retirement.

(Department of Personnel O.M. No. 51/5/72-Estt. 'A' dated the 20/05/1972)

4.5 The practice of granting letter of appreciation or notes of commendation to Government servants and placing them in Annual Performance Assessment Reports Dossier should be discouraged except in the following cases:

(a) Letters of appreciation issued by the Government or a Secretary or Head of Department in respect of any outstanding work.

(b) Letters of appreciation issued by special bodies or commissions or committees, etc. or excerpts of their Reports expressing appreciation for a Government servant by name.

(c) Letters of appreciation from individual non-officials or from individual officials (other than a Secretary or Head of Department) may go into the Confidential Report if confined to expressing appreciation for services rendered far beyond the normal call of duty and provided the Secretary or the Head of the Department so directs.

(d) Appreciation of work should be recorded in Annual Performance Assessment Report rather than in letters of appreciation which do not give complete perspective of the Government servant's good and bad points.

(Department of Personnel O.M. No. 51/5/72-Estt. 'A' dated the 20/05/1972)

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Other Relevant Rules

1. In the course of discharge of the duties an Income-tax Authority has to perform a number of administrative functions. These functions envisage awareness of various rules and regulations made by the Central Govt., for the Central Govt. Servants in general. Some of these important rules are briefly mentioned below:

2. General Provident Fund (Central Services Rules, 1960)

These rules came into force with effect from 01/04/1960. The Rules describe and prescribe all aspects relating to the creation of General Provident Fund, eligibility for contributing to the Fund, taking of advances from the Fund, withdrawal from the fund etc.

3. Central Civil Services (Leave) Rules, 1972

3.1 These rules govern the grant of earned leave, half pay leave, maternity leave, special disability leave etc. All officials of the Income-tax Department are covered by the Central Civil Services (Leave) Rules, 1972. These rules came into force with effect from 01/11/72. Subsequently these rules were modified and liberalized based on the recommendations of the 3rd, 4th, 5th, 6th and 7th Pay Commissions.

3.1.1 Authorities to Grant Leave to Various Officers in the Income-tax Department

S. No.	Designation	Office of Work	Leave Sanctioning Authority	Period of Sanction	Remarks
i	PCCIT/ Pr. DGIT	–	CBDT	Any amount of leave	–
ii	CCIT/ DGIT	–	CBDT	Any amount of leave	–
iii	PCIT/ Pr. DIT/CIT/ ADG/ DIT **# Refer** F. No. A-24012/72/2018-Ad-VI (A) dated 24.08.2018 (CBDT)	–	Pr. CCIT/ Pr. DGIT/ CCIT/ DGIT	Upto 3 months by the Authorities mentioned in column 4. Any further extension beyond 90 days should be referred to CBDT. If leave is for more than 90 days, case should be referred to the Board in first instance itself.	EOL & study leave By CBDT.
iv	Addl./Joint CIT/DIT **# Refer** F. No. A-24012/72/2018-Ad-VI (A) dated 24.08.2018 (CBDT).	–	Pr. CCIT/ Pr. DGIT/ CCIT (DGIT)/ Pr. CIT (Pr. DIT) (CIT) (DIT) (ADG)	Pr. CCIT/ Pr. DGIT may now sanction leave up to 6 months. Any further extension beyond 180 days should be referred to the CBDT.	EOL & study leave by CBDT.

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S. No.	Designation	Office of Work	Leave Sanctioning Authority	Period of Sanction	Remarks
v	DCIT (DDIT)/ ACIT (ADIT)	–	Pr. CIT/Pr. DIT/CIT/ DIT/ ADG	Upto 6 months. Beyond 6 months to inform CBDT	EOL & study leave by CBDT.
vi	ITOs	–	Pr. CIT/Pr. DIT/CIT/ DIT/ ADG/Addl. CIT/Addl. DIT/JCIT/JDIT	Upto 1 month - Addl.CIT/JCIT/ Addl. DIT/JDIT	
				More than 1 month - Pr. CIT/CIT/ADG/DIT	
vii	Inspectors	Pr. CCIT/ CCIT/ Pr. CIT/Pr. DIT/ CIT/DIT/ ADG's office	Addl.CIT/JCIT/ ACIT/ DCIT (Hqrs.) (Admn.) & Pr. CIT/CIT/DIT/ADG	Upto 1 month by Addl.CIT/JCIT/ DCIT/ACIT(Hqrs.) (Admn.)	
				Beyond 1 month by Pr. CIT/CIT/ ADG/DIT.	
		JCIT/Addl. CIT/ DCIT/ ACIT/ ITO Offices	JCIT/ Addl.CITand Pr. CIT/ CIT/ADG/DIT.	Upto 1 month by Addl.CIT/JCIT	
				Beyond 1 month by Pr. CIT/CIT/ADG/DIT	
viii	Office Superintendent	Pr. CCIT/ Pr. DGIT/ CCIT/DGIT/ Pr. CIT/CIT/ DIT/ADG's office	Addl.CIT/JCIT/ ACIT/ DCIT (Hqrs.) (Admn.)/ Pr. CIT/CIT/ ADG/DIT	More than 1 month –Pr. CIT/CIT/ ADG/DIT.	
		Addl.CIT/ JCIT's office	Addl.CIT/JCIT/Pr. CIT/CIT/ADG/DIT	Upto 4 months- Addl.CIT/JCIT	
				Beyond 4 months by Pr. CIT/CIT/ ADG/DIT.	
ix	Administrative Officer	Pr. CCIT/Pr. DGIT/CCIT/ DGsIT Office/ Pr. CIT/CIT/ DIT/ADG's Office	Pr. CIT/Pr. DIT/CIT/ DIT/ADG/ Addl.CIT/JCIT	Upto 1 month - Addl.CIT/JCIT	
				More than 1 month - Pr. CIT/Pr. DIT/CIT/DIT/ADG	
x	Sr.TA/TA /Steno- grapher /LDC	Pr. CCIT/Pr. DGIT/CCIT/ DGIT/ Pr. CIT/Pr. DIT/DIT/ ADG/CsIT office	Addl.CIT/JCIT/ ACIT/ DCIT (Hqrs.) (Admn. & Pr. CIT/Pr. DIT/CIT/ADG/ DIT	Upto 2 months - Addl.CIT/JCIT/ ACIT/DCIT (Hqrs.)(Admn.)	
				Beyond 2 months - Pr. CIT/Pr. DIT/CIT/ADG/DIT	
		JCIT's office	Addl.CIT/JCIT/ ACIT/ DCIT/ ITO	Upto 1 month- DCIT/ACIT/ITO	
				Beyond 1 month - Addl.CIT/ JCIT.	

Table (Contd.)...

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S. No.	Designation	Office of Work	Leave Sanctioning Authority	Period of Sanction	Remarks
xi	A) Asst. Director (Systems)	Pr. DGIT (Systems)/ DGIT (Systems) ADG/CIT (Admn & TPS)	Pr. DGIT (Systems)/ DGIT (Systems) ADG/ CIT (Admn& TPS)	Upto 6 months. More than 6 months to inform the CBDT.	
	B) DPA, Gr.'B' C) DPA, Gr.'A'	-do- -do-	Adl.CIT/JCIT -do-	Upto 3 months. Beyond 3 months by CCIT. Upto 6 months by Addl.CIT/JCIT. Beyond by CCIT.	
	D) DEO Gr.B and Gr.A	-do-	-do-	Upto 6 months by Addl.CIT/JCIT. Beyond by CCIT.	
xii	Official Language Posts Dy. Director (OL) Asst. Director (OL) Sr. Hindi Translator Jr. Hindi Translator/ Typist	CCIT's Office -do- -do- -do-		Beyond 3 months to inform the CBDT. Upto 1 month Addl.CIT/JCIT Beyond 1 month CCIT. Beyond 6 months to inform the CBDT. Upto 1 month Addl.CIT/JCIT. Beyond 1 month by CCIT. Upto 2 months Addl.CIT/JCIT. Beyond 2 months CCIT	
xiii	Notice Servers	CIT's office	DCIT (HQ)	Upto 1 month by ACIT. Beyond 1 month Addl.CIT/JCIT	
		IT Office		Upto 1 month - ITO Beyond 1 month - JCIT/Addl.CIT	

Note:

1. The leave sanctioning authority in respect of special casual leave to Officers and Staff of the Income-tax Department is the Head of the Department.
2. Higher Administrative Authority can exercise leave sanctioning power of a lower authority in respect of officials posted in his/her charge.
3. There may be specific orders at the level of various CCA's, wherein, leave sanctioning powers, as per the period of leave for various Officers/ officials are delegated to authorities by the CCA's.

3.2 Leave Travel Concession

Earned Leave at credit of the Government Servant may be encashed while availing LTC subject to a maximum of 10 days on any one occasion and 60 days in total during the entire service of the Government Servant.

3.3 Encashment of Leave Salary on Retirement

On retirement of a Government servant, the authority competent to grant leave to him, will automatically grant a lump-sum cash equivalent of leave salary admissible to a Government servant for the days of Earned Leave at his credit on the last day of his service, subject to a maximum of 300 days. Any leave encashed at the time of Leave Travel Concession will not be taken into account while computing the maximum of 300 days.

The calculation of cash equivalent of leave salary is to be made as provided under the Central Civil Services (Leave) Rules.

4. Central Government Employees' Group Insurance Scheme

4.1 Under the Central Government Employees' Group Insurance Scheme, 1980, a Government servant has to contribute both for Insurance and Savings Fund. The contributions are as per the Central Government Employees' Group Insurance Scheme. The rate of subscription and Insurance cover are as given below:

	Subscription p.m.(Rs.)	Insurance Cover (Rs.)
Group 'A'	120	120,000
Group 'B'	60	60,000
Group 'C'	30	30,000
Group 'D'	15	15,000

4.2 The above amount will be apportioned between Insurance Fund and Savings Fund at the rate of 30% and 70% respectively.

5. Loans and Advances

5.1 Under the 7th CPC there are two types of advances provided to government employee i.e. interest free advances and interest bearing advances.

5.1.1 Interest-free Advances

(a) TA Advances on transfer/ TA advance on retirement to the family of a deceased Government servant.

(b) TA Advance on tour.

(c) LTC Advance.

(d) Lump-sum Advance (Immediate Relief) to the family of a deceased Government servant.

(e) TA Advance on retirement during LPR.

(f) Advance for Medical Treatment.

With effect from 7/10/2016 the following advances have been abolished in pursuance of the decision on Seventh CPC recommendation.

(a) Bicycle Advance.

(b) Warm Clothing Advance.

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(c) Advance of Pay on transfer.

(d) Festival Advance.

(e) Natural Calamity Advance.

(f) Advance of Leave Salary.

(g) Advance for Law Suits.

In addition, the advance for training in Hindi Correspondence Course stands abolished.

(GoI., M.F., O.M. No. 12 (1)/E.II (A) 2016, dated the 7th October, 2016.)

5.1.2 Interest-bearing Advances

(a) Personal Computer Advance.

(b) House Building Advance.

6. Central Services (Medical Attendance) Rules, 1944

These Rules, as amended from time to time prescribe the procedure for availing the medical facilities by the Central Government Servants who are covered under the ambit of these Rules.

7. Code of Conduct and Discipline

7.1 Article 311 of the Constitution of India protect the tenure and rank of the persons employed in civil capacity under the Union or a State. This protection is subject to various provisos of the above Article. The Central Civil Services (Conduct) Rules, 1954 prescribes the conduct expected of a Government servant to get the benefit of the constitutional protection. These rules provide the code of conduct for a government servant in relation to various aspects like:

(a) Taking part in politics and elections.

(b) Joining of Associations.

(c) Demonstration and strike.

(d) Connection with Press and Media.

(e) Criticism of Government.

(f) Unauthorized communication of information.

(g) Prohibition of asking for subscription, Gift.

(h) Acceptance of dowry.

(i) Public demonstrations in honour of government servants.

(j) Private trade or employment.

(k) Investment.

(l) Lending and borrowing.

(m) Insolvency and habitual indebtedness.

(n) Purchase of movable and Immovable properties etc.

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7.2 Violation of the above Rules makes the government servant liable for disciplinary proceedings. The Central Civil Services (Classification, Control and Appeal) Rules, 1965 which came into force on 1/12/65 describe the procedure for imposing penalty on government servants for violation of the Central Civil Services (Conduct) Rules. The Departmental Enquiries Act, 1972 provides for the enforcement of attendance of witnesses and production of documents in such a departmental enquiry and for matters connected or incidental to them. Further, the Central Vigilance Commissions Manuals describe in detail the procedure for handling the complaints against the officers and for taking the disciplinary action against the officers.

8. Central Civil Services (Pension) Rules, 1972

8.1 Retirement

8.1.1 As per the provisions of the FR 56, every government servant shall retire from service on the afternoon of the last day of the month in which he attains the age of 60 years. A government servant may be granted extension of service with the sanction of the appropriate authority if such extension is in public interest. Such extension shall not be granted beyond the age of 60 years except in very special circumstances.

8.1.2 A government servant has the right to retire after completing 30 years' qualifying service by giving three months' notice to the appointing authority. (At the request of the government servant, the appointing authority may accept notice of less than three months; but the government servant cannot apply for the commutation of pension before the expiry of the period of notice of three months.) Similarly, Government may also require a government servant to retire from service at any time after he has completed 30 years qualifying service by giving him three moths' notice or three months' pay and allowances in lieu of such notice. Retiring pension based on the number of years qualifying service is admissible.

8.1.3 A government servant who has completed 20 years of qualifying service may retire from service voluntarily by giving a notice of not less than three months in writing to the appointing authority and get retiring pension with added benefits of weightage in qualifying service upto a maximum of five years subject to certain conditions. At the request of the government servant the appointing authority may accept notice of retirement of less than three months; but the government servant cannot apply for the commutation of pension before expiry of the period of notice of three months.

8.2 Compulsory Retirement

Under F.R. 56(J) also, the authority which has the power to make appointments to a post or service from which government servant is required to retire, has absolute right to retire a government servant (other than erstwhile Group 'D' staff who entered service on or before 23/07/1966) in public interest after he has attained the age of 55 years by giving three month notice. Ministry of Home Affairs O.M. No.33/15/66-Estts.(A) dated 10/11/1966 provides that the cases of all government servants should be reviewed at the age of 55 years and decision taken thereon. The ground of public interest may well be that the officer has ceased to be efficient or is suffering from infirmity. Government servant will continue in service automatically till he attains the age of Superannuation once a decision has been taken to retain him/her in service beyond the age of 55 years. However, if it is subsequently considered that further retention of government servant concerned will not be in public interest that authority may retire him/her by serving three months notice in pursuance of F.R.56(J).

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8.3 Pensions

8.3.1 Superannuation Pension: A Superannuation pension is granted to a government servant who retires on attaining the age of retirement.

8.3.2 Retiring Pension: A retiring pension is granted:

(a) To a government servant who retires voluntarily or is retired in advance of the age of retirement.

(b) Voluntary retirement on completion of 20 years qualifying service; and

(c) To a government servant who, on being declared surplus, opts for voluntary retirement as envisaged in DOP&T OM. No. 25013/6/2001-Estt(A) dated 28/02/2002 of Ministry of Personnel, Department of Public Grievances and Pension.

(d) On Medical Grounds under Rule 38(1) of CCS Pension Rules, 1972.

8.4 Central Civil Services (Pension) Rules, 1972, deal with all aspects relating to retirement like Pension, Service Gratuity, Retirement Gratuity, Death Gratuity, Family Pension, etc.

9. Civil Services (Recognition of Service Associations) Rules, 1993

9.1 These rules were framed by Government of India in November, 1993. These apply to all service associations of Central Government employees including employees of Income-tax Department. These Rules deal with the conditions of recognition of Service Associations, verification of their membership, withdrawal of recognition to such associations and such other relevant aspects of service associations.

9.2 Joint Consultative Machinery

To promote harmonious relations and to secure the cooperation of employees and to achieve greater efficiency, the Government of India has established a machinery for Joint consultation and arbitration of unresolved problems. This scheme covers all regular employees of Income-tax Department also excluding Group 'A' and Group 'B' officers of the Department. This machinery will supplement the facilities provided to employees to make individual representations or the associations/ unions to make representations on matters concerning their constituent service, ranks, etc. These rules prescribe procedure for constituting the National Council, Departmental Council and Regional/ Office Councils. The following Government of India orders are important for understanding of the scheme of Joint Consultative Machinery:

(a) Government of India, Department of Personnel O.M. No. 1/3/89-JCA dated 22/04/1989.

(b) Government of India, Department of Personnel O.M. No. 4/8/91-JCA dated 20/12/1991.

(c) Government of India, Department of Personnel O.M. No. 2/3/98-CS(IV) dated 14/08/1998.

(d) Government of India, Department of Personnel O.M. No. 1/7/87-JCA dated 15/04/1988.

(e) Government of India, Department of Personnel O.M. No. 2/23/85-JCA dated 10/06/1988.

(f) Government of India, Department of Personnel O.M. No. 6/6/86-JCA dated 20/01/1988.

(g) Government of India, Department of Personnel O.M. No. 7/16/86-JCA dated 12/04/1988.

10. Central Government Health Scheme

This scheme was introduced in July, 1954 with a view to provide comprehensive medical care facilities to the Central Government employees and members of their family and also to do away with the expensive system of reimbursement of medical expenses. The scheme is now extended to the following city:

Ahmedabad, Allahabad, Agartala, Aizawl, Benguluru, Bhopal, Bhubaneshwar, Chandigarh, Chennai, Dehradun, Delhi & NCR, Gandhi Nagar, Gangtok, Goa, Guwahati, Hyderabad, Imphal, Indore, Jabalpur, Jaipur, Jammu, Kanpur, Kolkata, Kohima, Lucknow, Meerut, Mumbai, Nagpur, Patna, Pune, Puducherry, Raipur, Ranchi, Shillong, Shimla, Thiruvanathapuram, Vishakhapatnam.

11. Staff Car Rules

These rules describe the procedure for purchase of staff car, restrictions on the use of the staff car, the conditions for usage of staff car for private purposes and such other matters pertaining to the staff cars.

12. Casual Labour

The issues involving Casual labour working in the department is largely regulated by official communication (F. No. C-30014/41/2015-V&L of CBDT dated 16/10/2015) Further amendment to the said communication has been done through (F.No. C-30014/41/2015-V&L of CBDT dated 23/11/2015). The following course of action has been approved by the competent authority in relation to Casual labour vide the aforementioned communication. (F. No. C-30014/41/2015-V&L of CBDT dated 16/10/2015)

"3.1 Regularization in Accordance with Apex Court decision in Uma Devi Case 2006(4) SSC1"

On this issue, it has been observed that in almost all the decisions, Hon'ble CAT/Court have directed the respondents to consider the regularization of the applicants in accordance with the decision in Uma Devi Case. The Constitutional Bench of the Supreme Court unequivocally declared in para 44 of its judgement as under:

"There should be no Further By-passing of the Constitutional Requirement and Regularization of Making Permanent, those not Duly Appointed as per the Constitutional Scheme."

The Bench did allow one time regularization of those working for more than 10 years subject to fulfilment of following conditions as on the date of judgement i.e the 10th April, 2006:

(a) They were engaged against a regular vacancy.

(b) They have worked for 10 years or more as on 10/04/2006 in duly sanctioned post but not under cover of orders of Court/ Tribunal.

(c) They are qualified in term of Statutory Recruitment Rules for the post in terms of Educational qualification.

(d) They were engaged as Casual Employee through Employment Exchange.

Considering the judgment of the Constitutional Bench in the Uma Devi case & O.M's of the DoPT, the following course of action is to be followed:

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(a) In case, the exercise of one-time regularization, as mandated by the DoPT OM dated 11/12/2006, has not been carried out, then the Pr. CCIT may determine fulfilment of all conditions laid down therein & proceed to implement the mandate. It may be noted that the regularization is not an ongoing process. If it was done earlier in terms of the aforesaid OM, then the same cannot be done again.

(b) In such cases where CAT/ High Court has/ have directed consideration for regularization, a detailed order, specifying factual matrix of each case, particularly whether or not the casual engagement against a regular vacancy was made by the competent authority and conditions laid down in the DoPT OM dated 11/12/2006 were fulfilled or not, should be passed. The order should also refer to the operative sentence of judgment of the Constitutional Bench in Uma Devi case as under:

"There should be no Further By-passing of the Constitutional Requirement and Regularizing of Making Permanent, those not Duly Appointed as per the Constitutional Scheme."

(c) The orders of the Central Administrative Tribunals/judgment of High Courts directing regularization should be contested in appellate Courts by placing reliance on the constitutional Bench Judgment in the case of Uma Devi (supra).

3.2 Absorption of Casual Labour in Cadre of MTS

The fundamental issue is whether absorption of casual labour is possible in light of the judgment of the Constitutional Bench in the case of Uma Devi. The recruitment of MTS cadre is to be made through SSC as per the Recruitment Rules. It will not be possible to absorb Casual Labour in MTS cadre in view of Uma Devi Decision. The field authorities may decide the issue accordingly if required to do so by any court order. In case the CAT/ Court has directed absorption of casual labour in MTS Cadre, then such orders must be appealed against forthwith.

3.3 Litigation on the Issue of the CBDT's Letters Dated 04/07/2011 & 09–13/05/2013

In the aforesaid letters there was a direction to CCsIT and DGsIT that they should ensure that none of the DDOs make any payment to the directly deployed casual workers. The said letters were challenged in number of cases all over the country. These letters were quashed and set aside by Hon. CAT in several cases including the case Udayanand Thakur in OA No. 2012 (2013) in CAT, PB, Delhi. It is felt the wages have be paid for the services of the casual labour availed. Therefore, no further appeal may be filed on this issue.

3.4 Litigation on Re-engaging Casual Labour Through Contractors/ Placement Agency

On the issue whether casual labour already working for several years can be re-engaged through contractors/ placement agency, if required, the Principal Bench of the Central Administrative Tribunal has held that it is not permissible to do so in the case of Udayanand Thakur & Ors.

However, the policy of outsourcing of services like data entry/ typing/ cleaning/ security on contract without employing casual workers individually was challenged in the Jabalpur Bench of the Hon'ble CAT in the case of Shri Laxmi Prasad Dubey, but the same was dismissed. Further challenge in the High Court failed. Even the Hon'ble Supreme Court dismissed the Special Leave Petition filed against this judgment of the High Court.

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Therefore, all orders of the Tribunal quashing the scheme of outsourcing of services on contract should be contested, as the method of engaging is the sovereign right of the Government. Reliance should be placed on the Judgment of the Hon'ble M.P. High Court in the case of Shri. Laxmi Prasad Dubey, upheld by the Apex Court. Hon'ble High Court has clearly stated that ***"the petitioners have no right to stop the respondents from outsourcing their certain services in the interest of economy and efficiency."***

Further, it may also be brought to the notice of the Courts that:

(a) These casual labours may have to be laid off as when regular recruitment is made.

(b) These casual labours cannot be regularized as they do not fulfil criteria laid down in the judgment of the Constitutional Bench in the case of Uma Devi. It would be in their interest to be engaged through contract agencies so that they have safety under labour laws as long as their services are required by the Department.

3.5 Issue of Entitlement of Casual Labour to 1/30th of Pay in Relevant Pay Scale w.e.f 01/07/2008

In several cases, the issue was of entitlement of wages equal to 1/30th of the pay in relevant pay scale w.e.f. 01/07/2008 and applicability of the pay as per 6th CPC has been raised.

The DoPT OM dated 07/06/1988 speaks about the nature of work entrusted to Casual Workers and that where the nature of their work is same as that of Regular Employees, then the casual workers may be paid at the 1/30th of the pay at the minimum of the relevant pay scale. This OM does not differentiate between a Casual labour with Temporary status and Casual Labour without Temporary status (CL-TS). However, the OM dated 23/01/2012, only regulates the wages of Casual Labour with Temporary status wherein it is stated that CL-TS should be paid wages based on pre-revised S-I scale as on 01/01/2006 i.e. in 6th Pay Commission in PB-I with GP-1800/ w.e.f 01/01/2006.

In this connection, I am directed to state that if the supervisory officers certify that the particular casual labour is doing same nature of work as assigned to the regular employees, then such casual labour be paid wages equal to 1/30th of the pay at the minimum of the scale admissible to such employees in light of the DoPT's OM dated 07/06/1988. A draft proforma of the certificate to be issued by the Supervisory Officer is given at the end of this letter marked as Annexure-A.

However, if the casual labour is not assigned same nature of work as assigned to regular employee, then order of CAT/ High Court directing payment of daily wages @ 1/30th of the lowest of the scale of Group D should be contested in High Court.

The letter dated 16/10/2015, in relation to casual labour (extract of which has been reproduced above) has further been amended vide F.No. C-30014/41/2015-V&L of CBDT dated 23/11/2015. The content of which is reproduced as under in this connection I am directed to state that the issue of absorption of Casual Labour in the cadre of MTS is under examination and therefore for the time being, Para 3.2. and following part of Para 3.4 of the above mentioned letter dated 16/10/2015 may be treated as deleted.

Part of Para 3.4 to be treated as deleted for the time being:

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Further, it may also be brought to the notice of the Courts that:

(a) These casual labours may have to be laid off as & when regular recruitment is made.

(b) The casual labours cannot be regularized us they do not fulfill criteria laid down in the judgment of the Constitutional Bench in the case of Uma Devi. It would be in their interest to be engaged through contract agencies so that they have safety under labour laws as long as their services are required by the Department."

13. Compassionate Appointments

13.1 To Whom Applicable

To a dependent family member of a Government servant who:

(a) dies while in service (including death by suicide); or

(b) is retired on medical grounds under Rule 2 of the CCS (Medical Examination) Rules, 1957 or the corresponding provision in the Central Civil Service Regulations before attaining the age of 55 years (57 years for erstwhile Group 'D' Government servants); or

(c) is retired on medical grounds under Rule 38 of the CCS (Pension) Rules, 1972 or the corresponding provision in the Central Civil Service Regulations before attaining the age of 55 years (57 years for erstwhile Group 'D' Government servants).

Note: "Dependent family members" means:

(a) spouse; or

(b) son (including adopted son); or

(c) daughter (including adopted daughter); or

(d) brother or sister in the case of unmarried Government servant or member of the Armed Forces referred to in (a) or (b) of this para, who was wholly dependent on the Government servant/ member of the Armed Forces at the time of his death in harness or retirement on medical grounds, as the case maybe.

13.2 Authority Competent to Make Compassionate Appointment

(a) Joint Secretary in-charge of Administration in the Ministry/ Department concerned.

(b) Head of the Department under the Supplementary Rule 2(10) in the case of Attached and Subordinate Offices.

(c) Secretary in the Ministry/ Department concerned in special types of cases.

13.3 Posts to which Such Appointments can be Made

Group 'C' (including erstwhile Group 'D' posts).

13.4 Eligibility

(a) The family is indigent and deserves immediate assistance for relief from financial destitution; and

(b) Applicant for compassionate appointment should be eligible and suitable for the post in all respects under the provisions of the relevant Recruitment Rules.

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13.5 Exemptions

Compassionate appointments are exempted from observance of the following requirements:

(a) Recruitment procedure, i.e., without the agency of the Staff Selection Commission or the Employment Exchange.

(b) Clearance from the Surplus Cell of the Department of Personnel and Training/ Directorate General of Employment and Training.

(c) The ban orders on filling up of posts issued by the Ministry of Finance (Department of Expenditure).

13.6 Relaxations

Upper age limit could be relaxed wherever found to be necessary. The lower age-limits should, however, in no case be relaxed below 18 years of age.

13.7 Determination/ Availability of Vacancies

(a) Appointment of compassionate grounds should be made only on regular basis and that too only, if regular vacancies meant for that purpose area available.

(b) Compassionate appointments can be made up to a maximum of 5% of vacancies falling under direct recruitment quota in Group 'C' posts (including erstwhile Group 'D' post) in a recruitment year. The Appointing Authority may hold back upto 5% of vacancies in the aforesaid categories to be filled by direct recruitment through Staff Selection Commission or otherwise, so as to fill such vacancies by appointment on compassionate grounds. A person selected for appointment on compassionate grounds should be adjusted in the recruitment roster against the appropriate category, *viz.*, SC/ ST/ OBC/ General depending upon the category to which he belongs. For example, if he belongs to SC category, he will be adjusted against the SC reservation point, if he is ST/ OBC he will be adjusted against ST/ OBC point and, if he belongs to General Category he will be adjusted against the vacancy point meant for General category.

(c) While the ceiling of 5% for making compassionate appointment against regular vacancies should not be circumvented by making appointment of dependent family members of Government servant on casual/ daily wage/ ad hoc/ contract basis against regular vacancies, there is no bar to considering him for such appointment, if he is eligible as per the normal rules/ orders governing such appointments.

(d) The ceiling of 5% of direct recruitment vacancies for making compassionate appointment should not be exceeded by utilizing any other vacancy, e.g., sports quota vacancy.

(e) Employment under the scheme is not confined to the Ministry/ Department/ Office in which deceased/ medically retired Government servant had been working. Such an appointment can be given anywhere under the Government of India depending upon availability of a suitable vacancy meant for the purpose of compassionate appointment.

(f) If sufficient vacancies are not available in any particular office to accommodate the persons in the waiting list for compassionate appointment, it is open to the Administrative Ministry/ Department/ Office to take up the matter with other Ministries/ Departments/ Offices of the

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Government of India to provide at an early date appointment on compassionate grounds to those in the waiting list.

13.8 Widow Appointed on Compassionate Grounds Getting Remarried

A widow appointed on compassionate grounds will be allowed to continue in service even after remarriage.

13.9 Procedure

An application for appointment on compassionate grounds should be considered in the light of the instructions issued from time to time by the Department of Personnel and Training (Establishment Division) on the subject by a Committee of Officers consisting of three Officer - One Chairman and Two Members - of the rank of Deputy Secretary/ Director in the Ministry/ Department and officers of equivalent rank in the case of Attached and Subordinate Offices. The Welfare Officer may also be made one of the Members/ Chairman of the Committee depending upon his rank. The Committee may meet during the second week of every month to consider cases received during the previous month. The applicant may also be granted personal hearing by the Committee, if necessary for better appreciation of the facts of the case. Recommendation of the Committee should be placed before the competent authority for a decision. If the competent authority disagrees with the Committee's recommendation, the case may be referred to the next higher authority for a decision.

14. Staff Selection Commission

Staff Selection Commission is entrusted with the task of making recruitment of various group 'C' level officers for service in Government of India. For the Income-tax Department, the Staff Selection Commission is entrusted with the task of recruiting Inspectors, Tax Assistants, Stenographers and Multi-Tasking Staff. Earlier, there was a procedure of intimating the vacancies directly to the SSC by the concerned Chief Commissioner's office. However, Government of India's memorandum No. 2/8/2001- PIC dated 16/5/2001, now prescribes that all the vacancies within the department shall be intimated to the CBDT. A Screening Committee headed by the Secretary to the Government shall decide upon the number of vacancies to be filled in by the Staff Selection Commission after taking into account the personnel available in surplus pool and the norms for reducing the overall strength of the civilian staff.

15. Rules Relating to Allotment of Government Quarters

Department of Revenue and Company Law Allotment Rules, 1964, which came into force on 01/01/1965, apply to all residential buildings made available to the Ministry of Finance including residential accommodation hired by the Department for the occupation of its officers and staff. Some of the important provisions relating to these Rules are as under.

15.1 S.R.317-B-5 Classification of residence: As per this Rule, an officer will be eligible for allotment of a residence of the class shown in the table below:

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Table

Type of Residences	Existing Grade Pay/Basic Pay	Level in the Pay Matrix
(1)	(2)	(3)
I	Rs. 1300, Rs. 1400, Rs. 1600, Rs. 1650 and Rs. 1800	1
II	Rs. 1900, Rs. 2000, Rs. 2400 and Rs. 2800	2,3,4,5
III	Rs. 4200, Rs. 4600 and Rs. 4800	6,7,8
IV	Rs. 5400 to Rs. 6600	9,10.11
IV(S)	Rs. 6600	11
V-A(D II)	Rs. 7600 and Rs. 8000	12
V-B(D I)	Rs. 8700 and Rs. 8900	13, 13 A
VI-A(C II)	Rs. 10,000	14
V-B(C I)	Rs. 67,000 to Rs. 74,999	15 (Index numbers 1 to 4 in the level)
VII	Rs. 75,000 to Rs. 79,999	16 (Index numbers 5 to 8 in the level)
VIII	Rs. 80000 and above	17, 18

15.2 S.R. 317-4 - Application for Allotment: Every officer who desires to have an allotment made, or continued, under these rules, shall, in addition to his first application in this behalf, which shall be made within one month of reporting for duty at a particular station, submit an application every year in the prescribed form to the Head of the Department so as to reach him not later than 1st March of every year.

15.3 S.R.317-5 - Allotment:

15.3.1 A residence shall be allotted to a qualified officer eligible for each class of residence by the Head of the Department on the basis of application in the order of seniority determined in accordance with S.R. 317-P-8. The Head of the Department will maintain a list in respect of each class of residence.

15.3.2 The holder of a temporary post to whom a residence is allotted shall revert to a lower class of residence as soon as one can be made available for him, if he is at any time reverted to a lower post not entitling him to the class of residence allotted and this shall be an express condition of the allotment.

15.3.3 When there are not sufficient qualified officers for a residence, the Head of the Department may allot the residence to an officer qualified for the next lower class. But when the number of residences of a particular class is less than the number of officers eligible and the accommodation of a lower class is available, the officers shall be offered the lower class of accommodation.

15.3.4 The Head of the Department may cancel the existing allotment of an officer and allot to him an alternative residence of the same class or in emergent circumstances an alternative residence of the class next below the class of residence in occupation of the officer, if the residence in occupation of the officer is required to be vacated.

15.3.5 A vacant residence may, in addition to allotment to an officer under sub-rule (1), be offered simultaneously to other eligible officers in order to their seniority.

15.3.6 The Head of the Department, on request from an applicant for allotment of a lower category residence might allot to him a residence next below the type for which the applicant is eligible under S.R.317-P-3 on the basis of his priority date for the same.

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15.4 S.R.317-P-6- Out-of-turn allotments: Notwithstanding the provision of S.R.317-P-5 allotment of a residence may be made by the Head of the Department on out-of-turn basis to an officer on grounds of serious illness of self or a member of his family in consultation, if considered necessary, with the prescribed medical authority. In such cases, the allotment will be made according to the actual dates of receipt of the out-of-turn applications.

15.5 S.R.317-P-8- Determination of seniority: The seniority of qualified officers, whether holding a permanent or temporary post, for the purpose of allotment of residences shall be determined by the date of reaching the qualifying limit of pay prescribed for each class of residence under these rules:

Provided that if two or more officers have the same seniority among them shall be determined by the amount of emoluments; higher emoluments taking precedence over the emoluments next below, or where emoluments are equal by the period for which those emoluments have been drawn in the post held by such officer at the time of application, the longer period taking precedence over the period next below. When seniority and emoluments are the same, allotment will be made by draw of lots.

15.6 S.R.317-P-10- Ineligibility of officers owning houses for allotment under these rules:

15.6.1 No officer shall be eligible for allotment of Government accommodation under these rules or, if he is already in occupation of such accommodation to its continued retention, if:

(a) he owns, or has, since the allotment of Government accommodation, become the owner, in full or in part whether in his own name or in the name of any other person, of a house in Delhi which is located within the sixteen kilometers of the place of his duty and in other stations is located within the municipal limits and in which he can in the opinion of the Government, reside consistently with his official position; or

(b) his wife or any dependent child owns, or has, since the allotment of Government accommodation become the owner, in full or in part, of a house in Delhi and New Delhi which is within the sixteen kilometers of the place of his duty and in other stations is located within the municipal limits and in which he can in the opinion of the Government, reside consistently with his official position; or

(c) his father, mother or any other dependent relation owns, or has, since the allotment of Government accommodation become the owner, in full or in part, of a house in Delhi and New Delhi which is within the sixteen kilometers of the place of his duty and in other stations is located within the municipal limits and in which he can in the opinion of the Government, reside consistently with his official position and without under inconvenience either to himself or to the owner thereof,

15.6.2 Any officer who on any date (hereafter in these rules referred to as the relevant date) subsequent to the date of his making application for allotment of Government accommodation or subsequent to the date of the allotment of Government accommodation becomes ineligible for such allotment under Clause (a) or Clause (b) or Clause (c) of sub-rule (1) shall notify the fact to the Head of the Department within a period of seven days of the relevant date. In the event of the officer's failure to so notify him, the Head of the Department may reject the application for allotment or, if an allotment has already been sanctioned, cancel such allotment with effect from the relevant date and require the officer to vacate the Government accommodation forthwith.

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15.7 S.R.317-P-11- Non-acceptance of allotment or offer or failure to occupy the allotted residence after acceptance:

15.7.1 If an officer fails to accept the allotment of a residence within five days or fails to take possession of that residence after acceptance within eight days from the date of receipt of the letter of allotment he shall not be eligible for another allotment for a period of one year from the date of the allotment letter.

15.7.2 If an officer occupying a lower class of residence is allotted or offered a residence of the class for which he is eligible under S.R.317-P-3, he may, on refusal of the said allotment or offer of allotment, be permitted to continue in the previously allotted residence on the following conditions, namely:

(a) that such an officer shall not be eligible for another allotment for a period of six months from the date of the allotment letter for the higher class accommodation.

(b) while retaining the existing residence he shall bear charges, the same rent which he would have had to pay under F.R. 45-A in respect of the residence so allotted or offered or the rent payable in respect of the residence already in his occupation, whichever is higher.

15.8 S.R.317-P-12- Period for which allotment subsists and the concessional period for further retention:

15.8.1 An allotment shall be effective from the date on which it is accepted by the officer and shall continue in force until:

(a) the expiry of the concessional period permissible under sub-rule (2) after the officer ceases to be on duty at the particular station; or office or Department.

(b) it is cancelled by the Head of the Department or is deemed to have been cancelled under any provision in these rules.

(c) it is surrendered by the officer, or

(d) the officer ceases to occupy the residence.

15.8.2 A residence allotted to an officer may, subject to sub rule (3), be retained on the happening of any of the events specified in column 1 of the Table below for the period specified in the corresponding entry in column 2 thereof, provided that the residence is required for the bona fide use of the officer or members of his family:

Explanation: The period permissible on transfer mentioned against items (iv), (v), (vi) and (vii) shall count from the date of relinquishing charge plus the period of leave, if any, sanctioned to and availed of by the officer before joining duty at the new office.

15.9 S.R.317-P-14- Subletting and Sharing of Residence:

15.9.1 No officer shall share the residence allotted to him or any of the out-houses, garages and stables appurtenant thereto, except with the employees of the Central Government eligible for allotment of residences under these rules. The servants' quarters, out-houses, garages and stables may be used only for the bona fide purposes, including residence of the servants of the allottee or for such other purposes as may be permitted by the Head of the Department.

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S. No.	Events	Permissible Period Retention of the Residence for
1.	Resignation, dismissal, termination of service	1 month
2.	Retirement of terminal leave	2 months
3.	Death of the allottee	4 months
4.	Transfer to a place outside the station of allotment of residence (This shall not apply to an officer who is transferred within the same station from one attached/ subordinate office of the Central Board of Excise and Customs or Central Board of Direct Taxes to another office under the same Board)	2 months
5.	On proceeding on foreign service in India	2 months
6.	Temporary transfer in India or transfer to a place outside India	2 months
7.	Leave (Other than leave preparatory to retirement, refused leave, terminal leave, medical leave or study leave)	For the period of leave not exceeding 4 months but
8.	Leave preparatory to retirement or refused leave granted under F.R.86	For the full period of leave on full average pay subject to a maximum of 4 months, inclusive of the period permissible in the case of retirement.
9.	Study leave or deputation outside India	For the period of leave, but not exceeding 6 months
10.	Study leave in India	For the period of leave, but not exceeding 6 months
11.	Leave on medical grounds (other than T.B. leave)	For the period of leave but not exceeding 8 months
12.	Medical leave on grounds of T.B.	For the full period of leave.
13.	On proceeding on training	For the full period of training.

15.9.2 No officer shall sublet the whole of his residence; Provided that an officer proceeding on leave, may accommodate in the residence any other officer eligible to share Government accommodation, as a caretaker, for the period specified in sub-rule (2) of S.R.317-P-12, but not exceeding six months.

15.9.3 Any officer who shares or sublets his residence shall do so at his own risk and responsibility and shall remain personally responsible for any rent payable in respect of the residence and for any damage caused to the residence or its precincts or grounds or services provided therein by Government beyond fair wear and tear.

15.10 S.R. 317-P-21- Overstay in residence after cancellation of allotment: Where, after an allotment has been cancelled or is deemed to be cancelled under any provision contained in these rules, the residence remains or has remained in occupation of the officer to whom it was allotted or of any person claiming through him, such officer shall be liable to pay damages for use and occupation of the residence, services, furniture and garden charges, equal to the market rent as may be determined by Government from time to time.

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Provided that an officer, in special cases, may be allowed by the Head of the Department to retain a residence on payment of twice the standard rent under F.R.45-A, or twice the pooled standard rent under F.R. 45-A, whichever is higher, for a period not exceeding six months beyond the period permitted under sub-rule (2) of S.R.317-P-12.

The existing provisions of SR-317-P-12 (2) of allotment rules issued vide notification dated 08/09/1964 by Department of Revenue and Company Law, stand amended as given below- (F.No. DIT (Infra/U-I/Misc-11/ Retention/ 2017-18 of DIT (Infrastructure), CBDT dated 11/01/2018)

S. No.	Events	Permissible Period for Retention of the Residence
1.	Resignation, dismissal or removal from Service, termination of service or unauthorized absence without permission, compulsory retirement (under CCS (CCA) Rules, 1965) and for non-regular Government servants.	One month on normal license fee
2.	Retirement, voluntary retirement, retirement, retirement on medical grounds, terminal leave or compulsory retirement (under FR 56(j)), retirement on deputation from ineligible organisations during the initial constitution of such organisation, technical resignation, death of allottee on reemployment (irrespective of retention availed on retirement) and death of an allottee who is not a regular Government servant or deputation outside India.	Six months on normal license fee
3.	Transfer to a place outside from the existing place, transfer to an ineligible office in the same station, on proceeding on foreign service in India, temporary transfer in India or transfer to a place outside India or deputation within India.	Two months on normal license fee Plus six months on double license fee.
4.	To eligible spouse or ward in case of death of the allottee or in case of missing persons (from the date on which Police authority have certified the employee is missing)	Twelve months on normal license fee and for a further period of twelve months on normal license fee provided the deceased missing allottee or any member of the family does not own a house at the place of occupation of accommodation.
5.	Study Leave	Actual period of leave or two years, whichever is earlier
6.	All authorized and sanctioned leave except extraordinary leave without medical grounds, on proceeding on training, on mandatory posting under Central Staffing Scheme to Lok Sabha or Rajya Sabha Secretariat on certificate from Establishment Officer, Department of Personnel and Training, and on transfer to a non-family station abroad declared by Ministry of External Affairs (provided the allottee or members of family does not own a house at the last place of posting)	For the full period of leave/ posing on normal license fee.
7.	On transfer or deputation to Public Sector Undertakings, Statutory and Autonomous bodies on their initial constitution.	Sixty months on normal license fee plus House Rent Allowance drawn by the allottee from the organisation.

Table (Contd.)...

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...Table (Contd.)

S. No.	Events	Permissible Period for Retention of the Residence
8.	Leave preparatory to retirement or refused leave granted under FR 86 or Earned leave granted to Government servant who retired under FR 56(j).	For the full period of leave on full average pay subject to a maximum period of one hundred and eighty days in the case of leave preparatory to retirement and four months in other case, inclusive of the period permissible in the case of retirement on normal license fee.
9.	(i) On mandatory posting to Public Sector Undertaking, Statutory and Autonomous Bodies under Central Staffing Scheme on certificate from Establishment Officer, Department of Personnel and Training or from Other Ministries or Departments of the Government of India; and (ii) On mandatory posting at the same station to Public Sector Undertakings, Statutory and Autonomous Bodies under Non-Central Staffing Scheme on certificate from Establishment Office, Department of Personnel and Training for balance period of central deputation after serving four years under Central Staffing Scheme.	Full period of posting on normal license fee plus House Rent Allowance drawn by the allottee from the organisation.

(a) Any relaxation of rules for retention of departmental pool accommodation in CBDT as per SR-317-B-25 of the allotment rules (supra) requires approval of Hon'ble Finance Minister, Government of India. Even in such case where rules are relaxed for retention departmental pool accommodation, market rent is to be necessarily charged.

(b) Only in extremely rare case, the Pr. CCIT/CCIT may forwarded the cases for retention of departmental pool accommodation beyond the permissible period as mentioned in para 2 above, with detailed justification for the approval of Hon'ble Finance Minister as per SR-317-B-25 of allotment rules.

(c) The justification for forwarding a particular case shall be brought out clearly after giving due consideration to the reasons quoted by an officer, genuineness of the same, status of housing scenario, waitlist/ change list etc for Departmental Pool Accommodation at that particular station or any other factors as found relevant by Pr. CCIT/CCIT.

(d) The cases of retention along with all relevant documents should be forwarded at least three months before the expiry of the stipulated period as mentioned in para 2 above.

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Office Management

1. Computerization in Office Management

1.1 The Officers/Officials who are directly engaged in assessment, appellate, administrative and financial functions are put on departmental network, for which they have been provided with necessary hardware viz Desktops & associate gadgets, connected with the network nodes. Currently over 24000 nodes are installed which will increase in near future as department is already in the process of adding more functions.

1.2 Existing MSP has setup a Network Operations Centre (NOC) for TAXNET. All features and functionalities of Network Management system to monitor, manage & control the LAN and WAN infrastructure as well as for managing the Quality of Services (QoS) on the WAN links are managed at the NOC. Remote access to NOC (R-NOC) has been provided to key officials of the department. The RNOC provides a replica with a view-only-capability and is capable to provide visual indications of actual availability of bandwidth & usage.

2. Elements in Computerized Environment of Working

2.1 The above model entails installation of various gadgets/hardware, that require monitoring, maintenance & updation to make them in a perpetually functional mode. The details have been summarized in the succeeding paragraphs.

2.2 Nodes: The activity relating to the allotment & installation of nodes is being carried out, keeping in view the existing Nodes Policy that envisaged as under:

(a) One node is admissible to all officers (ITO and above), Inspector, Administrative Officers, DDO, Sr. PS, PS and PA of the Department.

(b) One node each is admissible to two staff (Sr. TA/TA/EA/Steno) attached with all officers (ITO and above) of the Department.

(c) Two nodes are admissible for communication room.

(d) One node is admissible for video conference rooms.

(e) Nodes are admissible for Aayakar Seva Kendra (as recommended by the ADG (O&MS).

(f) Nodes are admissible for the Terminals Banks (Maximum 10 nodes per building excluding building having less than five officers), Computer Labs and the Training Institutes, including MSTU, RTI, NADT (as recommended by the respective Pr. CCIT/Pr. DGIT).

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(g) Nodes are also admissible to any other official, not covered above, if concerned Pr. CCIT/Pr. DGIT so approves.

(h) Concerned authorities are expected to forward relevant details in the following format.

Building Wise Details

Sr. No.	Description	Details
1.	Name of the Building	
2.	No. of Nodes installed	
3.	No. of switches in the Building	
4.	Total no. of Ports	
5.	No. of ports vacant	
6.	Admissibility for new nodes (Specify no. of admissible nodes)	
7.	Whether recommended by the RCC or not	

2.3 Preventive Maintenance of Various Units/Gadgets: Various units and gadgets should regularly be maintained to make the system in perpetually alert mode. The communication room, network devices, electric gadgets etc. must be properly maintained, the details have been summarized and presented below:

(a) Communication Room (CR) that houses all equipment needed for connectivity and other allied functions, must be kept secure & clean.

(b) Scrap & Other unwanted material must not be stored in the communication room.

(c) Regular pest control exercises should be carried out to make the CR rodent free.

(d) All racks, networking equipments, electric gadgets etc. should be properly cleaned by using vacuum cleaner/blower, if required.

(e) Regular checking of Fire Alarm System, Fire Extinguisher etc. should be carried out.

(f) All other activities *viz.* physical checking of devices, I/O ports, cables, electric circuits etc. must be monitored, preferably twice a day.

While ensuring necessary upkeep of various devices installed in the building, the information in the following format is being recoded.

(a) **RACK is in Working Condition Y/N**

S. No.	Model	Equipment S. No.	Rack Size	Floor No.	Room No.
1.					
2.					

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(b) **VSAT-VSAT with ODU on Rooftop/Ground Floor**

S. No.	Model	Equipment S. No.	Location	Fixed Properly	Monkey Cage Y/N	Up Link/Down Link Frequency
1.						
2						

(c) **VSAT-Indoor Unit (IDU)**

S. No.	Model	Equipment S. No.	Location	Fixed in Rack	No. of Ethernet Ports	Power being Fed from UPS Y/N	E/N Voltage
1.							
2.							

(d) **Routers**

S. No.	Model	Equipment S. No.	Serial Ports	Ethernet Ports
1.				
2.				

(e) **Fire Extinguishers FE is in Working Condition Y/N**

S. No.	Model	Equipment S. No.	Floor No.	Fully Pressurized	Expiry Date	Asset Code
1.						
2.						

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(f) **Physical Status of the Communication Room**

Sr. No.	Activities	Y/N	If No, Action
1.	Door & windows are properly functional		
2.	Scrap (Files, Books, tables, computers) or unwanted material found inside the communication room		
3.	Fire Alarm working.		
4.	Regular cleaning of Networking equipment, UPS using dry cloths and vacuum cleaner (blower), if required		

2.4 Electrical Gadget

The electric equipment *viz.* ACs, Stabilizers, UPSs, Batteries and DG sets etc. need regular maintenance, any laxity may result into the failure of system. Various activities that need to be regularly performed are listed below:

(a) The electric devices such as ACs and its associated units, UPSs and batteries, front panel display of every electric unit, earth-to-neutral & phase-neutral voltage, earth pit chamber etc. must be regularly checked.

(b) Stability of connections, cables, link status, connecting wires that energize the gadgets must be ensured to keep them in the perpetually alert mode.

Regular physical inspection is required to be done and recorded in the formats given below:

2.4.1 Physical Inspection

(a) **Uninterruptable Power Supply (UPS)**

Sr. No.	Details	Finding
1.	Floor & Building	
2.	Model	
3.	Equipment S. No.	
4.	Capacity	
5.	Number of batteries	
6.	Backup time	
7.	Input Voltage	
8.	UPS battery bank voltage	
9.	UPS battery backup	
10.	Working of isolation Transformer (If UPS is not working)	
11.	Alarm if any	
12.	Generator (DG) back up available	

DG Set Available: Yes/ No	Communication Room & UPS are Energized from DG Set: Yes/ No

(b) **Air Conditioners and Attached Devices**

Sr. No.	Model	Equipment S. No.	Remote	Stabilizer	Building & Floor No.
1.					
2.					

2.4.2 Networking Device

(a) All racks, switches and other network equipment should have end-to-end tagging.

(b) Details pertaining to make, model, configuration etc. of all devices *viz.* router, switches etc. must be maintained Room & Floor wise.

(c) All IP addresses and other details shall be maintained and updated regularly.

Details pertaining to each device installed in the building must be recorded and checked regularly to ensure its, existence, functioning & upkeep in the following formats.

(a) **Personnel's Details**

User's Details (Building Floor, Room)	User Name (Full Name)	Emp. Code	Current Designation	Range/Circle/ Ward	Additional Charge (if any)	RSA Token No.

(b) **Details of Desktops**

Sr. No.	Description	Details
1.	Equipment Type	
2.	Equipment Tag No	
3.	Serial No	
4.	Make	
5.	Model	
6.	Processor	
7.	Speed	
8.	Memory	
9.	HDD Size	
10.	Monitor Make/Model	
11.	Monitor Serial No.	
12.	Display Resolution (Max)	
13.	Identification Computer (Host Name)	
14.	IP Address	
15.	MAC Address	

2.4.3 Switches

Sr. No.	Model	Equipment S. No.	No. of Ports	Floor No.	Room No.
1.					
2.					

2.4.4 Router(s)

Room Number/ Floor Wise	No. of Rack	Router Model Number	Router Serial Number	Switch Model Number	Switch Serial Number	Switch IP Address	Total Switch Port	Total Port Used	Total Ports Unused

2.4.5 RSA Token

S. No.	S. No. of Old RSA Token	S. No. of New RSA Token	Employee Name	Current Designation	Employee Code	Date of Birth	Mobile No.	Date of Issue of Token	Sign and Stamp of User	Counter sign of Officer in case user is Staff
1.										
2.										
3.										
4.										
5.										
6.										

2.4.6 Local Distribution Server (LDS)

Server Details			
LDS Host Name:		Asset Tag:	
Type/ Model:		Serial No.	
Processor & Speed		Keyboard S/N:	
RAM Capacity (in MB)		Mouse S/N:	
HDD Capacity (in GB)		Monitor S/N:	
Network Port No:		IP Address:	

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2.4.7 Application Monitoring Tools

(a) Hardware/ Software details must be available that include OS, machine access code, memory etc.

(b) Latency to various units *viz.* data centre, gateway etc. must be observed as per norms.

(c) Utilization of location link, out of provided capacity, should regularly be observed.

(d) Antivirus & Browser versions should regularly be updated.

(e) Performance of all applications under ITBA *viz.* home page, assessment etc. must be observed to ensure their near-real-time functioning. The performance to generate reports under different applications *viz.* Grievance, ITR, Appeals etc. should also regularly be examined.

2.4.8 Network Monitoring

(a) **Link Status**

S. No.	Description	Findings
1.	OS Version	
2.	OS Service Pack	
3.	OS product Key	
4.	IE Version	
5.	MS Office Version	
6.	MS Office License Key	
7.	Antivirus Software	
8.	Other Software (If any)	
9.	Functional Status	
10.	AMC/Warranty Status	
11.	AMC/Warranty Expiry Date	
12.	AMC/WARRANTY Support Vendor	

Location	Node & Link Status	Top Usage	Top Bandwidth Usage Trend	Top 5 CPU Utilization Ascertained Through Router	Top 5 Memory Utilization Ascertained Through Router	Threshold Breached Report (Number)

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(b) **Quality of Services (Specially for VC Conducting Sites)**

Sr. No.	Location	Response Time (ms)		Jitter (Source to Destination) (ms)				Jitter (Destination to Source) (ms)				Packet Loss (Source to Destination)		Packet Loss (Destination to Source)	
		Target <=100	Achievement	Positive (+1)	Achievement	Negative(-1)	Achievement	Positive (+1)	Achievement	Negative(-1)	Achievement	Target (0.5%)	Achievement	Target (0.5%)	Achievement
1.															
2.															
3.															
4.															

2.5 Network Links

(a) **A Local Area Network (LAN):** Is a group of computers and associated devices that share a common communications line or wireless link to a server. Typically, a LAN encompasses computers and peripherals connected to server within a distinct geographic area such as an office or a commercial establishment. Computers and other mobile devices use a LAN connection to share resources such as a printer or network storage. A local area network may serve as few as two or three users or several hundred users in a larger office. LAN networking comprises cables, switches, routers and other components that let users connect to internal servers, websites and other LANs.

The existing Local Area Network (LAN) in the department is provided at all office buildings. Approximately 23,700 LAN nodes have been provided across the country. Installations of 745 additional nodes are currently in progress. The existing LAN Network Components are being maintained by the Network Service provider on a BOOT model (Build Operate Own and Transfer). At the end of the present contract, the entire LAN Infrastructure will be transferred to the department by the MSP. The transfer made to the department shall include transfer of operational LAN with latest IP configurations at the LAN equipment.

(b) **A Wide Area Network (WAN):** is a geographically distributed private telecommunications network that interconnects multiple local area networks (LANs). In an office, a WAN may consist of connections to the headquarters, field formations/ Mufassil stations, cloud services and other facilities. Typically, a router or other multifunction devices are used to connect a LAN to a WAN. The WANs allow users to share access to applications, services and other centrally located resources. This eliminates the need to install the same application server, firewall or other resource in multiple locations. WAN connections can include wired and wireless technologies. Wired WAN services can include multiprotocol label switching, Carrier Ethernet and commercial broadband internet links. Wireless WAN technologies can include cellular data networks as well as public Wi-Fi or satellite networks.

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(c) **Advantages Computer Networks**

(i) **Offers Convenient Resource Sharing:** This technology is very important, especially for large offices like ours that need to produce huge numbers of resources to share to all the people. Since all processes are computer based, they assure prompt delivery to the users as long as connectivity is in place.

(ii) **Allows Easy Sharing or Files:** This is a core benefit of computer networking - it provides people with access to share their files easily. This greatly helps saving time & efforts.

(iii) **Provides the Benefit or Flexibility:** Computer networking offers high flexibility in a sense that it gives the chance to explore everything about a certain type of software without affecting its functionality.

(iv) **System is Inexpensive to Operate:** Installation of computer networking software does not cost much. It also does not need to entirely change the software as it allows to install updates.

(v) **Increases Storage Capacity:** Sharing resources and files to others, necessitates having increased to storage capacity that can accommodate all such details to keep the activities & operations up and running.

(d) (i) **Network Protocol:** A network protocol defines rules and conventions for communication between network devices. Network protocols include mechanisms for devices to identify and make connections with each other, as well as formatting rules that specify how data is packaged into messages sent and received. Some protocols also support message acknowledgment and data compression designed for reliable and/ or high performance network Modern protocols for computer networking are generally use packet switching techniques to send and receive messages in the form of packets - Messages subdivided into pieces that are collected and re-assembled at their destination. Hundreds of different computer network protocols have been developed each designed for specific purposes and environments.

(ii) **Internet Protocols:** The Internet Protocol family contains a set of related (and among the most widely used) network protocols. Besides Internet Protocol(IP)itself, higher level protocols like TCP, UDP, HTTP, and FTP ingrate with IP to provide additional capabilities. Similarly, lower- level Internet Protocols like ARP and ICMP also co-exist with IP. In general, higher level protocols in the IP family interact more closely with applications like Web browsers while lower - level protocols interact with network adapters and other computer hardware.

(iii) **Network Routing Protocols:** Routing protocols are special-purpose protocols designed specifically for use by network routers on the internet. A routing protocol can identify other routers; manage the pathways (called routes) between sources and destinations of network messages, and make dynamic routing decisions. Common routing protocols include EIGRP, OSPF, and BGP.

2.6 Secrity and Access Control

User can login in ITBA using login ID as EMP ID password which gets communicated in official's name based e-mail ID and Mobile number. PIN and RSA display number is also being used for login in ITBA. RSA, RSA PIN and passwords are very sensitive in nature which is non transferable and non-sharable to anyone.

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In this connection, kind reference may please be invited to Revised RSA Token Policy 2016, dated 28/04/2016 as per para-10 of the policy *"After receiving the RSA Token, the User should keep a note of the RSA Token number in some private/secret record. The RSA token number will be required to be quoted if RSA token is lost or stolen. The User should keep the token safely at all times. The RSA token is similar to an identity like ATM/Credit card and should be kept safely. Under no circumstances the RSA Tokens should be shared/lent to others including colleagues…."*

As per para-6(V) of the policy "It would therefore be necessary that officers/officials do not share PIN No. with anyone.

Enough technical provisions/guidelines have already been issued by the Directorate of Income-tax (Systems) and same are envisaged in the existing RSA Policy. For any misuse of RSA Token, officer/official is fully responsible and suitable action may be initiated by competent authority above the officer concerned and CCS Conduct Rules may also be referred in this regard.

2.7 Functions of NCC, RCC, CIT (CO) and Nodal Officers

These have been discussed in the chapter relating to Organisation and Management of Computer Resources.

2.8 Software

2.8.1 In general terms software refers to sets of instructions that enables the computer to accept, interpret & process the data and provide results to the user. In short software is an interface between the user and the computer. Software can be either System Software or Application Software.

2.8.2 Operational Software: The Operating System (OS), a type of Systems Software, is a collection of Programs that help manage the computer system itself, e.g. MS-DOS or Windows are operating systems. These Operating System essentially performs three functions:

(a) Manages the devices, like storage and retrieval of files

(b) Controls program execution

(c) Process the commands/ instructions keyed in.

(d) The PCs in the department use latest MS-Windows with the latest web browsers and necessary utilities which are communicated by the DIT(S) from time to time.

2.8.3 Application Software: The application software can be standard software available from the market or may have to be developed for the special requirements of the users Department. These enable the user to get the tasks done. The Department uses some standard software package for routine activities like MS-office, Adobe reader.

2.8.4 The Department has also got developed a comprehensive application package namely Income-tax Business Application (ITBA) that encompasses almost all functions of the department and can be accessed by the users though network nodes/desktops. Various software packages which could be termed as customised/special department application software include ITBA, Project insight, e-filing, e-verification.

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2.9 Maintenance and Support Services

Preventive Maintenance of Various Units/ Gadgets: Various units and gadgets should regularly be maintained to make the system in perpetually alert mode. The communication room, network devices, electric gadgets etc. must be properly maintained; the details have been summarized and presented below:

(a) Communication Room (CR) that houses all equipment needed for connectivity and other allied functions, must be kept secure & clean.

(b) Scrap & Other unwanted material must not be stored in the communication room.

(c) Regular pest control exercise should be carried out to make the CR rodent free.

(d) All rack, networking equipments, electric gadgets etc. should be properly cleaned by using vacuum cleaner/blower, if required.

(e) Regular checking of Fire Alarm System, Fire Extinguisher etc. should be carried out.

(f) All other activities *viz.* physical of devices, 1/0 ports, cables, electric circuits etc. must be monitored, preferably twice a day.

While ensuring necessary upkeep of various devices installed in the building, the information in the following format is being recoded.

(a) **Racks-RACK is in Working Condition Y/N**

S. No.	Model	Equipment S. No.	Rack Size	Floor No.	Room No.
1.					
2.					

(b) **VSAT-VSAT with ODU on Rooftop/ Ground Floor**

S. No.	Model	Equipment S. No.	Location	Fixed Properly	Monkey Cage Y/N	Up Link/ Down Link Frequency
1.						
2.						

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(c) **VSAT-Indoor Unit (IDU)**

S. No.	Model	Equipment S. No.	Location	Fixed in Rack	No. of Ethernet Ports	Power being Fed from UPS Y/N	E/N Voltage
1.							
2.							

(d) **Routers**

S. No.	Model	Equipment S. No.	Serial Ports	Ethernet Ports
1.				

(e) **Fire Extinguishers** **FE is in working condition** **Y/N**

S. No.	Model	Equipment S. No.	Floor No.	Fully Pressurized	Expiry Date	Asset Code
1.						

2.10 Office Layout

Office lay out in a computerised environment should be in accordance with the work process flow of that office and should conform to the requirements of ergonomy for higher efficiency. Cubicles or work stations with glass partitions in open geometrical patterns, modular office furniture, good lighting, dust-free air conditioned environment, separate storage spaces for temporary and long term duration all contribute to higher efficiency. Power connection, network cabling, computer wiring should be through concealed ducts/ channels preferably with false ceiling or channelled flooring. Guidelines for installation of PCs, power points etc. in Annexures- I to III, should be followed. For Officers the PCs can be setup in their chambers. Terminal Banks of PCs should preferably be setup for use by the members of staff.

3. Application Software

3.1 As part of Comprehensive Computerization plan following integrated application systems have been developed:

(a) Initial permanent Account Number System (IPAN).

(b) Assessee Information Systems (AIS).

(c) Tax Accounting System (TAS).

(d) Assessment Information System (AST).

(e) Individual Running Ledger Account System (IRLA).

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(f) Enforcement Information System (EFS) including CIB System.

(g) Public Financial Management Systems (PFMS).

(h) Human Resource Management System (HRMS).

(i) Financial Resources System (FRS).

(j) Physical Resource System (PRS).

(k) Tax Deduction at Source (TDS).

(l) Management Information System (MIS).

(m) National Judicial Reference System (NJRS).

3.2 Features of ITBA-PAN Application System

3.2.1 The Structure of the New PAN

AAA S A 9999 C.

Where AAA: Alphabetic series running from AAA to ZZZ.

S: Status code of the assessee.

A: First character of the assessee's surname.

9999: Sequential No. running from 0001 to 9999.

C: Alphabetic check-digit.

3.2.2 Phonetic Permanent Account Number

The phonetic permanent account number (PPAN) is a concept which helps in allotment of a unique PAN to each assessee. PPAN is essentially based on a phonetic/ Soundex algorithm which brings all similar sounding names under one code. It can, thus, detect cases where the same assessee's name is spelt slightly differently. The name of an assessee, by itself, does not ensure uniqueness of the assessee, since many persons may have the same or similar sounding names. PPAN also uses other details about the assessee like date of birth, status code, father's name and gender (including transgender) code. These details ensure uniqueness of an assessee to a very high degree. The algorithm for generation of phonetic/soundex became old and was not capable to handle the huge data. Therefore, a new/latest algorithm of phonetic/soundex of ORACLE has been deployed on top of the existing (old) phonetic/ soundex algorithm.

3.2.3 PAN Check for Duplication at the Time of Allotment

Prior to allotting a PAN to an assessee, it is checked to ensure that the same person has not been allotted a PAN earlier. If the PPAN generated for the assessee does not exist in the database, then the assessee is allotted a PAN and if it does, the case is pointed out in a Duplicate PPAN report. In the latter case, a genuine assessee can be allotted PAN after verification by the Officer at Regional Computer Centre (RCC) of the concerned jurisdiction.

3.2.4 Various Options of PAN Application are Available to PAN Applicant

PAN Service Providers are authorised by the Department to collect authorised PAN application fee. Physical as well as electronic mode of submission of PAN applications are available through PAN Service Providers. PAN application is possible in paperless mode through Digital Signatures, Aadhaar based eSignatures or Aadhaar based eKYC. Physical laminated PAN Card is issued to every PAN applicant through courier/post. Digitally signed ePAN is also issued through email ID of the PAN applicant. However, PAN applicant has choice to get only ePAN through his/her email ID for which less fee is charged by the PAN Service Providers.

3.2.5 Summary of Data Capture Process

Presently work of collection of PAN application form, physical as well as on-line, digitization, printing and dispatch of PAN cards has been outsourced to two PAN service providers i.e. M/s NSDL eGov and M/s UTIITSL. PAN Service Providers have opened their collection centres all over India. They have also provided on-line facility for PAN applications through their respective portals. Form 49A (In the case of Indian Citizens/lndian Companies/Entities incorporated in India/Unincorporated entities formed in India) or Form 49AA (Individuals not being a Citizen of India/Entities incorporated outside India/ Unincorporated entities formed outside India)received in the office of PAN service provider are checked by the staff of the PAN service provider, digitized and electronic data is forwarded to the data exchange server of the ITD located in the Data Centre. The vendors capture data from forms to flat files, in ASCII format, which are used as input in the PAN System. PAN system validates this data while importing it.

3.2.6 Aadhar based Allocation/ Verification of PAN

Aadhaar is being used for allocation/verification of PAN as Aadhaar is a unique Identity no. of an individual. Aadhaar ensures the uniqueness of individual PAN applicant and in view of this, Aadhaar is being taken as unique identifier in PAN database.

3.2.7 Now new format of PAN application form has been devised wherein option for ‘Transgender’ has also been provided in ‘Gender’ column alongwith ‘Male’ and ‘Female’.

3.2.8 Limitations of the New Structure of PAN

Although PPAN ensures sufficient uniqueness for an assessee, there is still a remote possibility of generation of duplicate PAN for assessees, considering the total number of assessees in India. The system, however, cannot detect cases where a person applies for a new PAN by giving false information about his name, father’s name, date of birth, status or gender.

3.2.9 Aadhar PAN Linking

As per Section 139AA of the Income-tax Act, Aadhar No. is to be provided by the PAN applicant with PAN application for new PAN in the case of individual applicant. Further legacy PANs are to be linked

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with Aadhar No. in the case of PAN holders having status as individual. Facility for Aadhaar linking with PAN has been provided in the following ways:

(a) Through e-filing portal.

(b) Through SMS.

(c) Through Change Request Application to the Service Providers.

3.2.10 Uploading Scanned Photograph and Signature Files

The photograph (only for individuals) and signature available on Form 49A and Form 49AA are scanned using a scanner. The scanned photograph and signature files are uploaded on the server of PAN Service Providers at the time of uploading the corresponding assessee data. These are then used to print the photograph and signature of the assessee on the PAN card by the PAN Service providers.

3.2.11 Security and Audit

ITBA-PAN system defines security at the menu option level. Each option/screen is accessible by a role. Each user of the system is assigned one or more roles. The users are able to use only their assigned roles. The system automatically captures user identification and time stamp for important updates made to the assessee information after allotment of PAN. This includes update to name, father's name, date of birth/incorporation, gender, citizenship status and address. ITBA-PAN system does not allow the user to update these fields from the screen. These changes are done on the basis of Change Request Applications uploaded by PAN Service Providers on the web as well as can be downloaded and also available at their centres.

3.2.12 Integration of PAN Application with other Government Departments through Common Application Form for Ease of Doing Business Initiative of the Government

PAN applications are also collected in Common Application Form (CAF) used for Company incorporation through MCA portal for 'ease of doing business initiative'. PAN applications are also collected through e-BIZ portal of DIPP (Department of Industrial Policy & Promotion). Goods & Services Tax is using PAN for its allotment of GSTN number. In future more similar integrations are also proposed for other Departments/agencies.

3.3 Features of ITBA-PAN System

ITBA-PAN is the hub system around which all the Departmental application systems operate. ITBA-PAN system maintains the PPAN and PAN allotment series table to ensure unique PAN allotment and to check for matching PPAN cases. Its main functions are:

(a) Generate Phonetic Permanent Account Number (PPAN) and allot Permanent Account Number (PAN) to each assessee.

(b) Transfer of jurisdiction of the assesse from AO to AO(Assessing Officer).

(c) Maintain assessee's data and events.

(d) Generate reports and support queries on assessee and jurisdiction data.

3.3.1 PAN Verification Facility

PAN verification facility is available in following ways:

(a) Through 'Know Your PAN' on e-filing portal. Here name and DOB is to be provided and an OTP sent on registered mobile no. is to be entered to verify the status of PAN.

(b) Bulk PAN verification through PAN Service Providers is also available for certain categories of organisations approved by the ITD.

3.3.2 Transfer of Jurisdiction

ITBA-PAN maintains a link between the assessee and the jurisdiction in terms of PAN - AO link. For this purpose the AOs are codified. Once allotted, PAN of an assessee never changes in spite of change in name, father's name, DOB, gender, jurisdiction, address etc. Therefore, on transfer of jurisdiction of an assessee, PAN of that assessee requires to be linked to another AO If the transfer of jurisdiction is effected through the system, ITBA-PAN automatically corrects the PAN-AO Link.

3.3.3 ITBA-PAN has the functionality for effecting transfer of jurisdiction under Section 120 and 127 of the Act on the system. It allows the details of cases to be transferred - identified by PAN, source AO and destination AO, to be entered and maintained in the system. ITBA-PAN provides standard texts of transfer orders which can be adopted from the system and further customized. A draft transfer order can be prepared in ITBA-PAN by the AO and printed or viewed. This can be subsequently confirmed on the system by the concerned Principal Director General/Director General/Principal Chief Commissioner/Chief Commissioner/Principal Commissioner/Commissioner of Income-tax. Once the order is confirmed, intimation letters can be printed. Once the transfer order is confirmed on the system by an authority having the role to transfer the case, the PAN- AO link of these cases automatically gets updated in system through schedulers. Bulk Transfer is also allowed in one go from one jurisdiction to another.

3.3.4 By specifying a selection criterion, it is possible to build 'transfer-lists' of affected assessees. For example, it is possible to prepare a list of PANs in a Ward where returned income is more than 2 lakh. These transfers are required to be done on the system to change PAN-AO link. In such cases, 'transfer orders' can be prepared on the system and confirmed by the authorised officer. Where movement is within the same Range, the source AO can confirm the transfers. Where movement is from one Range to another within the same Charge, the source Addl.CIT/JCIT can confirm the transfers. Where movement is from one Pr. CCIT/CCIT/Pr. DGIT/DGIT/Pr. CIT/CIT charge to another Pr. CCIT/CCIT/ Pr. DGIT/DGIT/Pr. CIT/CIT charge, the source Pr. CCIT/CCIT/Pr. DGIT/DGIT/Pr. CIT/CIT can confirm the transfers.

3.3.5 ITBA-PAN also provides powerful queries to build sets of PANs qualifying for transfer in the form of 'selection criterion based transfer'. These can be modified individually, by excluding or including PANs. The destination AO code can be specified at list level or at individual PAN level. For example, jurisdiction of an assessee may change on account of change of address, change of source of income or on the basis of returned/assessed income. Using the above queries, 'transfer lists' of affected assessees can be built on the system. These lists can then be converted as draft transfer order to be confirmed by the authorised officer. Mutual concurrence has to be taken by the officers wherever required through off-line mode when transfer order is made by source jurisdictional officer.

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3.3.6 Complete assessee profile comprising of assessment, accounting details, etc. are transmitted from the source AO to the destination AO through the system.

3.3.7 The system automatically captures user identification and time stamp for all updates. If any of the key details of an assessee is changed, all previous details along with earlier user identification and time stamp are captured as part of the audit trail.

3.3.8 Option for centralization of PANs using search and survey can be done where all relevant PANs can be centralized and transferred to one specific AO. Later on PANs can be De-centralized and transferred back on the basis of same Search and Survey ID to the new destination AOs.

3.3.9 Queries: ITBA-PAN, supports many queries such as query on the assessee details (through CBN application link), assessee data audit log, events, transfer orders and lists, and assessee jurisdiction history. Any number of valid parameters can be specified in any combination. Queries are provided on data related to assessee jurisdiction history, assessee audit log, assessee details and events, transfer orders, etc. Queries to build default transfer lists based on predefined selection criteria (such as to transfer all eligible assessees from a ward to a circle) or a user defined criteria are also provided. A comprehensive query is available through CBN application link to inquire on assessee details. Special search features such as exact match, pattern match and similar sounding names match are also provided.

3.3.10 Outputs from ITBA-PAN: Following outputs can be generated through ITBA-PAN:

(a) Deleted Deactivated PAN Report.

(b) PAN Allotted to Serial Number Report.

(c) PAN assessee Transferred Report.

(d) PAN Process Core Corrections.

(e) PAN Allotment Dashboard.

(f) PAN Deduplication Dashboard.

(g) PAN Deletion and Restoration Dashboard.

3.4 ITBA-Human Resource Management System (ITBA-HRMS)

3.4.1 The main objective of this software is to identify each employee of the Department by a uniquely generated Employee Number. This is a six digit number allotted centrally for all Groups of employees of the Department. The Number does not change irrespective of promotion, transfer, deputation and retirement.

3.4.2 The Following Basic Information is Taken on Departmental Record Prior to Issuance of Employee Number

(a) Group and cadre in which the employee joined the service.

(b) Name of the employee.

(c) Date of birth.

(d) Date of joining service in the Income-tax Department.

(e) Personal details.

(f) Marital Status.

(g) Gender.

(h) Category.

(i) PAN.

(j) Aadhaar No.

(k) Tel. No./Mobile No.

(l) Present posting in the Department.

HRMS allows subsequent changes to be made to the bio-data subject to certain safeguards. An Employee Number is generated for each employee with the help of HRMS system. User ID is created for an employee by prefixing character 'U' to his/her Employee Number for authorised access to Departmental Applications.

3.4.3 Hierarchies and Roles in Jurisdiction Hierarchy

Hierarchy is integral to all ITBA and HRMS processes. All workflows follow the hierarchy in the department. The hierarchy is maintained and updated on continuous basis. To make the process of maintaining the hierarchy simple the following process is being instituted in HRMS.

(a) View hierarchy based on position

(b) Create new post under the existing post.

(c) Update Post details – Location, Designation based email id (Tag/un-tag), Office landline number, Room Number,

(d) Add/ Update Employee details – Assign charge to employee

(e) Create jurisdiction in case the Post is a jurisdictional post associated with AO codes

(f) View and update roles for employee.

(g) Assign roles to position

The HRMS system maintains details about departmental hierarchy for all employees working in CBDT and Income-tax Department. ITBA is a 'role' base Application. This enables the system to regulate any unauthorised entry into the database, maintain an audit trail of changes made by the users in the database, and ensure security.

3.4.4 Transfers of Employees

There is a separate ulility under Income-tax Business Application (ITBA) namely Human Resource Management System (HRMS) that encompasses all matters related to human resource management which can be invoked using employee ID. Annual Performance Appraisal Report (APAR), Data Analysis for transfers and postings, intimation etc. are some of inbuilt provisions of this utility. All employees are expected to carry out various assignments pertaining to the personnel issues by using this functionality.

3.4.5 Role of RCCs

The role of Regional Computer Centre (RCC) under HRMS has been restricted to creation of employees' ID, hierarchical & position management, attachment of users' IDs, assigning roles for using different functionality under ITBA and the like.

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3.4.6 Roles, Privileges and Security

An officer or his staff is allowed to work only on cases in the Assessing Officer's jurisdiction. The superiors of the officer can only query the data related to the cases in officer's jurisdiction but are not allowed to make any modifications. Functions like data entry from Acknowledgment sheets, entry in the RRR, etc. can be done by the staff of the AOs. All preparatory work required prior to processing, regular assessment, rectification, giving appeal effect, entry of TDS credits, etc. can be done by the AO's staff. The final approval required to mark the proceeding as complete, leading to initiation of printing of outputs and posting of entries in IRLA, can only be given by the AO Similarly in the office of CIT maintenance of the Revision Register, penalty proceedings, and penalty waivers etc. on the system can be done by the CIT or his staff. Maintenance of records relating to the office of CIT (Appeals) on the system can be done by the CIT (Appeals) or his staff. The same applies to generation of notices, preparation of Reports, maintenance of registers of audit objections, prosecutions, etc.

3.5 Judicial Reference System (Taxpert)

This provides an off-line reference system on Judgements, Rulings, Case Laws on different issues relating to various Direct Taxes/Rules as pronounced by various High Courts. Supreme Court, as also Direct Taxes Acts/Rules and Circulars/Instructions/Notifications issued by the CBDT.

4. Organisation of Work at Range

ITBA/HRMS Modules are rolled out and also being used by officers and officials as roles envisaged to them and ITBA is a work flow based system. Modules are accessible to officials concerned as defined roles which is tagged by respective RCC through their access in HRMS.

5. Record Management

In ITBA, Record Management module is functioning which can be utilised.

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Annexure-I

Precautions for Proper Maintenance of PCs

(a) Keep the computer in clean, dry environment. Make sure it rests on a flat and sturdy surface.

(b) Don't place items on top of the display Unit (Monitor) or cover any of the vents in the computer. These vents provide air flow to keep the computer from overheating.

(c) Keep food and drinks away from any part of the computer. Food particles and spills will make the keyboard and mouse sticky and unusable. Also this will keep away pests, rodents etc. from the place where computers are kept.

(d) Don't get the power switches or other controls wet. Moisture can damage these parts and cause an electrical hazard.

(e) Always disconnect the power cord by holding the plug and not the cord.

(f) Don't connect your computer directly to a Power Point (Raw Power).

(g) Always connect your PC to a stabilized source of power i.e. through either a Constant Voltage Transformer (CVT) or Uninterrupted Power Supply Unit (UPS).

(h) To avoid an electrical hazard, disconnect the power cords immediately if Computer is exposed to excess moisture or the power cord or plug is damaged.

(i) The location of electrical outlets and length of power cords and cable that connect to the display, printer, and other devices might determine the final placement of your computer, when arranging your work space. Avoid the use of extension cords. Whenever possible, plug the computer power cord directly into a electrical outlet providing stabilised power (CVT or UPS). Keep power cord and cable neatly routed away from walkways and other areas where they might get entangled accidentally.

(j) Always cover your PC and Keyboard with a dust cover after a time gap of 10-15 minutes allowing the computer to cool down.

(k) Use only mild cleaning solutions and damp cloth to clean the painted surface of the computer. Clean the screen, keyboard etc. regularly.

(l) Don't use abrasive cleaners when cleaning the surface of the display screen. The screen surface is easily scratched, so avoid touching it with pens, pencil points and erasers.

(m) To clean the surface, wipe it gently with soft dry cloth or blow on screen to remove dirt & other loose particles. Then use a soft cloth moistened with non abrasive liquid glass cleaner.

(n) Normal transporting and handling can cause loss of data from hard disk. If your computer has hard disk, take following precautions.

(o) Before transporting the computer from one location to another location, back up all files and data from hard disk.

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Annexure-II

1. Operating Procedure (Power ON)

(a) Switch on the Mains Input Supply of the UPS.

(b) Wait for 30 Seconds to 40 Seconds. Then switch on the Mains OFF/ON Switch. The Mains O/U Red LED will glow on the UPS panel.

(c) Wait for 3 to 5 minutes till needle in DC voltmeter reaches mark at 256 Volt DC/ Green Mark

(d) Press Reset Switch of the Audible Alarm and the LEDs.

(e) Switch on the battery ON/OFF switch in the battery stand.

(f) Wait for 5 minutes till battery goes in to charge mode displaying the indication of "battery on charge".

(g) Again press Reset switch. Then switch on inverter ON/ OFF switch. "Invertor ON" Green LED will glow.

(h) Switch Output MCB in load "distribution panel".

(i) Switch on all the load terminals one by one.

Note: UPS should not be switched ON and OFF everyday. For normal holidays and as daily routines the system can be kept in 'ON' condition. For continuous holidays of more than 3 days keep only the Invertor Switch in OFF position.

2. Operating Procedure (Power OFF for Total Shut Down of the UPS System)

(a) Put of all the load terminals one by one.

(b) Shut off output MCB in the output load distribution panel.

(c) Switch off the inverter on/off switch.

(d) Switch off the mains on/off switch.

(e) Switch off battery on/off switch.

(f) Switch off MCB at the input of UPS.

3. Precautions (For 5 KVA and 10 KVA UPS)

3.1 Do's

(a) Keep the mains switch always on.

(b) Keep the battery switch always on.

(c) Keep the bypass switch in inverted position under normal working condition.

(d) Connect a safety ground conductor to the UPS.

(e) Switch off the inverter switch when the loads connected are not in use.

(f) In case of emergency, put off all the switches.

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(g) If the UPS trips on any fault other than battery low, switch off the inverter switch on again to get output from the UPS.

(h) If the UPS trips on battery low, switch off the inverter and push the reset button reset the system. The system will reset only if the battery voltage is within the limits.

3.2 Don'ts

(a) Do not connect the battery bank to the UPS with the battery switch in ON position. This may cause sparking.

(b) Do not restart the system before finding out the cause for tripping.

(c) Do not press the reset push button when the UPS is on normal working condition.

(d) Do not press the reset push button to reset the UPS for faults other than battery low.

Annexure-III

1. Management of Terminal Banks

(a) The room where the Terminal Bank is proposed to be installed/is installed should be dust free. For effective control of dust in the computer room it is recommended that entry and exit in the room should be restricted. The floor should preferably be covered by good quality of antistatic tiles.

(b) The location of room should be away room radio, radar & electromagnetic interference and vibrations from heavy machinery.

(c) An UPS with three phase power supply as input & single-phase output, as supplied, should be installed for the server and adjacent terminal banks for uninterrupted and interference free power supply.

(d) All electrical cables should be of copper with minimum number of joints.

(e) Telephone lines are to be installed for connecting terminals to the host computer. A provision for landing of these lines should be made in the server room.

(f) Fitting of Input power point with CPL, (UK) Type socket (where supplied) & switches for computer terminals should be done in consultation with the PC vendor.

(g) The Server and Terminal Banks room should have an ambient temperature of 15 degree Celsius to 30 degree Celsius. The relative humidity should be maintained between 45% to 55% non condensing.

(h) A dedicated earthing is mandatory for the server room/UPS room and terminal banks.

(i) Good quality furniture should be used for placing & balancing of computers. It should be free from build up static charge.

(j) The lighting inside the room should be sufficient for working and should be even throughout the room.

(k) Terminal Bank away from the server room will be operated on CVT.

(l) A vacuum cleaner should be provided.

(m) The room should be equipped with fire extinguisher/ detector.

(n) A telephone may be provided.

2. Precautions in Terminal Banks

(a) Install fire fighting equipment, such as, fire extinguisher/detectors to safeguard costly machine, furniture and data. More important, all the users should know to operate these equipment/ gadgets

(b) Don't carry eatables and liquids near the machines.

(c) Don't shift any machine/equipment without prior information to Supplier of the computer system or the company authorised for maintenance.

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(d) Don't connect third party equipment/devices like Printers, Adapters, Cords, etc. to the machine. in case of such requirement, do call supplier of the computer system.

(e) Don't change power points without approval from supplier of the computer system. It might lead to systems breakdown.

(f) Don't connect any other electric/electronic appliances to the Computer Electrical points.

(g) Keep adequate supply of consumables.

(h) Switch off the main circuit from power distribution board to cut off power when the system is not in use.

(i) Ensure that proper and stabilised power is used in the system i.e. Connect power supply to the computer system through UPS or CVT Only.

(j) Power corrective equipment, UPS and CVT should be checked periodically.

(k) Store copies of back-ups in a room outside the Centre/Terminal banks.

(l) Keep temperature/humidity measuring equipment in the computer centre.

(m) Keep a periodical log of temperature/humidity in the computer room and data-entry room. This will ensure proper functioning of A/C equipment.

(n) Adopt suitable pest/ rodent control measures.

(o) Unauthorised entry into Terminal Banks should be strictly banned. A register of entrants/users should be maintained by the official-in-charge.

(p) All the computers and peripherals should be given identification number and a proper inventory of these items should be made along with details of periodic maintenance schedule for each item.

(q) For detailed instructions on use/operation of equipment/machines please refer to specific manual.

(r) Display the contact numbers of suppliers, systems- personnel, & other responsible officials in the terminal banks for getting immediate help.

(s) Display the Do's & Don'ts lists in the Terminal Banks.

(t) An Activity Log showing details of activity, downtime, dates of occurrence and reporting, date of setting-right the problem should be maintained.

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Annexure-IV

Guidelines to Prevent Virus Infection

(a) If programs provided by public domain software distributors and electronic bulletin boards are being used, find out the precautions being taken by them to guard against viruses. Use only well-known bulletin -board services to get copies of programs.

(b) Write-protect original program diskettes before using them. This ensures the diskettes will not be infected if a virus is already present in the computer.

(c) Avoid using programs and diskettes from unknown sources. Share information on diskettes only with other computer users who are well-known.

(d) Install a program that looks for viruses on the computer. Check for viruses on a regular basis. When a virus is found, it should be removed immediately. This might be as simple as replacing a file or it might require the assistance of a trained technician.

(e) Use password protection to limit access to the computer or the network. Security of the system can prevent the computer from getting infected.

(f) Do not disclose your password to any unauthorised persons.

(g) Don't bring any outside floppies without having them scanned for virus presence.

(h) Beware of Computer Games. These are common conduits of Computer Virus.

(i) Don't bring an illegal copy of any software into the machine. Illegal copies are one of the main sources of virus.

(j) Take regular back up of data on the PC Server to ensure that no virus enters the data entry machines.

(k) All programs on a system should be checked regularly for size changes. Any size deviations could be evidence of tampering or virus infiltration. There are programs based on checksum to check if a file has been altered in any way. Use of such checksum-based checkers are recommended for important files.

(l) Purchase software not only in sealed packages but also from reliable sources only.

(m) If reformatting is required after any PC maintenance, reload the hard disk from reliable source diskettes and data backups.

(n) Backup copies of all original software should be made as soon as the package is opened and stored off-site.

(o) Before installation, all software should be reviewed carefully by the system manager.

(p) New software should be quarantined on an isolated computer to greatly reduce contamination risk.

(q) System administrators should restrict access to programs and data on a need-to-use basis. This isolates problems, protects critical applications and facilitates program diagnostics.

(r) Keep up-to-date hard copy listing of the directories and files.

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(s) Be alert to unexpected values for the following file sizes (usually large file sizes or files with a size of 0 bytes), dates before January 1, 1980, dates in the future, dates containing 00, and time stamps after 23:59:59.

(t) Do not allow the downloading of software from bulletin board system or other On-line services, except to one stand-alone PC designed for this purpose. Some bulletin boards are now operational in India.

(u) Don't loan out program disks as they may come back infected. If it is necessary to loan a disk, make a copy of the disk using DISKCOPY, give the new disk and reformat the disk when it is back.

(v) Don't use illegal copies of programs that have been "hacked" to remove copy protection.

(w) First and always: make frequent backups! One set is not enough - use several sets of backups in rotation. Design and implement a good backup policy. Setting up a regular backup system will incidentally help in recovering from hard disk crashes, accidental formatting, and malicious program. A hard disk crash is a more likely source of data loss than virus attack. Backup helps in both cases.

(x) Back-up copies should be maintained in a secure location for several months since a virus could lay dominant for an extended period of time.

(y) Plan should be made to quickly remove any software that exhibits symptoms of contamination and to immediately back up all related data. User should be informed of these plans, which should be tested and reviewed periodically.

(z) Removing virus is a difficult task and requires expertise. One should attempt it only after sufficient experience.

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Annexure-V

1. Facilities Management Do's and Don'ts

1.1 Do's

(a) Regular Backup of the critical data must be taken. Backup is the insurance against data loss.

(b) Workplace should be clean. The machine and monitor must be wiped with a clean dry cloth.

(c) The computer room should be dust free and entry to this room should be limited only to authorized person as decided.

(d) All floppies must be scanned for virus before using it on the system. Virus might lead to serious problems later on.

(e) System must be kept locked to avoid unauthorized tampering and the key must be kept handy during Service Engineer's visit.

(f) Ensure that clean and proper, and stabilized power is being used for the system. Power correction equipment should be checked periodically.

(g) In case of any problem, call the hardware supplier concerned.

(h) The passwords must be guarded religiously, must be changed periodically and must not be obvious.

(i) Use password protected screen savers.

1.2 Don'ts

(a) Do not carry eatables and liquids near the machine.

(b) Do not shift/remove the system from the place where it has been installed without informing the hardware vendor.

(c) Do not connect mouse, keyboard, printer connectors etc. without checking the polarity.

(d) Do not connect third party equipment's/devices like printers, adapters, cards etc. to the machine. In case of such requirements, please do call the main hardware vendor.

(e) Do not change power points without authorized approval from the main hardware vendor. It might lead to system breakdown.

(f) If OS/2 or AIX/UNIX is being used on the system, do not switch OFF machine abruptly. Do a proper shutdown before powering OFF.

(g) Do not panic in case of problems. The hardware vendor concerned is just a phone call away.

(h) Do not share passwords.

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Annexure-VI

Centralised Processing Cell (TDS)

One of the important functions in the Income-tax Department is the processing of the Income-tax Returns (ITRs) filed by the Tax Payers and the Tax Deducted at Source (TDS) statements filed by the Deductors.

The Centralized Processing Centre at Bangalore is the hub for processing of Income-tax Returns, with a centralized Data Centre and Central Database. To process Income-tax Returns through technology driven process at Central level, it was imperative that mechanisms be put in place that ensure 100% on time and accurate centralized processing of the TDS/TCS statements. Since the information, submitted by the deductor in the TDS statement, forms the basis on which the deductee is given credit of taxes, therefore, there was a need to have a robust mechanism that ensures correct, reliable flow of data to the department's database and its collation on the basis of tax payer identifier(s) (PAN).

In the journey of tax administration in the Income-tax Department (ITD), **March 29, 2012** was a **milestone**, when the **Centralized Processing Cell (Tax Deducted at Source)** (CPC TDS, in short) **at Vaishali, Ghaziabad, UP** demonstrated a first glimpse into the future of TDS processing.

CPC-TDS has been conceptualized to undertake **end to end processing of TDS statements through a Rule Based Technology enabled system**. The rule based automated processing of 'Statements' leads to uniform results and faster turnaround time besides ensuring seamless flow of data for tax credits. CPC-TDS introduces transparency in the processes through online display of information and provides an integrated platform for tax deductors, tax payers and the officers of Income-tax Department. Thus, **it forms the backbone of overall TDS administration** in the Income-tax Department.

CPC-TDS puts in place robust back office automation on an outsourced model for performing non- core activities. A robust compliance framework for administering TDS and ITRs paves way to achieve *Vision 2020* of the Department.

India is One of the Very Few Countries to Put in Place an Initiative of this Scale for Reconciliation of Tax Deducted at Source.

Concept of CPC-TDS

Centralized Processing Cell (TDS) is a technology-driven transformational initiative on 'Tax Deduction at Source' that provides a comprehensive solution through 'Tax Deduction, Reconciliation, Analysis and Correction Enabling System **(TRACES)' - its core engine.**

- CPC-TDS undertakes bulk processing of TDS statements to generate 'Annual Tax Credit' statements for each taxpayer in Form 26AS, TDS certificates in Form 16/16A/16B/16C/27D & identifies TDS defaults of short payment, short deduction, interest, etc.
- CPC-TDS reconciles and co-relates information from various sources including banks (tax payment), deductors (reporting tax deduction), Assessing Officers (mapping no tax/ low tax deductions) and Tax Professionals (reporting international transactions). With its inclusive

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approach, the initiative provides bouquet of services to its stake holders including deductors, deductees, taxpayers, Principal Accounts Officers of the Central and State Governments & the officers of the Income-tax Department. The users/ stakeholders interact with the CPC-TDS system and with each other through multiple channels of communication including Call Centre, E-mail, Website, etc.

Objectives of CPC-TDS

The CPC-TDS is driven by the following objectives:

(a) Provide a comprehensive technology platform for all stakeholders.

(b) Enhance TDS processing capabilities.

(c) Streamline tax accounting.

(d) Address TDS mismatch issue through online generation of TDS certificates.

(e) Minimize TDS frauds.

(f) Improve filing of TDS statements and reporting of correct income.

(g) Release of manpower from bulk functions.

(h) Empower assessing officers with Business Analytics for Risk Profiling and Enforcement functions.

(i) Provide insights for policy formulation on the basis of data relating to nature & extent of financial transactions & demographic profile of persons involved in such transactions.

Approach and Strategy-Usage

The Strategy is to encourage & prompt the stakeholders towards 'USAGE' of the facilities. **More 'USAGE'** inherently creates more awareness, transparency & compliance.

(a) Uniform – Uniform interpretation of laws & procedures through conversion of laws into set of mathematical formulae.

(b) Simplification – Simplification and standardization of backend & front end processes.

(c) Redesigning & Reduction in number of forms.

(d) Accessibility – Services at the doorstep of taxpayer – any time/ anywhere & realizing jurisdiction free tax administration for bulk processes.

(e) Good Tax Governance – Each rupee that is collected is accounted for. Robust reconciliation of tax collected *vis-à-vis* credit claimed.

(f) Empowerment – Empowering the tax payer with information, knowledge of laws & procedures and status of the proceeding through multiple communication channels.

Concepts of CPC-TDS

Data Centre

(a) Primary Data Centre, Noida.

(b) Disaster Recovery Site, Pune.

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Document Management Centre, Vaishali

Website-TRACES Portal-for:

(a) Deductors.

(b) Deductees.

(c) Principal Accounts Officers.

Portal for Field Assessing Officers:

Call Centre:

(a) Inbound.

(b) Outbound.

Bulk Email Facilities:

(a) Awareness of Tax Provisions.

(b) Feedback on compliance.

Online Feedback Module

Ticket Management System

E-Enabled Services to CPC-TDS Stakeholders

Leveraging on the centralized processing of statements, several value added services and process improvements have been introduced. Online services, being provided to all the stakeholders, are driven through **TRACES**. The **Deductors and Taxpayers** have been provided an elaborate deductor/ taxpayer portal on the CPC-TDS website *www.tdscpc.gov.in* **TDS Assessing Officers of the Income-tax Department** have been provided Intranet Portal that offers wide variety of functionalities to the FAOs.

Value Added Services are Available in Following Areas

For TDS Assessing Officers

Through the portal, following functionalities have been provided to the FAOs:

Tickets

(a) Create/ Close/ Search Tickets.

View

(a) Download Conso File.

(b) Statement Processing Status.

(c) OLTAS Challan Details.

(d) TAN/AIN details.

(e) Profile of Deductor.

(a) Default Summary & Justification Report.
(b) Communications.
(c) Form 26AS.
(d) G-OLTAS Transfer Voucher.
(e) Intimations under Section 200A/ 154.
(f) Consolidated Demand.
(g) 197/206 certificate.

Correction

(a) OLTAS Challan Correction.
(b) Forced Matching–Statement.

Manual Demand Management

(a) Bulk Upload Demand.
(b) Add/ Modify View/Delete Demand.
(c) Add/ Modify Delete Compounding.
(d) Tag Replace a Challan.
(e) Demand with no TAN.
(f) 26A/27BA.

Accounting

TDS Defaulter Report (TDR)

Enforcement

(a) Generate Intimation.
(b) Penalty Order.
(c) Prosecution under Section 276B/276BB.
(d) Show Cause Notice 201.
(e) Manually Identified Case.

Quality Cases & Awareness Programs

Wide Range of MIS Reports–generate/ customize MIS reports/ data analytics reports, AO Reports & Business Intelligence Reports.

Educational–E-tutorial & FAQs.

For Deductors

(a) Online Correction of statements.
(b) Download of Form 16/16A/16B/16C/27D.

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(c) Download of Justification Report.
(d) Download of Consolidated statement file.
(e) Online PAN verification.
(f) 197 Certificate Validations.
(g) TAN-PAN Verification.
(h) CPC TDS communication and bulk e-mail facilities.
(i) View of default summary.
(j) View of statement and Challan Status.
(k) Request for Refund.
(l) Request for Short deduction/ Non deduction rows for 26A/27BA.
(m) Aggregate TDS Compliance for entities having multiple deductor branches.
(n) Transaction Based Report (TBR) for Non residents.
(o) Dashboard View – statement status and default payment, deductor compliance profile.
(p) Circulars and notifications.
(q) Intimations and Notices from Assessing officers.
(r) E-tutorials and FAQs.

For Tax Payers

(a) Registration, Log-in and Manage Profile.
(b) View Tax Credit (Form26AS).
(c) Raise request for resolution.
(d) Download Form 16B/16C.
(e) Correction of Form 26QB & 26QC.
(f) NRI Registration.
(g) Aggregated TDS compliance view to all TANs associated with a PAN & 'Part-G' of 26AS statement.

Awareness

(a) E-tutorials.
(b) FAQs.
(c) Circulars and Notifications.
(d) Feedback.
(e) Download Forms.
(f) CPC-TDS Communication.
(g) Updates.
(h) Rates.

11

Organisation and Management of Computer Resources

1. Comprehensive Computerization Plan

1.1 The Department had implemented the TAXNET project that functions on Multi-Protocol Label Switching (MPLS) technology on Built-Own-Operate-Transfer (BOOT) model, developed by a Managed Service Provider (MSP) that had been identified through the established norms of the Government.

1.2 The Wide Area Network presently connects office buildings of the Department across the country. The mode of connectivity of these offices is through various media *viz.* Optical Fibre Cable (OFC), Copper and Very Small Aperture Terminal (VSAT), with bandwidth ranging from 64 Kbps to 80 Mbps depending on the requirements & operational necessities.

1.3 The entire work of the department is being handled & secured by three major Centres *viz.* Primary Data Centre (PDC) Delhi, Business-Continuity-Plan (BCP) Mumbai and Data Recovery (DR) centre, Chennai. The network is centrally monitored and controlled from Delhi. The PDC is directly linked with the BCP and both are also linked to the DR centre, Chennai.

1.4 The existing Local Area Network (LAN) is provided at the offices/buildings across the country. Approximately 24000 LAN nodes have been provided across office buildings of the department. The existing LAN infrastructure comprises various components and connects through a building specific centres, christened as Communication Rooms (CR) and are being maintained by the existing MSP.

1.5 Communication Rooms at each location house all network and support equipment in a secured environment. The network equipment is currently placed in the wall mounted racks. The CRS are equipped with other support devices including fire alarm extinguishers, temperature & humidity control UPS with redundant battery backup for specified hours etc. The CR helps in better management of network equipment by providing additional security measures within the same building.

1.6 Objectives: The main objectives of the Plan were:

Better

(a) service to taxpayers.

(b) co-ordination among the various agencies of the Department.

(c) Enhanced effectiveness of the Department by.

(d) Reduction in tax evasion and improvement in level of statutory compliance.

(e) Strengthening intelligence sharing and data exchange for quality scrutiny assessments, reduction in cost of collection.

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2. Implementation of Comprehensive Computerisation Plan

2.1 First Phase

In the first phase, a National Computer Centre at Delhi and three Regional Computer Centres at Delhi, Mumbai and Chennai were setup. Offices in these cities were linked to the respective RCCs and the NCC through leased lines data circuits. Officers in these cities were provided PCs and Dot Matrix Printers. Terminal banks of networked computers were setup in these cities for officers and staff to work on the application software.

2.2 Application Software

The following customized application software were developed for computerising the major functions of the department:

- (a) Initial PAN Allotment System, IPAN.
- (b) Assessee Information System, AIS.
- (c) Tax Accounting System, TAS.
- (d) TDS Information System, TDS.
- (e) Assessment Information System, AST.
- (f) Individual Running Ledger Account System, IRLA.
- (g) Enforcement Information System, EFS:
  - (i) Search and Seizure Subsystem.
  - (ii) Survey.
  - (iii) Tax Evasion Petition.
  - (iv) CIB System, CIB.
- (h) Resource Management System, RMS:
  - (i) Financial Resource System, FRS.
  - (ii) Physical Resources System, PRS.
  - (iii) Payroll System, PAS.
  - (iv) Manpower Management System, MMS.
- (i) Management Information System, MIS.
- (j) Judicial Reference System, JRS.

2.3 The work of procurement, development, maintenance, and modification of all types of application software has been centralized by the Board with the Directorate of Income-tax (Systems) so as to ensure uniformity of application software, and consistency and integrity of data. The Board has prohibited local development of software or use of such software without the authorization of the Directorate of Income-tax (Systems).

2.4 Office Automation Software

DIT(S) is providing name based e-mail ID to each and every personnel of the Department in incometax.gov.in domain. Designation based e-mail IDs are also created to all officers ITO and above. For this RCCs can be approached for the same.

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2.5 Electronic Mail

DIT(S) is providing name based e-mail ID to each and every personnel of the Department in incometax.gov.in domain. Designation based e-mail IDs are also created to all officers ITO and above. For this RCCs can be approached for the same.

2.6 Third Phase (Present Format of Computerization in Income-tax Department)

The empowered committee in 2005 under the chairmanship of Financial Advisor envisaged that:

(a) The Income-tax Department's database needs to be centralized.

(b) All departmental buildings should be connected with database.

(c) Primary Data Centre (PDC) at Delhi, Business Continuity Plan (BCP) at Mumbai and Disaster Recovery (DR) site at Chennai was established in 2007. M/s VSNL was appointed as Data Centre Service Provider for Providing Space, Management and Maintenance of PDC, BCP and DR site.

(d) System Integrator (SI) was appointed in 2007 and SI worked till 01/06/2014. SI provided the turnkey solution towards Supply, Installation, Integration, Commissioning, Management & Maintenance of Servers, Storage and other components and Facilities Management Services for the Income-tax Department.

(e) Thereafter new initiative *viz.* CPC-ITR, CPC-TDS, Webmail, ASK Centres, e-filing project and Taxnet projects were also established.

(f) Airtel Bharti - MSP was also appointed for connecting all buildings with the PDC.

(g) Income-tax Business Application (ITBA) was introduced in 2013 having following modules:

ITBA Module			
1.	PAN	19.	Audit
2.	TAN	20.	Exemption
3.	ITR Processing	21.	Inspection
4.	CASS	22.	Investigation, Search and Survey
5.	Assessment	23.	TDS
6.	International Taxation	24.	Annual Information Return (AIR)
7.	Post Assessment	25.	Central Information Branch (CIB)
8.	OLTAS	26.	Actionable Information Monitoring System (AIMS)
9.	Refund Banker	27.	Headquarter Jobs
10.	Penalty	28.	Hindi Quarterly Report
11.	Prosecution	29.	Right to Information (RTI)
12.	Recovery	30.	Record Management System (RMS)
13.	ASK	31.	Portal
14.	Grievance	32.	Collaboration (Mail)
15.	Appeal	33.	User administration/SSO
16.	Income-tax Appellate Tribunal (ITAT)	34.	COMMON
17.	DIT (L&R)	35.	e-Proceedings
18.	Administrative functions	36.	MIS and Dashboards

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HRMS Module			
1.	Employee Self Verification Page	15.	New Pension Scheme (NPS)
2.	PIS Management	16.	Loans and Advances
3.	Position Management	17.	Separation Management
4.	Deputation Management	18.	Payroll
5.	Transfer Management	19.	Travel Allowance
6.	Handover/Takeover	20.	Pension & Gratuity
7.	Promotion Management	21.	Medical
8.	Leave Management	22.	Training Management
9.	Examination	23.	Quarter
10.	ID Card Management	24.	GPF
11.	Asset Management	25.	Competencies
12.	Recruitment Management	26.	Vigilance
13.	Digitised APAR/APAR	27.	Budgeting
14.	IPR Management		

3. National Computer Centre

3.1 As the projects in the department are developed and implemented through Managed Service Providers through defined scope in the RFPs. Accordingly these points should not be part of manual of office procedures.

3.2 Role of Directorate of Income-tax (Systems)

It was created in 1981 to coordinate, at the apex level, all activities relating to introduction of computerization in the Income-tax Department and to perform the following functions.

Software development:

(a) Conduct of feasibility and systems study to identify areas suitable for computerization.

(b) Development, testing and documentation of application software packages.

(c) Implementation of software packages at various computer centers of the department including on-the-job training and monitoring the progress of implementation.

3.2.1 Hardware Installations

(a) Conduct of bench-mark tests for selection of appropriate computer hardware for various users of the Department and finalization of terms and conditions for purchase with the approval of appropriate authorities.

(b) Selection of sites for installation of computer hardware, preparation of sites with the help of the appropriate Govt. agency, installation of computer systems, conducting acceptance tests and making the system operational.

(c) Maintenance of computer hardware through appropriate agencies and finalization of terms and conditions of the annual maintenance contract which may be taken up centrally and/or in decentralized manner through Pr. CCIT of the region, concerned.

(d) Monitoring of the performance of installed computer hardware and periodic evaluation of the needs of additional hardware.

3.2.2 Training and Coordination

Identification of training requirements of the Department in the field of computers.

3.3 Functions

The National Computer Centre (NCC) in the Directorate of Income-tax (Systems) functions as the hub for all the Computer Centres of the Department all over India. The functions of NCC are as under:

(a) Maintaining the national database of data required to be accessed by users all over the country, *viz.*

  (i) Basic data of all employees for allotment of employee number.

  (ii) Complete data of Group 'A' and Group 'B' officers.

  (iii) Various codes used by different applications all over India.

  (iv) All-India AO Codes and AO hierarchy.

  (v) Parameters such as those related to assessment, rates of Income-tax, cadre details, pay scales etc.

(b) Maintaining a national PAN database.

(c) Allotment of a unique PAN on the basis of data uploaded by *PAN Service Providers*.

(d) Managing the National Software Development and Maintenance Centre - for meeting the needs of development/ maintenance of application software.

(e) Managing the National Technical Support Centre for providing assistance to various Computer Centres

  (i) Database administration.

  (ii) Network management.

  (iii) System administration.

  (iv) Implementation of application software.

(f) Maintaining back-up of critical data of all centres for disaster management.

(g) Reviewing system utilisation rate, network utilisation rate and response time etc.

(h) System tuning for better response time.

(i) Database auditing and security checks.

(j) Hardware/ software capacity design using various benchmarking techniques, drawing software specifications and assistance in procurement process.

(k) Defining of policies e.g. procurement policy, security policy etc.

(l) Conceptualization, planning and implementation of information technology programmes.

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4. Regional Computer Centre

4.1 RCC being a bridge between the field offices and the Directorate of Income-tax (Systems), is broadly expected to accomplish the following jobs.

(a) Implement decision/ strategy/plans of Pr. DGIT (Systems) in the field offices of all CCIT (CCA) Regions.

(b) Coordinate and monitor centralized application softwares. Allotment, De-duplication, change of jurisdiction, and migration of PANs besides reconciliation, update and clean PAN database.

(c) Facilitating allocation of user-id, employee identification.

(d) Number, creation/ deletion of user ID, assignment of user privileges, password reset and documentation.

(e) Liaison with the Nodal Officers of different buildings in connection with communication room, terminal bank etc.

(f) Liaison with the IBM helpdesk in order to resolve the problems of ITBA module, lodged through CODESK.

(g) Maintain liaison and sharing of intelligence with REIC (Regional Economic Intelligence Co-operation Committee) members (CBI, IB, DRI, ED, EoW, RBI, Police etc.).

(h) Maintain liaison with PAN/TAN service providers.

(i) Maintain liaison with Pr. DGIT (Systems) on ITBA/ITD/i- taxnet/ Sevottam issues.

(j) Monitor the setting up of Sevottam centers and assist its proper functioning, in coordination with the CIT concerned.

4.2 Functions of RCCs

4.2.1. Management and Monitoring of Service Delivery Vendors

(a) Ensure end-user satisfaction through prompt and continuous improved service support-Monitoring and Management of Service Delivery Vendors Performance.

- (i) Monitoring the performance of IBM FMS team, provided a teach CCIT (CCA) region, to combat all technical problems faced by the end-users in their day to day work.
- (ii) Provisioning maintenance of hardware and maintenance of stock records.
- (iii) Monitoring for a seamless and uninterrupted connectivity and tracking the link utility percentage, available at different network stations.
- (iv) To ensure enhancement of bandwidth capacity as per requirement.
- (v) Receiving periodic 'Bandwidth Utilization Reports' from Vendors. If bandwidth utilization is more than 60% in any RCC location, then to send a periodic report to the DIT (Systems).
- (vi) Conducting monthly meeting with Vendors and to send monthly DO to DGIT (Systems) incorporating the main points of the meeting.
- (vii) Inspecting facilitation counters of UTIISL and NSDL, on sample basis, for on-the-spot verification of facilitate committed in the contract.

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(b) Define a Performance Monitoring Framework using Key Result Areas (KRAs) and Key Performance Indicators (KP is) defined in the respective contracts. Institute a Vendor Audit Programme to achieve improved coordination among the Service delivery Vendors.

(c) Assessing the requirement of nodes or additional nodes indifferent network stations and necessary flow up with approving & implementing agencies. The RCC should be able to satisfy himself about resolution of problems lodged with IBM Co-desk and certify resolution of the same.

4.2.2 Training

(a) Identify training needs and propose training of EDP personnel on regular basis to DGIT(Systems).

(b) Impart training for skill upgradation of the RCC technical personnel and other end-users.

(c) Assess the gaps (competency mapping) and carry out Training Need Analysis for ITO personnel in the field.

(d) Carry out regular training on various application packages/modules end-users.

(e) Specify Key Result Areas (KRAs) and Key Performance Indicators (KPIs) for technical persons.

4.2.3 Outreach Programme

(a) Prepare a detailed outreach program both for the taxpayers and the departmental personnel.

(b) Organize seminars for creating public awareness about IT enabled services in the Department like e-filling of ITR/TDS returns, E-Payment of taxes, Annual Information Returns etc.

(c) To assist & facilitate setting up ASK at all buildings of the Department on fast track basis and make all ASK centers of excellence and IS: 15700 compliant.

(d) To establish and codify key processes for service delivery based on best practice framework.

4.2.4 The Application Related Jobs

Sr. No. Description of Work:

(a) Processing of PAN files received from the intermediaries *viz.* UTI & NSDL.

- (i) The data files of PAN applications thrown up by the intermediaries from PDC Server are to be verified by the RCC to facilitate the allotment of PANs.
- (ii) The RCC will also facilitate corrections in the data file of PAN as required by the applicants.
- (iii) Processed data will be updated by the RCC in the PDC Server for printing & issuance of PAN Cards by the Intermediaries.
- (iv) The RCC will receive CDs containing Photo & Signature files of the processed PAN applications, the backup of which should be maintained.

(b) Migration of PAN

- (i) Migration of PANs from old/orphan jurisdictions to new jurisdiction.
- (ii) Providing assistance to the field formations for migration of PANs.
- (iii) Reactivation of PANs: the RCC, Shall also facilitate reactivation of PANs after due confirmation of the concerned AO & Range Officer.

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(c) Other

Reply to the letters received from the Intermediaries namely NSDL & UTI in respect of following cases:

(i) Verification of cases in which unauthorized changes have been made in PAN.

(ii) Verification of the particulars of regained PANs as against the deleted ones.

(iii) Examination of cases in which address and other particulars found to be fake during third party verification conducted by the Intermediaries.

(d) Grievance

(i) Regarding correction of challans in which PAN, TAN, Assessment year, minor head are wrongly entered.

(ii) Pendency in issuance of refunds due to some technical problems.

(iii) E-filing related problems.

(iv) Reactivation of PANs which have inadvertently been deleted.

(v) Unauthorized changes in PAN and request to restore details in respect of original allottee.

(vi) De-linking of Aadhar from wrong PAN.

(vii) Issues in allotment & intimation of PAN to more than one applicant.

(viii) Request for PAN migration & other PAN related issues.

(ix) Other technical problems faced by the AOs.

(x) Verification of PAN for Police & other Investigating agencies.

(e) Processing of TAN files received from the Intermediary namely UTI.

(i) The RCC shall receive data files of TAN applications thrown up by the Intermediary from PDC Server for processing, thus facilitating allotment of TANs after proper verifications.

(ii) The RCC shall receive data files of TAN applications in respect of cases where correction is required to be done by the applicants.

(iii) All such processed files are updated onto the PDC Server for issuance of TAN by the intermediary.

(f) Updation of hierarchy under ITD application, CAP-I, CAP-II & Sevottam.

The RCC, will update details of AOs and their staff in the hierarchy maintained under ITBA CAP-I, CAP-II & Sevottam as and when the transfers and postings Take place and assign roles accordingly for accessing applications.

(g) OLTAS

(i) Providing assistance to AOs for correction of Challans due to wrong feeding of data by the bank/assessee as and when required.

(h) ITBA & HRMS:

(i) Data Entry, allotment of employment number & providing assistance in maintenance of service particulars for the newly appointed employees.

(ii) Facilitating maintenance/ Updation of service particulars as per the promotion orders.

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(iii) Deactivation of employee numbers in case of retirement/ death.

(iv) Implementation of new password policy and issuance of RSA Tokens & its binding.

(i) TDS

Providing assistance to AOs for processing of TDS Returns, posting of challans after resolving misclassifications and generation of various reports/notices and transfer of TANs from one jurisdiction to the other.

(j) Investigation & Intelligence Wing

Providing assistance for dissemination of information of high value transactions for Intelligence Wing as and when required.

(k) Network

(i) Ensuring uninterrupted network connectivity across the region, bandwidth monitoring, resolving network & node related issues of field formations.

(ii) Forwarding various Instructions received from the Directorate regarding changes made in applications.

(l) Inspection of TIN FCs & PAN Centres.

(m) Assisting in setting up of Sevottam Centres and its functioning.

(n) Training: Imparting training to the visiting officials/officers on live data.

4.3 Activities Relating to System Administration

(a) Implementation of application software and system software.

(b) Refreshing of database snapshots owned by various application software.

(c) Creation and maintenance of application users.

(d) Granting of application roles to application users.

(e) Data-entry in respect of TAS, *HRMS* etc.

(f) Management of System for processing work of all application software.

(g) Providing assistance to application users.

4.4 Responsibilities

The major responsibilities of the RCCs and Computer Centres are as under:

(a) Installation and maintenance of all non-critical hardware, including local building servers.

(b) Installation and maintenance of software.

(c) Management of RCCs and the hardware, software installed there.

(d) Implementation of centralised activities of all application software, e.g. *ITBA-PAN*, TAS, *HRMS*.

(e) All possible help and training to end-users in implementation of application software.

(f) Maintenance of Regional Computer Centre database.

(g) Co-ordination with network server providers such as DOT etc.

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(h) Ensuring the working of communication lines.

(i) Co-ordination with hardware vendors.

(j) Taking system as well as database backups as per established schedule.

(k) Maintenance and proper storage of backup media/ software library.

(l) Working on application software as per defined application roles.

A large number of PCs, printers and CVTs have already been supplied to officers upto the level of Income-tax officers. In order to Coordinate activities relating to computerisation and maintenance, the Board has decided that there would be one nodal officer in each building where PCs/nodes have been installed. PCCsIT/CCsIT are expected to nominate nodal officers for each town/ city and for each building in all major cities. These officers should be nominated by designation and would remain permanent to the post. The CIT (Admn. & TPS) and/ or one Additional/ Joint Commissioner of Income-tax should be designated as co-ordinating officers between the nodal officers and the Directorate of Income-tax (Systems). Their addresses, telephone number, email IDs etc should be intimated to the Directorate of Income-tax (Systems).

4.5 Functions of CIT (CO)

Each RCC is headed by a Commissioner of Income-tax (Computer Operations). Other Computer Centres have also been placed under the functional control of the CITs (CO). Their major functions are:

(a) Working as liaison officer between the Chief Commissioners/ CITs and DGIT (Systems)/ DIT (Systems).

(b) Management of the RCC, Computer Centres and terminal banks in their charge.

(c) Working as liaison officer between Department and outside agencies such as banks, telephone department etc.

(d) Implementation and maintenance of centralised application software (*ITBA-PAN*, TAS, and *HRMS*).

(e) Providing help, training and support to end users in implementation of other application software, and monitoring their performance.

(f) Implementation of technical instructions concerning implementation of information technology issued from the CBDT/ DGIT (S)/ Directorate of Income-tax (Systems).

(g) Maintenance of hardware, and network including annual maintenance contracts.

(h) Resolving day-to-day problems of officers/officials in implementation of the computerization programme.

(i) Management of all types of backups such as system backup, database backup, and software library.

(j) Security of system and data.

4.6 Local Distribution Servers

Local Distribution Servers (LDS) have been installed in all major buildings (currently at 103 buildings) which are on departmental network. The LDSs chiefly facilitate retrieval of training material and other allied documents. The day-to day management of LDSs is being carried out by a facility management team, popularly known as FMS.

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4.7 Nodal Officer

4.7.1 A large number of PCs, printers and CVTs have already been supplied to officers upto the level of Income-tax officers. In order to Coordinate activities relating to computerisation and maintenance, the Board has decided that there would be one nodal officer in each building where PCs/nodes have been installed. PCCsIT/CCsIT are expected to nominate nodal officers for each town/ city and for each building in all major cities. These officers should be nominated by designation and would remain permanent to the post. The CIT (Admn & TPS) and/ or one Additional/ Joint Commissioner of Income-tax should be designated as co-ordinating officers between the nodal officers and the Directorate of Income-tax (Systems). Their addresses, telephone number, email IDs etc should be intimated to the Directorate of Income-tax (Systems).

4.7.2 Functions of Nodal Officer

The main functions of the nodal officers are:

(a) Primary point for receipt and distribution of PCs, other hardware and software amongst the Officers in the town/ city/ building.

(b) Reporting any shortcoming or shortage in supply, to the Pr. Commissioner of Income-tax/ Commissioner of Income-tax (Admn. & TPS)/ Directorate immediately.

(c) Maintenance of stock register for hardware and software received and distribute the same amongst different officers.

(d) Receipt and distribution of softwares/licences as received from the Directorate of Income-tax (Systems) from time to time.

(e) Co-ordinating any shifting of PCs/ nodes etc.

(f) Keeping track of handing/ taking over of PCs and other materials etc.

(g) Co-ordination of all maintenance problems of PCs, nodes, printers and CVTs with users, vendors, AMC vendor, CIT (Admn. & TPS) and the Directorate.

(h) Maintenance of a site call register (Annexure-V) for complaints in respect of hardware and visits by the vendors indicating when the complaint was attended to and the faulty equipment was set-right, and generating down time reports. A consolidated quarterly down time report would be sent by the nodal officer to the Addl./ Joint Commissioner of Income-tax (Systems) and the CIT (Admn. & TPS) by the first week of the following quarter.

(i) Vendors are required to give a certificate of quarterly preventive maintenance service in the prescribed format (Annexure-II). This is collected by them from the nodal officers.

4.8 Function of Terminal Banks

The functions of the Officers incharge of these terminal banks are:

(a) Maintaining LAN and WAN connectivity for the PCs.

(b) Using executable available on the departmental network of various ITBA applications.

(c) Storing intermediary data as required under departmental applications if so needed.

(d) Facilitating data entry and processing by the staff/ AOs posted in respective buildings, including allocating computer time slots amongst users.

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4.9 Role of Chief Commissioners, Commissioners and Other Supervisory Authorities

Since the Department has decided to fully computerise its activities, and restructuring is premised upon this, all officers have a direct responsibility to ensure that the work is carried out using the departmental application software at least at the stations already on the network. The main application systems *ITBA-PAN*, IRLA, TDS, and CIB require de- centralised implementation at the level of the AOs and their subordinate officials. Each of these software provide specified roles and privileges for officials of different levels laying down activities which can be undertaken by these officials. This is in turn controlled by employee codes and passwords allotted to these users and audit rails of the activities carried out by them. The main responsibility of senior officials at the level of Chief Commissioners, Commissioners and other supervisory authorities is to ensure that the necessary computer resources i.e. hardware, network, software, and training is available; that, standing instructions regarding maintenance of hardware, network facilities, security, and implementation of departmental applications are followed by all concerned; that, problems encountered in implementation are resolved at local levels if possible, and reported to CIT (CO) or DIT (System) if necessary, for their solution. These senior functionaries must ensure that prescribed duties and functions are carried out by their subordinates; and that, records, reports etc. are maintained and submitted as prescribed.

5. EDP Cadres in the Department

5.1 Sanctioned Strength

The technical cadres created to provide technical support to the computerisation plan, and to attend to hard core technical activities comprise:

(a) Director(Systems).

(b) Additional Director(Systems).

(c) Joint Director (Systems).

(d) Deputy Director (Systems).

(e) Assistant Director (Systems).

(f) Data Processing Assistants Grade ‘B’.

(g) Data Processing Assistants Grade ‘A’.

5.2 The various cadres of Data Entry Operators have been merged in the cadres of Tax Assistants and Senior Tax Assistants after cadre restructuring. The over all sanctioned strength of EDP cadres is as under:

Sanctioned Strength of EDP Officers

Centre	Director (S)	Addl. Dir. (S)	JD (S)	DD (S)	AD (S)	DPA (B)	DPA (A)
DIT(S) Delhi	3	5	7	19	24	49	61
Ahmedabad (Baroda, Surat, Rajkot)			1	1	3	5	11
Bangalore			1	2	3	4	14
Bhopal (Jabalpur)			1	1	1	3	08
Kolkata		1	1	4	5	5	12

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...Table (Contd.)

Centre	Director (S)	Addl. Dir. (S)	JD (S)	DD (S)	AD (S)	DPA (B)	DPA (A)
Chennai (Coimbatore & Madurai)		1	1	6	4	8	16
Delhi			1	4	3	10	21
Mumbai	1	1	1	3	8	8	19
Chandigarh (Amritsar, Jalandhar, Patiala & Rohtak)			1	4	4	5	10
Cochin			1	3	3	4	08
Hyderabad (Vishakhapatnam)			1	3	2	5	10
Jaipur (Jodhpur)			1	2	2	4	09
Kanpur (Agra & Meerut)			1	3	3	4	09
Lucknow (Allahabad)			1	4	2	5	07
Patna (Ranchi)			1	1	2	3	07
Guwahati			1	1	1	2	05
Bhubaneswar			1	1	1	2	04
Pune (Nasik, Kolhapur)			1	2	3	5	12
Nagpur			1	1	1	2	06
Pr. DGIT, NADT, Nagpur				1	2	17	17
CPC, Bengaluru	1	1	1	2	2	4	06
DGIT, Risk Assessment					2	1	02
Total	5*	9	26	68	81	155	274

* These post can be relocated according to the administrative exigencies.

5.3 Responsibilities of EDP Officers

The Responsibilities of EDP Officers

Designation	Work Allocation
Director (Systems)	i. **Systems Study and Analysis:** Establishing the plans for creating an information system by defining the Systems, Developing the project plan and managing & monitoring the project plan. ii. **Software Design and Development:** Prepare technical blueprint of the system by designing the technical architecture and system model. iii. **Development:** Executing the design into physical system by building the technical architecture and database & programs. iv. **Software Testing and Performance Tuning:** Testing the developed system by comparing expected outcomes to actual outcomes and improving the performance of system by tuning it. v. **Application Implementation Support:** Application Implementation Support is required at various office of the Income-tax department. vi. **Security Administration:** Physical security of Data Centres Application Security, Network Security, Firewall & intrusion detection and Access Procedures. vii. **Technical Evaluation:** Procurement of Hardware & Software requirements and evaluation of Technical Bids. viii. **Training at NADT, RTIs and MSTUs** ix. Supervision of EDP Officers/ officials.

Table (Contd.)...

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...Table (Contd.)

Designation	Work Allocation
Additional Director (Systems)	i. **System Management Cum Operations:** ● Monitoring the functioning of high end servers and other equipment ● Creation of Logical and physical partition of the servers and storage ● Allocation of space (Storage & operational) to the different stakeholders in the Application ● Software license metering and management ● Feasibility study of Addition/ removal of the equipment ● Requirement study of data centre space for the new applications ● Requirement study of the nodes/ power/cooling in the technical area ● Granting permissions/ authorization of data centre access to the vendors ● Auditing and implementation of Service Level Agreement of Vendors ● Monitoring of Periodic reports ii. Network Administration ● Feasibility study of networking of new offices ● Designing of Networks i.e. IP schema VLANs & Routers & Switch configurations ● Bandwidth utilization– enhancement and monitoring ● Network Security, policy decision on secure/ non-secure networks ● Monitoring of periodic reports ● Security Aspect of LAN/ WAN, web enabled services and Infrastructure services iii. Video Conferencing ● Setting up of VC Equipment ● Site testing ● Session defining and layout format for the VC ● Handling and monitoring of Multiple Control Unit(MCU) iv. Timely renewal of Annual Maintenance Contract (AMC) with respective service providers v. Evaluation of terms and condition of AMCs and SLAs vi. Supervision of EDP Officers/ officials.
Joint Director (Systems)	i. Policy implementation at various RCCs in the Income-tax Department ii. Infrastructure Management ● Network monitoring ● AMCs of hardware/ Software iii. Implementation support iv. Application support v. Monitoring/ controlling of FMS vi. Training vii. Monitoring of Service Level Agreement(SLAs) and Audit viii. Supervision of EDP Officers/ officials in their region

5.4 Assistant Director(S)/ Deputy Director(S)

Implementation of instructions issued from the Directorate of Income-tax (Systems). Training to field officers & officials about latest developments in the Income-tax Business Applications. Liaising with the

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field officers and Directorate of Systems for resolution of technical problems. Network monitoring and resolution of issues related to the Taxnet. To conduct All India Video conferences. AMC of hardware and software installed in the concerned offices. Monitoring of work of M/s NSDL and M/s UTIISL. Supervise the work of Data Processing Assistants.

5.5 Data Processing Assistant, Grade 'B'

Implementation of instructions issued from the Directorate of Income-tax (Systems). Training to field officers & officials about latest developments in the Income-tax Business Applications. Liaising with the field officers and Directorate of Systems for resolution of technical problems. Network monitoring and resolution of issues related to the Taxnet. To conduct All India Video conferences. Supervise the work of Data Processing Assistants

5.6 Data Processing Assistant, Grade 'A'

Implementation of instructions issued from the Directorate of Income-tax (Systems). Training to field officers & officials about latest developments in the Income-tax Business Applications. Liaising with the field officers and Directorate of Systems for resolution of technical problems. Network monitoring and resolution of issues related to the Taxnet. To conduct All India Video conferences.

6. Hardware Maintenance

6.1 Equipment Management

A large number of PCs, Printers and CVTs have been supplied to officers upto the level of ITOs. Nodal officers in all regions are required to maintain proper stock registers of all hardware and software and keep the same under proper security besides entering into the on-line asset details in the ITBA. Since these are costly equipment, a procedure for handing-over and taking over of these items has been laid down by the Board (F.No. HW/ 1/3/97-DIT(S) dated 28/4/98) as a formal part of the handing over/ taking over report. (Annexure-I)

6.2 Shifting of PCs and Accessories

Sometimes PCs, Printers & CVTs are shifted by users not only from one room to another but also from the terminal banks without the knowledge of the RCC or the Joint Director(Systems) or nodal officer or the hardware vendor. Since these PCs are on network and certain software has been installed on them to enable the users to work on various applications, the result of such improper shifting will be that:

(a) The shifted machine may not have facility to enable the user to work on application softwares.

(b) Operating System will not work.

(c) PCs may not be connected on the network.

(d) The new machine may not be properly configured.

The users may not be aware of these implications whereas the RCC or Joint Director (Systems) will be able to plan and ensure proper working. In terms of the agreements with the vendors, and AMC service providers, shifting of the PCs from one site to another has to bed one under the supervision of an engineer of the vendor, otherwise the vendor may not provide maintenance. It is, therefore, essential that equipment should only be shifted with the knowledge of RCC or the JDIT (Systems) or the nodal officer and after contacting the vendor.

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6.3 General Precaution

Some general precautions that need to be observed while working on computers are as under:

(a) Taking regular backups of critical data, backups insure against data loss.

(b) Wipe the machine and monitor with a clean dry cloth.

(c) Keep your workplace clean and dust free.

(d) Scan all media for virus before using it on your system.

(e) Keep your system locked and under password protection to avoid any tampering.

(f) Ensure that proper and stabilised power is being used for the system. The power correction equipment like UPS & CVT should be checked periodically.

(g) Call the service engineer in case of any problem.

(h) Do not carry eatables and liquids near the machine.

(i) Do not shift/remove the system from the place where it has been installed without informing the hardware vendor.

(j) Do not connect mouse, keyboard, printer connectors, etc. without checking the polarity.

(k) Do not connect third party equipment/ devices like printers, adapter cards, etc. to your machine. In case of such requirements call the hardware vendor.

(l) Do not change power points without approval from the service engineer.

6.4 Maintenance of Log Book

A preventive maintenance schedule should be maintained (Annexure-II). Whenever a computer system/ equipment is down or there is any problem with application software etc. and a complaint is made with the vendor, full details may be maintained at the centers. In case of problems relating to application software/OS it may also be indicated how the problem was resolved. In case of 'critical' equipment like, networking equipment, printers etc., a copy of the complaint may also be endorsed to the Directorate. In case any 'critical' equipment is giving rise to a recurrent problem, the RCC may be informed so that the matter can be taken up with the vendor before making the final payment. A log book should be maintained in the enclosed Proforma (Annexure -III) for ensuring smooth functioning and maintenance of hardware and UPS systems.

6.5 Inventory Management

Receipt and Custody of Items of Hardware Software Documentation etc.

The nodal officer or any other officer authorized by the RCC may be designated as the officer incharge to receive all the hardware, allied gadgets and documentation.

6.6 Stock Register

All items of hardware, software loaded on the system, software on magnetic media, documentation, furniture etc. should invariably be entered in a stock register to be maintained in Forms No. 1 to 7 (Proforma in Annexure-VI) besides entering into on-line asset register maintained under ITBA. A

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numbering system may be ensured. The officer incharge will ensure that the same reference number, as mentioned in the stock Register, is properly marked on the relevant hardware/software media/ documentation (manuals), furniture etc.

7. Network Administration

7.1 Components of Cabling System

Networking involves connecting the PCs through a cable and switches to a local building server called local area networking (LAN). This is then connected to a central server at another location through communication channels e.g. dial up telephone lines or leased lines, or ISDN lines, or V-satellite link, or wireless radio link etc. This is called Wide Area Network or WAN.

7.2 Local Area Networking

The major components in a structured cabling system:

(a) Wiring Centre/ closet.

(b) Networking equipment.

(c) Patch cable/ Cord.

(d) Patch/ Jack panel.

(e) Horizontal cable.

(f) Information outlet.

(g) Mounting cord.

(h) Terminal equipment.

7.2.1 Wiring Centre/ Closet

This is typically a 19 inch wide rack which houses the networking and cabling equipment (like hubs, switches and patch/ jack panels). This closet forms the centre of the cabling system. These can be wall mounted or floor mounted. Separate connections are taken to each computer and server to be connected on the network.

7.2.2 Patch Cable/ Cord

The cables are used to connect the networking equipment and the patch/ jack panels as shown in the above figure. The cables have RJ-45 connectors clamped at both ends. The length of these cables vary from 3 feet to 7 feet.

7.2.3 Patch/ Jack Panels

These are passive cabling equipment used to connect the horizontal cable coming from the user work area and in turn the patch cords to the networking equipment. The horizontal cable (CAT 3, CAT 5 etc.) is clamped at back side of the jack panels. At the front jack panels have RJ-45 ports in which one end of the patch cable/ cord is connected.

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7.2.4 Horizontal Cable

The horizontal cable is a twisted pair copper wire supporting different cabling standards (CAT 5, etc.). Generally each cable has four twisted copper pairs. One end of the cable is clamped at back of the jack panel and the other end of the cable is clamped at back of the information outlet.

7.2.5 Information Outlet

This is a passive device which connects the horizontal cable and the mounting cord. At back of the information outlet the horizontal cable is clamped. The front of the information outlet has RJ-45 port to which one end of the mounting cord is connected.

7.2.6 Mounting Cord

Mounting cord is used to connect the information outlet (having RJ-45 port) and the networking interface card (NIC with RJ-45 port) present in the user's computer. At both the ends of this cable RJ-45 jack is clamped. The patch cables/ cords, horizontal cable, mounting cords are copper cables. They have four twisted pairs of copper cables and these cables are called UTP (unshielded twisted pair) cables. The maximum distance between the Networking equipment and the computer is approximately 90 meters.

7.2.7 Hubs or Repeaters

Hub is an active networking equipment to which various computers and server are connected and it acts as common shared media for communication between them. Shared media means that only two systems connected on the Hub can communicate with each other at given point of time. Hub is also known as multi-port repeater. Hub has RJ-45 ports. This equipment operates on physical layer of the OSI model.

7.2.8 Switches

Switch is an active networking equipment to which various computers and servers are connected and it acts as switched media for communication between them. Switched media means that multiple communication sessions between different systems can take place at a given point of time. Switches can provide segmentation within a network. Switch has RJ-45 ports. This equipment operates on data link layer of the OSI model. The performance of the network increases when the switch is used instead of hub.

7.3 A Wide Area Network (WAN)

Is a geographically distributed private telecommunications network that interconnects multiple local area networks (LANs). In an office, a WAN may consist of connections to the headquarters, field formations/ Mufassil stations, cloud services and other facilities. Typically, a router or other multifunction devices are used to connect a LAN to a WAN. The WANs allow users to share access to applications, services and other centrally located resources. This eliminates the need to install the same application server, firewall or other resource in multiple locations. WAN connections can include wired and wireless technologies. Wired WAN services can include multiprotocol label switching, Carrier Ethernet and commercial broadband internet links. Wireless WAN technologies can include cellular data networks as well as public Wi-Fi or satellite networks.

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7.4 Communication Media

(a) The Department had implemented the TAXNET project that functions on Multi-Protocol Label Switching (MPLS) technology on Built-Own Operate-Transfer (BOOT) model, developed by a Managed Service Provider (MSP) that had been identified through the established norms of the Government.

(b) The Wide Area Network presently connects office buildings of the Department across the country. The mode of connectivity of these offices is through various media *viz.* optical fiber cable (OFC), Cooper and Very Small Aperture Terminal (VSAT), with bandwidth ranging from 64 kbps to 80 Mbps depending on the requirements & operational necessities.

(c) The entire work of the department is being handled & secured by three major Centres *viz.* Primary Data Centre (PDC) Delhi, Business-Continuity-Plan(BCP) Mumbai and Data Recovery (DR) centre, Chennai. The network is centrally monitored and controlled from Delhi. The PDC is directly linked with the BCP and both are also linked to the DR centre, Chennai.

(d) The existing Local Area Network (LAN) is provided at the offices/buildings across the country. Approximately 24000 LAN nodes have been provided across office buildings of the department. The existing LAN infrastructure comprise various components and connects through a building specific centres, christened as Communication Rooms (CR) and are being maintained by the existing MSP.

(e) Communication Rooms at each location house all network and support equipment in a secured environment. The network equipment is currently placed in the wall mounted racks. The CRS are equipped with other support devices including fire alarm extinguishers, temperature & humidity control UPS with redundant battery backup for specified hours etc. The CR helps in better management of network equipment by providing additional security measures within the same building.

(f) ***Given the rapid advancement in the technology, future design and architecture could be modified/change. The design/changed architecture will be communicated by the Pr. Directorate General of Income-tax (Systems) through departmental instructions from time to time, if situation so warrants.***

8. Network Security

Network Security is one of the important requirements of the department. Various aspects of security threats that are being attended to by the Managed Service Provider (MSP) have been summarized as under:

(a) **Denial of Service Attack:** Denial of Service Attack includes non- availability of services. The MSPs under the overall supervision of the departmental personnel are performing requisite activities to pre-empt and suggested remedial measures against threats. They are also responsible to deploy tools to prevent such threats.

(b) **Data Theft:** The MSP(s) have been made responsible for data theft or compromise of any kind under the overall supervision of the departmental officials. They, thus, ensure that proper data security controls are in place, enabling to prevent thefts.

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(c) **Instruction:** The MSP is responsible to preclude preventing any unauthorized access/ intrusion to the Network by way of deploying specific security controls.

(d) **Malicious Traffic:** The MSP is responsible for isolation of node(s)/network in which malicious traffic is generated which may be due to virus, malware etc. Further, malicious traffic is being detected and analysed for threat prevention through log analysis.

(e) **Link Security:**

(i) MSP ensures that the link must be provided through secure VPN from end-to-end including MPLS Cloud, last mile and LAN.

(ii) MSP(s) also ensures that the Point to Point encryption remains intact during the chain of communication. MSP as far as possible binds MAC address of the computer with IP besides node level monitoring through the Network Management System and configure the same accordingly. All traffics between the Office and PDC/BCP/DR are encrypted using IP-Sec technology.

(iii) All the network solution offered by the MSP have security provisions to prevent any authorized access while the department reserves the right to get the network audit done through third party.

8.1 Security Guidelines

(a) All installation must be properly protected from environmental hazards. The entry into the cabins/rooms where network and other devices are installed should strictly be regulated.

(b) The communication Rooms must be secured and should be declared out-of-bounds for all, except authorised users.

(c) A visitor's register may be maintained in the Communication Rooms. All Visitors including service engineers attending to the equipment therein, should name proper entries indicating the date and time of entry and departure in the register.

(d) The passwords of all gadgets and applications should regularly be changed by the authorised persons/users.

(e) Users must not share passwords with any colleague/operator.

(f) All users must frequently change the password and keep it religiously secret.

(g) Network cables I/O ports, Switches etc. must be secured with proper fixtures.

(h) The caretaker of the buildings must ensure physical security of all gadgets installed at different floors/rooms.

(i) Proper end-to-end tagging and numbering between switches & nodes, must be ensured by the office of the Commissioner of Income-tax(Admn. & TPS) across its jurisdiction.

8.2 Use of Internet on Network Computers

According to the Board's instructions, all users have been prohibited from using unauthorised hardware, software, modems or other networking equipment with the PCs connected on the departmental network. No user is allowed to use an Internet Connection on PCs connected on the Income-tax

Network (TAXNET). This is to strengthen the database security by disallowing access to unauthorised/ non-privileged users. The Board can authorise officers who need to have an Internet connection for official use, to obtain such connection on standalone PCs.

8.3 Overall Security Policy of IT Systems Laid Down by the Board

A comprehensive security policy has been adopted by the Department. However, the given the fact that the technology keeps on changing and converges with other initiatives in and outside the department, it has thus become essential to get the same updated with a prying eye on prevailing security requirements. The Directorate of Income-tax (Systems) is, therefore, in the process of formulating a detailed security document based on the Information Security guidelines as circulated by the Board vide F. No. 500/62/2015-FTTR-III dated 10th July, 2015. The document so prepared/ finalized shall be circulated amongst all concerned in due course.

8.4 Virus Protection

Trend Micro antivirus for TAX Net connecting machines is being pushed centrally through ITBA servers. These needs to be installed through FMS Team.

9. Reports

Computerization is one of the main thrust areas of the Department. It is monitored at the level of the Directorate of Income-tax (Systems) and the Board through the Monthly Activity Report to be sent every month by 3rd of each of the following month.

10. Future Direction

As per Vision-2020 document of the Department, increasing importance of direct tax in over all fiscal management of the government and its contribution to the nation’s development is now well Recognised. As per the vision statement contained in the Vision 2020 document, ITD aspires to be a partner in the nation building process by augmenting its “revenue mobilization apparatus” for optimization of revenue collection, ensuring compliance with the tax laws. This optimization is sought to be achieved through progressive tax policy, efficient & effective administration and improved voluntary compliance.

Vision 2020 aims to provide a framework for sound tax administration, reflecting the aspirations of all the stake holders, guiding ITD in all its operations and decision making. Though the document spells out the long term strategic direction of ITD, it also contains an operational strategic plan covering the five year period 2010–15.

11. The key results identified for modernization of business processes and enhancing bulk handling capacity are:

(a) Starting proper data capture from Income-tax returns.

(b) Introducing electronic fund transfer for tax payments and refunds.

(c) Operationalizing AIS, AST and IRLA throughout the country.

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12. The key result areas identified for anti-tax evasion work are:

(a) Revamping procedures of collecting information through CIB and creation of All India data bank of high value financial transactions where quoting of PAN or deduction of tax at source is mandatory.

(b) Creating a mechanism for assessee wise transaction database including countrywide computerized TDS networking.

(c) Computer assisted selection of cases for scrutiny, based on objective criteria.

Annexure-I

Enclosure to Charge Handing Over/ Taking Over Report

The under mentioned items have been handed over/taken over:

Item	Description	Model	Serial Number
1.	Personal Computer System Comprising of:		
	(a) Processor Type (e.g. Pentium/ Pentium I/ Pentium III etc.)		
	(b) Processor Speed (e.g. 133 MHz/ ____________ etc.)		
	(c) RAM (e.g. 16MB/32MB/64MB etc.)		
	(d) Hard Disk Drive (e.g. 2.5 GB/ 4GB/ 6GB etc.)		
	(e) 1.44" Floppy Disk Drive		
	(f) CD ROM		
	(g) Ether net Card		
	(h) Key Board		
	(i) Mouse		
	(j) Colour Monitor (14"/15" etc.)		
2.	Dot Matrix Printer		
3.	Constant Voltage Transformer (CVT) (0.5 KVA/0.8 KVA/ 1 KVA)		
4.	Software		
	(a) On Compact Disk (CD) (b) Pre-loaded Software (c) On other media		
5.	Manuals/ Documentation		

* Reference number should be same as that given in the corresponding stock Register (Receipt Part)

Name of the officer and Designation

Room No. Building Name

Signature of the officer handling over with seal

Signature of the Officer taking over with seal

Date

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Annexure-II

Form 9

Preventive Maintenance Schedule of Individual PCs

S. No.	Activity	Results	Remarks
1.	Check AC Power input to the machine	LN=? NE=? LE=?	LN=LE=330V=5% NE=2V
2.	Check Earthing for leakage	N to E =?	NE=3V

* The above will be carried out quarterly.

The above work has been carried out satisfactorily

Signature of the Vendor's Engineer

Signature of the Officer in whose room PC is installed

Designation:

Address:

Date:

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Annexure-III

Form 10

Status of Systems (Rs. 6000/ Technical)

Address/ Location of the Computer Centre/ Terminal Bank

S. No.	Terminal/ System Reference Number	Problem	Complaint No	Call Reported at		Call Attended at		System Handed Over at	
				Date	Time	Date	Time	Date	Time
1	2	3	4	5	6	7	8	9	10

Status Whether Problem Solved (Yes/ No)	Total Down Time	Remarks of the Service Engineer	Remarks of the Computer Centre Incharge	Signature of Computer Centre Incharge and the Service Engineer
11	12	13	14	15

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Annexure-IV

Down time Report

Format of Down Time Reports for PCS in Officer's Rooms in CCIT Region/ CIT Charge

Name of the Computer Centre Period

Date	Description of Item	Name of Problem	Logging of Complaint		Engineers		Handed Over by the Engineer after Repairing		Total Down Time (10)–(6) Allowable Time
			Date	Time	Date	Time	Date	Time	
1	2	3	4	5	6	7	8	9	10
Total Down Time during the Quarter in hours									

* Reference number should be same as that given in the corresponding stock Register (Receipt Part).

Date:

Signature of departmental officer

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Annexure-V

Site Call Register

Item supplied:

Site Room No	Item	Name of Problem	Date of Complaint		Engineer Reported		System Hand Over Time	Down Time	Rema Engineer	Signature of Engineer
			Date	Time	Date	Time				

Name of Vendor:

* Reference number should be same as that given in the corresponding stock Register (Receipt Part).

Down Time Calculation

Working Hours: 9:00 AM to 6:00 PM (9 hours)

Working Days: Monday to Friday

Name of the Nodal Officer

Signature of the Nodal Officer

Place:

Date:

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Annexure-VI

Form No. 1

Stock Register of Equipment (Receipt Part)

Name of Computer Centre Centre Code

Name of Building Building Code

S. No.	Date of Receipt	Invoice/ Challan No.	Reference Number of Equipment	Description of Equipment	Machine Number	Price If Any	Name of Receiving Person	Signature with Date	Date of Installation	Date of Acceptance
1	2	3	4	5	6	7	8	9	10	11

*Reference No. will be of 10 characters as follows: First three characters for vendor code as per the code list. Next four characters for equipment code as per the code list. Last three characters represent the running serial number within the same equipment code. For instance 24th PC-486 of IBM make having 8 MB memory will be as the reference number as IBM PC08 024 where

Vendor Equipment Code	Running Serial Number
IBM PC08	24

The machine number is engraved on each equipment. This number should be entered in column 6.

Form No. 2

Stock Register of Equipment (Issue Part)

S. No.	Reference Number of Equipment	To Whom Issued	Date of Issue	Signature of Receiving Person	Date of Return	Signature of Issuing Authority
1	2	3	4	5	6	7

*Reference number should be same as that given in the corresponding stock Register(Receipt Part)

Form No. 3

Stock Register of Magnetic Media (Receipt Part)

S. No.	Date of Receipt	From whom Received	Reference Number	Contents	Type of Media	Price if Any	Name of Receiving Person	Signature with Date
1	2	3	4	5	6	7	8	9

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Form No. 4

Stock Register of Magnetic Media (Issue Part)

S. No.	Reference Number	To whom Issued	Date of Issue	Signature of Receiving Person	Date of Return	Signature of Issuing Authority
1	2	3	4	5	6	7

*Reference number should be same as that given in the corresponding stock Register(Receipt Part)

Form No. 5

Stock Register of System Manuals/ Software Documentation/ Technical Books (Receipt Part)

S. No.	Date of Receipt	From whom Received	Reference Number	Title of Manual/ Documentation/ Technical Book	No. of Pages	Price,if any	Name of Receiving Person	Signature with Date
1	2	3	4	5	6	7	8	9

Form No. 6

Stock Register of System Manuals/ Software Documentation/ Technical Books (Issue Part)

S. No.	Reference Number	To Whom Issued	Date of Issue	Signature of Received Person	Date of Return	Signature of Issuing Authority
1	2	3	4	5	6	7

*Reference number should be same as that given in the corresponding stock Register(Receipt Part)

Form No. 7

Stock Register of Furniture Items (Receipt Part)

S. No.	Date of Receipt	Invoice/ Challan	Reference Number of Furniture	Description of Furniture	Price if any	Name of Receiving Person	Signature with Date	Date of Installation Fitting	Signature of Officer Incharge
1	2	3	4	5	6	7	8	9	10

12

राजभाषा

राजभाषा शाखा पहले आयकर निदेशालय (पीआर, पीपीएवं राजभाषा) के अधीन कार्य करती थी जिसे केंद्रीय प्रत्यक्ष कर बोर्ड के दिनांक 03/05/2017 के कार्यालय ज्ञापन के अनुसरण में आयकर निदेशालय (परीक्षाएवं राजभाषा) में रखा गया है।

राजभाषा शाखा का प्रमुख उप निदेशक (राजभाषा) (मुख्यालय प्रशासन) होता है, जो अपर महानिदेशक (परीक्षाएवं राजभाषा) को सीधे रिपोर्ट करता है। राजभाषा के कार्यान्वयन तथा प्रशासन से संबंधित सभी गतिविधियों के संचालन हेतु इस शाखा में अन्य पदों में सहायक निदेशक (राजभाषा), वरिष्ठ अनुवाद अधिकारी और कनिष्ठ अनुवाद अधिकारी शामिल है। इसके प्रकार्यों में निम्नलिखित सम्मिलित हैः

1. प्रशासनिक प्रकार्य

(क) राजभाषा संवर्ग के भर्ती नियम तैयार करना और उनमें संशोधन करना।

(ख) सहायक निदेशक (राजभाषा) और उप निदेशक (राजभाषा) पदों के लिए विभागीय पदोन्नति समिति/संशोधित निश्चित वृत्ति प्रगति (एमएसीपी) की बैठकों का आयोजन करना।

(ग) राजभाषा संवर्ग पदों का स्थानांतरण और तैनाती।

(घ) राजभाषा अधिकारी/कर्मचारी पदों की रचना और आवंटन।

(ङ) राजभाषा संवर्ग और केंद्रीय प्रत्यक्ष कर बोर्ड में राजभाषा नीति के कार्यान्वयन से संबंधित सूचना का अधिकार/शिकायतों से संबंधित मामले।

(च) राजभाषा संवर्ग से संबंधित सभी अन्य प्रशासनिक मामले।

2. राजभाषा नीति के कार्यान्वयन से संबंधित प्रकार्य

(क) प्रधान मुख्य आयकर आयुक्तालयों और आयकर महानिदेशालयों में राजभाषा से संबंधित कामकाज का पर्यवेक्षण और नियंत्रण।

(ख) संसदीय राजभाषा समिति के निरीक्षणों का समन्वय और पर्यवेक्षण।

(ग) संसदीय राजभाषा समिति के निरीक्षणों में मुख्यालय केरूप में प्रतिनिधित्व करना।

(घ) केंद्रीय प्रत्यक्ष कर बोर्ड के सदस्य (प्रशासन) की अध्यक्षता में आयोजित प्रत्यक्ष कर राजभाषा कार्यान्वयन समिति की बैठक का आयोजन करना।

(ङ) केंद्रीय प्रत्यक्ष कर बोर्ड के संब, और अधीनस्थ कार्यालयों में राजभाषा नीति का अनुवीक्षण।

(च) केंद्रीय प्रत्यक्ष कर बोर्ड के संब, और अधीनस्थ कार्यालयों में राजभाषा कार्य का निरीक्षण।

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3. क्षेत्रक कार्यालयों (फील्ड स्टेशन) में राजभाषा नीति का कार्यान्वयन

(क) मुख्य आयकर आयुक्तालयों, प्रधान आयकर आयुक्तालयों, अपर आयकर आयुक्तालयों/आयकर संयुक्त निदेशालयों में त्री–स्तरीय तिमाही बैठकों का आयोजन किया जाएगा। इन बैठकों के आयोजन की जिम्मेदारी संबंधित क्षेत्र के उप निदेशक (राजभाषा)/सहायक निदेशक (राजभाषा) की होगी।

(ख) राजभाषा संबंधी निरीक्षण संबंधित उप निदेशक (राजभाषा)/सहायक निदेशक (राजभाषा) द्वारा अपने अधिकार क्षेत्र में आने वाले सभी कार्यालयों का निरीक्षणएक वर्ष की अवधी में पूरा किया जाएगा।

(ग) तिमाही प्रगति रिपोर्ट अगली तिमाही शुरू होने के दस दिन के अंदर ऑनलाईन भेजी जाएगी अर्थात अप्रैल, जुलाई, सितंबर और जनवरी की दस तारीख से पहले।

4. राजभाषा संवर्ग से संबंधित अधिकारियों के कर्तव्य

4.1 उप निदेशक (राजभाषा)

(क) प्रधान मुख्य आयकर आयुक्त की अध्यक्षता में राजभाषा कार्यान्वयन समिति की बैठकें आयोजित करवाना।

(ख) संसदीय राजभाषा समिति द्वारा निरीक्षण कार्य से संबंधित संपूर्ण कार्य।

(ग) क्षेत्र में राजभाषा निरीक्षण से संबंधित कार्य।

(घ) प्रधान मुख्य आयकर आयुक्त प्रभार में कार्यरत राजभाषा कर्मियों के प्रशासनिक नियंत्रक का कार्य।

(ङ) सहायक निदेशक (राजभाषा) का रिपोर्टिंग अधिकारी तथा वरिष्ठ अनुवाद अधिकारी और कनिष्ठ अनुवाद अधिकारी का पुनरीक्षण अधिकारी केरूप में कार्य।

(च) उप निदेशक (राजभाषा) की अपने क्षेत्र में राजभाषा नीति के कार्यान्वयन की जिम्मेदारी होगी।

(छ) वेबसाइट पर अपलोड किए जाने वाले अनुवादित कार्य की जांच।

(ज) विभागीय पत्रिका का प्रकाशन।

(झ) राजभाषा से संबंधित सूचना का अधिकार और सीपीग्राम आवेदनों/प्रश्नों का उत्तर देना।

4.2 सहायक निदेशक (राजभाषा)

(क) मुख्य आयकर आयुक्त, आयकर महानिदेशक, प्रधान आयकर आयुक्त, प्रधान आयकर निदेशक और अपर/संयुक्त आयकर आयुक्त/निदेशक की अध्यक्षता में आयोजित होने वाली राजभाषा कार्यान्वयन समिति की तिमाही बैठकें आयोजित करवाना।

(ख) संसदीय राजभाषा समिति द्वारा निरीक्षण कार्य से संबंधित सभी कार्यों में उप निदेशक (राजभाषा) की सहायता करना।

(ग) अपने प्रभार में राजभाषा संबंधि निरीक्षण कार्य।

(घ) वरिष्ठ अनुवाद अधिकारी और कनिष्ठ अनुवाद अधिकारी तथा प्रभार के अन्य कर्मियों के रिपोर्टिंग अधिकारी केरूप में कार्य।

(ङ) सहायक निदेशक (राजभाषा) की अपने प्रभार में राजभाषा नीति के कार्यान्वयन की जिम्मेदारी होगी।

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(च) अनुवाद कार्य तथा वरिष्ठ/कनिष्ठ अनुवाद अधिकारियों और आयकर विभाग के कर्मियों द्वारा किए गए अनुवाद कार्य की जांच।

(छ) मुख्य आयकर आयुक्त/आयकर महानिदेशक से लेकर आयकर संयुक्त आयुक्त/आयकर अपर आयुक्त/आयकर संयुक्त निदेशक/आयकर अपर निदेशक के सभी कार्यालयों में राजभाषा कार्यान्वयन समिति की तिमाही बैठकें आयोजित करवाना।

(ज) राजभाषा संबंधी निरीक्षण कार्य इस ढंग से किया जाएगा कि अपने प्रभार के सभी कार्यालयों का निरीक्षणएक वित्तीय वर्ष की अवधि में पूरा कर लिया जाए तथा निरीक्षण रिपोर्ट उस क्षेत्र के उप निदेशक (राजभाषा) को ई–मेल की जाएगी।

(झ) केंद्रीय प्रत्यक्ष कर बोर्ड तथा प्रधान मुख्य आयकर आयुक्तालयों की राजभाषा बैठकों में लिए गए निर्णयों का कार्यान्वयन।

(ञ) राजभाषा विभाग, गृह मंत्रालय, केंद्रीय प्रत्यक्ष कर बोर्ड तथा हिंदी शिक्षणयोजना द्वारा जारी किए गए कार्यालय ज्ञापनों का कार्यान्वयन।

(त) हिंदी पखवाड़ा तथा नगर राजभाषा कार्यान्वयन समिति और हिंदी कार्यशालाओं से संबंधित कार्य।

(थ) उप निदेशक (राजभाषा) तथा अन्य उच्च अधिकारियों द्वारा दिया गया अन्य कार्य।

5. वरिष्ठ अनुवाद अधिकारी और कनिष्ठ अनुवाद अधिकारी के कर्तव्य

5.1 अनुवाद कार्य

(क) प्रधान आयकर महानिदेशकों/प्रधान मुख्य आयकर आयुक्तों, आयकर महानिदेशकों/मुख्य आयकर आयुक्तों और संबंधित आयकर आयुक्तों द्वारा जारी सभी आदेशों, परिपत्रों का अनुवाद करना।

(ख) राजभाषा अधिनियम, 1963 की धारा 3(3) के अंतर्गत आने वाले सभी कागजातों का अनुवाद करना।

(ग) केंद्रीय प्रत्यक्ष कर बोर्ड तथा इसके संब, और अधीनस्थ कार्यालयों में प्रयोग होने वाले विभिन्न प्रपत्रों का अनुवाद कार्य।

(घ) सूचना का अधिकार अधिनियम के तहत किए गए आवेदनों के उत्तरों का अनुवाद करना।

(ङ) एनएडीटी और आरटीआई के पाठ्यक्रम/प्रशिक्षण सामग्री का अनुवाद करना।

(च) लोक लेखा समिति के दौरे/निरीक्षण के दौरान उनसे संबंधित मामलों का अनुवाद कार्य।

(छ) लोकसभा और राज्यसभा में मंत्रियों द्वारा जवाब दिए जाने वाले तारांकित और अतारांकित प्रश्नों का अनुवाद कार्य।

(ज) आयकर अपीलीय प्राधिकरण और उच्च न्यायालयों को आवश्यकता पड़ने पर मूल्यांकन/निर्धारण आदेशों का अनुवाद कार्य।

(झ) विभागीय वेबसाइट पर अपलोड की जाने वाली सामग्री का अनुवाद कार्य।

(ञ) मूल्यांकन रिपोर्टों का अनुवाद कार्य।

(ट) छापे के दौरान निर्धारिती के बयान का अनुवाद।

(ठ) आयकर आयुक्त (छूट) द्वारा जारी 12ए और 80जी आदेशों का अनुवाद कार्य।

(ड) आयकर निदेशक (आसूचना और आपराधिक अन्वेषण) द्वारा प्रदत्त आंकड़ों का अनुवाद कार्य।

(ढ) मुद्रित विज्ञापनों और दृश्य–श्रव्य पाठों का अनुवाद कार्य।

(ड़) आयकर अधिकारी/आयकर निरीक्षक तथा अन्यों के लिए विभागीय परीक्षा के प्रश्न पत्रों का अनुवाद कार्य।

(त) हिंदी की तिमाही प्रगति रिपोर्ट तैयार करना।

(थ) गृह मंत्रालय, राजभाषा विभाग को भेजने के लिए तिमाही प्रगति रिपोर्ट तैयार करना।

(द) केंद्रीय प्रत्यक्ष कर बोर्ड तथा गृह मंत्रालय, राजभाषा विभाग और नगर राजभाषा कार्यान्वयन समिति को तिमाही प्रगति रिपोर्ट ऑनलाईन/ऑफलाईन भेजना।

(ध) राजभाषा से संबंधित अन्य कोई अनुवाद कार्य।

(न) राजभाषा कार्यान्वयन समिति की बैठकों में उप निदेशक (राजभाषा)/सहायक निदेशक (राजभाषा) की सहायता करना।

(प) हिंदी पखवाड़ा/सेमिनार और अन्य समारोहों में उप निदेशक (राजभाषा)/सहायक निदेशक (राजभाषा) की सहायता करना।

(फ) नगर राजभाषा कार्यान्वयन समिति की बैठकों में उप निदेशक (राजभाषा)/सहायक निदेशक (राजभाषा) की सहायता करना।

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Vigilance

1. Introduction

1.1 Literally, the word 'vigilance' means nothing more than "alertness" or "watchfulness". In the context in which this word is used in bureaucratic parlance, however, it has necessarily to be construed as "watchfulness" or "alertness" against deviant or unacceptable conduct or practices. Vigilance is not a stand-alone activity and it is a management function to be exercised by all supervisory authorities for overall risk management in the organisation. Rule 3(2)(i) of CCS (Conduct) Rules, 1964 mandates that every Government Servant holding a supervisory post shall take all possible steps to ensure the integrity and devotion to duty of all Government Servants for the time being under his control and authority.

1.2 The purpose of vigilance is not to create a fear psychosis in an organisation, demotivate its officials or stifle decision making. The performance of vigilance functions would become counterproductive if it has this effect. Vigilance should have the effect of promoting probity and enhancing managerial efficiency and effectiveness at all levels. Vigilance mechanisms would then act as deterrent to misconduct and help officials to achieve results within the framework of their rules, regulations and norms. All this is only possible, however, if vigilance is regarded as an integral part of management and all supervisory authorities actively take all possible steps for prevention of corrupt or unacceptable practices by their subordinates.

2. Vigilance Organisation

Anti-corruption measures of the Central Government are a responsibility of:

(a) Administrative Vigilance Division (AVD) in the Department of Personnel & Training.

(b) Central Vigilance Commission.

(c) Central Bureau of Investigation.

(d) Vigilance units in the Ministries/ Departments of Government of India, Central Public Enterprises and other autonomous organisations (i.e., Department); and

(e) Disciplinary Authorities.

2.1 Administrative Vigilance Division (AVD) in the Department of Personnel & Training

The Department of Personnel & Training determines Government policy for the maintenance of the integrity of the public services and eradication of corruption and coordinates the activities of various Ministries/Departments in that area. However, all Ministries/Departments and offices of the Government of India have the direct responsibility for the maintenance of discipline and integrity of their staff by

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taking preventive measures and eradication of corruption in their operational area of work. The AVD division is primarily responsible for issue of instructions for governing the various aspects of vigilance administration. References made to the Department of Personnel & Training for clarification in any vigilance matter are also handled by the AVD division. Cases of disagreement between the Disciplinary Authority, the CVC or the UPSC are also dealt with by the AVD division.

2.2 Central Vigilance Commission

2.2.1 The Central Vigilance Commission was setup by the Government in February, 1964 on the recommendations of the Committee on Prevention of Corruption, headed by Shri K. Santhanam, to advise and guide Central Government agencies in the field of vigilance. CVC is conceived to be the apex vigilance institution, free of control from any executive authority, monitoring all vigilance activity under the Central Government and advising various authorities in Central Government organisations in planning, executing, reviewing and reforming their vigilance work. Consequent upon promulgation of an Ordinance by the President, the Central Vigilance Commission has been made a multi member Commission with “statutory status” with effect from 25/08/1998. The CVC Bill was passed by both the houses of Parliament in 2003 and the President gave its assent on 11/09/2003. Thus, the Central Vigilance Commission Act 2003 (No. 45 of 2003) came into effect from that date.

2.2.2 In cases where it appears after a preliminary inquiry, that a public servant either acted or abstained from acting, on account of an improper or corrupt motive, the Commission advises the disciplinary authority on the action to be taken against the public servant concerned.

2.2.3 The jurisdiction of the Central Vigilance Commission is co-terminus with the executive power of the Union. It extends to all employees of the Central Government. The Commission ordinarily advises on cases pertaining to Group ’A’ Gazetted officers at two stages: once, after the completion of the preliminary enquiry (1st stage advice) and secondly, once again after the disciplinary enquiry is complete (2nd stage advice). However, if the case is to be referred to Union Public Service Commission for advice regarding quantum of penalty, the 2nd stage advice of Central Vigilance Commission is not taken.

2.3 Central Bureau of Investigation

2.3.1 The Central Bureau of Investigation was constituted under the Government of India Resolution No. 4/31/61-T dated 01/04/1963. CBI is the successor organisation to the Delhi Special Police Establishment (DSPE) with an enlarged Charter of functions. In fact, with the establishment of CBI on 01/04/1963, the Delhi Special Police Establishment was made one of its Divisions, *viz.* ‘Investigation and Anti-Corruption Division’ which derives its police powers from the Delhi Special Police Establishment Act, 1946 to inquire and to investigate certain specified offences or classes of offences pertaining to corruption and other kinds of malpractices involving public servants.

2.3.2 The Anti-Corruption Division of CBI is responsible for collection of intelligence with regard to corruption, maintaining liaison with the various Departments through their Vigilance Officers, inquiries into complaints about bribery and corruption, investigation and prosecution of offences pertaining to bribery and corruption and tasks relating to preventive aspects of corruption.

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2.4 Director General of Income-tax (Vigilance) and Chief Vigilance Officer, CBDT

2.4.1 The Vigilance set-up of the Income-tax Department is headed by the Director General of Income-tax (Vigilance) who is also the Chief Vigilance Officer of the organisation. As CVO, his/her functions can be broadly divided into three categories, *viz.* (i) Preventive vigilance; (ii) Punitive vigilance; and (iii) Surveillance and detection. He/She is responsible for taking the initial decision on complaints against Group-A officers. He/She is also required to maintain an up to date record of such complaints and their latest status, through the prescribed registers, for submission of periodical reports to the CVC, DOP&T etc. All the complaints against Group-A officers are, therefore, required to be forwarded to him/her for registration in the CVO's register as well as for further necessary action. All the files pertaining to disciplinary proceedings against Group-A officers are processed and put up before the Disciplinary Authority by the Director General of Income-tax (Vigilance). As CVO, he/she is the link between the Department and the Central Vigilance Commission on one hand and the Department and the Central Bureau of Investigation on the other.

2.4.2 As CVO, he/she is required to examine and comment on all proposals where a reference to the CVC is required to be made. Apart from the officers posted in his headquarters, who assist him/her in initial processing of complaints and post disciplinary proceeding cases of Group-A officers, four regional Directorates of Income-tax (Vigilance) headed by Additional Directors General (Vigilance) assist him/her in conduct of preliminary verifications or investigations. He/She makes all vigilance related references to CBDT, CVC, DOPT, UPSC etc.. All such references should, therefore, be sent to him/her through the ADG(Vig.) concerned.

2.4.3 Vide order No. 164 of 2003 issued by the Department of Revenue on 6th October 2003, the post of zonal DIT (Vigilance) was re-designated as Director of Income-tax (Vigilance) and Deputy Chief Vigilance Officer, CBDT. Subsequently vide order F. No. HRD/CM/158/1/2014-15/1504 dated 11/06/2015 the post of Director of Income-tax (Vigilance) was re-designated as Addl. DG (Vigilance). They were made nodal vigilance officers for their zones and tasked with performing all the functions of CVO in respect of Group 'B' officers and NGOs posted within their jurisdiction.

2.4.4 The designation, headquarters and jurisdiction of the Additional Directors General (Vigilance) heading these four Directorates are as under:

Designation	Headquarters	Jurisdiction PCCIT(CCA) Wise
ADG (Vig), North	Delhi	Delhi, NWR, Lucknow and Kanpur.
ADG (Vig), West	Mumbai	Mumbai, Pune, Jaipur, Ahmedabad, Bhopal and Nagpur
ADG (Vig), East	Kolkata	Kolkata, Bhubaneswar, Guwahati and Patna.
ADG (Vig), South	Chennai	Chennai, Bengaluru, Hyderabad and Kochi

A proposal for creation of four more Zonal ADGs has been approved by the CBDT, who will assist in handling of vigilance matters pertaining to their respective regional jurisdictions at Ahmedabad, Hyderabad, Lucknow and Chandigarh.

2.4.5 These Directorate process complaints against Group 'B' officers and also conduct preliminary verifications and investigations in respect of both Group-'A' and Group 'B' officers.

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2.5 Principal Chief Commissioners of Income-tax

2.5.1 The vigilance Section under the Pr. CCIT assists him in the exercise of following his vigilance functions:

(a) Processing of Complaints: This Section ensures that all the complaints against officers and staff posted in the region are forwarded to by the supervisory officers concerned. While complaints against Group-'A' and Group 'B' officers are forwarded to the DGIT (V) or zonal ADG(Vig) respectively, the complaints against NGOs are processed by this Section. Wherever considered necessary, the preliminary verification/ investigation of complaints against Group-'A' and Group 'B' officers also are conducted by an officer posted in the Section on request by zonal ADG(Vig.)/DGIT(Vig.).

(b) Disciplinary Proceedings: After getting the complaints against NGOs investigated, this Section ensures that disciplinary proceedings are initiated in appropriate cases. The Section vets the charge sheet and also provide all necessary assistance to the disciplinary authority in finalizing disciplinary proceedings. In cases where the officials have retired during the pendency of proceeding, on conclusion of the inquiry proceedings, it will forward the report of the Inquiry officer along with its comments to the DGIT (Vig) for obtaining orders of the President, as only the President has the right of withholding a pension or gratuity, or both, either in full or in part, or withdrawing a pension in full or in part, whether permanently or for a specified period.

(c) Action in Respect of Cases Investigated by the CBI: This Section keeps a record of the cases where the CBI conducts a preliminary enquiry (PE) or has registered a regular case (RC) for investigation. On receipt of the investigation report (also called SP's report) this Section ensures that CBI's report is processed expeditiously. Wherever the competent authority is of the view that recommendations of the CBI are not acceptable, a report is sent to the zonal ADG(Vig) for consulting CVC.

(d) This Section also maintains all the three CVOs registers in respect of non-gazetted officials and submits quarterly reports to the concerned zonal ADG(Vig.).

2.5.2 Apart from the functions discussed in preceding paragraph, the Pr. CCIT has to nominate an officer as Custodian of Records for vigilance matters. The Vigilance Wing in the office of Pr. CCIT is also required to facilitate procurement of relevant documents from other agencies such as CBI/ ACB/ Local Police. While making a reference to the UPSC, service particulars and ACR dossier of the Charged Officer are also required to be sent along with other documents. On receipt of a request in this regard, service particulars and authenticated copy of ACR dossier are to be promptly made available to the office of the DGIT (Vig). The Vigilance Wing in the office of Pr. CCIT (CCA) is required to procure a certified copy of the Court order whenever any Officer of the Department is convicted by a Court of law and forward the same to the DGIT (Vig.) immediately.

2.5.3 Role of Principal Chief Commissioners of Income-tax in Disciplinary Proceedings (For Group 'A' Officers)

2.5.3.1 If a *prima facie* vigilance case is contemplated against any officer/official, the office of DGIT (Vigilance) should inform the Pr. CCIT concerned in this regard (before making a reference to the Central Vigilance Commission for first stage advice) and relevant documents having a bearing on the case must be immediately taken into custody by the Custodian of Records of the Pr. CCIT concerned.

2.5.3.2 However, if the Disciplinary Authority decides against issue of charge-sheet, then the records should be returned to the respective offices.

2.5.3.3 If such documents have been relied upon in support of the charge sheet, then four sets of photocopies of such listed (prosecution) documents should be got prepared and authenticated by the Custodian of Records or any other officer entrusted with this responsibility. One authenticated set of the copies of listed documents may be forwarded by the Custodian of Records to the officer having jurisdiction over the case for use in assessment/ appellate proceedings. The other three authenticated sets of copies of listed documents should be made available to the Presenting Officer (PO). The PO would make one authenticated set available to the Charged Officer (CO). The PO would produce second authenticated set of documents before the Inquiry Officer (IO) during the course of inquiry. The IO shall take it on record. The remaining set of authenticated documents shall be kept by the PO for his use in the inquiry proceedings. The authenticated set of documents taken on record by the IO shall be forwarded by the IO to the O/o the DGIT (Vigilance) while forwarding his inquiry report to the Disciplinary Authority (to the V&L Section of CBDT).

2.5.3.4 In case the Charged Officer (CO) makes a request to the IO to take on record some documents in support of his case and the IO admits these documents as defence documents, then the same procedure as mentioned in para 2.5.3.3 above is to be adopted in respect of such defence documents also.

2.5.3.5 In case any of the prosecution/ defence documents are in local/ regional language, the Vigilance Wing in the office of Pr. CCIT is required to get page-wise translation of each page done into English (clearly co-relating each translated page to the page of original document) and each translated page is to be authenticated.

2.5.4 Role of Principal Chief Commissioners of Income-tax in Appeal Proceedings under the CCS (CCA) Rules, 1965 (For Group ‘B’ Officers)

2.5.4.1 Whenever any Group ‘B’ Officer prefers an appeal under the CCS (CCA) Rules, 1965 against an order imposing or enhancing any of the penalties specified in rule 11 of the CCS (CCA) Rules, 1965, the relevant documents relating to issue of the impugned order must be immediately taken into custody by the Custodian of Records of the Pr. CCIT concerned.

2.5.4.2 Two sets of photocopies of such documents should be got prepared and authenticated by the Custodian of Records or any other officer entrusted with this responsibility. One of the authenticated sets may be kept by the custodian of record to carry out normal functions relating to that case. The other set of authenticated documents should be made available to the Office of the DGIT (Vigilance) for processing of the Appeal, as and when a requisition for such documents is made by the Office of the DGIT (Vigilance).

2.6 Disciplinary Authorities and Appellate Authorities

2.6.1 The terms ‘Appointing Authority’, ‘Disciplinary Authority’ and ‘Appellate Authority’ have been defined in the CCS (CCA) Rules, 1965 as under:

1. (a) ‘appointing authority’, in relation to a Government servant, means–
    - (i) the authority empowered to make appointments to the Service of which the Government servant is for the time being a member or to the grade of the Service in which the Government servant is for the time being included, or

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(ii) the authority empowered to make appointments to the post which the Government servant for the time being holds, or

(iii) the authority which appointed the Government servant to such Service, grade or post, as the case may be, or

(iv) where the Government servant having been a permanent member of any other Service or having substantively held any other permanent post, has been in continuous employment of the Government, the authority which appointed him to that Service or to any grade in that Service or to that post, whichever authority is the highest authority.

2. (b) 'disciplinary authority' means the authority competent under these rules to impose on a Government servant any of the penalties specified in Rule 11.

24 (1) A Government servant, including a person who has ceased to be in Government service, may prefer an appeal against all or any of the orders specified in Rule 23 to the authority specified in this behalf either in the Schedule or by a general or special order of the President or, where no such authority is specified:

(a) where such Government servant is or was a member of a Central Service, Group 'A' or Group 'B' or holder of a Central Civil Post, Group 'A' or Group 'B':

(i) to the appointing authority, where the order appealed against is made by an authority subordinate to it; or

(ii) to the President where such order is made by any other authority.

(b) where such Government servant is or was a member of a Central Civil Service, Group 'C' or Group 'D', or holder of a Central Civil Post, Group 'C' or Group 'D', to the authority to which the authority making the order appealed against is immediately subordinate.

2.6.2 The Institute of Secretariat Training and Management under Department of Personnel & Training, Ministry of Personnel Public Grievances & Pensions has issued a Handbook for Inquiry Officers and Disciplinary Authorities. The terms 'Appointing Authority' and 'Disciplinary Authority' have been explained in Chapter-2 of the Handbook as under:

3. What is the Relationship between Appointing Authority and Disciplinary Authority?

Appointing Authorities are empowered to impose major penalties. It may be recalled that Article 311 Clause (1) provides that no one can be dismissed or removed from service by an authority subordinate to the Authority which appointed him. In fact under most of the situations, the powers for imposing major penalties are generally entrusted to the Appointing Authorities. Thus Appointing Authorities happen to be disciplinary authorities. However there may be other authorities who may be empowered only to impose minor penalties. Such authorities are often referred to as lower disciplinary authorities for the sake of convenience.

In this handbook, the term Disciplinary Authority has been used to signify any authority who has been empowered to impose penalty. Thereby the term includes appointing authorities also.

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4. How to Decide the Appointing Authority, When a Person Acquires Several Appointments in the Course of his/ her Career?

CCA Rule 2(a) lays down the procedure for determining the Appointing Authority in respect of a person by considering four authorities. Besides, it must also be borne in mind that Appointing Authority goes by factum and not by rule. i.e. where an employee has been actually appointed by an authority higher than the one empowered to make such appointment as per the rules, the former shall be taken as the Appointing Authority in respect of such employee.

5. Definition of Vigilance Angle

Vigilance Angle is Obvious in the Following Acts:

(a) Demanding and/ or accepting gratification other than legal remuneration in respect of an official act or for using his influence with any other official.

(b) Obtaining valuable thing, without consideration or with in adequate consideration from a person with whom he has or is likely to have official dealings or his subordinates have official dealings or where he can exert influence.

(c) Obtaining for himself or for any other person any valuable thing or pecuniary advantage by corrupt or illegal means or by abusing his position as a public servant.

(d) Possession of assets disproportionate to his known sources of income.

(e) Cases of misappropriation, forgery or cheating or other similar criminal offences.

5.1 There are, however, other irregularities where circumstances will have to be weighed carefully to take a view whether the officer's integrity is in doubt. Gross or willful negligence; recklessness in decision making blatant violations of systems and procedures; exercise of discretion in excess, where no ostensible public interest is evident; failure to keep the controlling authority/ superiors informed of required transactions and issues in time; cause of undue loss or a concomitant gain to an individual or a set of individuals/ a party or parties; these are some of their regularities where the disciplinary authority with the help of the CVO should carefully study the case and weigh the circumstances to come to a conclusion whether there is reasonable ground to doubt the integrity of the officer concerned.

5.2 Any undue/ unjustified delay in the disposal of a case, perceived after considering all relevant factors, would reinforce a conclusion as to the presence of vigilance angle in a case. *(CVC Office Order No. 74/12/05 Dated 21/12/2005)*

6. Conduct Rules

6.1 The CCS (Conduct) Rule 3 Provides that Every Govt. Servant Shall at all Times

(a) maintain absolute integrity.

(b) maintain devotion to duty; and

(c) do nothing which is unbecoming of a Government servant.

(d) commit himself to and uphold the supremacy of the Constitution and democratic values.

(e) defend and uphold the sovereignty and integrity of India, the security of the State, public order, decency and morality.

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(f) maintain high ethical standards and honesty.

(g) maintain political neutrality.

(h) promote the principles of merit, fairness and impartiality in the discharge of duties.

(i) maintain accountability and transparency.

(j) maintain responsiveness to the public, particularly to the weaker Section.

(k) maintain courtesy and good behavior with the public.

(l) take decisions solely in public interest and use or cause to use public resources efficiently, effectively and economically.

(m) declare any private interests relating to his public duties and take steps to resolve any conflicts in a way that protects the public interest.

(n) not place himself under any financial or other obligations to any individual or organisation which may influence him in the performance of his official duties.

(o) not misuse his position as civil servant and not take decisions in order to derive financial or material benefits for himself, his family or his friends.

(p) make choices, take decisions and make recommendations on merit alone.

(q) act with fairness and impartiality and not discriminate against anyone, particularly the poor and the under-privileged Sections of society.

(r) refrain from doing anything which is or may be contrary to any law, rules, regulations and established practices.

(s) maintain discipline in the discharge of his duties and be liable to implement the lawful orders duly communicated to him.

(t) maintain confidentiality in the performance of his official duties as required by any laws for the time being in force, particularly with regard to information, disclosure of which may prejudicially affect the sovereignty and integrity of India, the security of the State, strategic, scientific or economic interests of the State, friendly relation with foreign countries or lead to incitement of an offence or illegal or unlawful gain to any person.

(u) perform and discharge his duties with the highest degree of professionalism and dedication to the best of his abilities.

6.2

(a) Every Government servant holding a supervisory post shall take all possible steps to ensure the integrity and devotion to duty of all Government servants for the time being under his control and authority.

(b) No Government servant shall, in the performance of his official duties, or in the exercise of powers conferred on him, act otherwise than in his best judgment except when he is acting under the direction of his official superior.

(c) The direction of the official superior shall ordinarily be in writing. Oral direction to subordinates shall be avoided, as far as possible. Where the issue of oral direction becomes unavoidable, the official superior shall confirm it in writing immediately thereafter.

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(d) A Government servant who has received oral direction from his official superior shall seek confirmation of the same in writing as early as possible, whereupon it shall be the duty of the official superior to confirm the direction in writing.

6.2.1 Promptness and Courtesy: No Government servant shall.

(a) in the performance of his official duties, act in a discourteous manner.

(b) in his official dealings with the public or otherwise adopt dilatory tactics or willfully cause delays in disposal of the work assigned to him.

6.2.2 Observance of Government's Policies: Every Government servant shall, at all times.

(a) act in accordance with the Government's policies regarding age of marriage, preservation of environment, protection of wildlife and cultural heritage.

(b) observe the Government's policies regarding prevention of crime against women.

6.2.3 Prohibition of Sexual Harassment of Working Women

(a) No Government servant shall indulge in any act of sexual harassment of any woman at any work place.

(b) Every Government servant who is in charge of a work place shall take appropriate steps to prevent sexual harassment to any woman at the work place.

6.3 The CCS(Conduct) Rules also specify as to how a govt. servant should conduct himself. Any violation of these rules can be construed as misconduct calling for initiation of disciplinary proceedings.

6.4 The CCS(CCA) Rules provide as to how the disciplinary proceedings are to be conducted.

7. Processing of Complaints

7.1 Sources of Complaints

Information about corruption, malpractice or misconduct on the part of public servants may flow from any of the following or other sources:

(a) Complaints received from employees of the organisation or from the public.

(b) Departmental inspection reports and stock verification surveys.

(c) Scrutiny of annual property statements.

(d) Scrutiny of transactions reported under the Conduct Rules.

(e) Reports of irregularities in accounts detected in the routine audit of accounts; e.g. tampering with records, over-payments, misappropriation of money or materials, etc.

(f) Audit reports on Government accounts and on the accounts of public undertakings and other corporate bodies, etc.

(g) Reports of Parliamentary Committees like the Estimates Committee, Public Accounts Committee and the Committee on Public Undertakings.

(h) Proceedings of the Houses of Parliament.

(i) Complaints and allegations appearing in the press, etc.

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(j) Source information, if received verbally from an identifiable source, to be reduced in writing; and

(k) Intelligence gathered by agencies like CBI, ACB, Lokayuktas, etc.

7.2 Audit Reports Including CAG Paras, News Items etc.

The reports of internal audit, statutory audit and Comptroller & Auditor General are important tools of preventive vigilance as they provide an independent periodic check of the efficacy of the internal controls within the organisation and create awareness about areas at risk of fraud or weak controls. The audit report of the C&AG many a time reveals not only administrative and financial irregularities but also actual cases of misconduct and corruption. The valuable information available through the C&AG's reports in the form of documented cases of misconduct or corruption call for prompt action on the part of the disciplinary authorities. (CVC Circular No. 3(V)/99/14 dated 16/05/2001).

7.3 Action on Complaints

For initial action on complaint received the following procedure may be followed:

(a) Every Vigilance Section/Unit will maintain a vigilance complaints register in Form CVO-1, in two separate parts for category 'A' and category 'B' employees. (Refer Annexure-I to this Chapter). Category 'A' includes such employees against whom Central Vigilance Commission's advice is required whereas category 'B' includes such employees against whom Central Vigilance Commission's advice is not required. If a complaint involves both categories of employees, it should be shown against the higher category, i.e. Category 'A'.

(b) Every complaint, irrespective of its source, would be entered in the prescribed format in the complaints register chronologically as it is received or taken notice of. A complaint containing allegations against several officers may be treated as one complaint for the purpose of statistical returns.

(c) Entries of only those complaints in which there is an allegation of corruption or improper motive; or if the alleged facts *prima facie* indicate an element or potentiality of vigilance angle should be made in the register. Complaints, which relate to purely administrative matters or technical lapses, such as late attendance, disobedience, insubordination, negligence, lack of supervision or operational or technical irregularities, etc. should not be entered in the register and should be dealt with separately under "non-vigilance complaints".

7.4 Disposal of Complaints

A complaint which is registered can be dealt with as follows:

(a) file it without or after investigation; or

(b) to pass it on to the CBI for investigation/ appropriate action; or

(c) to pass it on to the concerned administrative authority for appropriate action on the ground that no vigilance angle is involved; or

(d) to take up for detailed investigation by the Departmental vigilance agency.

An entry to that effect would be made in columns 6 and 7 of the Vigilance Complaint Register (Form CVO-1) with regard to "action taken" and "date of action" respectively. A complaint will be treated as disposed off in monthly/ annual returns either on issue of charge-sheet or on final decision for closing or dropping the complaint. If a complaint is taken up for investigation by the Departmental

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vigilance agency or in cases in which it is decided to initiate Departmental proceedings or criminal prosecution, further progress would be watched through other relevant registers. If there were previous cases/ complaints against the same officer, it should be indicated in the remarks column.

7.5 Action on Complaints Received from Members of Parliament and Dignitaries References received from Members of Parliament and Dignitaries are to be dealt as per procedure laid down in Central Secretariat Manual of Office Procedure brought out by the Department of Administrative Reforms and Public Grievances (Refer to Annexure-II to this Chapter). It has, however, been noticed that a number of complaints are being received using letter heads of Members of Parliament/ VIPs and with forged signatures of the Hon'ble MPs/ VIPs. Hence, as a measure of abundant caution and to provide adequate protection to the officers against whom such complaints have been made, confirmation shall be sought from the dignitary regarding the making of the complaint. On receipt of confirmation, the complaint shall be dealt with on priority as per the procedure referred to above.

7.6 Action on Anonymous/ Pseudonymous Complaints

7.6.1 The instructions/ guidelines issued from time to time in the matter by DoPT/ CVC are as follows:

(a) DoPT OM No. 321/4/910-AVD.III dated 29/09/1992 states that no action is required to be taken on anonymous/ pseudonymous complaints in general. However, it provided the option to inquire into such complaints which contained verifiable details.

(b) Commission's initial Circular No.3(v)/99/2 dated 29/06/1999 prescribes that no action should be taken on anonymous/ pseudonymous complaints and they should just be filed.

(c) Commission's Circular No. 98/DSP/9 dated 31/01/2002 reiterates that under no circumstances, should any investigation be commenced on anonymous/ pseudonymous complaints.

(d) Commission's Circular No. 98/DSP/9 dated 11/10/2002 reviewing its earlier instructions of 1999, envisaged that if any Department/ organisation proposes to look into the verifiable facts alleged in anonymous/ pseudonymous complaints, it may refer the matter to the Commission seeking its concurrence through the CVO or the head of the organisation. These guidelines stand withdrawn vide CVC Circular No. 07/11/2014 dated 25/11/2014.

(e) DoPT OM No. 104/76/2011-AVD.I dated 18.10.2013 provides that no action is required to be taken on anonymous complaints irrespective of the nature of the allegations and such complaints need to be simply filed.

(f) Commission's Circular No. 07/11/2014 dated 25/11/2014 withdrawing Circular No. 98/DSP/9 dated 11/10/2002, reiterates previous Circular Chapter - III Complaints 72 Vigilance Manual 2017 No.3(v)/99/2 dated 29/6/1999 and Circular No. 98/DSP/9 dated 31/01/2002 to the effect that no action should be taken on anonymous/ pseudonymous complaints and such complaints should be filed.

(g) As per DoPT complaint handling policy issued vide OM No. 104/76/2011- AVD.I dated 18/10/2013, complaints containing vague allegations could also be filed without verification of identity of the complainant even if identity of complainant is mentioned in the complaint.

7.6.2 The Central Vigilance Commission has furnished clarifications through Circular No. 03/03/16 dated 07/03/2016 to Ministries/ Departments on action to be taken on anonymous/ pseudonymous complaints which were acted upon and were at different stages of process including disciplinary

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proceedings before issue of CVC Circular No. 07/11/2014 dated 25/11/2014. Accordingly, it has been clarified that:

(a) No action should be taken on anonymous/ pseudonymous complaints in line with Commission's present Circular No. 07/11/2014 dated 25/11/2014, and such complaints should be filed.

(b) However, where the action was initiated on anonymous/ pseudonymous complaints prior to the issue of CVC's Circular No.3(v)/99/2 dated 29/6/1999, it can be pursued further to its logical end.

(c) Where action was initiated on anonymous/ pseudonymous complaints between the period 11/10/2002 and 25/11/2014 with prior concurrence of the Commission but is pending, further action is permissible on such complaints.

(d) Material/ evidence gathered during the investigation/ verification of anonymous complaints when the action was prohibited on such complaints (i.e. between 29/06/1999 & 11/10/2002), or where such inquiry was initiated without the approval of the Commission, can be utilised for further initiation of disciplinary proceedings on misconducts noticed in such verification/inquiry.

7.6.3 Complainants who desire to protect their identity now have the protection of the Public Interest Disclosure & Protection of Informer's Resolution – 2004 (PIDPIR). Relevant instructions have been issued vide the Central Vigilance Commission *Office Order No. 33/5/2004 dated 17/05/2004 and DoPT Notification No. 371/4/2013-AVD.III dated 14/08/2013.*

7.6.4 Any complaint that does not bear the name and address of the complainant is an anonymous complaint. No action is to be taken on anonymous complaints irrespective of the nature of allegations, and such complaints should be filed. Such complaints shall not be treated as registered complaints. Similarly, no action is to be taken in the case of complaints which are treated as pseudonymous. A complaint that does not bear the full particulars of the complainant or is unsigned or is not subsequently acknowledged by a complainant as having been made is a pseudonymous complaint. Pseudonymous complaints will be referred to the complainant for confirmation/ genuineness verification and if no response is received from the complainant within 15 days of sending the complaint, a reminder will be sent. After waiting for 15 days of sending the reminder, if still no response is received, the said complaint may be filed as pseudonymous by the concerned Ministry/ Department. Complaints sent on email should contain postal address and mobile/telephone number, if any, of the sender. Complaints on email received without this information will be treated as anonymous or pseudonymous and filed. The relevant Circulars on the subject are CVC's Circular No. 07/11/2014 dated 25/11/2014, DoPT OM No. 104/76/2011-AVD.I dated 18/10/2013 and Circular No.03/03/16 dated 07/03/2016.

7.7 The CVOs for Various Levels of Officers/ Officials are as under:

(a) Group A: DGIT(Vig.)

(b) Group B: The four zonal ADsG (Vig), North, West, South & East Zones

(c) If a case involves officials of more than one Group, the CVO and DA of the senior most officers become the CVO and DA for the junior officers as well.

7.7.1 *Complaints against Group 'C' and Group 'D' officials has to be forwarded to the Vigilance Section of the Cadre Controlling CCIT*. After the retirement of an officer/official of Group-B & C, disciplinary proceedings can be initiated with the approval of the Finance Minister only. Therefore,

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such matters should also be sent to DGIT(Vig.) & CVO. Further, if the officer/official retires while the major penalty proceedings are still pending, then the DA who initiated the disciplinary proceedings has to submit a report along with his recommendations under rule 9 of the CCS (Pension) Rules, 1972, which shall be placed before the F.M. The final order in such case will be passed with the approval of F.M. Minor penalty proceedings have to be concluded before retirement of the officer/official. On conviction of any government servant by the Competent Court, the government servant has to be placed under suspension immediately and immediate action should be taken under Rule 19 of CCS (CCA) Rules, 1965 for imposition of penalty on the ground of conduct which has led to his conviction on a criminal charge.

7.7.2 The CVOs as mentioned above, in the first instance, would decide whether the information involves a vigilance angle or not. If so, they would register that as a complaint in the Vigilance Complaint Register and process the matter further. No vigilance related complaint should be investigated by any authority, except with the express approval of the concerned CVO. In the first instance, all complaints should simply be forwarded to the CVO concerned. The CVO shall decide whether a complaint really has a vigilance angle and if so, will enquire further into the matter. While no action is now required to be taken on anonymous or pseudonymous complaints, even such complaints should be forwarded to the CVO. The CVO would undertake the verification of the complainant and this should not be done by any other authority. Thus, in case of group 'A' officers, all complaints shall invariably be sent to DGIT(Vig.), New Delhi. Similarly all complaints pertaining to group 'B' officers shall be sent to the zonal ADG(Vig.). Under no circumstances, any enquiries shall be initiated by Pr. CCIT/ Pr. DGIT or any other authority suo moto. The CVO may either have a complaint examined by his own office or request for a report from the controlling or the supervisory officers. The DGIT(Vig.) calls a report in respect of Group A officers from the zonal ADG(Vig.). In turn, the ADG(Vig.) may call report from Pr. CCIT to have the matter examined and send a report with their recommendations. Only at this stage, examination shall be done by the Pr. CCIT or any authority authorized by him. Care should be taken to give a clear finding along with a recommendation as to whether the allegations are found to be correct, incorrect or incapable of being examined in the absence of the record or witnesses. The senior officers should not simply forward the report without any comments. In all cases, report should be signed by the senior officer & not by the junior officer posted in HQ. They should also ensure that remedial action is taken immediately where any loss of revenue is noticed. Where the allegations are found correct, the records should immediately be kept in the custody of the controlling officer. These records in due course are requisitioned by CVO. The complaints must be examined expeditiously.

Minor penalty proceedings have to be concluded before retirement of the officer/official. On conviction of any government servant by the Competent Court, the government servant has to be placed under suspension immediately and action under Rule 19 of CCSCCA Rules has to be taken after following due procedure.

7.8 Preliminary Enquiry

7.8.1 After it has been decided that the allegations contained in the complaint should be enquired departmentally, the vigilance officer should proceed to make a preliminary enquiry with a view to determining whether there is, *prima facie*, some substance in the allegations. The preliminary enquiry may be made in several ways depending upon the nature of allegations and the judgment of the enquiry officer, e.g.:

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(a) If the allegations contain information which can be verified from any document or file or any other Departmental records, the enquiry/ vigilance officer should, without loss of time, secure such records, etc., for personal inspection. If any of the papers examined is found to contain evidence supporting the allegations, such papers should be taken over by him for retention by the vigilance Department to guard against the possibility of available evidence being tampered with. If the papers in question are required for any current action, it may be considered whether the purpose would not be served by substituting authenticated copies of the relevant portions of the records; the original being retained by the enquiry officer in his custody. If that is not considered feasible for any reason, the officer requiring the documents or papers in question for current action should be made responsible for their safe custody after retaining authenticated copies for the purpose of enquiry.

(b) In case, where the alleged facts are likely to be known to other employees of the Department, the enquiry officer should interrogate them orally or ask for their written statements. The enquiry officer should make a full record of the oral interrogation which the person interrogated should be asked to sign in token of confirmation. Wherever necessary, any important facts disclosed during oral interrogation or in written statements should be verified by documentary or collateral evidence to make sure of the facts.

(c) In case, it is found necessary to make inquiries from the employees of any other Government Department or office, the investigating officer may seek the assistance of the Department concerned, through its CVO, for providing facility for interrogating the person(s) concerned and/ or taking their written statements.

(d) In certain types of complaints, particularly those pertaining to works, the enquiry officer may find it helpful to make a site inspection, or a surprise check, to verify the facts on the spot and also to take suitable action to ensure that the evidence found there, in support of the allegations, is not disturbed.

(e) If during the course of enquiry, it is found that it will be necessary to collect evidence from non-official persons or to examine any papers or documents in their possession, investigation in the matter may be entrusted to the Central Bureau of Investigation. In cases where the inquiry is being conducted on a reference made by the Commission under Section 8 of the CVC Act, 2003, the assistance of the Commission could also be sought. under Section 11 of the CVC Act, 2003, while conducting any inquiry for the cases under its jurisdiction, the Commission have all the powers of a civil court trying a suit under the Code of Civil Procedure, 1908 and in particular, in respect of following matters namely, (a) summoning and enforcing the attendance of any person from any part of India and examining him on oath; (b) requiring the discovery and production of any document; (c) receiving evidence on affidavits; (d) requisitioning any public record or copy thereof from any court or office; (e) issuing Commissions for the examination of witnesses or other documents; and (f) any other matter which may be prescribed.

(f) If the public servant complained against is in-charge of stores, equipment, etc., and there is a possibility of his tampering with the records pertaining to such stores or equipment, the enquiry/ vigilance officer may consider whether the public servant concerned should not be

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transferred immediately to other duties. If considered necessary, he may seek the assistance of the head of the Department or office in doing so.

(g) While, normally, the preliminary enquiry will be made by the vigilance officer himself, he may suggest to the administrative authority to entrust the inquiry to any other officer considered suitable in the particular circumstances of the case; e.g. it may be advisable to entrust the conduct of the preliminary enquiry to a technical officer if it is likely to involve examination and appreciation of technical data or documents. Similarly, the administrative authority may entrust the inquiry to an officer of sufficiently higher status if the public servant complained against is of a senior rank.

(h) While conducting the inquiry, it is recommended that the Enquiry Officer may take the help of the Scientific Tools and Forensic Tools to aid the enquiry/investigation, whenever required.

(i) During the course of preliminary enquiry by the Vigilance Department, the public servant concerned may be given an opportunity to say what he may have to say about the allegations against him to find out if he is in a position to give any satisfactory information or explanation. In the absence of such an explanation, the public servant concerned is likely to be proceeded against unjustifiably. It is, therefore, desirable that the enquiry officer tries to obtain the suspect officers' version of "facts" and why an inquiry should not be held. There is no question of making available to him any document at this stage. Such an opportunity, however, may not be given in cases in which a decision to institute Departmental proceedings is to be taken without any loss of time; e.g. in a case in which the public servant concerned is due to retire or to superannuate soon and it is necessary to issue a charge-sheet to him before his retirement; the facts are not in dispute; officer is not traceable; the officer is deliberately delaying his reports, etc.

7.8.2 On completion of the inquiry process, the officer conducting the inquiry would prepare a self-contained report including the material available to controvert the defence. The inquiry report should contain the explanation of the suspect officer. The fact that an opportunity was given to the officer concerned should be mentioned in the inquiry report even if the officer did not avail of it. The enquiry officer should also take all connected documents in his possession as this becomes very helpful if Departmental action has to be taken against the officer.

7.8.3 The enquiry officer will submit his report to the CVO, who will decide whether on the basis of the facts disclosed in the report of the preliminary enquiry, the complaint should be dropped or whether regular Departmental proceedings should be recommended against the public servant concerned or the administration of a warning or caution would serve the purpose. He will forward the inquiry report to the disciplinary authority, along with his own recommendations, for appropriate decision.

7.8.4 As soon as it is decided by the disciplinary authority to institute disciplinary proceedings against the public servant(s) concerned, the complaint should be regarded as having taken the shape of a vigilance case. Both, court decisions as well as administrative instructions, have emphasized that there should not be an inordinate delay between the occurrence of the impugned events and the issue of the charge sheet.

7.9 Action Against Persons Making False Complaints

7.9.1 If a complaint against a public servant is found to be malicious, vexatious or unfounded, it should be considered seriously whether action should be taken against the complainant for making a false complaint.

7.9.2 Under Section 182 of the *Indian Penal Code, 1860*, a person making false complaint can be prosecuted. Section 182 reads as follows:

> *"Whoever gives to any public servant any information which he knows or believes to be false, intending thereby to cause, or knowing it to be likely that he will thereby cause, such public servant:*
>
> (a) to do or omit anything which such public servant ought not to do or omit if the true state of facts respecting which such information is given were known by him, or
>
> (b) to use the lawful power of such public servant to the injury or annoyance of any person, shall be punished with imprisonment of either description for a term which may extend to six months, or with fine which may extend to one thousand rupees, or with both.

7.9.3 If the person making a false complaint is a public servant, it may be considered whether Departmental action should be taken against him as an alternative to prosecution. Under Section 195(1)(a) of *Code of Criminal Procedure, 1973* a person making a false complaint can be prosecuted on a complaint lodged with a court of competent jurisdiction by the public servant to whom the false complaint was made or by some other public servant to whom he is subordinate.

7.10 Withdrawal of Complaints

Some complainants, after confirming the complaint made by them, make a request for withdrawing the same or stopping the inquiry/ investigation. It is to be noted that once a complainant confirms the complaint and action has been initiated for inquiry/investigation by the Commission/ organisation, it is not permissible to withdraw/ stop such enquiry/ investigation even if the complainant withdraws his complaint. The allegations contained in the complaint have to be taken to its logical conclusion irrespective of complainant's request for withdrawal of the complaint.

8. Reference to CVC and Reconsideration of its Advice

8.1 The advice of CVC is required to be taken in respect of Group A officers (and other officers also if it is a composite case involving both group 'A' and other level officers) at two stages, first stage and second stage. The Commission's first stage advice is necessary to be taken after obtaining the tentative views of Disciplinary Authorities (DAs) on the reports of the preliminary inquiry/ investigation of all complaints involving allegation(s) of corruption or improper motive; or if the alleged facts prima-facie indicate an element of vigilance angle. In cases where the Disciplinary Authority (DA), on conclusion of disciplinary proceedings, proposes to impose a penalty which is in line with the Commission's first stage advice in respect of officers falling within the jurisdiction of the Commission, second stage advice of the Commission is not required. Such cases would be dealt at the level of the CVO and DA concerned. However, the CVO should forward a copy of the final order issued by DA in all such cases of officers for Commission's record. All such cases, where the Disciplinary Authority proposes to take any action which is at variance with the Commission's first stage advice, would be referred to the Commission for obtaining second stage advice. Cases are referred to the CVC for advice through the concerned CVO. In case the advice of the CVC is not found acceptable by the Disciplinary Authority, the matter is required to be referred back to the CVC for reconsideration of its advice.

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8.2 There is an impression that reconsideration of Commission's advice is to be sought only if the department proposes to take a more "lenient view" of the case than that recommended by the CVC. It is felt that if the Department proposes to take a severer action than that recommended by the CVC, consultation with Commission is not necessary. This is not true. In either case, regardless of whether the disciplinary authority proposes to take a more lenient or stricter view of the matter or a substantive criminal offence such as bribery, cheating, criminal breach of trust, conspiracy, forgery etc., consultation with CVC is necessary. However, the reference for such reconsideration of the Commission's advice should be made only once.

9. Interaction with CBI

9.1 Preparation of Agreed List

As per Vigilance Manual 2017 at New Delhi, the Chief Vigilance Officers or Vigilance Officers of the Ministries/ Departments/ Offices should keep themselves in touch with Joint Directors/ Head of Zone concerned of the S.P.E. In other places, the Superintendent of Police/ Head of S.P.E. Branch will frequently call on the Head of the Department/ Office, etc., and discuss personally matters of mutual interest, particularly those arising from enquiries and investigations. Periodical meetings between the Chief Vigilance Officers and the Officers of the Central Bureau of Investigation will help to a great extent in avoiding unnecessary paper work and in eliminating unnecessary delay at various stages of processing cases. Such meetings could be held once a quarter or more frequently.

9.2 Assistance in Other Enquiry

9.2.1 Full cooperation and facilities should be extended to the CBI by all administrative authorities during the course of investigation of cases by them. The Inspector General, CBI and his staff are authorized to inspect all categories of officials records at all stages of investigation. The Head of the Department/Offices etc. will ensure that during investigation, whether preliminary or regular, the SP, CBI or his authorized representatives are given full cooperation and facilities to see all relevant records. Even before registration of a P.E. or RC, if the CBI wishes to check the veracity of information in their possession from the official records, they may be allowed to see the records on receipt of a request from the SP, CBI.

9.2.2 The records required by the CBI should be made available to them ordinarily within fortnight and positively within a month from the date of receipt of the request. If for any special reason it is not possible to hand over the record within a month, the matter should be brought by the authority in possession of the records to the notice of the SP concerned pointing out the reasons why it is not possible to make available the records within the period specified. The matter should also be brought to the notice of the Chief Vigilance Officer of the Department for such further direction as he might like to give. The CBI should invariably be informed of the dates of superannuation of the accused officer immediately after receipt of the copy of the FIR, if he is due to retire within a year or so of the registration of the case.

10. Investigation by the CBI

10.1 Whenever a case is taken up for preliminary enquiry or a regular case is registered, the administrative authorities are informed. Cases of Group-A officers are to be dealt by the office of DGIT (Vig) and those of Group 'B' officers and NGOs by the concerned zonal ADG (Vig) and the Vigilance Section of the Pr. CCsIT respectively. The copies of Reports/FIR etc. received from CBI should be forwarded to the concerned authority who will open a file to monitor the progress and include these cases in the CVO's register. The investigation reports as and when received will also be dealt with from these files by the concerned authority.

10.2 Unless there are any special reasons to the contrary, cases which are to be investigated by the Central Bureau of Investigation should be handed over to them at the earliest. Apart from other considerations, it is particularly desirable to do this so as to safeguard against the possibility of the suspect public servant tampering with or destroying incriminating evidence against him. No review should ordinarily be made of a case, once it has been registered by the CBI. If, however, there are special grounds for the review of a case, the CBI should invariably be associated with it. If any meeting is to be held in the department where a case under investigation by the CBI is to be discussed/ reviewed, a representative of the CBI should always be invited.

10.3 Cases in which the information available appears to be authentic and definite so as to make out a clear cognizable offence or otherwise and seems to have substance in it, the CBI may register a regular case (RC) straightaway under Section 154 of the Criminal Procedure Code.

10.4 On the other hand, if such information appears to require verification before formal investigation is taken up, a preliminary enquiry (PE) is first made. As soon as the preliminary enquiry reveals that there is substance in the allegation, a regular case may be registered for formal investigation.

10.5 As soon as a case is taken up for preliminary enquiry (PE) or a regular case (RC) is registered under Section 154, Criminal Procedure Code, a copy of the PE Registration Report/ FIR will be sent by the CBI confidentially to the head of the department and/or administrative Ministry concerned and the Chief Vigilance Officer of the Ministry.

10.6 In respect of the cases involving Group-A and Group 'B' officers a copy of the PE/ FIR will also be sent to the Secretary, Central Vigilance Commission.

10.7 The CBI will take into confidence the head of the department or office concerned before taking up any enquiry (PE or RC) or as soon as possible thereafter according to the circumstances of each case. This will also apply in case a search of the premises of an officer is required to be made.

10.8 On completion of investigation, if the C.B.I. comes to a conclusion that sufficient evidence is available for launching a criminal prosecution, they shall forward its Report to the Central Vigilance Commission if Previous sanction for prosecution is required under *Prevention of Corruption Act, 1988* to be issued in the name of the President and also to the authority competent to sanction prosecution, through the CVO concerned. In other cases, the report will be forwarded to the authority competent to sanction prosecution, through the CVO concerned. The report, which may be accompanied by the draft sanction order, should give the rank and designation of the authority competent to dismiss the delinquent officer from service and the law or rules under which that authority is competent to do so *(CVC Circular No. 005/VGL/11 dated 12/05/2005, 28/03/2012 and 25/05/2015)*.

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10.9 In other cases in which evidence available is not sufficient for launching criminal prosecution, the CBI may come to the conclusion that:

(a) The allegations are of a nature serious enough to justify regular departmental action being taken against the public servant concerned. The final report in such cases will be accompanied by (a) draft articles of charge prepared in the prescribed form, (b) a statement of imputations in support of each charge, and (c) lists of documents and witnesses relied upon to prove such charges and imputations; or

(b) While sufficient proof is not available to justify prosecution or regular departmental action, there is a reasonable suspicion about the honesty or integrity of the Government servant concerned, the final report in such cases will seek to bring to the notice of the disciplinary authority the nature of the irregularity or negligence for such administrative action as may be considered feasible or appropriate.

10.10 As per Vigilance Manual Reports cases involving category ‘A’ officers (officers who are under jurisdiction of Commission), will be forwarded by C.B.I. to the Commission, which after considering the administrative authority’s report, will advise the disciplinary authority concerned regarding the course of further action to be taken. A copy of the report will also be sent by the CBI to the administrative authority, through the CVO concerned, for submission of their comments to the Commission.

10.11 Investigation reports pertaining to category ‘B’ employees (officials who do not fall under Commission’s jurisdiction) will be forwarded by the CBI to the disciplinary authority concerned, through its CVO. In such cases, no further fact-finding enquiry should normally be necessary. However, if there is any matter on which the disciplinary authority may desire to have additional information or clarification, the CBI may be requested to furnish the required information/ clarification. If necessary, the CBI may conduct a further investigation.

10.12 Investigation in certain cases may reveal that sufficient evidence is available justifying prosecution as well as departmental action. Whenever there is an unresolved difference of opinion between the CBI and the administrative authority concerned on this issue, in the first instance, the matter should be referred to the Central Vigilance Commission for advice.

10.13 There is no legal bar to the initiation of disciplinary action under the rules applicable to the delinquent public servant where criminal prosecution is already pending, and generally there should be no apprehension of the outcome of the one affecting the other, because the ingredients of misconduct/ delinquency in criminal prosecution and departmental proceedings as well as the quantum of proof required in both cases are not identical. In criminal cases, the proof required for conviction has to be beyond reasonable doubt, whereas in departmental proceedings proof based on preponderance of probability is sufficient for holding the charges to have been proved. What might however affect the outcome of the subsequent proceedings may be the contradictions which the witnesses may make in their depositions in the said proceedings. It would, therefore, be necessary that all relevant matters be considered in each individual case while taking a decision on whether or not to start simultaneous departmental action.

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11. Action on Investigation Reports Received from CBI

11.1 On completion of their investigation, the CBI forwards a copy each of the SP's report to the concerned DA and the CVO for further action. A copy of the SP's report is also endorsed to the Commission in respect of cases wherein the Commission's advice is necessary.

11.2 Procedure for Sanction for Prosecution

The CBI generally recommends prosecution in cases of bribery, corruption or other criminal misconduct; it also considers making a similar recommendation in cases involving a substantial loss to the Government or a public body. The Commission's advice for prosecution, however, is required only in cases of Presidential appointees, i.e. Group-A officers. In such cases, the DGIT (Vig)/ CVO is to furnish the department's comments within a month of the receipt of the CBI report by the competent authority. In other cases, the competent authorities are to take their own decision as to whether sanction for prosecution should be granted or not. The Hon'ble Supreme Court has in its judgments in various cases, laid down detailed guidelines to be observed while considering request for grant of sanction for prosecution. The CVC vide Circular No. 005/VGL/11 dated 12/05/2005, 28/03/2012 and 25/05/2015 has summarized the Supreme Court's guidelines which are to be observed by the administrative authorities while considering request for grant of sanction for prosecution. As per the directions of the Apex Court, a time limit of 3 months has been fixed for grant or refusal of sanction for prosecution and 4 months where the opinion of Attorney General or of any other law officer in AG's office is sought. The Commission in terms of its powers and functions under Section 8(1)(f) of the CVC Act, 2003 has directed that all administrative authorities scrupulously follow the guidelines while considering and deciding requests for Sanction for prosecution. In case of difference of opinion between the CBI and the competent authority, the matter may be referred to the Commission for its advice, irrespective of the level of the official involved. In cases where the administrative authorities do not propose to accept the advice of the Commission, the cases should be referred to DoPT through the office of DGIT (Vig) for a final decision.

11.3 Procedure for Initiation of Regular Departmental Action

11.3.1 Cases Where Action by Department Recommended

Report will be forwarded by C.B.I. to the CVC, which after considering the administrative authority's report, will advise the disciplinary authority concerned regarding the course of further action to be taken. In case of difference of opinion between the CBI and administrative authorities, the matter would be referred to the Commission for advice irrespective of the level of the official involved. In cases where the administrative authorities do not propose to accept the advice of the Commission, the cases should be referred to DoPT through the office of DGIT (Vig) for a final decision.

11.3.2 The law of the land permits prosecution as well as RDA to proceed simultaneously (Jang Bahadur Singh V/s Baijnath Tewari, 1969 SCR, 134).

11.3.3 Where the suspect officer is primarily accountable for conduct which legitimately lends itself to both criminal prosecution in a court of law as well as RDA, as a general rule, both should be launched simultaneously after consultation with the CBI or other investigating agencies charged with conducting the prosecution. Such simultaneous conduct of RDA and criminal prosecution should be resorted to especially if the prosecution case is not likely to be adversely affected by the simultaneous

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conduct of RDA. Keeping RDA in abeyance should be an exception rather than rule. Copies of all the relevant documents authenticated by the competent authority may be retained, for the purpose of RDA, before the original documents are sent to the Court. If the documents have already been sent to a Court of Law for the purpose of criminal proceedings, certified copies may be procured for the purpose of RDA. Care, however, should be taken to draft the charge sheet for the purpose of RDA in such a manner that it makes the suspect official accountable for violation of various provisions of CCS (Conduct) Rules without reference to criminal misconduct.

12. Major Penalty Proceedings

12.1 Certain important matters connected with the initiation and conduct of major penalty proceedings are discussed below.

12.2 Initiation of Proceedings/Issue of Charge Sheet

12.2.1 Once the disciplinary authority decides to initiate major penalty proceedings against an employee, on the basis of the Commission's advice or otherwise, it should take immediate steps to issue the charge-sheet. The charge-sheet should be drafted with utmost accuracy and precision based on the facts gathered during the investigation (or otherwise) of the misconduct involved. It should be ensured that no relevant material and witnesses are left out and at the same time, no irrelevant material or witnesses are included.

12.2.2 The charge-sheet comprises of the memorandum, informing the concerned employees about initiation of proceedings against him and giving him an opportunity to admit or deny the charges within a period not exceeding 15 days. The memorandum is to be signed by the disciplinary authority himself. In case, the disciplinary authority is the President, an officer, who is authorized to authenticate the orders on behalf of the President, may sign the memorandum. The draft charge sheet must invariably be approved by the DA before issue (the decision of Apex Court in the case of B.V. Gopinath, Civil Appeal No. 7761 of 2013 dated 05/09/2013). The Memorandum should be supported by annexures, namely, (i) article(s) of charge, (ii) statement of imputations of misconduct or misbehavior in support of each article of charge, (iii) list of documents and (iv) list of witnesses. The documents mentioned in the annexure-III of the charge sheet should be readily available for handing over to the PO to present his case before the IO. In case DA is President, the authenticated copy of documents may be handed over to DGIT (Vig) at the time of submission of draft charge sheet. It is also imperative to list prosecution witnesses in annexure-III as also for substantiating imputations made in the charge sheet (relevant case law of Sh. B. Prasad, SLP No. 18551/2015 dated 16/10/2015).

12.2.3 All relevant details supporting the charges should be separately indicated in the statement of imputations.

12.3 Examination of Written Statement of Defence

12.3.1 If the charged employee admits all the charges unconditionally, the disciplinary authority shall record its finding on each charge and proceed to pass a self-contained and reasoned speaking order of punishment, defining the scope of punishment to be imposed in clear terms, in accordance with the relevant rules.

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12.3.2 The disciplinary authority has the inherent power to review and modify the articles of the charge, or drop some or all of the charges, after the receipt and examination of the written statement of defence. It is not bound to appoint an inquiring authority to inquire into such charges as are not admitted by the charged employee but about which the disciplinary authority is satisfied that these do not require to be proceeded with further. However, before the disciplinary authority exercises the aforesaid power, it may consult the CBI in cases arising out of the investigations conducted by them. The Commission should also be consulted where the disciplinary proceedings were initiated on its advice.

12.3.3 If the disciplinary authority finds that any or all the charges have not been admitted by the charged employee, or if he has not submitted the written statement of defence by the specified date, it may cause an inquiry to be made to inquire into the charges framed against the charged employee.

12.4 Appointment of Inquiry Officer and Presenting Officer

12.4.1 Under the disciplinary rules, the disciplinary authority may itself inquire, or appoint an inquiring authority/officer (IO) to inquire into such charges against the charged officer (CO) if the latter does not admit the same or has otherwise not submitted his defence statement within the specified time. As soon as the Disciplinary Authority has decided upon the person who will conduct the oral inquiry, it will issue an order appointing him as the Inquiring Authority.

12.4.2 It should, however, be ensured that the officer so appointed has no bias and had no occasion to express an opinion at any stage of the preliminary inquiry. The inquiring authority should also be directed to ensure submission of the report mandatorily within a period of six months of his appointment.

12.4.3 The Disciplinary Authority which initiated the proceedings will also appoint simultaneously a Government servant or a legal practitioner as the Presenting Officer to present on its behalf the case in support of the articles of charge before the Inquiring Authority. Ordinarily a Government servant belonging to the Departmental setup who is conversant with the case will be appointed as the Presenting Officer except in cases involving complicated points of law where it may be considered desirable to appoint a legal practitioner to present the case on behalf of the Disciplinary Authority. An officer who made the preliminary investigation or inquiry into the case should not be appointed as Presenting Officer.

12.5 Defence Assistant

The charged employee has also a right to take assistance of a public servant, generally termed as Defence Assistant (DA) to help him in the presentation of his case in a departmental inquiry. The CO may not engage a legal practitioner to present the case on its behalf before the IO, unless the PO appointed by the disciplinary authority is also a legal practitioner, or the disciplinary authority, having regard to the circumstances of the case, so permits. However, if the case is being presented, on behalf of the disciplinary authority, by a “Prosecuting Officer” of the CBI or by the Law Officer of the Department, such as a Legal Adviser etc., there would evidently be good and sufficient circumstances for the disciplinary authority to exercise his discretion in favour of the delinquent employee and allow him to be represented by a legal practitioner. Any exercise of discretion to the contrary in such cases is likely to be held by the court as arbitrary and prejudicial to the defence of the delinquent employee.

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12.6 Oral Inquiry

12.6.1 The Inquiry Officer should, in all cases, submit the report to the disciplinary authority, with extra copies, including one for the CO. However, in cases in which a CDI of the Commission conducts the inquiry, he would also submit a copy of the report along with one copy each of the depositions and Daily Order Sheets to the Secretary of the Commission.

12.6.2 Along with the report, the Inquiry Officer should send to the disciplinary authority a folder containing the following:

(a) List of exhibits produced by the Presenting Officer.

(b) List of exhibits produced by the Charged Officer.

(c) List of prosecution witnesses.

(d) List of defence witnesses.

(e) A folder containing deposition of witnesses in the order in which they were examined.

(f) A folder containing daily order-sheets.

(g) A folder containing the written statement of defence.

(h) Written briefs of both sides.

(i) Correspondence Folders.

(j) After evaluation of documents produced/depositions recorded during the inquiry, the IO should give clear finding on each article of charge i.e. 'proved', 'not proved' or 'partly proved'.

(k) The IO must ensure to adhere to the requirement of general examination of the CO, after the case of the defence is over u/r 14(18) of the CCS(CCA) Rules, 1965. The general examination of the CO should be in question-answer form on the circumstances appearing against him in the evidence for the purpose of enabling the Government servant to explain any circumstances appearing in the evidence against the CO.

12.6.3 The IO must complete the inquiry proceedings and submit his report within a period of six months from the date of his appointment.

12.7 Examination of Inquiry Officer's Report

The IO's report is intended to assist the disciplinary authority in coming to a conclusion about the guilt of the CO. The disciplinary authority has the inherent powers to disagree with the findings of the IO and come to his own conclusions on the basis of his own assessment of the evidence forming part of the inquiry. He may remit the case for further inquiry if he considers that there are grave lacunae or procedural defects which vitiate the inquiry or if some important witnesses were not examined. (K.R. Deb *vs.* Collector of Central Excise, AIR 1971 SC 1447). The fact that the inquiry has gone in favour of the CO or the evidence led in the inquiry has gaps, should not be a reason for remitting the case for further inquiry (Dwarka Chand *vs.* State of Rajasthan - AIR 1959 Raj. 38). In such a case, the disciplinary authority may disagree with the IO's findings.

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12.8 Second Stage Advice of the CVC

In respect of Group-A and Group 'B' cases the disciplinary authority will take a tentative decision regarding acceptance of the Inquiry Officer's Report after examining the same. Thereafter the matter will be referred to the CVC for its second stage advice, if the tentative view of the DA is at variance with the first stage advice of CVC. In respect of Group A officers the reference to CVC will be made by the CVO directly while in the case of Group B officers the concerned DIT(Vig) will obtain the tentative decision of the disciplinary authority and thereafter forward the relevant papers to the DGIT(Vig) for making a reference to the CVC.

12.9 Furnishing a Copy of IO's Report, Alongwith Reasons of Disagreement, if any, to the Charged Officer for his Comments

In view of the Supreme Court's judgment in Ramzan Khan's case, if the disciplinary authority is different from the inquiring authority, and if the latter has held all or any of the charges against the CO as proved, the disciplinary authority should ask the CO for his representation, if any, within 15 days. In case the IO has held any or all the charges against the CO as "not proved", and the disciplinary authority disagrees with the IO's findings, he should communicate the reasons for his disagreement to the CO while asking for his representation. The disciplinary authority may take further action on the inquiry report on consideration of the CO's representation or on the failure of the CO to submit the same within the specified time. The second stage advice of the CVC is also be forwarded to the CO for his representations, if any.

12.10 Tentative Decision of the Disciplinary Authority

12.10.1 After taking into consideration the CO's representation the disciplinary authority will take a decision on whether to punish him or not. In cases where consultation with UPSC is necessary, the decision so taken will be tentative. While actually imposing a punishment, the disciplinary authority should ensure that the same is commensurate with the gravity of the proven misconduct. He may also take into account at this stage the following other criteria:

(a) The extenuating circumstances, as they emerge from the inquiry.

(b) The track record of the charged officer.

(c) The quantum of loss, suffered by the organisation or the concomitant benefit conferred on an individual party.

It should also be ensured that the punishment so imposed is not academic or ineffective; for example, there is no point in imposing a penalty of withholding of an increment, if the CO has already been drawing pay at the maximum of the pay scale. Similarly, there is no point in imposing a penalty of withholding of promotion for a specified period if the officer is not due for promotion.

12.10.2 In cases where a Group B or Group C officer has retired during the pendency of disciplinary proceedings, the disciplinary authority is required to send a report to the President where a penalty of cut in pension is required to be levied. Such references will be made to the DGIT(Vig) through the concerned DIT(Vig).

12.11 Consultation with UPSC

In cases of Group A officers as well as retired officers of any grade, where a penalty under CCS(Pension) Rules is to be levied, reference to UPSC is mandatory. While making such proposals all the original

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documents along with the tentative decision of the disciplinary authority is required to be forwarded to UPSC. These references are to be made in a prescribed proforma which has to be signed by the Jt. Secretary (Admn) in the CBDT. Such references for the time being are being processed in the Directorate General of Income-tax (Vig). The necessary details such as service particulars and ACR Dossiers of the Officers are to be provided by the concerned Chief Commissioners.

12.12 Final Decision of the Disciplinary Authority and Issue of Penalty Order

12.12.1 After the receipt of the UPSC's advice the matter is to be processed in the Directorate General of Income-tax (Vig) In the cases where the advice of the UPSC is not found acceptable, the matter is required to be referred back to that body for reconsideration. In cases where even the reconsidered advice of the UPSC is not acceptable or the advice of UPSC is not in agreement with the advice of the CVC, a reference is required to be made to the DOPT for resolving the matter. Such references are to be made with the approval of the Finance Minister. In cases where the advice of the UPSC is acceptable the matter is required to be put up to the disciplinary authority (i.e. the President) for taking a final decision on the quantum of punishment or exoneration, as the case may be. In cases where advice of UPSC is not acceptable the matter is again required to be put to the disciplinary authority (i.e. the President) for final decision after taking into account the views of the DOPT.

12.12.2 In cases relating to Group 'B' officers and NGOs, where consultation with UPSC is not required, the disciplinary authority, in exercise of his quasi-judicial powers, may issue an order imposing a major or a minor penalty on the CO; or exonerate him of the charges, if in his opinion, none of the charges has been proved or what has been proved, is non-actionable. The final order passed by the disciplinary authority should be a well-reasoned speaking order.

13. Minor Penalty Proceedings

13.1 The procedure for imposing a minor penalty is much simpler than that for imposing a major penalty. For the imposition of the former, the disciplinary authority is only required to serve a Memorandum on the concerned employee, enclosing therewith a statement of imputations of misconduct or mis behavior and asking for a reply within a specified period, generally 10 days. On receipt of the written statement of defence, if the disciplinary authority is satisfied that the misconduct imputed to the CO has not been established, he may, through a written order, drop the charges. On the other hand, if the disciplinary authority considers the CO guilty of the misconduct in question, he may impose one of the minor penalties. The disciplinary authority in his discretion, may also decide to conduct an inquiry following the same procedure as stipulated for the imposition of a major penalty, if in his opinion, holding of an inquiry is necessary to come to a definite conclusion about the guilt or innocence of the CO or if the employee requests for the same and such request is considered reasonable. Where the lapse is minor or procedural in nature and has not resulted in damage or loss to the organisation or any benefit to an individual/party, minor penalty proceedings may suffice.

13.2 In cases, where minor penalty proceedings were instituted against an employee on the advice of the Commission, the Commission need not be consulted at the second stage if the disciplinary authority, after considering the representation of the charged officer, proposes only to impose the same. But in cases where the disciplinary authority proposes to drop the charges, or an inquiry has been conducted, second stage consultation with the Commission is necessary.

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13.3 The rest of the procedure for levy of a minor penalty - namely, consultation with the UPSC, issue of the final penalty order etc. is same as in the case of major penalty proceedings. (Paras 10.10 to 10.12 refer)

14. The following tables give the schedules of time limit for conducting investigation and departmental inquiries:

14.1 Schedule of Time Limits for Conducting Investigations and Departmental Inquiries

S. No.	State of Investigation or Inquiry	Time Limit
1.	Decision as to whether the complaint involves a vigilance angle.	One month from receipt of the complaint.
2.	Decision on complaint, Whether to be filed or to be entrusted to CBI or to be taken up for investigation by departmental agency or to be sent to the concerned administrative authority for necessary action.	
3.	Conducting investigation and submission of report	Three months.
4.	Department's comments on the CBI reports in cases requiring Commission's advice	One month from the date of receipt of CBI's report by the DA.
5.	Referring departmental investigation reports to the Commission for advice	One month from the date of receipt of investigation report
6.	Reconsideration of the Commission's advice, if required	One month from the date of receipt of Commission's advice
7.	Issue of charge sheet, if required	(i) One month from the date of receipt of Commission's advice (ii) Two months from the date of receipt of investigation report.
8.	Time for submission of defence statement	Ordinarily ten days
9.	Consideration of defence statement	15 (Fifteen) days
10.	Issue of final orders in minor penalty cases	Two months from the receipt of defence statement
11.	Appointment of IO/PO in major penalty cases	Immediately after receipt and consideration of defence statements
12.	Conducting departmental inquiry and submission of report	Six months from the date of appointment of IO/PO
13.	Sending a copy of the IO's report to the CO for his representation	(i) Within 15 days of receipt of IO's report, if any, of the Articles of Charge has been held as proved. (ii) 15 days if all charges held as not proved. Reasons for disagreement with IO's findings to be communicated.
14.	Consideration of IO's representation and forwarding IO's report to the Commission for second stage advice	One month from the date of receipt of representation
15.	Issuance of orders on the Inquiry report	(i) One month from the date of Commission advice (ii) Two months from the date of receipt of IO's report if Commission's advice was not required.

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14.2 However, if the misconduct is very serious or fraudulent in nature and may also result in the prosecution of the officer concerned, some of the time limits indicated above would need to be modified. This would obviously be to ensure that the departmental inquiry is completed expeditiously within four months of its institution:

S. No.	Item	Time Limit
1.	Issue of charge sheet	15 days from the date of the Commission's advice or one month from the date of receipt of Investigation report
2.	Time for submission of Defence Statement	Ten Days
3.	Consideration of Defence statement	One week
4.	Appointment of IO/PO in major penalty cases	Immediately after receipt of consideration of defence statement
5.	Conduct of departmental inquiry and submission of report	Two months from the date of appointment of IO/PO
6.	Sending of a Copy of the IO's report to the CO for his representation	(i) Within one week of receipt of IO's report if any article of charge has been held as 'Proved' (ii) 15 days if the charges are held as "Not proved" (Reasons for disagreement of IO's findings to be communicated).
7.	Consideration of CO's representation and forwarding IO's report to the Commission for forwarding second-stage advice	15 days from the date of receipt of representation
8.	Issuance of orders on inquiry report	Within one month from the date of receipt of IO's report

14.3 On receipt of the articles of charge, the Government servant is required to submit his written statement of defence either admitting or denying the charge and also state whether he desires to be heard in person, within a period of fifteen days. The period may be further extended for a period not exceeding fifteen days at a time for reasons to be recorded in writing by the Disciplinary Authority or any other Authority authorised by the Disciplinary Authority on his behalf. However, the extension of time for filing written statement of defence cannot exceed forty-five days from the date of receipt of articles of charge as per Rule 14(4) of CCS (CCA) Rules, 1965.

14.4 By amendment of CCS (CCA) Rules, 1965, sub-rule (24) to rule 14 has been inserted which mandates the Inquiring Authority to conclude the inquiry and submit his report within a period of six months from the date of receipt of order of his appointment as Inquiring Authority. Where it is not possible, the Inquiring Authority is required to record the reasons and seek extension of time from the disciplinary authority. The extension for a period not exceeding six months at a time may be allowed by the Disciplinary Authority or any other Authority authorised by the Disciplinary Authority on his behalf.

14.5 DoPT OM No. 372/3/2007-AVD-III (Vol. 10) dated 14/10/2013 directs that once a regular hearing in a departmental proceeding is started, such hearing should, as far as practicable, be continued on a day to day basis, unless in the opinion of the IO, for the reasons to be recorded in writing, an adjournment is unavoidable in the interest of justice.

15. Appeal, Revision and Review

15.1 A government servant including a person who has ceased to be in government service, may file an appeal against the order of the disciplinary authority, in case he is not satisfied with the decision of that authority. The appellate authorities are specified under the rules. Where no such authority is specified, such as in the case of Group B Officers, the appeal shall lie to the appointing authority, if the order appealed against is made by an authority subordinate to it, it will lie to the President where such order is made by any other authority. An appeal from a group C or Group D official will lie to the authority to which the authority making the order appealed against is immediately subordinate.

15.2 If, after the appellate authority has decided the matter the government servant is still aggrieved, he may seek redressal through the revising authority. The power of revision is vested with the President, the Head of a Department, the relevant appellate authority or any other authority specified in this behalf. No time limit has been prescribed for revision, except in the case of the appellate authority, where the revised order has to be passed within six months of the date of the order proposed to be revised. This power can be invoked regardless of whether an appeal/revision petition has been submitted to such authority or not. No proceedings for revision should be commenced until after the expiry of the period of limitation of appeal or, the disposal of the appeal, where any such appeal has been preferred. An application for revision should be dealt with in the same manner as if it were an appeal under the Rules. However, an order passed by President cannot be revised u/r 29 of CCS (CCA) Rules, 1965.

15.3 The President has power to review any order passed earlier, including an order passed in revision, when any new fact or material which has the effect of changing the nature of the case, comes to his notice.

15.4 If in appeal, revision or review, the appellate/revising/reviewing authority proposes to modify the original order of punishment, the Commission's advice would not be necessary where such modification remains within the parameters of the Central Vigilance Commission's original advice. For example, if on the Commission's advice for imposition of a major penalty, the appellate, or reviewing authority proposes to modify the original penalty imposing such a penalty with another major penalty, the Commission's advice at the appeal/review stage would not be necessary. On the other hand, in the instant case, if the modified penalty is not a major penalty, the Commission's advice would be necessary.

15.5 Where the Commission has not advised a specific penalty, the CVO shall scrutinize the final orders passed by the disciplinary authority and ascertain whether the penalty is commensurate with the nature and gravity of the lapses. If the punishment imposed is inadequate or inappropriate, he may recommend a modification thereof to the reviewing authority. On satisfying himself that a case for review exists, the latter may thereafter, assume jurisdiction over the case as provided for under the rules.

16. Suspension

Provision under CCS(CCA) Rules

(a) The appointing authority or any authority to which it is subordinate or the disciplinary authority or any other authority empowered in that behalf by the President, by general or special order, may place a Government servant under suspension:

(i) where a disciplinary proceeding against him is contemplated or is pending; or

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(ii) where, in the opinion of the authority aforesaid, he has engaged himself in activities prejudicial to the interest of the security of the State; or

(iii) where a case against him in respect of any criminal offence is under investigation, inquiry or trial.

(b) A Government servant shall be deemed to have been placed under suspension by an order of appointing authority:

(i) with effect from the date of his detention, if he is detained in custody, whether on a criminal charge or otherwise, for a period exceeding forty-eight hours.

(ii) with effect from the date of his conviction, if, in the event of a conviction for an offence, he is sentenced to a term of imprisonment exceeding forty-eight hours and is not forthwith dismissed or removed or compulsorily retired consequent to such conviction.

Explanation: The period of forty-eight hours referred to in Clause (b) of this sub-rule shall be computed from the commencement of the imprisonment after the conviction and for this purpose, intermittent periods of imprisonment, if any, shall be taken into account.

(c) Where a penalty of dismissal, removal or compulsory retirement from service imposed upon a Government servant under suspension is set aside in appeal or on review under these rules and the case is remitted for further inquiry or action or with any other directions, the order of his suspension shall be deemed to have continued in force on and from the date of the original order of dismissal, removal or compulsory retirement and shall remain in force until further orders.

(d) Where a penalty of dismissal, removal or compulsory retirement from service imposed upon a Government servant is set aside or declared or rendered void in consequence of or by a decision of a Court of Law and the disciplinary authority, on a consideration of the circumstances of the case, decides to hold a further inquiry against him on the allegations on which the penalty of dismissal, removal or compulsory retirement was originally imposed, the Government servant shall be deemed to have been placed under suspension by the Appointing Authority from the date of the original order of dismissal, removal or compulsory retirement and shall continue to remain under suspension until further orders:

Provided that no such further inquiry shall be ordered unless it is intended to meet a situation where the Court has passed an order purely on technical grounds without going into the merits of the case.

(e) (i) Subject to the provisions contained in sub-rule (7), an order of suspension made or deemed to have been made under this rule shall continue to remain in force until it is modified or revoked by the authority competent to do so.

(ii) Where a Government servant is suspended or is deemed to have been suspended (whether in connection with any disciplinary proceeding or otherwise), and any other disciplinary proceeding is commenced against him during the continuance of that suspension, the authority competent to place him under suspension may, for reasons to be recorded by him in writing, direct that the Government servant shall continue to be under suspension until the termination of all or any of such proceedings.

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(iii) An order of suspension made or deemed to have been made under this rule may at any time be modified or revoked by the authority which made or is deemed to have made the order or by any authority to which that authority is subordinate.

(f) An order of suspension made or deemed to have been made under this rule shall be reviewed by the authority competent to modify or revoke the suspension, before expiry of ninety days from the effective date of suspension, on the recommendation of the Review Committee constituted for the purpose and pass orders either extending or revoking the suspension. Subsequent reviews shall be made before expiry of the extended period of suspension. Extension of suspension shall not be for a period exceeding one hundred and eighty days at a time.

(g) An order of suspension made or deemed to have been made under sub-rules (1) or (2) of this rule shall not be valid after a period of ninety days unless it is extended after review, for a further period before the expiry of ninety days:

Provided that no such review of suspension shall be necessary in the case of deemed suspension under sub-rule (2), if the Government servant continues to be under suspension at the time of completion of ninety days of suspension and the ninety days period in such case will count from the date the Government servant detained in custody is released from detention or the date on which the fact of his release from detention is intimated to his appointing authority, whichever is later."

17. Some Important Government of India's Decisions

(1) Report of Arrest to Superiors by Government Servants

It shall be the duty of the Government servant who may be arrested for any reason to intimate the fact of his arrest and the circumstances connected therewith to his official superior promptly even though he might have subsequently been released on bail. On receipt of the information from the person concerned or from any other source the departmental authorities should decide whether the fact and circumstances leading to the arrest of the person call for his suspension. Failure on the part of any Government servant to so inform his official superiors will be regarded as suppression of material information and will render him liable to disciplinary action on this ground alone, apart from the action that may be called for on the outcome of the police case against him.

(MHA letter No. 39/59/54-Est.(A) dated the 25/02/1955).

(2) Headquarters of Government Servant under Suspension

A question recently arose whether an authority competent to order the suspension of an official has the power to prescribe his headquarters during the period of suspension. The matter has been examined at length in this Ministry and the conclusions reached are stated in the following paragraphs.

An officer under suspension is regarded as subject to all other conditions of service applicable generally to Government servants and cannot leave the station without prior permission. As such, the headquarters of a Government servant should normally be assumed to be his last place of duty. However, where an individual under suspension requests for a change of headquarters, there is no objection to a competent authority changing the headquarters if it is satisfied that such a course will not put Government to any extra expenditure like grant of TA etc. or other complications.

(M.H.A. O.M. No. 39/5/56-Ests. (A) dated the 08/09/1956).

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(3) Circumstances Under Which a Government Servant may be Placed under Suspension

Recommendation No. 61, contained in paragraph 8.5 of the report of the Committee on Prevention of Corruption, has been carefully considered in the light of the comments received from the Ministries. It has been decided that public interest should be guiding factor in deciding to place a Government servant under suspension, and the disciplinary authority, should have discretion to decide this taking all factors into account. However, the following circumstances are indicated in which a Disciplinary Authority may consider it appropriate to place a Government servant under suspension. These are only intended for guidance and should not be taken as mandatory:

(a) Cases where continuance in office of the Government servant will prejudice the investigation, trial or any inquiry (e.g. apprehended tampering with witnesses or documents).

(b) Where the continuance in office of the Government servant is likely to seriously subvert discipline in the office in which the public servant is working.

(c) Where the continuance in office of the Government servant will be against the wider public interest (other than those covered by (1) and (2)) such as there is public scandal and it is necessary to place the Government servant under suspension to demonstrate the policy of the Government to deal strictly with officers involved in such scandals, particularly corruption.

(d) Where allegations have been made against the Government servant and preliminary inquiry has revealed that a *prima facie* case is made out which would justify his prosecution or is being proceeded against in departmental proceedings, and where the proceedings are likely to end in his conviction and/or dismissal, removal or compulsory retirement from service.

Note:

1. In the first three circumstances the disciplinary authority may exercise his discretion to place a Government servant under suspension even when the case is under investigation and before a *prima facie* case has been established.
2. Certain types of misdemeanor where suspension may be desirable in the four circumstances mentioned are indicated below:

   (a) any offence or conduct involving moral turpitude.

   (b) corruption, embezzlement or misappropriation of Government money, possession of disproportionate assets, misuse of official powers for personal gain.

   (c) serious negligence and dereliction of duty resulting in considerable loss to Government.

   (d) desertion of duty.

   (e) refusal or deliberate failure to carry out written orders of superior officers.

In respect of the types of misdemeanor specified in sub Clauses (iii) and (v) discretion has to be exercised with care.

(MHA OM No. 43/56/64-AVD dated the 22nd October, 1964).

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(4) Forwarding of Application of Government Servants Involved in Disciplinary Proceedings

A case has come to the notice of this Ministry in which the application of a Government servant against whom departmental proceedings were pending was forwarded for an assignment under an international organisation. The propriety of such an action has been considered carefully and the following decisions have been taken:

(a) Cases of Government servants who are under suspension or against whom departmental proceedings are pending:

Applications of such Government servants should not be forwarded, nor should they be released, for any assignment, scholarship, fellowship, training, etc. under an international agency/ organisation or a foreign Government. Such Government servants should also not be sent or allowed to go on deputation or foreign service to posts under an authority in India.

(b) Cases of Government servants on whom the penalty of withholding of increments or reduction to a lower stage in a time-scale or to a lower time scale or to a lower service, grade or post has been imposed:

Applications of such Government servant should not be forwarded, nor should they be released during the currency of the penalty, for any assignment under international agency/organisation or a foreign Government. Such Government servants should also not be sent or allowed to go, during the currency of the penalty, on deputation or foreign service to posts under an authority in India. Even after the expiry of the penalty, it will have to be examined, having regard to the nature of the offence and the proximity of its occurrence, whether the Government servant concerned should be permitted to go on foreign assignment/deputation to another Department/foreign service to an authority in India.

(MHA OM No. 39/17/63-Ests. (A) dated the 6th September, 1968).

(4A) Forwarding of Applications for Other Posts – Principles Regarding

(a) The question regulating the forwarding of applications to the Ministries/Departments/other Government offices or to the UPSC from candidates serving under the Government has been reviewed.

(b) It has been decided to consolidate the instructions on the subject. Therefore, the following instructions in supersession of the instructions contained in this Department's OMs No. 11012/10/75-Estt. (A) dated 18/10/1975 and No. 42015/4/78-Estt. (C) dated 01/01/1979 are issued for guidance of all the Administrative Authorities.

(c) Application of a Government servant for appointment, whether by Direct Recruitment, transfer on deputation or transfer, to any other post should not be considered/forwarded if:

(i) He is under suspension; or

(ii) Disciplinary proceedings are pending against him and a charge sheet has been issued; or

(iii) Sanction for prosecution, where necessary has been accorded by the competent authority; or

(iv) where a prosecution sanction is not necessary, a charge sheet has been filed in a court of law against him for criminal prosecution.

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(d) When the conduct of a Government Servant is under investigation (by the CBI or by the controlling Department) but the investigation has not reached the stage of issue of charge sheet or prosecution sanction or filing of charge-sheet for criminal prosecution in a court, the application of such a Government servant may be forwarded together with brief comments on the nature of allegations and it should also be made clear that in the event of actual selection of the Government servant, he would not be released for taking up the appointment, if by that time charge sheet for imposition of penalty under CCS (CCA) Rules, 1965 or sanction for prosecution is issued or a charge sheet is filed in a court to prosecute the Government Servant, or he is placed under suspension.

(e) Where Government servants apply directly to UPSC as in the case of direct recruitment, they must immediately inform the Head of their office/Department giving details of the examination/ post for which they have applied, requesting him to communicate his permission to the Commission directly. If, however, the Head of the Office/Department considers it necessary to withhold the requisite permission, he should inform the Commission accordingly within 45 days of the date of closing for receipt of applications. In case any situation mentioned in para 3 is obtaining, the requisite permission should not be granted and UPSC should be immediately informed accordingly. In case a situation mentioned in para 4 is obtaining, action may be taken to inform UPSC of this fact as also the nature of allegations against the Government servant. It should also be made clear that in the event of actual selection of Government servant, he would not be relieved for taking up the appointment, if the charge sheet/prosecution sanction is issued or a charge sheet is filed in a court for criminal prosecution, or if the Government servant is placed under suspension.

(f) The administrative Ministries/Departments of the Government of India may also note that, in case of Direct Recruitment by selection *viz.*, "Selection by Interview" it is the responsibility of the requisitioning Ministry/ Department to bring to the notice of the Commission any point regarding unsuitability of the candidate (Government servant) from the vigilance angle and that the appropriate stage for doing so would be the consultation at the time of preliminary scrutiny i.e. when the case is referred by the Commission to the Ministry/Departments for the comments of the Ministry's Representatives on the provisional selection of the candidates for interview by the Commission.

(Deptt. of Personnel & Training OM No. AB14017/101/91-Estt. (RR) dated 14th May, 1993)

(5) Reasons for Suspension to be Communicated on Expiry of Three Months Period if no Charge-sheet is Issued.

Under Rule 10 (1) of the CCS (CCA) Rules, 1965, the competent authority may place a Government servant under suspension:

(a) Where a disciplinary proceeding against him is contemplated or is pending; or

(b) Where, in the opinion of the authority aforesaid, he has engaged himself in activities prejudicial to the interests of security of the State; or

(c) Where a case against him in respect of any criminal offence is under investigation, inquiry or trial.

The Government servant is also deemed to have been placed under suspension by an order of the competent authority in the circumstances mentioned in rule 10(2) of the aforesaid rules.

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(a) Where a Government servant is placed under suspension, he has a right of appeal against the order of suspension vide Rule 23(i) of the CCS (CCA) Rules, 1965. This would imply that a Government servant who is placed under suspension should generally know the reasons leading to his suspension so that he may be able to make an appeal against it. Where a Government servant is placed under suspension on the ground that a disciplinary proceeding against him is pending or a case against him in respect of any criminal offence is under investigation, inquiry or trial, the order placing him under suspension would itself contain a mention in this regard and he would, therefore, be aware of the reasons leading to his suspension.

(b) Where a Government servant is placed under suspension on the ground of "contemplated" disciplinary proceeding, the existing instructions provide that every effort would be made to finalize the charges, against the Government servant within three months of the date of suspension. If these instructions are strictly adhered to, a Government servant who is placed under suspension on the ground of contemplated disciplinary proceedings will become aware of the reasons for his suspension without much loss of time. However, there may be some cases in which it may not be possible for some reason or the other to issue a charge sheet within three months from the date of suspension. In such cases, the reasons for suspension should be communicated to the Government servant concerned immediately on the expiry of the aforesaid time-limit prescribed for the issue of a charge sheet, so that he may be in a position to effectively exercise the right of appeal available to him under Rule 23(i) of the CCS (CCA) Rules, 1965, if he so desires. Where the reasons for suspension are communicated on the expiry of a time-limit prescribed for the issue of charge sheet, the time-limit of forty five days for submission of appeal should be counted from the date on which the reasons for suspension are communicated.

(c) The decision contained in the preceding paragraph will not, however, apply to cases where a Government servant is placed under suspension on the ground that he has engaged himself in activities prejudicial to the interests of the security of the State.

(Deptt. of Personnel & A.R. O.M. No. 35014/1/81-Estt.(A) dated the 9th November, 1982).

(6) Timely Payment of Subsistence Allowance

In the case of Ghanshyam Das Srivastava *vs*. State of Madhya Pradesh (AIR 1973 SC 1183), the Supreme Court had observed that where a Government servant under suspension pleaded his inability to attend the inquiry on account of financial stringency caused by the non-payment of subsistence allowance to him the proceedings conducted against him *exparte* would be in violation of the provisions of Article 311(2) of the Constitution as the person concerned did not receive a reasonable opportunity of defending himself in the disciplinary proceedings.

(a) In the light of the judgment mentioned above, it may be impressed on all authorities concerned that they should make timely payment of subsistence allowance to Government servants who are placed under suspension so that they may not be put to financial difficulties. It may be noted that, by its very nature, subsistence allowance is meant for the subsistence of a suspended Government servant and his family during the period he is not allowed to perform any duty and thereby earn a salary. Keeping this in view, all concerned authorities should take prompt steps to ensure that after a Government servant is placed under suspension, he received subsistence allowance without delay.

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(b) The judgment of the Supreme Court referred to in para 1 above indicates that in that case, the disciplinary authority proceeded with the enquiry ex-parte notwithstanding the fact that the Government servant concerned had specifically pleaded his inability to attend the enquiry on account of financial difficulties caused by non-payment of subsistence allowance. The Court had held that holding the enquiry ex-parte under such circumstances, would be violative of Article 311(2) of the Constitution on account of denial of reasonable opportunity of defence. This point may also be kept in view by all authorities concerned, before invoking the provisions of rule 14(20) of the CCS (CCA) Rules, 1965.

(Cabinet sect. (Department of Personnel & Administrative Reforms) OM No. 11012/10/76-Estt. (A) dated 6th October, 1976).

As mentioned in the OM dated 6th October, 1976 referred to above, the Supreme Court have held that if a Government servant under suspension pleads his inability to attend the disciplinary proceedings on account of non-payment of subsistence allowance, the enquiry conducted against him, ex-parte, could be construed as denial of reasonable opportunity of defending himself. It may, therefore, once again be impressed upon all authorities concerned that after a Government servant is placed under suspension, prompt steps should be taken to ensure that immediate action is taken under FR 53, for payment of subsistence allowance and the Government servant concerned receives payment of subsistence allowance without delay and regularly subject to the Fulfilment of the condition laid down in FR 53. In cases where recourse to ex-parte proceedings becomes necessary, if should be checked up and confirmed that the Government servant's inability to attend the enquiry is not because of non-payment of subsistence allowance.

(Deptt. of Personnel & Training, OM No. 11012/17/85-Estt.(A) dated the 28th October, 1985).

(7) Erroneous Detention or Detention Without Basis

(a) One of the items considered by the National Council (JCM) in its meeting held in January, 1977 was a proposal of the Staff Side that a Government servant who was deemed to have been placed under suspension on account of his detention or on account of criminal proceedings against him should be paid full pay and allowances for the period of suspension if he has been discharged from detention or has been acquitted by a Court.

(b) During the discussion, it was clarified to the Staff Side that the mere fact that a Government servant who was deemed to have been under suspension, due to detention or on account of criminal proceedings against him, has been discharged from detention without prosecution or has been acquitted by a Court would not make him eligible for full pay and allowances because often the acquittal may be on technical grounds but the suspension might be fully justified. The Staff Side were, however, informed that if a Government servant was detained in police custody erroneously or without any basis and thereafter, he is released without any prosecution, in such cases the official would be eligible for full pay and allowances.

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Annexure-I

Proforma

CVO-1

CVO Register 1 of complaints to be maintained in separate columns for category A and Category B employees.

1	2	3	4	5	6	7	8
A. No.	Source of Complaint (See N.B.1)	Date of receipt	Name and designation of officers(s) complained against	Reference to file No.	Action taken (See N.B.2)	Date of action	Remarks (See N.B.3)

N.B.

1. A Complaint includes all types of information containing allegations of misconduct against public servants, including petitions from aggrieved parties, information passed on to the CVO by CVC, and CBI, press reports, findings inspection reports, audit paras, PAC reports, etc. In the case of petitions the name and address of the complainants should be mentioned in Col. 2 and 1 and in other cases, the sources as clarified above should be mentioned.
2. Action taken will be of the following types: (a) filed without enquiry (b) Filed after enquiry (c) Passed on to other Sections as having no vigilance angle(c) Taken up for investigation by Departmental vigilance agency.
3. Remarks Column should mention (a) and (b).
   - (a) If there were previous cases/ complaints against the same officer, the facts should be mentioned in the "Remarks" column.
   - (b) Date of charge-sheet issued, wherever necessary.

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Annexure-II

(Extracts from *Central Secretariat Manual of Office Procedure,* 14th Edition, May 2015)

37. Correspondence with Members of Parliament and VIPs

(a) Communications received from Members of Parliament and VIPs should be attended to promptly.

(b) Where a communication is addressed to a Minister, it shall, as far as possible, be replied to by the Minister himself. In other cases, a reply should normally be signed by an officer of the rank of Secretary only.

(c) Where, however, a communication is addressed to the head of an attached or subordinate office, Public Sector Undertakings, Financial Institutions (including nationalized banks) Division/ Branch In charge in a Ministry/ Department/Organisation, shall be replied to by the addressee himself. In routine matters, he may send an appropriate reply on his own. In policy matters, however, the officer should have prior consultation with higher authorities before sending a reply. It should, however, be ensured that the minimum level at which such replies are sent to Members of Parliament and VIPs is that of Under Secretary and that also in letter form only.

(d) Normally information sought by a Member/ VIP should be supplied unless it is of such a nature that it would have been denied to him even if asked for on the floor of the Houses of Parliament.

(e) In case, a reference from an ex-Member of Parliament is addressed to a Minister or Secretary, reply to such reference may be sent by a Joint Secretary level officer after obtaining approval of the Secretary of the Ministry/ Department. In case the reference is addressed to a lower level officer, reply to such reference could be sent by the officer on his own in non-policy cases and after obtaining approval of the higher authorities in policy cases. However, the minimum level at which reply could be sent should be that of an Under Secretary and that too in a polite letter form only.

(f) Each communication received from a Member of Parliament/ VIP, shall be acknowledged within 15 days, followed by a reply within the next 15 days of acknowledgement sent.

(g) Appropriate record shall be maintained in respect of communications received from Members of Parliament and VIPs and monitored by all concerned. A similar procedure may also be followed for judicial/ quasi-judicial matters.

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CHECKS ON DELAYS

60. Timely Disposal of Receipts and Monitoring of Parliamentary Assurances, Parliament Questions, Applications Under RTI Act, 2005, MP/ VIP References, CAT/ Court Cases, etc.

Time Limits will be fixed for disposal of as many types of cases as possible handled in the Department through Departmental instructions. As a general rule, no official shall keep a case pending for more than 7 working days unless higher limits have been prescribed for specific types of cases through Departmental instructions. In case of a case remaining with an official for more than the stipulated time limit, an explanation for keeping it pending shall be recorded on the note portion by him. The system of exception reporting will be introduced to monitor the disposal of receipts. For timely disposal and monitoring of Parliament Assurances, Parliament Questions, Applications under RTI Act, 2005, MP/VIP References, Judicial/ quasi-judicial, etc. each Department shall maintain separate records of such cases. E-Governance methods, suiting to the requirements, should also be adopted for monitoring and tracking of Government work.

DISCLAIMER

1. Chapter 13 of Manual of Office Procedure is intended only for reference and it cannot be a substitute for rules, orders, etc. of various authorities.
2. The contents of the chapter has been drawn from CCS (Conduct) Rules, CCS CCA rules and Vigilance Manual 2017.
3. No responsibility is taken for accuracy and completeness of third party Circulars/ Citations, etc. referred in the Chapter.
4. The Hyperlinks to third party websites that have been included in this Chapter Manual are provided for convenience only. The Vigilance Directorate is not responsible for the contents or reliability of the hyperlinked websites and does not necessarily endorse the view expressed within them or guarantee the availability of such linked pages at all times.

14

Training

1. National Training Policy

1.1 The Ministry of Personnel, Public Grievances and Pensions has formulated a National Training Policy, 2012 which lays down guidelines for the training needs of the employees of various Ministries/Departments. Based on this Policy, the various Ministries/Departments lay down the necessary guidelines and framework for their training needs, taking into account their specific requirements.

1.2 The National Training Policy, 2012 acknowledges that in order to transform the civil service, it is imperative to move to a Human Resource Management System, which Recognises the individual as a vital resource and aims to value, motivate, develop and enable him/ her to achieve the mission and objectives of the Ministry/ Department/ Organisation. Within this transformational process, it is essential to match competencies of the individuals to the jobs they have to do, and bridge competency gaps for current and future roles through training.

Accordingly, all civil servants should receive induction training at the time of entry into service as well as in-service training at suitable intervals during their career.

2. Training Setup within the Income-tax Department

2.1 In line with the National Training Policy, the organisational setup of the training in the Income-tax Department is as follows:

2.1.1 National Academy of Direct Taxes (NADT).

2.1.2 Direct Taxes Regional Training Institutes (DTRTIs).

2.1.3 Ministerial Staff Training Units (MSTUs).

2.1.1 National Academy of Direct Taxes (NADT)

NADT at Nagpur (henceforth referred to as the "Academy") conducts the Induction courses for the IRS probationers of the Indian Revenue Service (IRS) along with Orientation Courses for the Newly Promoted Assistant Commissioners of Income-tax (ACsIT).

The Academy also conducts various specialized courses on contemporary topics as per the training needs of the officers in the Department such as (a) Seminars on Soft Skills, Gender sensitization, Grievance Redressal and Rajbhasha (b) ITBA and HRMS, and Digital Forensics, (c) Other Specialized Training programmes including OECD training courses, programmes on Digital Forensics, Management Development programmes etc.

2.1.2 Direct Taxes Regional Training Institutes (DTRTIs)

Post the Cadre Restructuring of the Department in 2014, there are now ten DTRTIs located at Ahmedabad, Bengaluru, Bhopal, Chennai, Chandigarh, Delhi, Lucknow, Kolkata, Mumbai and Hazaribagh. These institutes conduct courses for participants at the level of Income-tax Inspectors (ITIs) and above.

2.1.3 Ministerial Staff Training Units (MSTUs)

MSTUs function under the various DTRTIs and conduct courses for the Ministerial Staff and Group 'C' officials below the rank of Inspectors of Income-tax. Total 45 MSTUs are operational currently.

The MSTUs have been placed under administrative control of the Academy vide Gazette Notification dated 10/11/2017.

The list of DTRTIs and MSTUs and the Pr. CCIT/ CCIT Region catered to by them is tabled below

Sr. No.	Supervisory DTRTI	Pr. CCIT/ CCIT Region	MSTU
1.	DTRTI Ahmedabad	1. Pr. CCIT, Gujarat 2. CCIT, Baroda 3. CCIT, Rajkot 4. CCIT, Surat	Ahmedabad Baroda Rajkot Surat
		1. Pr. CCIT, Rajasthan 2. CCIT, Jodhpur 3. CCIT, Udaipur	Jaipur Jodhpur Udaipur
2.	DTRTI, Bengaluru	1. Pr. CCIT Karnataka & Goa 2. CCIT, Panaji	Bengaluru Panaji
		1. Pr. CCIT, Andhra Pradesh &Telangan 2. CCIT, Vizag	Hyderabad Vizag
3.	DTRTI, Chandigarh	1. Pr. CCIT, North West Region 2. CCIT, Shimla 3. CCIT, Amritsar 4. CCIT, Ludhiana 5. CCIT, Panchkula	Chandigarh Shimla Amritsar Ludhiana Panchkula
4.	DTRTI, Delhi	1. Pr. CCIT, Delhi	Delhi
5.	DTRTI, Chennai	1. Pr. CCIT, Tamil Nadu 2. CCIT, Coimbatore 3. CCIT, Madurai 4. CCIT, Trichy	Chennai Coimbatore Madurai Trichy
		1. Pr. CCIT Kerala 2. CCIT, Trivandrum	Kochi Trivandrum
6.	DTRTI, Kolkata	1. Pr. CCIT, West Bengal & Sikkim	Kolkata
		1. Pr. CCIT, North East Region 2. CCIT, Shillong	Guwahati Shillong
		1. Pr. CCIT, Odisha	Puri
7.	DTRTI, Hazaribagh	1. Pr. CCIT, Bihar & Jharkahand 2. CCIT, Ranchi	Patna Hazaribagh

Table (Contd.)...

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...Table (Contd.)

8.	DTRTI, Lucknow	1. Pr. CCIT, Uttar Pradesh (West) & Uttarakhand 2. CCIT, Dehradun 3. CCIT, Ghaziabad	Kanpur Dehradun Ghaziabad
		1. Pr. CCIT, Uttar Pradesh (East) 2. CCIT, Bareilly 3. CCIT, Allahabad	Lucknow Bareilly Allahabad
9.	DTRTI, Bhopal	1. Pr. CCIT, Madya Pradesh & Chattisgarh 2. CCIT, Indore 3. CCIT, Raipur	Bhopal Indore Raipur
		1. Pr. CCIT, Nagpur	Napgur
10.	DTRTI, Mumbai	1. Pr. CCIT, Mumbai	Mumbai (3 Units)
		1. Pr. CCIT, Pune 2. CCIT, Nashik 3. CCIT, Thane	Pune Nashik Thane

3. Training Programmes in the Department

3.1 The various training programmes are designed so as to be relevant to duties and responsibilities of the different cadres within the Department. The courses are structured to incorporate the specific training needs of the officers/officials and are broadly classified as under:

3.1.1 Basic Courses

Courses conducted for Direct Recruits to a particular cadre, including:

(a) Induction course for the IRS probationers – NADT.

(b) Induction course for Direct Recruit Inspectors – DTRTI.

(c) Induction course for Direct Recruit Ministerial Staff/Group C staff (Below the rank of ITIs) conducted at MSTUs.

These courses provide an overview of the functioning of the Department, and an introduction to Taxation laws, other Allied Acts as well as administrative rules and procedures.

3.1.2 Orientation Courses

Courses for officers/officials promoted from one cadre to another, including:

(a) Income-tax Officer (ITOs) to ACsIT – NADT.

(b) Inspectors to ITOs – DTRTI.

(c) Other cadres to Inspectors – DTRTI.

(d) OS to AO – DTRTI.

(e) Steno to PS – DTRTI.

(f) Sr. TA to O.S. – MSTU.

(g) TA to Sr. TA – MSTU.

(h) MTS to TA – MSTU.

(i) MTS to NS – MSTU.

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These courses sensitize the participant trainees to their new role, giving them inputs for securing improved performance in the new job.

3.1.3 Refresher Courses

Courses for officers/officials having put in three to five years in a particular cadre, to update their knowledge of law and procedure, as well as introducing them to new techniques being adopted by the Department.

3.1.4 Specialized Courses

Courses dealing with specific subjects based on the requirements of the Department, covering fields including (a) Recent developments in management studies, (b) Advances in technical areas such as TDS, International Taxation and Transfer pricing (IT&TP), Investigation, Recovery and Collection etc, and (c) Specialized role-based Training (such as that given to DDOs) which includes PFMS, GeM, Bhavishya Portal etc.

4. Other Courses

4.1 The various other types of training courses in the Department are as under:

4.1.1 Training on Computer Skills and Applications

The Directorate General of Income-tax (Systems) organizes training on computers and the use of departmental software applications such as ITBA and HRMS, either directly in association with other agencies or in collaboration with NADT, DTRTIs and MSTUs.

Further, the Academy as well as the DTRTIs are equipped with Computer Labs for conducting courses related to the application of Information Technology in the Department. These include basic training on computers, training on Digital forensics and Data analysis, as well as departmental software applications such as ITBA and HRMS. For this purpose, state of the art Financial Investigation Training and Research Centre and Digital Forensic Training Centre have been made operational at NADT.

4.1.2 Training on Official Language

Training courses on the use of Official Language (Rajbhasha) in official work are conducted regularly by the Pr. Chief Commissioners of Income-tax (Pr. CCsIT) in their respective regions. In addition, the Official Language Implementation Cell of the Ministry of Home Affairs also conducts long-term/part-time training programmes on Hindi typing and shorthand for stenographers of Central Government departments including the Income-tax Department. Rajbhasha Karyashalas are also conducted on quarterly basis at NADT, DTRTIs and MSTUs.

4.1.3 Training Programmes Organized by External Organisations

Departmental personnel are also deputed to undergo training in specialised courses conducted by various other training organisations, such as LBSNAA Mussoorie, SVPNPA Hyderabad, as well as programmes conducted by the Department of Personnel and Training at various institutes situated all over the country. These courses cover fields as diverse as management, administration, fiscal studies, investigation and forensic science.

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4.1.4 Foreign Training

The Department nominates eligible officers for training programmes conducted abroad by various global bodies such as International Monetary Fund, World Bank, OECD etc. These programmes relate to topics such as taxation, fiscal studies, allied disciplines, management, public administration etc. OECD courses are also conducted at NADT.

5. Training Calendar and Nominations

5.1 An annual conference of the trainers is held at the NADT in the beginning of the calendar year where matters related to training are discussed.

The training calendar of NADT is prepared by NADT while training calendar for DTRTIs as well as the MSTUs is finalised by the respective DTRTI. The calendars are prepared based on the suggestions given by the field, feedback of the courses conducted earlier and the current Central Action Plan. The Pr. CCsIT may also request the DTRTIs/MSTUs to mount specific courses based on the requirement of the field formations.

The training calendar prepared by NADT is circulated to all the Regions, whereas the calendar of the DTRTIs and MSTUs is circulated to the Regions/Region from which the participants are to be nominated.

5.2 The training calendar contains inter alia the following details:

(a) Courses to be held during the year.

(b) Period and duration of the courses.

(c) Eligibility criteria for the courses.

5.3 Nominations

On receipt of intimation regarding the upcoming training programmes, the Pr. CCsIT nominate participants to attend different courses. Normally, the nominations should be made at least a month in advance of the commencement of the course to enable necessary arrangements to be made. This should be done to enable to nominated participant to plan his/her work in a manner that allows him/her to attend the training without disrupting regular duties. Further, it also enables the Training institute to make necessary pre-course preparations and allows the participants sufficient time to plan their travel and stay if the training is to be imparted at a place outside their headquarters.

5.4 Each Pr. CCsIT office should invariably maintain a database containing cadre-wise details of the departmental personnel with the training programmes that they have attended. The database should contain specific details of dates and the nature of programme attended. The roster should be meticulously followed to ensure that the same participants are not repeatedly nominated for different programmes. Adequate attention should be paid while finalizing nomination to ensure a good match between the subject of the training programme and the job profile of the nominated participant. This would optimize the accrual of training benefits to both the individual and the organisation. Other aspects to be kept in mind while nominating participants are:

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5.4.1 In case of Basic courses (for persons who are directly recruited to a cadre) and Orientation courses (for persons promoted from one cadre to another), it should be ensured that such training is imparted to the persons concerned within a year of their recruitment/promotion.

5.4.2 In case of a specialised course, the persons who are either working in the area or are likely to be appointed to a post where the training inputs could be made use of, should be nominated.

5.5 As the planning, preparation and conduct of training programmes calls for considerable effort and often involves coordination with external faculty, the nominating authorities should not normally accede to requests for cancellations. If for any unavoidable reason, the nomination of a participant is cancelled, substitution for a cancelled nomination should be done immediately by the Pr. CCsIT to avoid any under-utilization of training resources. If any nominated participant does not attend a training programme, strict action under the relevant rules should be taken against him by the respective disciplinary authority. To this end, as a matter of course, the absentee statements for each training programme conducted should be forwarded to the office of the concerned Pr. CCsIT by the training institute.

5.6 For training outside the Department, nominations are to be routed through the Pr. CCsIT/ DGIT (HRD)/ CBDT based on the criteria indicated in the letters of the various training institutes calling for nominations.

6. Conduct of Courses

6.1 For each course, one or more of the faculty members of the training institute functions as a Course Coordinator. The functions of the Course Coordinator, inter-alia, include:

(a) Course Structure and design.

(b) Identification of suitable faculty including guest faculty.

(c) Coordination with participants informing them of the details of the course, and also any pre-training preparation required from them.

(d) Coordination with guest faculty (including boarding and lodging).

(e) Any other logistical arrangements required for the smooth conduct of the programme.

(f) Obtaining feedback from participants at the end of the Course.

6.2 The suggestions for the improvement of the courses are taken note of for structuring of future programmes.

Often, the brainstorming and feedback during the training programmes may result in the participants identifying/highlighting issues on any particular topic which may require clarification. Such issues should be referred to the concerned authority such as CBDT/Directorates by the training institutes for necessary action.

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15 Public Relation and Grievance Redressal Mechanism

1. The Income-tax Department is committed to promote voluntary compliance with the direct tax laws through quality tax payer services. The Department is consistently striving for providing efficient services and assisting the tax payers to discharge their tax obligations. It aspires for continual improvement in its service delivery mechanism by upgrading the infrastructure and skill sets of its employees for ensuring the desired level of tax payer satisfaction.

The Competent Authority has accorded approval for setting up a dedicated structure for delivery and monitoring of tax payers services in the Central Board of Direct Taxes (CBDT) and its attached and subordinate offices. As per the above scheme, The Member (Revenue and Tax Payer Services), Central Board of Direct Taxes oversees the delivery and monitoring of taxpayer services and the Principal Director General of Income-tax (Administration and Tax Payer Services) is responsible for monitoring of Tax Payer Services in attached Directorates of CBDT as well as field offices of Income-tax Department and reports to Member (Revenue and Tax Payer Services), CBDT.

There are two separate Directorates for delivery and monitoring of tax payer services viz Directorate of Income-tax (Tax Payer Services-I) and Directorate of Income-tax (Tax Payer Services-II) headed by Additional Director General of Income-tax (TPS-I) and Additional Director General of Income-tax (TPS-II) respectively. These two Directorates report to the Principal Director General of Income-tax (Administration and Tax Payer Services).

1.1 The functions of the Directorate of Income-tax (Tax Payer Services-I) are as under:

(a) Oversee and Coordinate all matters relating to grievances/issues pertaining to tax payers falling within the jurisdiction of Assessing Officers across the country.

(b) Oversee and Coordinate all matters being dealt by Aayakar Seva Kendras.

(c) Devise an effective monitoring and reporting mechanism for Tax Payer Services in field offices.

(d) Coordinate with all the Commissioners of Income-tax (Admin & Tax Payer Services)/ Addl. Commissioner of Income-tax (Headquarters & Tax Payer Services) working under Pr. Chief Commissioners of Income-tax/ Chief Commissioners of Income-tax across the country and collate the monthly reports received from them and put-up a consolidated report to Member, (Revenue & Tax Payer Services) on a quarterly basis through Pr. DGIT (Administration and Tax Payer Services).

(e) Maintain effective co-ordination with Directorate of Income-tax (Tax Payer Services-II).

(f) Review & monitor the implementation of the Citizens' Charter.

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(g) Carry out research and surveys on taxpayer satisfaction.

(h) Monitor the Tax Return Preparer (TRP) Scheme.

(i) Any other function relating to delivery and monitoring of Tax Payer Services.

1.2 The functions of the Directorate of Income-tax (Tax Payer Services-II) are as under:

(a) Educate taxpayers in respect of E-services being provided to the taxpayers.

(b) Monitoring of CPGRAMS & pgportal (https://pgportal.gov.in/cpgoffice) on behalf of CBDT.

(c) Deal with grievances of taxpayers relating to matters such as processing of return of income, issue of refunds, demand verification; PAN, TAN, CPC-TDS related grievances.

(d) Coordinate with the Directorates under Pr. DGIT (Systems) including Centralized Processing Centre-ITR and Centralized Processing Centre-TDS to ensure delivery standards of e-enabled Tax Payer Services.

(e) Coordinate with Directorate of Systems regarding instructions for monitoring of grievances and setting of timeliness for various actions to be taken by the Directorate of Systems.

(f) Provide taxpayer feedback of Directorate of Systems for development of new methods of providing services to taxpayers through apps and mobile telephone, SMS alerts etc.

(g) Coordinate with Directorate of Systems for effective functioning of the National Call Centre of Department.

(h) Prepare monthly reports regarding E-services and grievances relating to E-services and put-up a consolidated report to Member (Revenue and Tax Payer Services) on a quarterly basis through Pr. DGIT (Administration and Tax Payer Services).

At the field level, Pr. Chief Commissioner of Income-tax of each Region is responsible for provision and monitoring of time bound delivery of taxpayer services, dissemination of information with respect to tax payer services initiatives being rolled out, holding of camps etc. within the Region. In this task, they are assisted by the Commissioner of Income-tax (Administration & Tax Payer Services) who is responsible for the work of tax payer services in addition to his responsibilities of administration and computer operations. Similarly, the Addl. Commissioner of Income-tax (HQ & Tax Payer Services) and his team of officers are responsible to oversee delivery of taxpayer services, working of Aayakar Seva Kendras, redressal of grievances pertaining to Pr. Chief Commissioner of Income-tax of the Region and to Coordinate with ADGIT (TPS-I) and ADGIT (TPS-II).

A similar arrangement has been created at every level of responsibility in the field i.e. Chief Commissioner of Income-tax, Pr. Commissioner of Income-tax, Addl. Commissioners of Income Tax/Joint Commissioners of Income-tax, Deputy Commissioner of Income-tax/Assistant Commissioners of Income-tax and ITOs for their respective jurisdictions.

The Pr. DGIT (Systems) is responsible for provision and monitoring of time bound delivery of Tax Payer e-services, dissemination of information with respect to tax-payer e-services initiatives being rolled out. The Director of Income-tax (CPC) Bangalore and CIT (CPC-TDS), are responsible for the provision and monitoring of services being provided by CPC-Bangalore and CPC-TDS respectively. To achieve the objectives of Tax-payer services, both the CPCs coordinate with the Directorate of TPS-II. Additional Directors General of Income-tax in the Directorates of Systems are responsible for provision and monitoring of respective e-services being rendered to the tax payers and they coordinate with the Directorate of TPS-II for their respective functions.

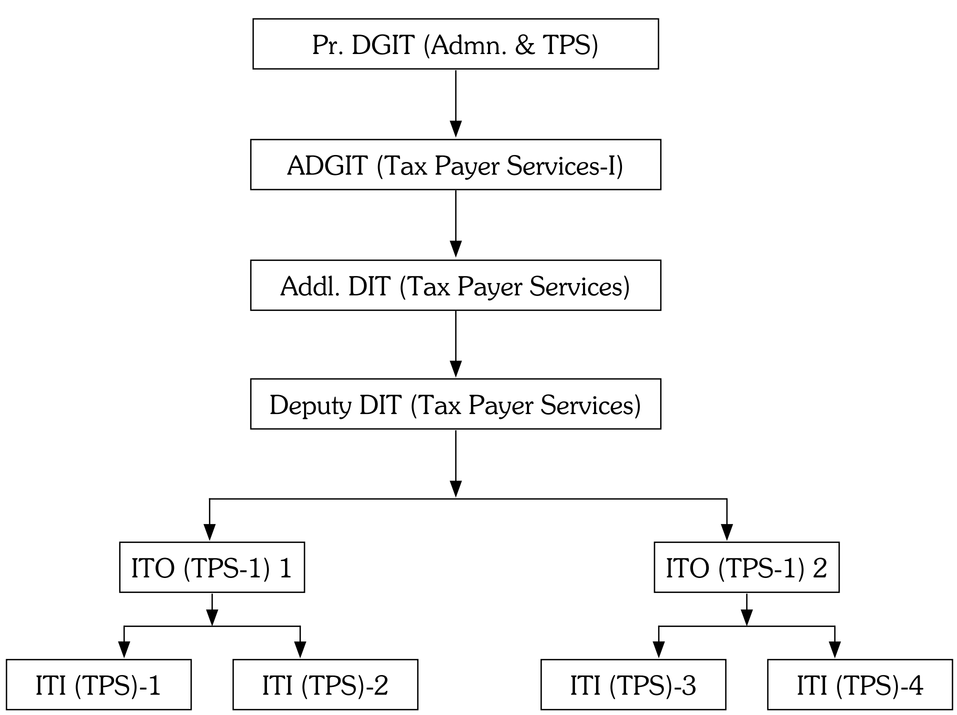
2. System for Service Delivery and Redressal of Grievances in the Income-tax Department

2.1 The System of Dedicated Structure for Delivery and Monitoring of Tax Payer Services.

Considering that there are several authorities involved in delivery of tax payer services *viz.* Assessing Officers and officers in their supervisory chain, ASKs, Appellate Authorities, CPC-ITR, CPC-TDS, CPGRAMs, there was felt a need to consolidate these efforts in a systematic structure to bring various arms engaged in delivery of tax payer services under one umbrella. The Central Board of Direct Taxes (CBDT) has notified a dedicated structure for tax payer services. The CBDT vide Order No.01/Ad.VII/2016 dated 26/02/2016 has setup a dedicated structure for delivery and monitoring of Tax Payer Services(TPS) and its attached and subordinate offices.

2.2 The Member(R), CBDT oversees the delivery and monitoring of Tax Payer Services and Pr. DGIT (Admn.) is responsible for delivery and monitoring of Tax Payer Services in the attached Directorates of CBDT as well as field offices of Income-tax Department. The Member (Revenue) has been re-designated as Member (Revenue & TPS) and the Pr. DGIT (Admn.) has been re-designated Pr. DGIT (Admn. & TPS). Two separate Directorates for delivery and monitoring of Tax Payer Services *viz.* Directorate of Income-tax (TPS-I) and Directorate of Income-tax (TPS-II) headed by Addl. Director General of Income-tax (TPS-I) and Addl. Director General of Income-tax (TPS-II) respectively, which have been setup under the Pr. DGIT(Admn. & TPS) by re-designation of existing Directorate of Income-tax (TDS) and Directorate of Income-tax (Infra.–3) respectively. The structure for field formations has been provided separately in the said order. The detailed structure is given as under, for clear understanding of the hierarchical structure.

I. Structure of Directorate of Income-tax (Tax Payer Services-I)



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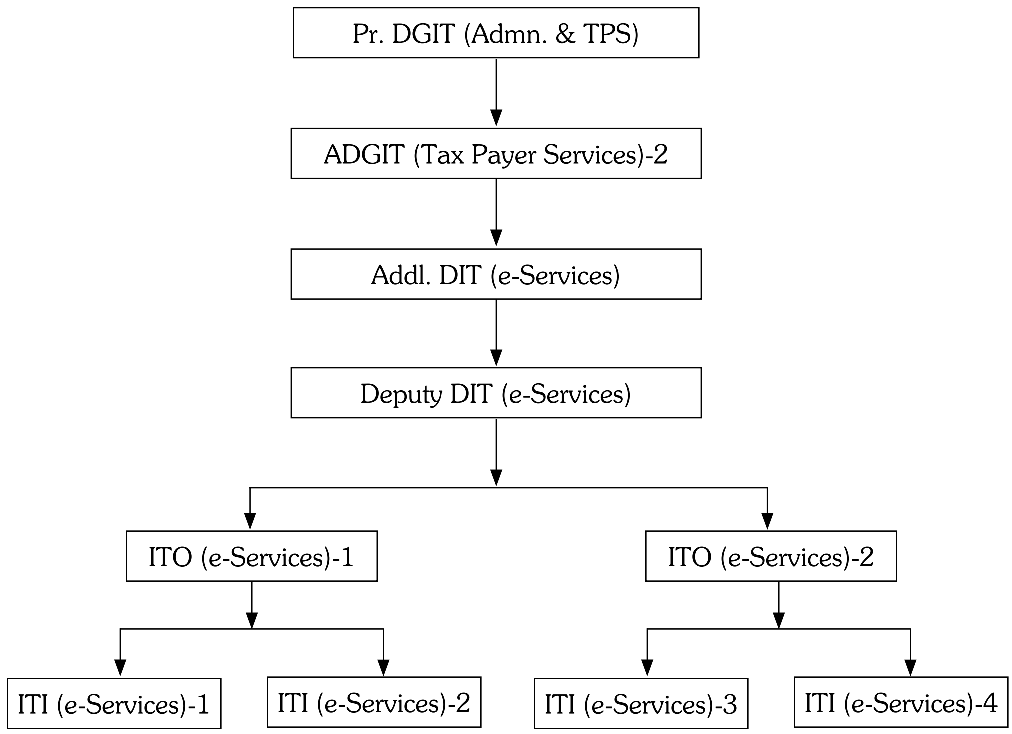
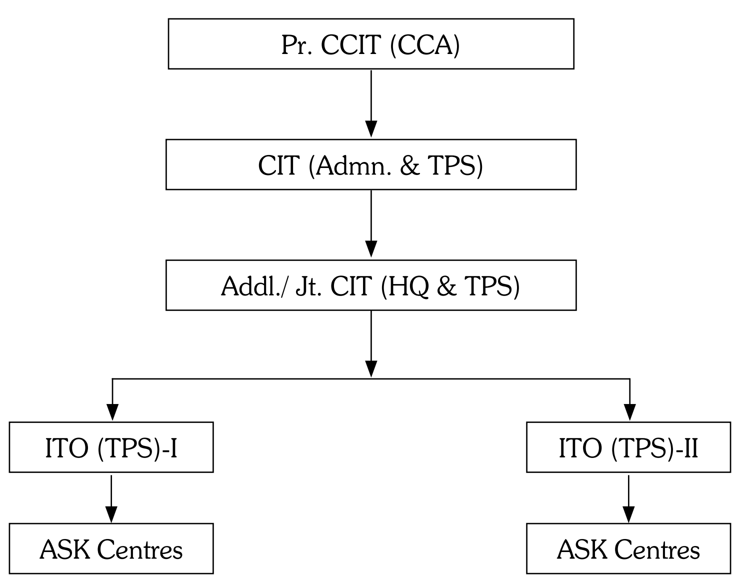
II. Structure of Directorate of Income-tax (Tax Payer Services-II)



Structure for Delivery of tax payer services in the field formation is as below:

A. For Regions under Pr. CCIT (CCA) with Multiple CCsIT Charges



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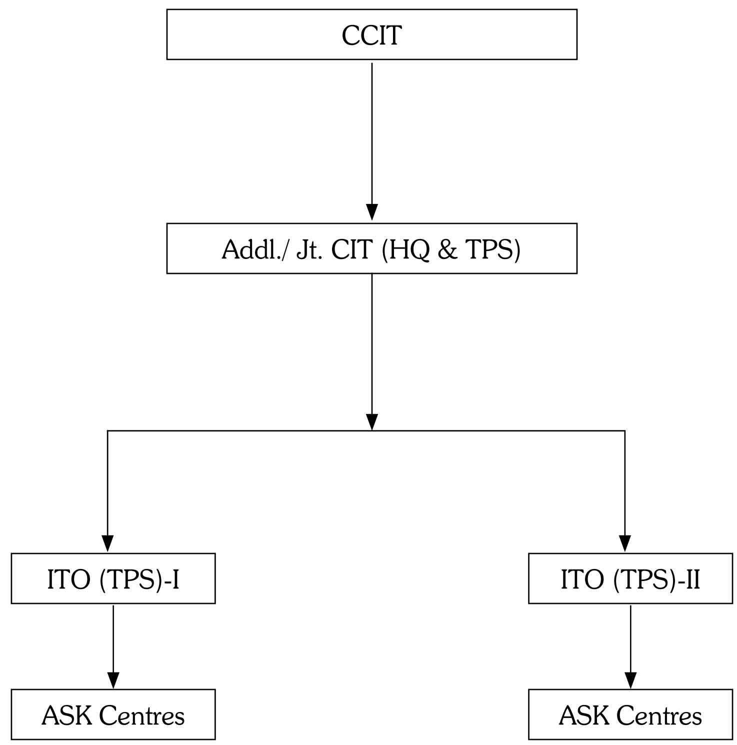
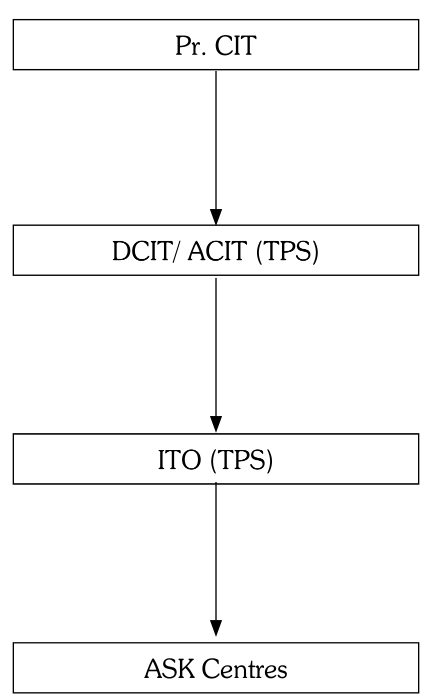
B. For Charges with Single CCIT & having Multiple Pr. CsIT



C. For Charges with Single Pr. CIT



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D. For Other Smaller Stations with Single Addl./Jt. CIT

Addl./ JCIT

↓

ITO (TPS)

↓

ASK Centres

E. For Further Smaller Stations with Single DCIT/ ACIT/ ITO

In such stations, the number of DCIT/ ACIT/ ITO have been increased two fold as nodal officer for Tax Payer Services and they specifically send a monthly report to their supervisory authority about grievance received and resolved. In case of pending grievances, factual report is made to the supervisory authority clearly highlighting the level at which the grievances can be resolved. With respect to such unresolved grievances, the said supervisory authority seek assistance of Addl.CIT (HQ. & TPS) of the region and/or directly seek guidance from ADGIT(TPS-I) functioning at national level under Pr. DGIT (Admn. & TPS), Delhi.

(Ref: CBDT's Order no. 01/Ad.VII/2017 dated 24/11/2017)

III. Structure for Delivery of Services in the Directorate of Income-tax (Systems)

A. ADG(S)-1

ADG(S)-1

↓

Addl.DIT/ JDIT(S) & TPS (e-Services)
to be nominated by separate order

↓

DDIT/ ADIT/ ITO(S) & TPS (e-Services)
to be nominated by separate order

B. ADG(S)-2

ADG(S)-2

↓

Addl.DIT/ JDIT(S) & TPS (e-Services)
to be nominated by separate order

↓

DDIT/ ADIT/ ITO(S) & TPS (e-Services)
to be nominated by separate order

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C. ADG(S)-3

ADG(S)-3

↓

Addl.DIT/ JDIT(S) & TPS (e-Services)
to be nominated by separate order

↓

DDIT/ ADIT/ ITO(S) & TPS (e-Services)
to be nominated by separate order

D. CPC-ITR Bangalore

DIT (CPC)

↓

Addl.DIT/ JDIT & TPS (e-Services)
to be nominated by separate order

↓

DDIT/ ADIT/ ITO & TPS (e-Services)
to be nominated by separate order

E. CPC-TDS

CIT (CPS-TDS)

↓

Addl.DIT/ JDIT & TPS (e-Services)
to be nominated by separate order

↓

DCIT/ ACIT/ ITO (CPC-TDS) & TPS (e-Services)
to be nominated by separate order

2.3 Aayakar Seva Kendras (ASKs)

As per the structure of the Tax Payer Services delivery and monitoring system prescribed above, Aayakar Seva Kendra (ASK) has been made the smallest unit for Tax Payer Services. Aayakar Seva Kendra (ASK) is the mechanism used by CBDT for implementing the philosophy of 'Sevottam' initiated by the PMO. Aayakar Seva Kendra (ASK) is the single window system for implementation of Citizen's Charter of the Income-tax Department and a mechanism for achieving excellence in public service delivery. The procedure to be followed at the ASKs is provided in the Process Document of the Service Quality Manual (SQM).

2.4 e-Nivaran (Unified Grievance Handling Mechanism)

2.4.1 Unified Grievance Handling Mechanism (e-Nivaran) is aimed at consolidating grievances received across all platforms *viz.* CPGRAMs, E-filing, CPC-ITR, CPC-TDS, ASK, NSDL, UTIISL and SBI-Refund Banker. Internal channelization of grievances between different department systems and workflow based grievance resolution mechanism in the ITBA for department users is aimed at centralized monitoring and speeding the grievance redressal mechanism.

2.4.2 In the process through e-Nivaran, all the Income-tax related grievances filed on CPGRAMs, e-filing (including CPC-ITR), CPC-TDS, ASKs, NSDL, UTIITSL, SBI refund banker and manually having PAN/TAN are routed through the ITBA e-Nivaran application and/or onward to the respective Systems such as e-filing/CPC-ITR, CPC-TDS etc. based on the categorization of the grievance by the taxpayer. The grievances pertaining to e-Nivaran can be lodged at "https://portal.incometaxindiaefiling.gov.in/e-Filing/Services/eNivaranHomePrelogin.html". The salient features of e-Nivaran are as under:

(a) Grievance can be entered by any officer/official and marked to designated AO or system (CPC-ITR, CPC-TDS, NSDL/UTIITSL, SBI Refund banker, E-filing) for resolution.

(b) Online filing of grievance is made available through E-filing.

(c) Paper format received at ASK, DEO or by Officer's staff or Officer using simple data entry screen–no RSA token required.

(d) Grievances are resolved by integration with respective ITBA modules such as rectification, refund re-issue, return receipt and processing.

(e) Grievance can be transferred from one system to another (AO to CPC-ITR) through system.

(f) Resolution of grievance communicated to taxpayer.

(g) Unified view of all grievances and status by AO and hierarchy.

(h) Taxpayer to get email/SMS on grievance filing and resolution (if email and mobile is provided).

(i) Proposed redirection from CPGRAMS to E-filing for single window online grievance filing for operational issues.

(j) Taxpayer to view status at ASK or AO for walk-in mode and through E-filing for Online Mode.

(k) Comprehensive MIS of all grievances irrespective of where it is filed.

(l) Integration with all other systems – CPC-ITR, CPC-TDS, E-filing, NSDL/UTIITSL, SBI-Refund Banker for transfer of grievances.

(m) Integration with all ITBA modules.

(n) Integration with common ASK and online Dak Module for data entry.

2.4.3 The revamped ASKs is being rolled out in ITBA and the process to be followed for receipt of DAK under this module is available in the ITBA ASK/User Manual, June 2016.

3. Resource Management

3.1 Manpower

The vertical for tax payer services in the CBDT and its attached Directorates and in the field formations has been outlined in the order F.No.A-11011/02/2015-Ad.VII dated 26/02/2016.

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The Income-tax employee posted in the ASKs to manage the receipt and categorization of the ASK must have the following pre-requisites for working on ASK module ITBA i.e. revamped ASK Centres:

(a) Employee Number.

(b) Name based email id.

(c) RSA token.

3.2 Infrastructure

The new Unified Grievance Redressal Mechanism (e-Nivaran) requires upgradation of the existing infrastructure, like computer hardware and software, high speed scanners and printers etc. at the field authority level and at ASKs. The necessary upgradation is the responsibility of the Pr. CCIT of the region.

3.3 Training

Training of personnel for the delivery of tax payer services and redressal of grievances under the new TPS vertical with the rollout of revamped ASK module in the ITBA (e-Nivaran) is imparted from time to time by the Systems Directorate.

4. Functions of Directorates of Tax Payer Services and the Field Authorities in the New System

4.1 Considering the objectives for delivery and monitoring of tax payer services as outlined in the above stated Board's order, the Standard Operating Procedure (SOP) defining the roles of different TPS Authorities for Delivery and Monitoring of Tax Payer Services is as under.

4.2 At the Board level, Member (Revenue & TPS) oversees the delivery and monitoring of tax payer services. The Pr. DGIT (Admn. & TPS) is responsible for the delivery and monitoring of TPS in the attached directorates of CBDT as well as field offices of Income-tax Department and reports to Member (Revenue & TPS), CBDT.

5. Functions of Pr. Director General of Income-tax (Admn. & TPS) in Relation to Directorates of Income-tax (TPS-I & TPS-II)

(a) Coordinate and monitor the activities and working of the Directorates of Income-tax (TPS-I & TPS-II).

(b) Scrutinise the publicity of the tax payer services delivery through ASKs and other TPS verticals.

(c) Monitor the follow-up action relating to grievances and other tax payer services issues.

(d) Coordinate with Pr. DGIT(NADT), Nagpur for training needs of personnel posted in the taxpayer services (TPS) vertical.

(e) Any other function relating to delivery and monitoring of tax payer services.

5.1 Functions of Directorate of Income-tax (TPS)-I

S. No.	Function	Action Points
1.	Coordination with the field TPS setup	(i) Overseeing and co-ordinating all matters relating to grievances/issues pertaining to taxpayers falling within the jurisdiction of Assessing Officers across the country. (ii) Coordinate with all the Commissioners of Income-tax (Admn. & Tax Payer Services)/ Addl. Commissioners of Income-tax (Headquarters & Tax Payer Services) working under Pr. Chief Commissioners of Income-tax/Chief Commissioners of Income-tax across the country and collate the monthly reports received from them and put-up a consolidated report to Member, (Revenue & Tax Payer Services) on a quarterly basis through Pr. DGIT (Administration and Tax Payer Services). (iii) Co-ordinating all matters being dealt by Aayakar Seva Kendras and overseeing integration of Sevottam with the new computerised Grievance Handling System i.e. e-Nivaran. (iv) Ensuring that all formalities required for BIS IS 15700: 2005 certification is carried out as per the Service Quality Manual (SQM). (v) Overseeing upgradation of infrastructure at the field authority level and ASKs as required for the Unified Handling of Grievances through e-Nivaran.
2.	Monitoring and Reporting	(i) Effective monitoring and reporting mechanism for Tax Payer Services in field offices. As the ASK Centres operate under the Sevottam Scheme, the MIS generated through the Sevottam and for grievances through the e-Nivaran would be used for the monitoring of the performance of the ASK Centres. (ii) Providing inputs for the Central Action Plan to allocate targets to the field formation regarding tax payer services. (iii) Suggesting modifications to CAP-II Statement for effective capturing of the tax payer services/grievance redressal in consultation with ADGIT(O&MS). (iv) Reviewing & monitoring the implementation of the Citizen's Charter. (v) Monitoring, implementation and review of the Tax Return Preparer (TRP) Scheme.
3.	Publicity of tax payer services and Education of Tax Payers	(i) Carrying out research and surveys on taxpayer satisfaction. (ii) Study the established mobile telephony based apps and SMS and give suggestions to the Directorate of Systems for improvements/changes. (iii) Educating Tax Payers about the ASKs and other facilities for tax payers through advertisements in coordination with the Directorate of Income-tax (PR, P&P) and the Directorate of Income-tax (TPS)-II. (iv) Coordinating with Directorate of (PR, P&P) for publishing of latest literature in form of apps, e-books etc. made available on mobiles and Android/IOS platform etc.
4.	Training	(i) Coordinating with the NADT and the RTIs for training of Officers/officials in the TPS vertical in the field. (ii) Coordinating with the Directorate of Systems for providing training of the personnel in the revamped ASK module in ITBA.
5.	Miscellaneous	(i) Maintain effective co-ordination with Directorate of Income-tax (Tax Payer Services – II). (ii) Any other function relating to delivery and monitoring of Tax Payer Services.

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5.2 Functions of Directorate of Income-tax (TPS)-II

S. No.	Function	Action Points
1.	(i) Educate taxpayers in respect of E-services (ii) Deal with grievances of taxpayers relating to matters such as processing of returns of income, issue of refunds, demand verification, PAN, TAN, CPC-TDS related grievances. (iii) Coordinate with the Directorates under Pr. DGIT(Systems) including Centralised Processing Centre-ITR, Centralised Processing Centre-TDS to ensure delivery standards of e-enabled Taxpayer Services.	(i) Coordinating with ADG (Systems)-3, CIT(CPC-ITR) and CIT(CPC-TDS) to provide access on real time basis to the respective portals for the feedback on their functionalities and accordingly educating the tax payers about the e-services. (ii) The following agencies/ sources are used for the collection of the feedback: (a) Surveys conducted by Directorate of PR, P&P etc., (b) Discussion page on MyGOV web portal for the innovative ideas, suggestions on tax policies and administration, (c) e-Nivaran i.e. Unified Grievance Redressal Mechanism on ITBA for various grievances. (d) To coordinate with Directorate of TPS-I for getting feedback relating to taxpayer e-services. (iii) Coordinating with field formations for organizing workshops/ seminars for tax payer information on TPS and collect feedback. The workshops/ seminars are used for dissemination of the information relating to e-taxpayer services by distribution of literature, speeches, audio-video presentations, etc. (iv) Analysis and classification of feedback and identification of actionable points for the Systems Directorates. (v) Developing FAQs for improvement of delivery system on regular basis. (vi) Organizing meetings to understand and to find out ways to mitigate systemic problems and to educate stakeholders about the changes and constraints. (vii) Collecting and reflect feedback in the monthly reports about policy changes desired by certain stakeholders/ public.
2.	Coordinating with Directorate of Systems regarding instructions for monitoring of grievances and setting of timelines for various actions to be taken by the Directorate of Systems.	(i) To prepare timelines for various e-services actions to be taken in consultation with the Directorate of Systems. (ii) Collection, compilation and collation of data relating to e-services.
3.	Coordinate with Directorate of Systems for effective functioning of the National Call Centre (NCC) of the Department (Telephone No. 1961)	To devise feedback mechanism in coordination with Systems Directorate regarding Grievance Pattern and caller satisfaction and suggest steps to optimize the usefulness of NCC.
4.	Prepare monthly reports regarding E-services and grievances relating to E-services and put-up a consolidated report to Member (Revenue and Tax Payer Services) on a quarterly basis through Pr. DGIT (Administration and Tax Payer Services)	Compilation and consolidation of various MIS escalated by the ITBA and put-up a consolidated report to Member (Revenue and Tax Payer Services) on a quarterly basis through Pr. DGIT (Administration and Tax Payer Services).
5.	Maintain effective co-ordination with Directorate of Income-tax (Tax Payer Services-I)	Maintain effective co-ordination with Directorate of Income-tax (Tax Payer Services–I).
6.	Miscellaneous	Any other function relating to delivery and monitoring of E-Services.

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6. Role of Field Authorities in the Tax Payer Services Vertical

6.1 Functions of Principal CCIT with Multiple CCsIT Charges and Role of CCIT for Charges with Single CCIT having Multiple Pr. CsIT

S. No.	Function	Action Points
1.	Administration of TPS setup.	(i) Ensuring time bound delivery of tax payer services within the timeframe given in the Citizen's Charter, 2014. (ii) Appointing a Nodal officer, preferably of the rank of Pr. Commissioner of Income-tax/Commissioner of Income-tax for each ASK in his/her region for following functions: • for conducting Internal Audit of the ASKs as per the requirement of the Service Quality Manual (SQM) for BIS certification of the ASKs. • For allocating of grievances submitted in the e-Nivaran Grievance Handling System without stating the PAN. (iii) Ensuring that Internal Audit and Management Review at the local level is conducted twice in a year, one for the period April-September and second for the period October-March. (iv) Carrying out Management Review of the Internal Audit Report submitted by the Pr. CIT/CIT of the ASKs. (v) Ensuring that the above reports are sent to the office of ADGIT(TPS-I) after each six months period as per the requirement of the SQM. (vi) Processing proposal for upgradation of infrastructure at the ASKs and field Offices as required for the new computerised Grievance Handling System (e-Nivaran).
2.	Implementing e-Nivaran	(i) Monitoring the status and disposal of grievances/ Citizen's Charter/Others generated through ITBA (e-Nivaran) MIS. (ii) Providing upgraded infrastructure at the ASKs and field Offices as required for the new computerised Grievance Handling System (e-Nivaran).
3.	Monitoring and Reporting.	(i) Monitoring the progress of disposal of communication/grievances Citizen's Charter/Others (DAK) through ASKs on a fortnightly basis. (ii) Monthly reporting of the communications/grievances (DAK) disposal through ASKs to Member (Revenue & TPS) through the Directorate of Income-tax (TPS-I).
4.	Publicity of tax payer services and Education of Tax Payers.	(i) Carrying out publicity regarding the tax payer services being rendered through the ASKs/E-Nivaran/CPC-ITR etc. (ii) Taking taxpayer services initiatives and holding regular workshops/seminars disseminating information regarding taxpayer services being rolled out by the Department. (iii) Organizing Monthly seminars/conferences/workshop/meetings/ interaction sessions/ Innovative methods etc. inviting tax payers and other stake holders like professionals, representatives of ICAI, CII, ASSOCHAM, trade and locally present various specific business associations/unions. (iv) Ensuring that the composition of the participants in the meetings/ seminars/ shows etc. is from all streams of stakeholders. (v) Intimating Directorate of TPS-I and TPS-II of such meetings and also forward the feedback received in the meetings.
5.	Training.	(i) Ensuring that adequate training is provided to all concerned officers/staff posted in the TPS vertical for efficient tax payer services delivery.
6.	Miscellaneous	Any other function relating to delivery and monitoring of Tax Payer Services.

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6.2 Functions of CIT (Admn. & TPS)

S. No.	Function	Action Points
1.	Administration of TPS setup.	(i) Ensuring that an ITO(TPS) is made in charge of the ASK in each of the ITD Buildings in the region (ii) Ensuring that communications/grievances/Citizen's Charter and Others (DAK) received through ASKs are disposed within the timeframe given in the Citizen's Charter, 2014. (iii) Ensuring that the processes needed for the service, service delivery, compliance of citizen's charter and grievance handling are implemented and maintained at the respective ASKs. (iv) Monitoring the progress of disposal of communications/grievances through ASKs on a weekly basis. (v) Coordinating with the nodal officer for timely completion of Internal Audit and submitting for Management Review to the Pr. CCIT regularly. (vi) Forwarding the Management review report after internal audit of the ASKs to the ADGIT(TPS-I). (vii) Monitoring the pending communications/grievances/Citizen's Charter/ Others (DAK) received through ASKs for periods beyond the timeframe provided in the Citizen's Charter, 2014. (viii) Ensuring that adequate personnel are posted in the ASKs to manage all the counters and efficiently functioning as per the Process Document of the SQM. (ix) Providing requisite infrastructure i.e. high speed scanners, printers etc at the ASK Centres and to all the officers in the TPS vertical.
2.	Implementing e-Nivaran	Providing upgraded infrastructure at the ASKs and field Offices as required for the new computerized Grievance Handling System (e-Nivaran).
3.	Monitoring and Reporting.	(i) Ensuring that the records of Management Review at unit level, training records, internal audit results/follow-up action and records relating to corrective and preventive action is maintained. (ii) Appraising the progress of the DAK disposal through ASKs to the Pr. CCIT on a fortnightly basis. (iii) Appraising the progress of the DAK disposal through ASKs to the ADGIT(TPS-I) on a monthly basis. (iv) Monitoring of CPGRAMS on pgportal (https://pgportal.gov.in/cpgoffice.
4.	Publicity of tax payer services and Education of Tax Payers.	(i) Taking taxpayer services initiatives and holding regular camps disseminating information regarding taxpayer services being rolled out by the Department. (ii) Organizing Monthly seminars/conferences/workshop/meetings/ interaction sessions/ Innovative methods etc. inviting tax payers and other stake holders like professionals, representatives of ICAI, CII, ASSOCHAM, trade and locally present various specific business associations/unions. (iii) Ensuring that the composition of the participants in the meetings/ seminars/ shows etc. is from all streams of stakeholders. Such events should be well advertised beforehand to optimize the benefits. (iv) Intimating Directorate of TPS-I and TPS-II of such meetings and also the feedback received in the meetings. (v) Recording the proceeding (audio-video) of meetings etc. on the electronic devices and send it to the Directorate through e-mail, whatsapp etc. for compilation and analysis.
5.	Training.	Ensuring that training is provided to all concerned officers/staff in coordination with the Directorate of Income-tax TPS-I and the RTIs.
6.	Miscellaneous	Any other function relating to delivery and monitoring of Tax Payer Services.

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6.3 Functions of Pr. CIT/CIT designated as Nodal Officer for the ASK Centre

S. No.	Function	Action Points
1.	Monitoring of the functioning of the ASK in the ITD building	(i) Ensuring that the ASK in the ITD Building is functioning as per the Service Quality norms. (ii) Forming an audit team comprising of Pr. CIT/CIT, Addl. CIT/Jt. CIT, DCIT/ACIT, ITO for the internal audit of ASKs. (iii) Ensuring that Internal Audits of the respective ASKs are conducted at six monthly interval, or earlier if considered necessary, to determine whether the SQMS conforms to the requirements of IS 15700:2005. (iv) Analysing the internal audit report and present it for Management Review by the Pr. CCIT/CCIT.
2.	Role in revamped ASK module in ITBA (e-Nivaran)	(i) Ensuring that the front desk (FD) and back desk (BD) employee to have employee number, name based email id and RSA token. (ii) Ensuring that grievances/Citizen's Charter/Others where PAN/TAN is not mentioned is assigned to the correct jurisdictional officer on the basis of address of the grievance filer. (iii) In case the PAN/TAN or the AO is not identified, then closing the grievance with remarks "Assessee not traceable" with the approval of the immediate supervisory officer.

6.4 Functions of Addl./ Jt.CIT(HQ&TPS)

S. No.	Function	Action Points
1.	Monitoring and Reporting.	(i) Monitoring the progress of disposal of communications/grievances/ Citizen's Charter/ Others through ASKs on a weekly basis. (ii) Monitoring the pending communications/grievances/Citizen's Charter/Others (DAK) received through ASKs for periods beyond the timeframe provided in the Citizen's charter, 2014. (iii) Appraising the progress of the DAK disposal through ASKs to the CIT (Admn. & TPS) on a weekly basis. (iv) Sending the progress in this area in the monthly DO to the CIT and also to be included in the MIS which is to be sent to ADGIT (TPS)-I, New Delhi. (v) Holding weekly review meetings with the ITOs (TPS) to monitor the progress of DAK disposal, general functioning of the ASKs. (vi) Ensuring smooth transition of ASKs to revamp ASKs module in ITBA which is being rolled out by the Directorate of Systems.
2.	Publicity of tax payer services and Education of Tax Payers.	(i) Ensuring that taxpayer feedback proforma are placed at the ASK Centres to enable taxpayers and other stakeholders to give their feedback. (ii) Taking taxpayer services initiatives and holding regular camps disseminating information regarding taxpayer services being rolled out by the Department.
3.	Training.	Ensuring that the personnel posted in the ASKs are regularly sent for training modules organized by the Directorate of Systems.
4.	Miscellaneous	Any other function relating to delivery and monitoring of Tax Payer Services.

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6.5 Functions of ITO(TPS)

S. No.	Function	Action Points
1.	Administration of TPS setup.	(i) Ensuring that communications/grievances/ Citizen's Charter/ Others (DAK) received through ASKs are disposed within the timeframe given in the Citizen's Charter, 2014. (ii) Ensuring that Front Desk and Back Desk functionaries are in position and are functioning as per the Process Document of the SQM. (iii) Ensuring proper categorization of the DAK and also ensuring that the grievances are entered in the e-Nivaran ITBA Module. (iv) Ensuring that all grievances/Citizen's Charter/Others received manually are scanned and forwarded to the concerned assessing officer through the e-Nivaran module. (v) Ensuring the availability of staff at the ASKs and maintenance of equipments used at ASKs (vi) Ensuring that copies of the Process Document are made available to all concerned officers/staff. (vii) Ensuring that the Citizen's Charter, 2014, the jurisdiction of the officers and other information for the taxpayers are displayed at the ASKs.
2.	Role in revamped ASK Module in ITBA (e-Nivaran)	(i) Grievances/Citizen's Charter/Others in the revamped ASK module in ITBA are entered and processed as per the ITBA/ASK-User-Manual (ii) Ensuring that manual grievance received is entered in the ITBA (e-Nivaran) alongwith uploading of the application or other supporting documents received with the grievance. (iii) Ensuring that the Back Desk user categorizes DAK on the basis of PAN/TAN and scans and uploads the relevant documents. (iv) Regularly monitoring the status of disposal of the DAK through the MIS and reporting to the concerned authority.
3.	Monitoring and Reporting.	(i) Monitoring the progress of disposal of communications/grievances/ Citizen's Charter/Others (DAK) through ASKs on a daily basis. (ii) Apprising the Addl. CIT(HQ&TPS) of the progress and functioning of the ASK on a weekly basis.
4.	Publicity of tax payer services and Education of Tax Payers.	Ensuring that taxpayer feedback proforma are placed at the ASK Centres to enable taxpayers and other stakeholders to give their feedback.
5.	Training.	Carrying out training need analysis of the staff deputed in the ASKs and reporting it to the Addl./Jt.CIT(HQ &TPS).
6.	Miscellaneous	Any other function relating to delivery and monitoring of Tax Payer Services.

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6.6 Functions of Assessing Officers in the TPS Vertical and with the Rollout of Revamped ASKs Module in ITBA

S. No.	Function	Action Points
1.	Processing and redressal of grievance	(i) Taking appropriate remedial action and resolving the grievances/ Citizen's Charter/Others assigned in ITBA (*e*-Nivaran) received at ASK centres within the time provided in the Citizen's Charter or the time specified in the module. (ii) Ensuring that manual grievances received in their offices are entered in the ITBA (*e*-Nivaran) module alongwith scanning and uploading of the grievance application or other supporting documents received with the grievance. (iii) Transferring grievances/ Citizen's Charter/Others not pertaining to the AO to other stakeholders *viz.* CPC-ITR, CPC-TDS etc. after entering reason or remarks in ITBA (*e*-Nivaran). (iv) Regularly monitoring the status of the disposal of the grievances/ Citizen's Charter/Others in the *e*-Nivaran MIS and reporting to the superior authority in the hierarchy.

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Pre-Assessment Collection Procedure

Pre-Assessment Collection Procedure

1. Pre-assessment tax collection accounts a very large proportion of the direct taxes collected in a financial year. Taxes collected prior to assessment may be classified as follows:

(a) Tax Deducted at Source-TDS.

(b) Tax Collected at Source-TCS.

(c) Advance tax.

(d) Self-Assessment tax.

2. This chapter discusses the procedure relating to the same.

(A) Tax Deduction at Source (TDS)

2.1 Tax deduction at source implies collection of tax at the very source or at the time of payment. According to the provisions of the Income-tax Act, while paying or crediting certain type of income to certain persons, the payer has to deduct tax at source at specified rates and remit the same to the Central Government by the dates prescribed. The sum so deducted is adjusted towards the assessees ultimate tax.

2.2 Tax Deduction at Source (TDS) is one of the modes of collection of taxes, by which a certain percentage of amount is deducted by a person at the time of making/crediting certain specific nature of payment to the other person and deducted amount is remitted to the Government account. The deductor is also obliged to file quarterly TDS statement giving details of transactions and tax deducted. The concept of TDS envisages the principle of "pay as you earn". TDS not only ensures regular inflow of cash resources to the Government; it also acts as a powerful instrument to promote voluntary compliance and deter tax evasion.

2.3 The rates at which TDS has to be made are prescribed in the Finance Act. Tax has to be deducted at source in relation to the following payments:

Section	Description
Section 192	Payment of salary
Section 192A	Payment of accumulated balance of provident fund which is taxable in the hands of an employee.
Section 193	Interest on securities
Section 194	Dividends
Section 194A	Income by way of interest other than "Interest on securities"
Section 194B	Income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort

Table (Contd.)...

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...Table (Contd.)

Section 194BB	Income by way of winnings from horse races
Section 194C	Payment to contractor/sub-contractor
Section 194D	Insurance commission
Section 194DA	Payment in respect of life insurance policy
Section 194E	Payments to non residents sportsman or sports associations
Section 194EE	Payment in respect of deposit under National Savings scheme
Section 194F	Payment on account of repurchase of unit by Mutual Fund or Unit Trust of India
Section 194G	Commission, etc., on sale of lottery tickets
Section 194H	Commission or brokerage
Section 194-I	Rent a) Plant & Machinery b) Land or building or furniture or fitting
Section 194-IA	Payment on transfer of certain immovable property other than agricultural land
Section 194-IB	Payment of rent by individual or HUF not liable to tax audit
Section 194-IC	Payment of monetary consideration under Joint Development Agreements
Section 194J	Any sum paid by way of a) Fee for professional services, b) Fee for technical services
Section 194LA	Payment of compensation on acquisition of certain immovable property
Section 194LB	Income by way of interest from infrastructure debt fund
Section 194LBA	Certain income from units of a business trust
Section 194LBB	Income in respect of units of investments fund
Section 194LBC	Income in respect of investment made in a securitization trust (specified in *Explanation* of Section115TC (A) Any Other Income
Section 194LC	Income by way of interest from Indian Company
Section 194LD	Income by way of interest on certain bounds and Government securities
Section 195	Payment of any other sum to Non Resident not being a sum referred to in Section 194LB, 194LC and 194LD
Section 196B	Income from units (including long-term capital gain on transfer of such units) to an offshore fund
Section 196C	Income from Foreign currency bonds or GDR of an Indian company (including long-term capital gain on transfer of such bonds or GDR
Section 196D	Income of Foreign Institutional Investors from securities (not being dividend or capital gain arising from such securities)

(B) Tax Collection at Source (TCS)

3. Section 206C of the Income-tax Act introduced w.e.f. 01/06/1988 provides for collection of tax at source, at a specified percentage of the sale consideration, by the sellers of liquor and forest produce, like timber/ tendu leaves, etc. The provisions were essentially introduced because the persons who purchase these types of articles and earn income fall in the unorganized sector and it is ordinarily difficult to assess their incomes and bring them into the income-tax net.

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3.1 Persons Responsible for Collection

The sellers responsible for collection of tax under Section 206C are:

(a) Central Government.

(b) State Governments.

(c) Local Authorities.

(d) Corporations or authorities established by or under any statute.

(e) Companies.

(f) Firms, or

(g) Co-operative Societies.

3.2 The term, 'buyer' is defined in Clause (a) of explanation to Section 206C. It means a person who obtains in any sale, by way of auction, tender or any other mode, goods, like alcoholic liquor, tendu leaves, timber (purchased under a forest lease or otherwise) or any other forest produce. It also includes the right to receive any of these commodities by any of the aforesaid means. It does not however include:

(a) a public sector company.

(b) a buyer in the further sale of such goods obtained in pursuance of such sale, or

(c) a buyer where the goods are not obtained by him by way of auction and where the sale price of such goods to be sold by the buyer is fixed by or under any State Act.

3.3 When TCS is Made

Under Section 206C(1) tax is to be collected:

(a) at the time of debiting of the amount payable by the buyer, or

(b) at the time of receipt of such amount from the said buyer in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier.

3.4 Hence, if the account of the buyer is debited with the amount payable, tax must be collected from the buyer at that time, but if there is no debit, then tax is to be collected at the time of receipt by cheque, draft, etc. Since, in either case the debit would be quicker, tax would ordinarily be collected at source at that moment.

3.5 Section 206C lays down that any amount so collected and paid under Section 206C would be deemed as payment of tax on behalf of the person from whom the amount has been collected and credit shall be given to him for the amount so collected on the production of the certificate issued under sub-Section(5) of Section 206C.

The rates at which TCS has to be made are prescribed in the Finance Act. Tax has to be collected at source in relation to the following payments:

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Section	Description
206C	Alcoholic liquor
	Timber obtained under forest lease
	Timber obtained by any mode other than a forest lease
	Any other forest produce not being timber or tendu leaves
	Scrap
	Parking lot
	Toll plaza
	Mining and quarrying
	Tendu leaves
	Minerals, being coal or lignite or iron ore
	Cash sale of bullion and jewellery*
	Sale of motor vehicle exceeding Rs 10 Lakhs
	Cash sale of goods other than bullion or jewellery*
	Any services other than Chapter XVII-B*

**Omitted by Finance Act, 2017, w.e.f.01.04.2017*

(C) Advance Tax

4. As per Section 208, every person whose estimated tax liability for the year is Rs. 10,000 or more, shall pay his tax in advance, in the form of "advance tax". Advance tax should be paid in the year in which the income is received. An assessee who is liable to pay advance tax is required to estimate his current income and pay advance tax thereon without having to submit any estimate or statement of income to the assessing authorities. In simpler words, it is payment of the Income-tax in equal parts throughout the year, rather than paying the lump sum tax amount at the end of the year.

4.1 Installments of Advance Tax and Due Dates

Advance tax is to be paid in different instalments. The due dates for payment of different instalments of advance tax are as follows:

Status	By 15th June	By 15th Sept.	By 15th Dec.	By 15th March
All assesses (other than the eligible assesses as referred to in Section 44AD or Section 44ADA)	Up to 15% of advance tax	Up to 45% of advance tax	Up to 75% of advance tax	Up to 100% of advance tax
Taxpayers who opted for presumptive taxation scheme of Section 44AD or Section 44ADA	Nil	Nil	Nil	Upto 100% of Advance tax

Note 1: Any tax paid till 31st March of a financial year will be treated as advance tax for that financial year.

Note 2: If the last day for payment of any instalment of advance tax is a day on which the banks are closed, then the taxpayer should pay the advance tax on the immediately following working day (Circular No. 676, dated 14/1/1994).

4.2 Applicability of Advance Tax Liability

Advance Tax Liability is applicable on all tax payers, whether salaried, freelancers or businesses. In case of salaried tax payers, if the employer deducts tax at source or TDS, then there is no further need of payment of advance tax.

However, if such an assesses has any other income other than salary, then he/she is required to meet advance tax liability for such income. Such incomes may include capital gains on shares or house property, interest on investments, etc. after making appropriate deductions for losses, if any.

4.3 Payment of Advance Tax in Pursuance of an Order of the Assessing Officer

4.3.1 If taxpayer fails to pay advance tax (or advance tax paid is lower than the required amount) and he has already been assessed by way of regular assessment in respect of the total income of any previous year, then the Assessing Officer may pass an order under Section 210(3) requiring him to pay advance tax on his current year's income (specifying the amount of instalments in which tax should be paid). Such an order may be passed during the financial year, but not later than the last day of February.

4.3.2 On receipt of the notice from the Assessing Officer to pay advance tax, if the taxpayer's estimate is lower than the estimate of the Assessing Officer, then the taxpayer can submit his own estimate of current income/advance tax and pay tax accordingly. In such a case, he has to send intimation in Form No. 28A to the Assessing Officer.

4.3.3 Alternatively, if the advance tax on current income as per own estimate of the taxpayer is likely to be higher than the amount estimated by the Assessing Officer, the taxpayer shall pay such higher amount as advance tax in accordance with his own calculation. In such a case, no intimation to the Assessing Officer is required.

4.3.4 The Assessing Officer can revise his order issued to the taxpayer to pay advance tax (as discussed above) under Section 210(4). Such revision can be done, if subsequent to the passing of an order to pay advance tax but before 1st March of the relevant financial year a return of income in respect of any later year has been furnished by the taxpayer or any assessment for any later year has been completed at a higher figure. On receipt of such order, the procedure to be followed by the taxpayer will be same as discussed earlier.

D Self-Assessment Tax

5. According to the provisions of Section 140A(1), On the basis of the incomes earned throughout the year, a taxpayer files his return. After calculating the total tax liability and considering all the taxes paid in advance, if a shortfall arises in the tax payment, it is covered up with the payment of self-assessment tax before the filing of return. In other terms, Self-Assessment Tax under Section 140A is the **tax paid at the time of final assessment of the income** by the taxpayer earned during the year.

Besides, interest payable for delay in filing the return (under Section 234A), interest for default in payment of advance tax (under Section 234B) and interest for deferment in payment of any instalment of advance tax (under Section 234C) should be computed and paid together with the amount of tax due, before the return of income is filed. The Challan for such payment should be enclosed with the return.

On receipt of the return the AO should examine whether the self-assessment tax, if required, has been paid. If it has not been paid the assesses should be treated as an assesses in default. Immediate steps should be initiated for the recovery of such self-assessment tax.

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Assessment Related Topics Covered by ITBA Modules and Instructions

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1. Filing of Returns/e-Returns

The returns of income are either filed manually or electronically. The Centralised Processing Centre in Bengaluru is the hub where all the electronically filed returns get filed and processed. Before going further, let us understand the various categories of returns presently available and the prevailing conditions where e-filing of returns is mandatory.

2. Types of Returns

S. No.	Name of the Return	Category of Persons who are Eligible to File the Return	Category of Persons who Cannot File this Return
1.	ITR-1 (SAHAJ)	Return Form ITR-1 (SAHAJ) can be used by an individual whose total income does not exceeds Rs 50 Lacs and includes: 1. Income from salary/pension; or 2. Income from one house property (excluding cases where loss is brought forward from previous years); or 3. Income from other sources (excluding winnings from lottery and income from race horses).	Return Form ITR-1 (SAHAJ) cannot be used by an individual: • Whose total income for the year includes income from more than one house property. • Whose total income for the year includes income from winnings from lottery or income from horse race. • Whose total income for the year includes income chargeable to tax under the head “Capital Gains”. • Whose total income for the year includes agricultural income of more than Rs. 5,000. • Whose total income for the year includes income from business or profession. • Whose total income for the year includes loss under the head “Income from other sources”. • Who has claimed relief under Section 90 and/ or Section 91. • Who is having any assets (including financial interest in any entity) located outside India or signing authority in any account located outside India. • Any resident having income from any source outside India.

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S. No.	Name of the Return	Category of Persons who are Eligible to File the Return	Category of Persons who Cannot File this Return
2.	ITR-2	Return Form ITR-2 can be used by an individual or a Hindu Undivided Family whose total income for the year includes: Income from Salary/ Pension; or • Income from House Property; or • Income from Capital Gains; or • Income from Other Sources (including winnings from lottery and income from race horses).	Return Form ITR-2 cannot be used by an individual whose total income for the year includes income from proprietary Business or Profession.
3.	ITR-3	Return Form ITR-3 can be used by an individual or a Hindu Undivided Family who is a partner in a firm and income chargeable to income-tax in his/its hand under the head “Profits or gains of business or profession” does not include any other income, except the income by way of any interest, salary, bonus, commission or remuneration, by whatever name called, due to, or received by him from such firm. ***Note:*** In case a partner of the firm does not have any income from the firm by way of interest, salary, etc., and has only exempt income by way of share in the profit of the firm, he shall use Form ITR-3 only and not Form ITR-2.	Form ITR-3 cannot be used by any person other than an individual or a HUF. Further, an individual or a HUF not having income from business or profession cannot use ITR-3.
4.	ITR-4(SUGAM)	ITR-4 (SUGAM) can be used by individuals or Hindu Undivided Family or partnership firm (other than limited liability partnership firm) who have opted for the presumptive taxation scheme of Section 44AD/ 44ADA/44AE	Form ITR-4 (SUGAM) cannot be used by an individual/HUF: Whose total income for the year includes income from more than one house property. Whose total income for the year includes income from winnings from lottery or income from race horses. Whose total income for the year includes income chargeable to tax under the head “Capital Gains”. Whose total Income for the year includes Income-taxable under Section 115BBDA. Whose total income for the year includes income of the nature referred to in Section 115BBE. Any resident having income from any source outside India. Whose total income for the year includes agricultural income of more than Rs. 5,000.

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S. No.	Name of the Return	Category of Persons who are Eligible to File the Return	Category of Persons who Cannot File this Return
			Whose total income for the year includes income from speculative business and other special incomes. Whose total income for the year includes income from agency business or income in the nature of commission or brokerage. Who claims relief under Section 90, 90A and/or Section 91. Who is a resident and ordinarily resident and has any assets (including financial interest in any entity) located outside India or signing authority in any account located outside India. In case of a taxpayer who is engaged in any business eligible for the presumptive taxation scheme of Section 44AD or Section 44AE or Section 44ADA but he does not opt for the presumptive taxation scheme, then such a taxpayer has to maintain the books of account of the business as per the provisions of Section 44AA and has to get these accounts audited. In such a case he cannot use ITR-4.
5.	ITR-5	Form ITR-5 can be used by a person being a firm, LLP, AOP, BOI, artificial juridical person, cooperative society and local authority.	Form ITR-5 cannot be used by a person who is required to file the return of income under Section 139(4A) or 139(4B) or 139(4C) or 139(4D) or Section 139(4E) or Section 139(4F) (i.e., trusts, political party, institutions, colleges, etc.).
6.	ITR-6	Form ITR-6 can be used by a company, other than a company claiming exemption under Section 11 (charitable/religious trust can claim exemption under Section 11).	Form ITR-6 cannot be used by a company claiming exemption under Section 11 (charitable/religious trust can claim exemption under Section 11).
7.	ITR-7	Form ITR-7 can be used by persons including companies who are required to furnish return under Section 139(4A) or Section 139(4B) or Section 139(4C) or Section 139(4D) or Section139(4E) or Section 139(4F) (i.e., trusts, political party, institutions, colleges, etc.).	Form ITR-7 cannot be used by a person who is not required to furnish return under Section 139(4A) or Section 139(4B) or Section 139(4C) or Section 139(4D) or Section 139(4E) or Section 139(4F) (i.e., trusts, political party, institutions, colleges, etc.).

3. Conditions under which e-filing of Returns is Mandatory

(a) Individual/ HUF filing ITR-1/ ITR-4 (other than an individual of the age of 80 years or more at anytime during the previous year) having a refund claim in the return or having total income of more than Rs. 5,00,000 is required to furnish the return of income electronically with or

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without digital signature or by using electronic verification code or by signing ITR V. In other words super senior citizens and individual/HUF having total income not more than Rs. 5 lacs can file their return either manually or electronically, only if they are filing ITR-1 or ITR-4.

(b) Every company shall furnish the return of income electronically under digital signature. In other words, for corporate taxpayer e-filing with digital signature is mandatory.

(c) A firm or an individual or a Hindu Undivided Family (HUF) whose books of account are required to be audited under Section 44AB shall furnish the return of income electronically under digital signature. In other words, in such a case, e-filing with digital signature is mandatory.

(d) A resident assessee having any assets (including financial interest in any entity) located outside India or signing authority in any account located outside India shall furnish the return of income electronically with or without digital signature or by using electronic verification code.

(e) Taxpayers claiming relief under Section 90, 90A or 91 shall furnish the return of income electronically with or without digital signature or by using electronic verification code.

(f) A person who is required to file ITR-5 shall file the same electronically with or without digital signature. However, a firm liable to get its accounts audited under Section 44AB shall furnish the return electronically under digital signature.

(g) A taxpayer who is required to furnish a report of audit under Sections 10(23C)(iv), 10(23C)(v), 10(23C)(vi), 10(23C)(via), 10A, 10AA, 12A(1)(b), 44AB, 44DA, 50B, 80-IA, 80-IB, 80-IC, 80-ID, 80JJAA, 80LA, 92E, 115JB or 115VW or shall furnish the report electronically on or before the date of filing the return.

(h) Return Form ITR-3 is to furnish electronically in the following modes:

(i) by furnishing the return electronically under digital signature.

(ii) by transmitting the data in the return electronically under electronic verification code.

(iii) by transmitting the data in the return electronically and thereafter submitting the verification of the return in Return Form ITR-V.

4. Return Form ITR-4 is to be furnish electronically in the following modes:

(a) by furnishing the return electronically under digital signature.

(b) by transmitting the data in the return electronically under electronic verification code.

(c) by transmitting the data in the return electronically and thereafter submitting the verification of the return in Return Form ITR-V.

However, where the books of accounts are required to be audited under Section 44AB, the return is required to be furnished in the manner provided at (i) i.e. e-filing with digital signature.

5. Return Form ITR-7 is to be furnished electronically in the following modes:

(a) by furnishing the return electronically under digital signature.

(b) by transmitting the data in the return electronically under electronic verification code.

(c) by transmitting the data in the return electronically and thereafter submitting the verification of the return in Return Form ITR-V.

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However, a political party shall compulsorily furnish the electronically under digital signature. Where the Return Form is furnished by transmitting the data in the return electronically and thereafter submitting the verification of the return in ITR-V, the assessee should print out two copies of Form ITR-V. One copy of ITR-V, duly signed by the assessee, has to be sent by ordinary post to Post Bag No. 1, Electronic City Office, Bangalore-560100 (Karnataka). The other copy may be retained by the assessee for his record.

4. Steps Involved in Processing of Returns

4.1 Summary Assessment

When a return has been filed voluntarily or in response to a notice under S. 142(1), the return is processed in the following manner:

(a) The total income or loss is computed after making adjustments for arithmetical errors, disallowance of any incorrect claim apparent from any information in the return and disallowance of loss claimed if return of the previous year for which set off loss is claimed was furnished beyond the due date specified under Section 139(1). Disallowance is also made for expenditure indicated in audit report but not taken into account in computing the total income in the return. Disallowance is also made in cases of deduction claimed under Sections 10AA, 80-IA, 80-IAB, 80-IB, 80-IC, 80-ID or 80-IE if the return is furnished beyond the due date specified under Section 139(1). Further, addition of income appearing in Form 26AS or Form 16A or Form 16 which has not been included in computing the total income in the return is also made.

(b) The tax (including interest and fee), if any, shall be computed on the basis of total income computed.

(c) The sum payable or refund due shall be determined after adjustments, if any.

(d) An intimation is prepared or generated and sent to the assessee specifying the sum determined to be payable or the amount of refund due.

(e) The amount of refund due is granted to the assessee.

The processing of returns takes place at CPC Bengaluru in case of e-filed returns and is also done at the end of Assessing Officers on ITBA in case of Manual returns or those pushed by CPC. **It is important to note that vide letter of CBDT dated 28/03/2018, it is mandatory to process all returns under Section 143(1) irrespective of the fact whether in cases under scrutiny, the Assessing Officer is contemplating taking recourse under Section 241A of the Act to withhold refund so arising on ground of concern for recovery of revenue.**

4.2 Scrutiny Assessment

The Income-tax Act provides for two types of regular scrutiny assessments:

(a) Assessment under Section 143(3) which is framed after affording opportunity to the assessee and taking all relevant facts and responses of the assesee on record.

(b) Assessment under Section 144 (Best Judgment Assessment) is framed when, despite notices, the assessee does not respond and forgoes the opportunities to file a response.

In addition to the above, scrutiny block assessments are conducted in cases of search cases.

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From the Current Assessment Year, Assessment Proceedings in Scrutiny Cases shall be Conducted Electronically

Sub-Section (23C) of Section 2 of the Income-tax Act, 1961 (Act), applicable from 01/06/2016, provides that *"hearing" includes communication of data and documents through electronic mode*. Accordingly to facilitate conduct of assessment proceedings electronically, vide letter dated 23/06/2017, in file of even number, Board had issued a revised format of notice(s) under Section 143(2) of the Act. Para 3 of these notice(s) provided that assessment proceedings in cases selected for scrutiny would be conducted electronically in 'E-Proceeding' facility through assessee's account in E-filing website of Income-tax Department.

In accordance with the procedure outlined in revised 143(2) notice(s) for conduct of assessment proceedings electronically, it is hereby directed that except for search related assessments, proceedings in other pending scrutiny assessment cases shall be conducted only through the `E-Proceeding' functionality in ITBA/E-filing. However, in cases where the concerned assessee objects to conduct of assessment proceedings electronically through the 'E-Proceeding' facility, such cases, for the time-being, may be kept on hold.

Further, considering the situation that some of the stations have limited bandwidth, being VSAT stations and stations with limited capacity where bandwidth is in the process of being upgraded, it has been decided that till 31/03/2018, such stations, in accordance with target stipulated in Central Action Plan for financial year 2017–18, may undertake and complete only ten per cent scrutiny cases (which are getting barred by limitation on 31/12/2018) having the potential to effect recovery during the current year itself. The list of such stations shall be specified by the Pr. DGIT (Systems). Accordingly, at these stations, till 31/03/2018, the assessment proceedings in cases to be completed as per Central Action Plan target, may be conducted manually if e-assessment is not possible. It is reiterated that at other stations covered under para 2 above, subject to exceptions mentioned therein, the assessments would be conducted electronically only.

5. Some of the Important Procedural Aspects while Conducting Assessment Proceedings through 'e-Proceeding' are as Under:

(a) **Enquiry before Assessment in Electronic Mode:** For enquiries before assessment in terms of Section 142(1)(ii) of the Act, notice shall be issued electronically and delivered upon the assessee in his 'E-Filing' account. While filing the response electronically in compliance with notice under Section 142(1)(ii) of the Act, the concerned assessee shall verify it in the manner prescribed under Rule 14 of Income-tax Rules, 1962.

(b) **Use of Digital Signature by Assessing Officer:** All departmental orders/communications/ notices being issued to the assessee through the 'e-Proceeding' facilities are to be signed digitally by the Assessing Officer.

(c) **Time for Compliance:** Online submissions may be filed till the office hours on the date stipulated for compliance.

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(d) **Availability of Facility for Electronic Submission of Documents in Time Barring Situation or Where Case has been Finally Heard by the Assessing Officer:** The facility for electronic submission of documents through 'e-Proceeding' shall be automatically closed seven days before the time barring date. In other situations, upon completion of proceedings, before passing the final order, concerned Assessing Officer, on his volition, shall close the e-submission facility after mentioning in electronic order sheet that 'hearing has been concluded'. However, if required, in exceptional circumstances, the concerned Assessing Officer may enable further filing of submissions electronically under intimation to the Range Head in ITBA.

(e) **In Assessment Proceedings Being Carried out through the 'e-Proceeding' Facility, a Particular Proceeding may take Place Manually in Following Situation(s):**

  (i) where manual books of accounts or original documents have to be examined.

  (ii) where Assessing Officer invokes provisions of Section 131 of the Act or a notice is issued for carrying out third party enquiries/investigations.

  (iii) where examination of witness is required to be made by the concerned assessee or the Department.

  (iv) where a show-cause notice contemplating any adverse view is issued by the Assessing Officer and assesse requests for personal hearing to explain the matter.

(f) **Maintenance of 'Record' in the context of 'E-Proceeding':** In cases being assessed through 'e-Proceeding', from now on, as far as possible, case-records as well as note sheet of proceedings shall be maintained electronically.

As per extant instructions, e-proceedings in the following cases shall not be mandatory:

(a) Where assessment is to be framed in search or requisition matters, assessment is to be made in the hands of any other person (any money, bullion, jewellery or other valuable article or thing, seized or requisitioned, belongs to or any books of account or documents, seized of requisitioned, pertains or pertains to, or any information contained therein, relates to, a person other than the person referred to in Section 153A, then, the books of accounts or documents or assets seized or requisitioned shall be handed over to the AO having jurisdiction over such person).

(b) Re-assessment and Best Judgment Assessment.

(c) Set Aside assessments.

(d) Assessments framed in non-PAN cases.

(e) Where tax return was filed in paper mode and the concerned taxpayer does not yet have an 'e-filing account'.

(f) In identified stations having VAST or limited capacity bandwidth.

(g) In cases where substantial hearing had already taken place in the conventional mode prior to issue of instruction no. 1/2018.

(h) In cases where the jurisdictional PCIT/CIT, in exceptional circumstances has permitted the conduct of assessment proceedings through the conventional mode.

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In addition to the above, as per extant instructions, in cases where assessment proceedings are being carried out through 'e-proceedings' mode, personal hearings/attendance may be taken in the following situations:

(a) Where books of account have to be examined.

(b) Where AO has invoked provisions of Section 131 of the Act.

(c) Where examination of a witness is required to be made by the concerned taxpayer or the Department.

(d) Where a show cause notice contemplating any adverse view is issued by the AO and the taxpayer requests for a personal hearing to explain the matter.

Since the entire process of assessments are now driven by systems, the post assessment processes like levy of penalty, issue of refunds, rectification, collection and appeals etc are specifically packaged into specified modules in ITBA. For the sake of reference a detailed table incorporating these processes and the available modules is given in the table below:

S. No.	Date	Name of Module	Subject	Path
ITBA-ITR-Processing				
1.	30/03/2017	ITBA-ITR – Processing Instruction No. – 1	ITR Processing Module – Phase 1 - Reg.	**ITBA Portal ➔ Login ➔ Modules ➔ ITR Processing**
	08/11/2017	ITBA- ITR – Processing Instruction No. – 3	ITR Processing Module- Functionality for Processing of E-filed Returns Transferred by CPC-ITR to ITBA – Reg.	
ITBA - Rectification				
2.	21/03/2017	ITBA- Rectification Module Instruction No. -1	Rectification Module (for Penalty orders) – Reg.	**ITBA Portal ➔ Login ➔ Modules ➔ Rectification**
	19/04/2018	ITBA- Rectification Module Instruction No. -2	Rectification of Appeal and Revision orders in Income-tax Business Application (ITBA) – Reg.	
	19/04/2018	ITBA- Rectification Module Instruction No. -3	Rectification under Section 154 of Intimation under Section 143(1) in Income-tax Business Application (ITBA) – Reg.	
	22/06/2018	ITBA- Rectification Module Instruction No. -4	Rectification of Assessment Orders passed under Section 143(3)/144 in Income-tax Business Application (ITBA) – Reg.	
ITBA- Assessment				
3.	01/08/2016	ITBA- Assessment Instruction No. 2	Assessment Module - Phase 2 (Selection of Compulsory/ Through Approval Cases and Generation of Notice under Section 143(2) and 148)- Reg.	**ITBA Portal ➔ Login ➔ Modules ➔ Assessment**
	03/02/2017	ITBA- Assessment Instruction No. - 3	Assessment Module--Phase-3 {Functionality for (1) Issue of Summon (2) Issue of Notice under Section 133(6) and (3) Reference for Audit under Section 142(2A)} – Reg.	

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S. No.	Date	Name of Module	Subject	Path
	03/05/2017	ITBA- Assessment Instruction No. – 4	Assessment Module--Phase-4- Functionality for (1) Reference to Valuation Officer and (2) Conversion of Case from Limited to Complete Scrutiny – Reg.	
	03/10/2017	ITBA- Assessment Instruction No.– 5	Assessment Module – Functionality for migration of Data of pending scrutiny cases and other proceedings from AST to ITBA – Reg.	
	03/10/2017	ITBA- Assessment Instruction No. – 6	Functionality to pass Assessment orders in the Assessment Module of Income-tax Business Application (ITBA) — Reg.	
	03/10/2017	ITBA- Assessment Instruction No. – 8	Workload distribution (case assignment) - Assessment Module in Income-tax Business Application (ITBA)	
	07/05/2018	ITBA- Assessment Instruction No. – 9	Manual Order Upload functionality in ITBA Assessment Module –Regarding.	
	03/04/2017	ITBA- E – Proceedings Instruction No. -1	e-Proceedings in Income-tax Business Application (ITBA) and e-Filing Portal-Reg.	
	3/10/2017	ITBA- Assessment Instruction No. – 7	Assessment Module in Income-tax Business Application (ITBA)- Functionality for Other Assessment related processes. The following processes forming a part of the Assessment module are now available to the AOs in ITBA: **A. Generation of Notice under Section 153A** **B. Generation of Notice under Section 153C** **C. Reference to TPO** **D. Extension of Limitation Period for Closure of Various Proceedings** **E. Generate Draft Order under Section 144C and Response on Draft Order under Section 144C** **F. Manual Order Upload** **G. Abatement and Revival of Assessment Proceedings** **H. Selection of Set Aside Cases for Fresh Assessment**	
ITBA-Recovery				
4.	12/02/2018	ITBA- Recovery Instruction No. - 1	Recovery Module– Functionality to view the list of demand, initiate recovery proceedings and grant of stay/ instalment-Reg	**ITBA Portal → LOGIN → MODULES → RECOVERY**
	12/02/2018	ITBA- Recovery Instruction No. - 2	AO&TRO Recovery Module-Drawing of TRC and Subsequent Action by TRO–Reg.	

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S. No.	Date	Name of Module	Subject	Path
ITBA-Penalty				
5.	31/10/2016	ITBA-Penalty Module Instruction No. -1	Roll-Out of Phase 1 of Penalty Module Income-tax Business Application (ITBA) – Reg.	**ITBA Portal → Login → Modules → Penalty**
ITBA-Prosecution				
6.	08/03/2017	ITBA-Prosecution Module Instruction No. - 1	Prosecution Module (Phase 1) – Reg.	**ITBA Portal → Login → Modules → Prosecution**
	26/05/2017	ITBA-Prosecution Module Instruction No. – 2	Prosecution Module (Phase 2) - Reg.	
ITBA-Appeal				
7.	09/07/2015	ITBA-Appeal Instruction No. - 1	Instruction for using the Income-tax Business Application (ITBA) Appeal Module - Reg.	**ITBA Portal → Login → Modules → Appeal**
	12/11/2015	ITBA-Appeal Instruction No. – 2	Appeal Module (ITBA) – ITBA/CIT (A) Instruction No. 2- Reg.	**ITBA Portal →Login → Modules → Appeals → Appeal Case Transfer**
	01/03/2016	ITBA-Appeal Instruction No. – 3	Disposal of Appeals using the abridged workflow - ITBA/CIT (A) Instruction No. ITBA/ CIT (A) Instruction No.– 3/2016 – Reg.	
	16/12/2016	ITBA-Appeal Instruction No. – 4	Remand Report functionality in Appeal module of Income-tax Business Application (ITBA) – Reg.	**ITBA Portal → Login → Modules → Appeal**
	17/01/2018	ITBA-Appeal Instruction No. - 5	New Functionalities in Appeal module of Income-tax Business Application (ITBA) – Reg.	
	11/01/2017	ITBA-Revision Instruction No. - 1	Revision under Section 263/264 Proceedings module of Income-tax Business Application (ITBA) – Reg.	**ITBA Portal → Login → Modules → Revision**
	03/02/2017	ITBA-Appeal Register & CSR Instruction No. - 1	Appeal Register & CSR module of Income-tax Business Application (ITBA) – Reg.	**ITBA Portal → Login → Modules → Appeal Register & CSR**

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S. No.	Date	Name of Module	Subject	Path
		ITBA- TPO Proceedings		
8.	09/01/2017	ITBA-TPO Proceedings Instruction No. 1	TPO Proceedings Module-Reg.	**ITBA Portal ➔ Login ➔ Modules ➔ TPO Proceedings**
	28/08/2017	ITBA-TPO Proceedings Instruction No. 2	Functionality to maintain Register of Record for International and Domestic Transactions by the TPO in TPO Proceedings module of Income-tax Business Application (ITBA)-Reg.	

Note:

1. The Module and Instructions under ITBA can be accessed by entering the following URL in the browser: https://itba.incometax.gov.in
2. Training material including user manual, help content and frequently asked questions (FAQs) are available on the various modules Home Page and also on **ITBA Portal ➔ Online Training on ITBA.** Users can click on the online training functionality to access the following: User Manual, Step by Step, Frequently Asked Questions, and a Power Point Presentation to understand how to use the new functionalities in the various modules.
3. Users are advised to contact helpdesk in case of any issues in respect of ITBA.
   (a) URL of helpdesk - http://itbahelpdesk.incometax.net
   (b) Help desk number – **0120-2811200 (new)**
   (c) Email ID – itba.helpdesk@incometax.gov.in
   (d) Help desk Timings – 8.30 A.M. – 7.30 P.M. (Monday to Friday).

18

Taxation of Non-Residents

1. Jurisdiction of Tax Payers

1.1 The Central Board of Direct Taxes by its notification (S.O. 881(E)) dated 14th September, 2001, setup the offices of the Pr. CCIT(IT) at Delhi, Mumbai, Kolkata, Chennai and Commissioner of Income-tax (International Taxation) at Bangaluru. This notification came into force with effect from 14th September, 2001 (F.No.187/5/2001/ITA-I) itself i.e. the date of its publication in the Gazzette of India and empowered the Directors to exercise the powers and functions of a Commissioner of Income-tax including those relating to tax deduction at source under Section 195 and 197 of the Income-tax Act, 1961. Vide CBDT's notification (S.O.888(E)), dated 17th September, 2001 (F.No.187/5/2001/ITA-I), the post of Director General of Income-tax (International Taxation) with Headquarters at New Delhi was notified.

1.2 Thereafter, w.e.f. 15/11/2014, the post of Director General of Income-tax (International Taxation) was upgraded and re-designated as Pr. CCIT (Intl. Taxation) with headquarters at New Delhi and vide notification No. (Sl.No.2756(E) 54/2014/F.No.187/35/2014/(ITA-I) dated 22/10/2014, a new setup was created to deal with the matters relating to International Taxation w.e.f. 15/11/2014. As per this notification, the supervision and control of the Pr. CCIT (IT) Delhi extends over the following officers.

Sl. No.	Designation of Income-tax Authorities	Head Quarter	Jurisdiction/Supervision & Control Over
1.	The Pr. Chief Commissioner of Income-tax (International Taxation)	Delhi	(i) Chief Commissioner of Income-tax (International Taxation) West Zone, Mumbai. (ii) Chief Commissioner of Income-tax (International Taxation) South Zone, Mumbai. (iii) Commissioner of Income-tax (International Taxation)-1, Delhi (iv) Commissioner of Income-tax (International Taxation)-2, Delhi (v) Commissioner of Income-tax (International Taxation)-3, Delhi. (vi) Commissioner of Income-tax (Transfer Pricing)-1, Delhi. (vii) Commissioner of Income-tax (Transfer Pricing)-2, Delhi. (viii) Commissioner of Income-tax (Transfer Pricing)-3, Delhi. (ix) Commissioner of Income-tax (International Taxation and Transfer Pricing), Kolkata.

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2.	The Chief Commissioner of Income-tax (International Taxation) (West Zone), Mumbai.	Mumbai	(i) Commissioner of Income-tax (International Taxation)-1, Mumbai. (ii) Commissioner of Income-tax (International Taxation)-2, Mumbai. (iii) Commissioner of Income-tax (International Taxation)-3, Mumbai. (iv) Commissioner of Income-tax (International Taxation)-4, Mumbai. (v) Commissioner of Income-tax (Transfer Pricing)-1, Mumbai. (vi) Commissioner of Income-tax (Transfer Pricing)-2, Mumbai. (vii) Commissioner of Income-tax (Transfer Pricing)-3, Mumbai. (viii) Commissioner of Income-tax (Transfer Pricing)-4, Mumbai. (ix) Commissioner of Income-tax (International Taxation and Transfer Pricing), Ahmedabad. (x) Commissioner of Income-tax (International Taxation and Transfer Pricing), Pune.
3.	The Chief Commissioner of Income-tax (International Taxation) (South Zone), Mumbai.	Bangalore	(i) Commissioner of Income-tax (International Taxation), Bangalore. (ii) Commissioner of Income-tax (International Taxation), Chennai. (iii) Commissioner of Income-tax (Transfer Pricing)-1, Bangalore. (iv) Commissioner of Income-tax (Transfer Pricing)-2, Bangalore. (v) Commissioner of Income-tax (Transfer Pricing), Chennai. (vi) Commissioner of Income-tax (International Taxation and Transfer Pricing), Hyderabad.

1.3 Besides, the supervision and control of Pr. CCIT(IT), Delhi also extends over the officers posted in Advance Pricing Agreement and DRP.

Powers and Functions

Since 15/11/2014, tax assessments are made by the officers of the Commissioner of Income-tax (IT)/CIT(IT & TP) in the cases of all non-residents and foreign companies in the territorial area assigned to each Commissioner (International Taxation)/CIT(IT & TP). All applications under Section 195 and 197 filed by the deductor or deductee of tax, are also processed by their officers within the territorial jurisdiction assigned to them. Powers and functions of such officers are:

(a) All functions and powers including functions and powers relating to Tax Deduction at Source under Sections 194E, 194LB, sub-Section (2) of Section 194LBA, Sections 194LC, 194LD, 195, 196A, 196B, 196C, 196D and 197 of the Income-tax Act, 1961 in respect of persons assigned under their jurisdiction.

(b) All functions and powers relating to Tax Deduction at Source under Section 194E, 194LB, sub-Section(2) of Section 194LBA, Sections 194LC, 194LD, 195, 196A, 196B, 196C, 196D and 197 of the Income-tax Act, 1961 on payments made to non-residents and foreign companies in respect of persons assigned under their jurisdiction.

1.4 Transfer Pricing Officers exercise such powers and perform such functions of Transfer Pricing Officers as mentioned in Section 92CA for the purpose of Section 92C and 92D of the Act, in respect of such territorial areas as specified under their jurisdiction.

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2. Domestic and Treaty Law

2.1 Two main principles *underlie* the basis of international taxation, the source or *situs* principle and the residence principle. Under the source principle, a country taxes all income earned by residents and non-residents from sources within its territorial jurisdiction. Under the residence principle, a country taxes the world- wide income of persons residing within its territorial jurisdiction. There are countries that combine both the source and the residence principle. India falls in this category. Another principle of taxation which is combined with the source and residence principle, is the nationality or citizenship principle as in U.S.A. The application of the tax principles by countries, gives rise to international double taxation, defined by the International Fiscal Association as "the result of overlapping tax claims of two or more States". The double taxation can be "juridical" where the same income is taxed in the hands of the same person by more than one State or "economic" where two different persons are taxable in respect of the same income. The Double Tax Avoidance Agreements (DTAA) entered into by India provides relief from double taxation which facilitates business and improvement in investment flows. In respect of certain items of income, the treaties give the absolute taxing rights to the country, where the taxpayer is a resident and consequently the source country sacrifices tax. In respect of other items of income the treaties give taxing right to both the country of residence as also the source country. Double taxation is eliminated, by the country of residence giving credit to the tax paid in the country of source or by exempting the income, which has suffered tax in the country of source. In India, credit system is followed, double taxation is eliminated by giving credit for the tax paid in the country of source. Most of India's treaties provide for giving credit of tax paid, to the limit of tax paid or payable on the same income in the source country. In case a resident of India earns any income outside India and tax is paid in a country with which there is no DTAA, he would be entitled to a deduction in India, of the tax paid, in accordance with Section 91 of the Income-tax Act. The tax paid shall be calculated on such doubly taxed income at the Indian rate of tax or the tax rate of the foreign country, whichever is lower.

2.2 Assessment of non-residents and foreign companies is governed both by domestic law i.e. the Income-tax Act, 1961 and treaty law i.e. the DTAA. Section 90(2) provides that in cases where the provisions of the Act are more beneficial to such non-residents and foreign companies, the same shall apply. Consequently, even though in the case of foreign companies, business income may accrue or arise in India, the same shall not be taxable in India unless there is a 'permanent establishment' (PE) in terms of the relevant treaty. The term PE is defined and explained in the Article 5 of each treaty, which India is a signatory to. The tax may be leviable only in respect of the income attributable to the P.E. However royalties, fees for technical services, interest income and dividends arising in India is taxable in India even in the absence of a P.E. of the foreign company.

2.3 Country accounts are normally maintained by a foreign company having a PE/ branch office in India. However, if the Assessing Officer is of the view that the income of a non-resident cannot be definitely ascertained, the income may be calculated in terms of Rule 10 of the Income-tax Rules, 1962. The income in such cases may be calculated:

(a) at such percentage of turnover as may be considered reasonable, or

(b) at such amount which bears the same proportion to the total profits and gains of the business of the non- resident as the receipts arising in India bear to the total receipts of the business, or

(c) in such manner as the Assessing Officer may deem suitable.

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2.4 Special provisions for computing profits and gains in the case of non- residents having different types of business, have been incorporated in Section 44B, 44BB, 44BBA and 44BBB. In the case of non- residents having income from business or profession, the deduction relatable to head office expenditure is restricted and governed by the provisions of Section 44C. Further Section 44D provides that no deduction in respect of any expenditure or allowance is allowable to foreign companies in computing their income from royalty or fees for technical services.

3. Tax Deduction at Source

3.1 Tax deduction at source in respect of payments to non residents, is governed by the provisions of Sections 195 and 197 of the Income-tax Act, 1961. The person responsible for making the payment to a non-resident has to deduct tax at the time of credit of such income to the account of the payee or at the time of payment in cash or by the issue of cheque or draft or by any other mode, whichever is earlier. The deduction of tax, however, should be made only where the payment in question is chargeable to tax under the provisions of the Act. The Income-tax to be deducted is at “the rates in force”. For the purposes of deduction of tax under Section 195, the rate or rates in force are as specified in Part II of the First Schedule of the Finance Act of the relevant year or the rate of Income-tax specified in a Double Tax Avoidance Agreement. In case the rate of tax laid down in a treaty in respect of deduction of tax at source is lower, the same should be applied. The rate of deduction of tax is on gross payments. The rates of tax specified in DTAAs, are in respect of interest, royalty and technical fees, and dividends. In the case of any other income chargeable to tax, the rate of tax shall be the tax rate applicable to foreign companies. The Finance Acts prescribe the rates of tax deduction at source in the case of payments for winnings from lotteries, games, horse races etc.

3.2 In respect of payments to non-residents, which are chargeable to tax no remittance, was earlier allowed to be made without a no objection certificate from the Income-tax Department. However, in view of the CBDT Circular Nos. 759 dated 18/11/1997, 767 dated 22/5/1998 and Circular No, 10/2002 dated 09/10/2002, the person making the payment to the non-resident can do so without obtaining an NOC from the Income-tax Department. This remittance can, however, be made only if the person making the payment to the non-resident files an undertaking addressed to the Assessing Officer along with a chartered accountant’s certificate. The proforma of the certificate to be issued by the chartered accountant provides details of the nature of the payment being made to the non-resident as also the rate of tax applied. The undertaking to be furnished by the deductor of tax states, that in case tax actually payable on the amount of remittance has either not been paid or there is a shortfall in the tax deducted, the same would be paid by him. The undertaking is to be signed by the person authorized to sign the return of income of the person making the payment.

3.3 There is no provision under the Income-tax Act, 1961 for granting a refund of tax deducted at source under Section 195 to the person deducting the tax. The CBDT, through circular No. 769 dated 6th August, 1998 laid down a procedure for granting of refund to the deductor where tax has been deducted at source under Section 195. On reconsideration, circular No. 769 was revoked and refund to the person deducting tax at source under Section 195 is allowable only in accordance with the provisions of circular No. 790 dated 20th April, 2000. In some cases, tax is deposited into the Government account after deduction of tax at source under Section 195, but the contract is cancelled and no remittance is actually made to the non-resident. In certain other cases the remittance is made to

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the non-resident but the contract is cancelled. In these types of cases, no income can be said to accrue to the non-resident, due to cancellation of the contract. On this basis, the Board laid down in Circular no. 790 that such amount deducted could be refunded, with prior approval of the Chief Commissioner concerned, to the person who deducted it from the payment to the non-resident under Section 195. The refund can be adjusted against any existing tax liability of the deductor of Income-tax, under the Income-tax Act 1961, Wealth Tax Act, 1957 or any other direct tax law. No interest under Section 244A, is admissible on refunds to be granted in accordance with this circular.

3.4 Section 172 of the Income-tax Act, 1961 provides for the taxation of non- residents from shipping business. Where a ship belonging to or chartered by a non-resident carries passengers, livestock, mail or goods shipped at a port in India, seven and a half per cent of the amount paid or payable (in or out of India) on account of such carriage shall be deemed to be the income of the charterer or owner of the ship (Section 44B). Section 172 deals with the levy and recovery of tax before a ship leaves a port in India. Before the departure of a ship from any port, the Master of the ship is required to furnish to the Assessing Officer a return of the amount paid or payable to the owner or charterer for the carriage of passengers, livestock, mail or goods. The AO, may, however, waive this condition and allow the ship to depart if the Master of the ship makes satisfactory arrangement for the filing of the return and payment of taxes by any other person. In such cases the return has to be filed within 30 days of the departure of the ship. The income is assessed at 7.5% of the charges/freight payable to the owner or charterer of the ship. The AO is empowered to call for any accounts or documents to determine the tax payable. The owner of the ship can claim for an assessment of his total income before the expiry of the assessment year relevant to the previous year in which the income is earned. Any payment made by him under this Section shall be treated as a payment in advance and adjusted with the tax found to be payable/refundable on assessment.

3.5 Under most of the DTAAs, where India is a signatory, the income from shipping business is taxable in the country of residence of the owner of the ship. The exemption from taxation in respect of profits of a ship owned by a resident of the United Kingdom is only in respect of profits from the plying of the vessel in international traffic. Consequently if a foreign ship earns income from the transportation of cargo from one port in India to another, there would be no exemption and the provisions of Sections 44B and 172 would come into operation. The following details may be requisitioned for deciding as to whether treaty benefit should be allowed:

(a) Name and complete address of the owner of the vessel.

(b) Name and complete address of the charterer, if any.

(c) Evidence of residence of the person claiming DTAA benefit.

(d) Copy of the charter agreement duly signed by the owner and the charterer.

(e) Indemnity bond of the agent to be appointed under Section 163.

(f) Amount of freight receivable in Indian rupees and tax payable thereon.

(g) Detail of the loading port and the port where the cargo, livestock or passengers is to be discharged.

(h) Certified copies of the translation into English of the documents written in any other international language.

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4. Transfer Pricing

4.1 India enacted law to deal with the transfer pricing through Sections 92 to 92F in the Income-tax Act, 1961 in the year 2001. These provisions are based on the arm's length principle.

4.2 The price at which goods or services or intellectual property are transacted between the companies of a multinational group is called transfer price. The arm's length principle requires that transfer price shall be the price that would have arrived at between two independent third parties under free market conditions.

4.3 The law comprehensively defines the associated enterprise (related entities), international transaction and provides six methods namely Comparable Uncontrolled Price Method, Cost Plus Method, Resale Price Method, Profit Split Method, Transactional Net Margin Method (TNMM), and Other Method for determination of arm's length price. There is no priority for application of methods and the suitability of a particular method considered as most appropriate method depends on the nature of transaction and availability of the data/information to apply the method.

4.4 An assessee is required to maintain specified transfer pricing documents as per provisions of Section 92D. They are also required to file a report in Form 3CEB containing information on all the associated enterprises and international transactions.

4.5 The comparability of a controlled transaction or profitability of an enterprise under profit methods with an uncontrolled transaction or an independent enterprise is determined based on factors of comparability stated in Rule 10 B(2) of the Income-tax Rules, 1962. The standard of comparability provides that a controlled transaction is considered comparable to an uncontrolled transaction when there are no differences between them which can materially affect the price or profitability of the transaction. And, in case of differences, reliable adjustments could be made to the price or profitability to account for these differences.

4.6 The transfer pricing law is being administered by teams led by Commissioner of Income-tax located in four metros, Ahmedabad, Bengaluru, Hyderabad, and Pune. The appeals arising out of the orders of the assessing officers incorporating the order from the transfer pricing officer can be filed with the Commissioner of Income-tax (Appeal) or the Dispute Resolution Panel.

4.7 The United Nations has published a Practical Manual on Transfer Pricing for Developing Countries (2017) and deals with various issues concerning transfer pricing law and has a chapter devoted to transfer pricing in India. India has participated in the OECD/G20 BEPS (Base Erosion and Profit Shifting) Project on equal footing. Actions 8 to 10 of this 15 action points project deals with the transfer pricing issues. These actions 8 to 10 defined the transfer pricing rules that align transfer pricing outcomes with value creation, Intangibles, Risk and Capital, and other high risk transactions. These provisions are now based on the principles that profits of a MNE Group in a jurisdiction should be consistent with economic activities and value creation in that jurisdiction. These reports on actions 8 to 10 are now part of the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administration. The guidelines are also used by the officers for understanding and applying the law.

4.8 Earlier cases were selected for transfer pricing assessment based on the total value of international transactions undertaken by the assessee. These thresholds were INR 5 crores in the beginning and later were increased to INR 15 crores. Now the selection of cases is based on the criteria defined by the Risk Assessment Directorates and is based on key critical risks identified from data contained in Form 3CEB.

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4.9 Various types of international transactions, for example transaction in the tangible goods (purchase or sale of finished goods, raw material), payment of royalty, payment for intra-group services (management fee and head quarter cost allocation), guarantee fee, interest payment, provision of services and receipt of services have been subjected to scrutiny from the angle of transfer mis-pricing and adjustments have been made.

4.10 The government has been conscious of these issues and initiated the program of safe harbour rules and advance pricing agreement since 2009 and 2012 respectively. The advance pricing agreement program has been very successful in preventing the disputes and in providing solutions to past disputes.

5. Dispute Resolution Panel (DRP)

5.1 The Dispute Resolution Panel (DRP) is an Alternative Dispute Resolution (ADR) mechanism for resolving the disputes relating to Transfer Pricing in International Transactions. Section 144C of the Income-tax Act, governs the provisions relating to DRP and defines DRP as a collegium comprising of three Commissioners of Income-tax constituted by Central Board of Direct Taxes for this purpose. Section 144C was inserted in the ITA by the Finance Act, 2009 and came into effect from 1st October, 2009. The basic premise for *insertion* of Section 144C was that the subjects of transfer pricing audit and the taxation of foreign company were developing in India. Often the Assessing Officers and Transfer Pricing Officer, if required, was likely to take very long time with the existing appellate structure.

5.2 With a view to provide speedy disposal, it was decided to create an alternative dispute resolution mechanism within the Income-tax Department and accordingly, Section 144C was introduced.

5.3 Section 144C is initiated when the Assessing Officer proposes to make, any variation in the income or loss stated in the return filed by the assessee and such variation is prejudicial to the interest of the assessee. The Assessing Officer forwards a draft of the proposed Assessment order to the assessee in order to invite his acceptance or objections to the same. Assessee under Section 144C is in reference to a Foreign Company and any person in whose case AO proposes to make any variation in the income or loss stated in the return filed by such person, as a consequence of the order passed by the Transfer Pricing Officer.

5.4 Prior to the formation of DRP the assessee had to approach the Commissioner of Income-tax (Appeals) against the Assessment Order if the assessee wanted to raise objections against the Assessment Order. However, after the formation of DRP the assessee has an additional option to approach DRP on the basis Draft Order issued by AO. The Draft Order can be acceptable or unacceptable to the assessee. In case the variations made in the draft order are acceptable to the assessee he can file his acceptance to the Draft Order with the AO within thirty days of the receipt of the Draft Order. If no acceptance is filed within thirty days the AO completes the assessment on the basis of the Draft Order and passes the assessment order, within one month from the end of the month, in which, the acceptance is received or the period of filing of objections expires.

5.5 In case the assessee wants to file the Objections against the variations made by the AO the assesse may file its objections with the DRP and AO.

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5.6 The Procedure at DRP is as follows:

(a) After receiving the paper book of objections from the Assese, the DRP goes through the Draft Order; objections filed by the assessee; evidence furnished by the assessee; report, if any, of the Assessing Officer, Valuation Officer or Transfer Pricing Officer or any other authority; records relating to the draft order; evidence collected by, or caused to be collected by, it; and result of any enquiry made by, or caused to be made by, it and issue such directions, as it thinks fit, for the guidance of the AO to enable him to complete the assessment.

(b) The DRP may confirm, reduce or enhance the variations proposed in the draft order, however, it shall not set aside any proposed variation or issue any direction for the guidance of the AO for further enquiry and passing of the assessment order.

(c) If the members of the DRP differ in opinion on any point, the point shall be decided according to the opinion of the majority of the members.

(d) The Directions for the guidance of AO will be given only after the assessee and the AO have been given an opportunity to present their case.

(e) After receiving the Directions in the nature of guidance from DRP the AO shall, in conformity with the directions, complete the assessment without providing any further opportunity of being heard to the assessee, within one month from the end of the month in which such direction is received.

(f) The Directions given by DRP are binding on the AO, the Directions can be challenged by the assessee before the Income-tax Appellate Tribunal (ITAT).

(g) The DRP has to complete the hearing and give its final Directions within a period of 9 months from the end of the month in which the draft order was forwarded to the assessee.

(h) Presently there are 10 DRP in India having Jurisdiction over different States and Territories.

5.7 It needs to be emphasized that the proceeding before the DRP is not an appeal proceeding but a correcting mechanism through which the proposed assessment order is reviewed by a Panel of higher Income-tax Authorities. It is a continuation of the Assessment proceedings till such time a final order of assessment which is appealable is passed by the Assessing Officer. This also finds support from Section 144C(6) which enables the DRP to collect evidence or cause any enquiry to be made before giving directions to the Assessing Officer under Section 144C(5). The DRP procedure can only be initiated by an assessee objecting to the draft assessment order. This would enable correction in the proposed order (draft assessment order) before a final assessment order is passed.

5.8 The mechanism of DRP is, therefore, aimed at minimizing disputes relating to Transfer Pricing in International Transactions. The process of inviting objections to the Draft Assessment Order gives an opportunity to the assessee to raise objections, if any, at an early date and helps in giving finality to the Assessment Order. The fixed time frame of 9 months to decide the Matter assures the assesse that the Matter will be decided in a fixed time and the binding nature of the Order of the DRP on the Aseesssing Officer provides a clear picture to the assessee with regards to its Tax Liability.

6. Exchange of Information

India has Exchange of Information relationship under tax treaties with over 150 countries enabled through Double Taxation Avoidance Agreement (DTAA)/Tax Information Exchange Agreement (TIEA) or

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Multilateral Convention on Mutual Administrative Assistance in Tax Matters. Exchange of Information on request is the most commonly used under which requests for information can be sent to partner jurisdictions for the purposes of implementation of the treaty or for administration or enforcement of domestic tax laws.

A request for information to a treaty partner has to meet the “foreseeable relevance” standard. Further, information received under the provisions of tax treaties should be treated as secret in the same manner as information obtained under the domestic laws of India and should be disclosed only to persons or authorities (including courts and administrative bodies) concerned with the assessment or collection of, the enforcement or prosecution or deciding appeals in relation to taxes or to the oversight of the above.

At the same time, treaty obligations are reciprocal and accordingly wherever a request for assistance is received from a treaty partner, the same must be given highest priority and all efforts should be made to provide high quality and timely response, not only to fulfil our treaty obligations, but also so that Government of India receives similar assistance from others.

The Manual on Exchange of Information contains guidelines for making specific requests for Exchange of Information under the tax treaties, handling requests received from treaty partners and other forms of administrative assistance. The other forms of assistance includes Automatic Exchange of Information, Spontaneous Exchange of Information, simultaneous tax examinations, tax examination abroad, assistance in recovery of tax claims, measures of conservancy, and service of documents. The Manual can be downloaded from the link below:

https://www.incometaxindia.gov.in/Documents/exchange-of-information/EOI-Manual-2015.pdf

In addition, to facilitate Automatic Exchange of Information in respect of financial accounts of residents, India has also entered into the Inter-Governmental Agreement (IGA) with the USA and the Multilateral Competent Authority Agreement (MCAA) for exchanges under the Common Reporting Standard (CRS). India conducts annual exchanges with the USA and other jurisdictions under the IGA and CRS MCAA respectively. India has also signed the MCAA for automatic annual exchange of Country-by-Country reports.

7. Mutual Agreement Procedure

The tax treaties entered into by India provide for a dispute resolution mechanism and is known as the Mutual Agreement Procedure (MAP). A resident of one country may approach the competent authority of the country of which he is resident if he is aggrieved and is of the view that the action of the tax authorities of either one or both of the treaty partner countries is not in accordance with the provisions of the treaty. Generally there is a limitation of three years from the time of the action of the tax authorities during which the taxpayer must present his case to the competent authority. If the competent authority is satisfied that the case of the taxpayer is justified and that the action of the tax authority of the other country is not in consonance with the provisions of the treaty, he shall approach the competent authority of the treaty partner country to arrive at a satisfactory solution and resolve the case by mutual agreement. Besides dealing with individual cases, the competent authorities can also endeavour to resolve by mutual agreement disputes or doubts arising in the interpretation or application of the treaty. The Mutual Agreement Proceedings in India, carry on irrespective of the

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remedies provided in the domestic law in respect of appeals before the Commissioner of Income-tax (Appeals), ITAT etc.. Any agreement reached between the competent authorities in a particular case will however override the decision of the Assessing Officer, Commissioner of Income-tax (Appeals) or the Income-tax Appellate Tribunal. The Assessing Officer shall, on receipt of a decision under MAP, implement the same, and withdraw all appeals, where necessary. Implementation of MAP resolution shall be as per procedure in Rule 44H of IT Rules including after obtaining consent of tax payer. The Assessing Officer must implement the decision under MAP within 90 days of receipt of Competent Authority's resolution communication. The order in such cases should be passed under the relevant Article of the DTAA with the other country.

8. Collection Assistance Under the DTAA and Section 228A of the IT Act, 1961

In some of the India's DTAAs, there is a provision for collection assistance whereby the treaty partners undertake to help each other in the collection of taxes. The request for assistance is to be processed through the office of the competent authority and therefore, all claims of assistance have to be addressed to the Joint Secretary (FT&TR) having jurisdiction over that country. While seeking assistance, i.e, where an assessee is in default in making the payment of tax in India, the TRO/Assessing Officer may, if the assessee has assets in a country with whom India has the provision of collection assistance in the DTAA, forward a certificate under Section 222 to the Joint Secretary (FT & TR) having jurisdiction over that country for being forwarded to the relevant country. In such cases all efforts to collect taxes should have been exhausted before making a request to the other country. Further, a certificate would also have to be furnished by the Assessing Officer that the collection of tax for which assistance is being sought has been finally determined and that is there is no further right of appeal left. Section 228A of the Income-tax Act, 1961 also provides that where an agreement is entered into by the Central Government with the Government of any other country for recovery of tax, the Tax Recovery Officer (TRO) shall, on receipt of a certificate of recovery of tax from the foreign country, proceed to recover the amounts specified in the certificate. The TRO should proceed to collect the tax from the assets of the non- resident in the manner that he would proceed to recover an amount specified in a certificate drawn up by him under Section 222. After deducting the expenses incurred in connection with the recovery proceedings, the balance amount should be remitted to the competent authority in the CBDT.

9. Advance Pricing Agreement

9.1 Years of audits had resulted in a large number of transfer pricing disputes. The decisions by various administrative and judicial authorities were not helping proper resolution of these disputes which most of the times were of repetitive in nature and more of issues of facts than questions of law. A need for an alternate and effective dispute resolution mechanism was felt to bring about certainty and uniformity of approach on the transfer pricing issues.

In this background, the advance pricing agreement (APA) programme was introduced in the year 2012 in the ITA. The provisions regarding rollback of the APA were added later in the year 2015. The APA process is voluntary, and supplements appeal and other dispute resolution measures provided in the ITA and the Double Taxation Avoidance Agreements for resolving transfer pricing disputes.

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9.2 The APA Programme—Legal Framework

9.2.1 An APA is an agreement between the CBDT and any person, which determines, in advance, the arm's length price (hereafter, ALP) or specifies the manner of the determination of ALP (or both), in relation to an international transaction.

9.2.2 The primary objective of an APA is to provide certainty and comfort to taxpayers so that predictable and foreseeable conditions and outcomes can be expected regarding transfer pricing practices. The benefits of an APA are many. The risk of double taxation is eliminated in the bilateral APA. The APA also provides for an agreement on maintenance of documentation, so that the burden of record keeping is reduced. Further, there is no full-scale transfer pricing audit and only a compliance audit to check the adherence to the agreed terms and conditions.

9.2.3 India has created a legal framework providing for a legally binding agreement between the taxpayer and the CBDT. The Finance Act, 2012, inserted Sections 92CC and 92 CD in the ITA to provide the legal basis for APA in India. These statutory provisions, effective from 1st July 2012, empowered the CBDT to enter an agreement with any person, with the approval of Central Government, determining the ALP or specifying the manner of determination of ALP in relation to an international transaction to be entered into by that person.

9.2.4 The rules regarding the implementation aspects of the APA Scheme were notified later on 30th August 2012 in the form of rules 10F to 10T and rule 44GA of the Rules. These provisions lay down the detailed procedures for the filing of pre-filing consultation application, pre-filing consultation, fees, the filing of APA application, processing of the application, amendment of application, withdrawal of application, terms and conditions, filing of Annual Compliance Report, Compliance Audit, revision, cancellation and renewal of the APA.

The CBDT issued a "Guidance with FAQs" on the APA scheme in the form of a Tax Payer Information Series[1]. A taxpayer can request an APA for a maximum period of five years. A shorter period is not prohibited.

9.2.5 Rollback provisions in the APA Scheme were introduced through the insertion of sub-Section (9A) in Section 92CC by the Finance (No. 2) Act, 2014. The relevant rules (10MA and 10RA) for the rollback of the APA were notified on 14th March 2015, and a FAQ[2] through Circular No. 10/2015 was issued explaining the provisions of the rollback of the APA. The primary condition for the rollback of the APA is that the international transaction in the rollback period shall be the same as in the APA period. The FAR analysis of the rollback year shall not differ materially from the FAR analysis validated for the APA years. The rollback provisions are applicable for four years prior to the first year of the APA period, and the applicant does not have the option to choose the years for which it wants to apply for rollback. The applicant must apply the rollback of the APA for all four years or not apply at all. For example, if the applicant's transfer price has been accepted to be at arm's length in the transfer pricing audit for any of the four previous years or a year is not in the transfer pricing audit, these years cannot be left out, and rollback of the APA would apply to these years also.

[1] Guidance and FAQs available at: http://www.incometaxindia.gov.in/booklets%20%20pamphlets/advance-pricing-agreement-guidance-with-faqs-(tpi-43).pdf (accessed 15.02.2019).
[2] Circular No.10/2015 dated 10th June, 2015 is available at: http://www.incometaxindia.gov.in/communications/circular/circular_no_10_2015.pdf (last accessed 15.02.2019).

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9.2.6 A taxpayer would be able to have certainty in matters of transfer pricing for a maximum period of 9 years (prospective five years and four rollback years) by applying for an APA along with an application for the rollback of the APA.

9.2.7 Transfer pricing regulation[3] has introduced provisions regarding secondary adjustment and these also apply to primary adjustment arising out of the APA.

9.2.8 The APA remains in force for the period covered in the APA and is binding on the person and the Commissioner of Income-tax (and his subordinate Income-tax authorities) having jurisdiction over such person.

The APA program provides for unilateral, bilateral, and multilateral APAs. The applicant has the option of choosing a particular type of APA. A unilateral APA[4] is an agreement between the CBDT and the applicant and protects the applicant from transfer pricing adjustments under the ITA. In the bilateral APA, the applicant is required to make an application with the Indian competent authority, and another request is needed to be made by the applicant or its AE to the competent authority of its country of residence. In multilateral APA, the applicant is required to make an application with the Indian competent authority, and simultaneously the applicant or its AEs should apply to the competent authority of the other countries relevant to the international transactions. The bilateral and multilateral APAs protect the taxpayers and their associated enterprises from the potential double taxation of the income from the same international transaction.

The provisions of mutual agreement procedure (Art. 25 or equivalent) and associated enterprises (Art. 9) of relevant tax treaty are used to negotiate and agree at the bilateral and multilateral APAs with the tax authority of other countries. The applicant must accept the agreement before a bilateral or multilateral APA is entered.

9.2.9 Presently, any taxpayer having international transactions can request an APA. There are no restrictions of any type like minimum threshold on the annual value of related party transactions or nature of transactions for taxpayers seeking an APA. The international transactions under transfer pricing audit or are pending for decision with any judicial authority can also be covered in the APA.

9.2.10 There are some restrictions regarding granting the benefit of the rollback of the APA. One such limitation[5] is in regard to non-availability of the rollback in respect of an international transaction for a rollback year if the determination of arm's length price of the said international transaction for the said year has been the subject matter of an appeal before the Appellate Tribunal, and the Appellate Tribunal has passed an order disposing of such appeal at any time before signing of the agreement.

The rules do not provide for suspension of ongoing transfer pricing audit or investigation during the application process and till signing of the agreement. The taxpayer is protected from the transfer pricing audit in respect of the covered transactions after signing the agreement.

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[3]See Section 92CE of the Act

[4]In unilateral APAs, the risk of potential double taxation remains given that the methodology agreed by the taxpayer with the tax administration of a country may not necessarily be accepted by the counter party tax administration. This risk may increase after the unilateral APAs are exchanged with the tax administration of counter party based on the minimum agreed standards in relation to Action 5 of the G20/OECD BEPS Project.

[5]See Rule 10 MA (3) of the IT Rules

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9.3 Administrative Framework

The CBDT has created special teams tasked exclusively for concluding APAs. The APA program started in 2013 with one APA Team headed by a Commissioner located in New Delhi and a total of four Additional/Joint commissioners based in New Delhi, Mumbai, and Bangalore. Eight Deputy/Assistant Commissioners assisted them. Considering a large number of applications filed and for fast-tracking the finalisation of the APA, the CBDT has lately added three more Commissioners to the program. The APA Teams work under the control and supervision of Principal Chief Commissioner of Income-tax (International Tax and Transfer Pricing) based in New Delhi. The APA Teams are responsible for processing both unilateral and bilateral applications and submit the Position Papers to the CBDT. After approval of the CBDT, the APA Team negotiates the terms and conditions with the taxpayer in case of unilateral APA.

In case of applications for bilateral/multilateral APAs, the Competent Authority of India carries out negotiations with the Competent Authorities of other countries.

9.4 APA Process

9.4.1 Request for an APA

An APA is a taxpayer motivated agreement. The APA process starts with the filing of an application by the taxpayer in the prescribed form (Form 3CED). There are no monetary limits specified for being eligible to file an APA application. A taxpayer may also request a pre-filing consultation meeting with the APA authorities before submitting a formal APA application. Pre-filing consultation can be sought on an anonymous basis. Pre-filing consultation is now optional. The pre-filing consultation process is non-binding on both the parties.

The formal application must contain the specified information. The application needs to state the multinational structure, organisation arrangement, mention covered transactions explicitly, provide FAR analysis of the applicant and all relevant entities for the covered transactions, economic analysis, a copy of inter-company agreements for covered transactions; audited accounts, and the proposed terms and conditions. A taxpayer is free to cover all or select only some international transactions for the APA. The application can be made for continuing transactions and proposed transactions.

An applicant needs to pay a graded fee[6] based on the value of related party transactions proposed to be covered in the APA. An application requesting rollback of the APA requires payment of a fixed fee of INR 500,000. The fee paid is non-refundable except when the application is not allowed to be proceeded with under rule 10 K.

An application requesting a unilateral APA is filed with the Principal Chief Commissioner of Income-tax (International Tax and Transfer Pricing), New Delhi. The application for bilateral/multilateral APA is required to be filed with the competent authority of India. In the case of bilateral/multilateral APA, the associated enterprise must initiate the procedure for entering into APA with the competent authority of other country and evidence shall be furnished to the competent authority.

[6]Fee is INR one million for value of international transactions, proposed during the proposed period of agreement, up to INR 1000 million. If the value of international transactions exceeds INR 2000 million, the fee is INR two million. The fee is INR one and a half million for value of transactions between INR 1000 million and INR 2000 million

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9.4.2 Acceptance/ Rejection of an APA Application

The APA application, relevant information, and documents attached to the application are subject to preliminary processing by the APA Team to determine the completeness of the application under the provisions of rule 10K. In case the application is defective due to the absence of information or relevant document is not attached or the requisite fee is not paid, the taxpayer is given an opportunity to remove the defects. The non-removal of defects may lead to rejection of the application after providing an opportunity of being heard to the applicant.

An applicant may request in writing for an amendment to its application at any times before the finalisation of terms of the applicant. Such an amendment application shall be filed with the same authority with whom APA request application was submitted. The applicant is allowed to convert an application for unilateral APA to bilateral/ multilateral APA and vice-versa and such a request is not considered to have the effect of altering the nature of the original application. The taxpayer can withdraw an APA application at any stage before the finalisation of the APA.

9.4.3 Examination and Analysis of an APA Application

APA Team holds meetings and may request any additional information, documents, or clarifications during the first evaluation and review of the application before the site visit.

A visit to the applicant's business premises, taking into account the convenience of the taxpayer, is undertaken to understand the FAR submitted by the taxpayer. The visit provides the APA Team with firsthand information on the underlying business activities concerning the covered transactions and helps it to better understand the facts of the transactions, business model and business realities of the taxpayer. The visit to the business premises also helps the taxpayer and the APA Team to understand each other's perspectives, concerns and agree on a time frame for completion of the APA process. The visit allows discussion of the issues directly with the responsible officials of the applicant. The focus of the office visit depends on the nature of the business and business model adopted by the applicant.

In case of taxpayers applying bilateral APA, a joint site visit along with the representatives of the other competent authority is also possible. The applicant is expected to give full cooperation for this purpose.

During analysis and detailed evaluation of the application additional information or documentation may be requested. The APA Team is required to do detailed functional analysis and examines the APA application in a reasonable and fair manner taking into consideration all the pieces of evidence and information furnished by the applicant or collected by it. On completion of the analysis and evaluation, the APA Team prepares a position paper (draft report) for submission to the CBDT. In case of unilateral APA, the CBDT directs the APA Team to carry out negotiations on the terms and conditions approved by it. In the case of the bilateral APA, all the process after the receipt of the position paper from the APA Team is handled by the competent authority.

9.4.4 Entering into an APA

The procedure of negotiations, approval, and signing of the APA is different for unilateral and bilateral APA.

The negotiations with the applicant in case of unilateral APA are carried out by the APA Team.

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These negotiations are focussed on the appropriate transfer pricing method, the basis of arriving at arm's length price or arm's length results, terms and conditions, critical assumptions, nature of documents to be maintained by the applicant and to be filed along with the Annual Compliance Report.

After completion of the negotiations, a mutually agreed draft agreement is sent to the CBDT by the APA Team. The CBDT signs the agreement with the applicant after obtaining approval of the Central Government.

In the case of a bilateral APA, the negotiations are carried out by the competent authority with the other competent authority and the applicant is not a part of the negotiation between two competent authorities, but it may be consulted for this purpose by the Indian competent authority. The provisions of MAP apply regarding the process.

9.4.5 Taxpayer's Obligations after the Signing of the Agreement

The applicant is obliged to file a modified return of income, based on the terms and conditions of the agreement, for the completed years of the APA period including rollback years and pay additional tax and interest as per provisions of the ITA.

The applicant is also required to withdraw an appeal pending with the administrative or judicial authorities concerning the covered transactions and for the period covered in the APA.

The taxpayer is also obligated to file an annual compliance report in Form 3CF to the Principal Chief Commissioner of Income-tax (International Taxation) for each year covered in the agreement.

9.4.6 Revenue's Obligations after the Signing of the Agreement

The modified return of income filed by the taxpayer is deemed to be a return of income filed under Section 139 and all provisions of the ITA apply accordingly. The APA years including rollback years covered in the agreement are not subject to the transfer pricing audit. However, there is no protection from the regular transfer pricing audit of international transactions not included in the agreement. The ongoing transfer pricing audit will be stopped.

The Revenue will withdraw all appeals filed by it before the Income-tax Appellate Tribunal, High Court, and Supreme Court. The jurisdictional transfer pricing officer is required to carry out a compliance audit to ensure compliance with the terms of the APA, including satisfaction of the critical assumptions and consistency of the application of the transfer pricing method.

9.4.7 Legal Effect of the APA

An APA is binding on the taxpayer and the Commissioner of Income-tax in relation to the covered transactions. If the taxpayer complies with the terms and conditions of the agreement, the tax administration shall accept the ALP or the application of transfer pricing methodology regarding the covered transactions and period covered in the APA.

The agreement shall not be binding on the tax administration if the taxpayer has obtained the agreement by fraud or misrepresentation of facts.

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9.4.8 Compliance Audit

The taxpayers who have entered APAs with the government are required to furnish an Annual Compliance Report (ACR) for each year covered in the agreement in the prescribed Form 3CEF (Rule 10O). The transfer pricing officer having jurisdiction over the taxpayer carries out the compliance audit of the agreement for each year covered in the agreement (Rule 10P). Non-compliance of the terms and conditions including Critical Assumption may lead to cancellation of the APA.

The regular transfer pricing audit will not be undertaken for the international transactions covered in the APA. The regular transfer pricing audit would be restricted to the international transactions not included in the APA. Therefore, it is advisable to cover all the international transactions in the APA to avoid separate transfer pricing audit for the same year.

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19 Special Procedure Relating to Trust and Other Institutions

1. Introduction

Various provisions regarding Trusts, Societies, Institutions etc. claiming exemption are administered mainly by Pr. Chief Commissioner of Income-tax (Exemptions) and the Commissioners of Income-tax functioning under him in fourteen cities, namely, Ahmedabad, Bangalore, Bhopal, Chandigarh, Chennai, Delhi, Hyderabad, Jaipur, Kochi, Kolkata, Lucknow, Mumbai, Patna and Pune. As per notification no.52/2014/F.No.18738/2014(ITA.I) dated 22nd October, 2014, issued by CBDT, the jurisdiction of CsIT (Exemptions) is as follows.

"All cases of persons in the territorial area specified in column (4) claiming exemption under Clauses (21), (22), (22A), (22B), (23), (23A), (23AAA), (23B), (23C), (23F), (23FA), (24,) (46) and (47) of Section 10, Section 11, Section 12, Section 13A and Section 13B of the Income-tax Act, 1961".

The jurisdiction of each Commissioner of Income-tax (Exemptions) is coterminous with that of the jurisdictional Principal CCIT concerned, except in the cases of Pr. CCsIT Guwahati, Bhubaneswar, Kanpur and Nagpur where the jurisdictions vest with the Commissioner of Income-tax (Exemptions) Kolkata, Hyderabad, Lucknow and Pune respectively.

(***Note:*** For details please refer to the aforesaid jurisdiction notification annexed.)

2. Registration of Trusts and Institutions

2.1 The legal framework, granting exemption to a public charitable trust, a company registered under Section under Section 8/25 of the Companies Act, or a society registered under the Societies Registration Act, 1860 etc., is contained in the following provisions:

(a) Section 2(15).

(b) Section 2(24) (iia).

(c) Section 10.

(d) Section 11,12, 12A, 12AA and 13.

(e) Section 35(1)(ii) and 35(i)(iii).

2.2 For registration under Section 12AA, the application has to be made in Form No. 10A. The relevant provisions for application are contained in Rule 17A which has been substituted by the Income-tax (First Amendment) Rules, 2018, w.e.f. 19/2/2018. As per Rule 17A(1) an application under Clause (aa) or Clause (ab) of sub-Section (1) of Section 12A for registration of a charitable or religious trust or institution shall be made in Form No. 10A and accompanied by the following documents, namely:

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(a) where the trust is created, or the institution is established, under an instrument, self-certified copy of the instrument creating the trust or establishing the institution.

(b) where the trust is created, or the institution is established, otherwise than under an instrument, self-certified copy of the document evidencing the creation of the trust, or establishment of the institution.

(c) self-certified copy of registration with Registrar of Companies or Registrar of Firms and Societies or Registrar of Public Trusts, as the case may be.

(d) self-certified copy of the documents evidencing adoption or modification of the objects, if any.

(e) where the trust or institution has been in existence during any year or years prior to the financial year in which the application for registration is made, self certified copies of the annual accounts of the trust or institution relating to such prior year or years (not being more than three years immediately preceding the year in which the said application is made) for which such accounts have been made up.

(f) note on the activities of the trust or institution.

(g) self-certified copy of existing order granting registration under Section 12A or Section 12AA, as the case may be; and

(h) self-certified copy of order of rejection of application for grant of registration under Section 12A or Section 12AA, as the case may be, if any".

2.3 As per Rule 17A(2) Form No. 10A shall be furnished electronically:

(a) under digital signature, if the return of income is required to be furnished under digital signature.

(b) through electronic verification code in a case not covered under Clause (i).

2.4 As per Rule 17A(3) Form No. 10A shall be verified by the person who is authorised to verify the return of income under Section 140, as applicable to the assessee.

3. Procedure for Grant/ Refusal of Registration under Section 12A

(a) Once the applicant files application on e-filing, the same is made available to the office of CIT(E) on ITBA.

(b) The office of CIT will prepare a Checklist for generation of a query letter to the assessee. The Checklist consists of the queries to ascertain whether trust/institution fulfils the conditions for grant of exemption under Section 12AA.

(c) After generation of the specific questionnaire depending upon the requirements of each case, as described above, the case is processed.

(d) At any stage during the course of proceedings/verification/enquiry and after completion of process, the office of CIT should prepare 'Case Summary' for perusal of the CIT and propose either approval or rejection of the application based on the facts of the case and enquiries carried out by the concerned officers/officials.

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4. Legal Provisions for Registration

4.1 As per Section 12AA(1) The Principal Commissioner or Commissioner, on receipt of an application for registration of a trust or institution made under Clause (a) or Clause (aa) or Clause (ab)of sub-Section (1) of Section 12A, shall:

(a) call for such documents or information from the trust or institution as he thinks necessary in order to satisfy himself about the genuineness of activities of the trust or institution and may also make such inquiries as he may deem necessary in this behalf.

(b) after satisfying himself about the objects of the trust or institution and the genuineness of its activities, he:

(i) shall pass an order in writing registering the trust or institution.

(ii) shall, if he is not so satisfied, pass an order in writing refusing to register the trust or institution.

4.2 As per proviso to Section 12AA(1), no order of rejection be passed unless the applicant has been given a reasonable opportunity of being heard.

4.3 As per Section 12AA(2) Every order granting or refusing registration shall be passed before the expiry of **six months** from the end of the month in which the application was received otherwise registration under Section 12AA is deemed to have been granted.

4.4 As per Section 12AA(3) where the Commissioner is satisfied that the activities of trust or institution are not genuine or are not being carried out in accordance with the objects of the trust or institution, as the case may be, he shall pass an order in writing cancelling the registration of such trust or institution after giving reasonable opportunity of being heard. The proceeding for cancellation may be initiated on the basis of information brought to the notice of CIT(E) or otherwise.

4.5 As per Section 12AA(4) Commissioner notices that the activities of the trust or the institution are being carried out in a manner that the provisions of Sections 11 and 12 do not apply to exclude either whole or any part of the income of such trust or institution due to operation of sub-Section (1) of Section 13, then, the Commissioner may by an order in writing cancel the registration of such trust or institution after giving reasonable opportunity of being heard.

4.6 The registration under Section 12AA is valid for all the future assessment years since it is granted until it is cancelled in terms of provision of Section 12AA(3) and 12AA(4) of the Act. The registration is valid from the assessment year immediately following the financial year in which the application for registration is made.

5. Points to be Examined before Grant of Registration by the CIT(E)

The following points should be examined before grant of registration:

(a) The application filed in form 10A by the assessee should be in proper form and complete in all respects.

(b) The application should be filed electronically.

(c) There should be a legally existent entity, which can be registered.

(d) It should have a written instrument for its creation.

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(e) All its objects should be charitable or religious in nature.

(f) Its income and assets should be applicable towards its objects only, as indicated in the object Clauses and in the other rules and regulations that govern its conduct.

(g) No part of its income ought to be distributable or distributed, directly or indirectly, to its members, directors, founders etc.

(h) In case of its dissolution, its net assets after meeting all its liabilities, should not revert to its founder, members, directors, donors etc., but used for its objects as per Section 115TD of the Act on conversion into any form which is not eligible for registration under Section 12AA the trust is liable to pay Income-tax on the accreted income at the Maximum Marginal Rate. The detailed provisions may be seen in the various provision of Section 115TD.

(i) Verification of actual existence should be made either by sending a letter seeking its compliance or by local enquiry.

(j) The trust or institution to be asked to cure defects, if any, mentioned above under the directions of CIT(E). This can be done only in respect of curable defects.

(k) Any part of the income of the trust should not be used for private religious purposes which does not ensure for the benefit of the public.

(l) The trust should not be created established for the benefit of any particular religious community or caste. The income or property of the trust should not ensure or used or applied directly or indirectly for the benefit of any specified person referred to in Section 13(3) of the Act.

(m) The funds of the trust should be invested or deposited in the form or mode prescribed in Section 11(5) of the Income-tax Act or in any share in a company other than a public sector company.

6. Approval under Section 80G(5)

6.1 Apart from exemption of income of the trust or institution etc. as provided in Section 11 and Section 12 of the Act, the donor to such trust or institution is also entitled to a deduction on account of the donation from his gross total income. The amount of deduction is prescribed in Section 80G(2)(iv). Section 80G(5) contains preconditions, which must be satisfied cumulatively, before the donation to the institution or fund becomes tax deductible in the hands of the donor. These conditions are summarized as under:

(a) The income of the person should not be included in total income by virtue of the provisions contained in Sections 11 and 12, Section 10(23AA) or Section 10(23C).

(b) The income of the entity, as per its rules should be applicable wholly for a charitable purpose (emphasis supplied). The term “charitable purpose” does not include religious purpose (Explanation 3 below Section 80G). However, Section 80G (5B) allows some relaxation regarding incurring of expenditure for religious purpose(s).

(c) The fund or institution should not be expressed for the benefit of any particular religious community or caste.

(d) As per Section 80G(5D) no deduction under Section 80G is allowed in respect of donation of any sum exceeding Two Thousand Rupees unless such sum is paid by any mode other than cash.

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(e) It should maintain regular books of its receipts and expenditure.

(f) It should be approved by the CIT(E) for the purposes of making its donors eligible for grant of deduction under this provision.

Procedure/ Requirement for Approval under Section 80G.

6.2 Rule 11 AA prescribes that an application for approval under Section 80G shall be made in triplicate in Form no. 10G. It shall be accompanied by copies of following document:

(a) Order of registration under Section 12A/12AA or notification under Section 10(23C).

(b) Note on activities conducted either since its inception or in the last three years, if the trust/ institution was created more than three years ago.

(c) Copies of account of this institution or fund since its inception or during the last three years, whichever is less.

The rule also provides that the application in Form no. 10G shall be disposed off within six months of the date of its receipt by the CIT(E). Thus, limitation is involved in the disposal of such an application.

6.3 No formal procedure has been prescribed either by the Act or the Rules for processing of the application for grant of 80G certificate. However, if it is intended to reject an application, the trust or institution, should be given an opportunity of being heard. The time taken by it in complying with the directions of the CIT(E) with regard to filing of evidence or information shall be excluded in the computation of the aforesaid time limit as per proviso to do 11AA(6).

6.4 The procedure for the processing the application in form 10G in the office of CIT(E) in ITBA is similar to the procedure in the case of form 10A for grant of registration under Section 12AA.

6.5 The application is examined to ensure that various columns are properly filled in and it is accompanied by documents referred above. After satisfying himself about Fulfilment of the essential conditions on the basis of the instrument of creation, the CIT(E) may approve the institution under Section 80G(5) by way of a written order. However, if any of these conditions is not satisfied, an opportunity of being heard to be given to the assessee. After hearing the assessee, the CIT(E) may pass an appropriate order in writing either approving the trust or institution, or rejecting its application, as the case may be. Rule 11AA(4) requires that the approval should specify the assessment year or the years for which it is valid. The approval under 80G is valid for all assessment years since it is granted unless it is withdrawn or cancelled.

7. Approval under Section 10(17A)

7.1 This Section inter-alia exempts from tax any award/reward made in cash or kind, instituted by a body in the public interest and approved by the Central Government on that basis. The applications received from institutions for approval by the Central Government are processed in the office of the CIT(E), and forwarded to the CCIT(E) with his comments. The CCIT(E) finally forwards these applications to the Board with his recommendation on whether the award/reward should be exempted or not.

7.2 The applications received from assessee's are entered in a register maintained in the office of CIT(E). The proforma is indicated below:

(a)	Date of receipt of application	:
(b)	Date of forwarding to the Assessing Officer	:
(c)	Due date of the report	:
(d)	Date of the receipt of the report	:
(e)	Date of forwarding to the CCIT(E)	:
(f)	Remarks	:

7.3 The only condition for grant of approval mentioned in the Section is that the award should be instituted in the public interest. No rule has been framed under this Section for the guidance of field officers. The assessee should be asked to file details mentioned in the proforma indicated below:

(a) Name, address & P.A. No. of the institution.

(b) Instrument of creation of the institution containing inter alia the Memorandum of Association and rules & regulations.

(c) Whether the institution is registered under Section 12A, or notified or approved under Section 10(23), 10(23C), 35(1)(ii) or 35(1)(iii).

(d) Purpose of award/reward.

(e) Copy of the scheme of the award/reward and rules and regulations for grant of award/reward.

(f) Amount and periodicity of the award/reward.

(g) Method of selection of the persons to be awarded/rewarded.

(h) Constitution of the jury/selection committee including inter alia name, address and qualification of its members.

(i) Name, address and qualification of the persons given awards/rewards, if any, in the last five years.

(j) Copies of audited accounts since inception or last three years whichever is less.

(k) Any other information in support of approval of the award/reward.

7.4 On receipt of this information, the application and the information is forwarded to the Assessing Officer. His report is obtained through the Addl./Joint Commissioner. The application and the report are examined. Finally, a report is prepared in which a recommendation is made either to approve the award/reward or to reject the application. The following points should be examined while preparing this report.

(a) Whether the award/ reward is in public interest.

(b) Whether the object Clauses of the institution permit grant of the award/reward.

(c) Whether the grant of award/reward is in furtherance of aims and object of the institution.

(d) Whether the objects of the institution are charitable in nature.

(e) Whether the selection criteria are fair and reasonable.

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8. Notification/ Approval under Section 10(23C)

8.1 Section 10(23C) (iv), (v), (vi) & (via) deals with exemption of income of various kinds of charitable institutions which are either notified by the Central Government or approved by the prescribed authority.

8.1.1 Clause (iv) deals with exemption of income of any fund or institution established for charitable purposes notified by the Central Government taking into account the objects of the fund or institution or its importance throughout India or throughout any state or states.

8.1.2 Sub-Clause (v) deals with the exemption of income of any trust or institution setup wholly for public religious purposes or public religious or charitable purposes, notified by the Central Government after taking into account the manner in which its affairs are administered and supervised to ensure that the income is applied for its objects.

8.1.3 Sub-Clause (vi) deals with exemption of income of any university or educational institution, approved by the Board, which exists solely for educational purposes and not for purposes of profit, if its annual receipts exceed Rs. 1 crore.

8.1.4 And finally, sub-Clause (via) deals with exemption of income of any hospital or institution, for reception and treatment of persons suffering from illness or mental defectiveness or during convalescence or requiring medical attention or rehabilitation. The hospital or institution should exist solely for philanthropic purposes and not for profit. Its annual receipts should exceed Rs. 1 crore and it should be approved by the prescribed authority and the Board.

8.2 Provisions of Section 11(2) and Section 11(3) regarding accumulation of income and its utilisation, and provisions of Section 11(5) regarding investment of surplus funds, are applicable to such a trust or institution. An application under sub-Clause (iv) or (v) of Section 10(23C) has to be made in form 56; application under sub-Clause (vi) or (via) on other hand has to be made in form 56-D. The Commissioner of Income-tax (Exemption) is the competent authority to issue notifications under Section 10(23C) (iv),(v),(vi) and (via). These applications are processed in the office of CIT (E).

8.3 The applications received from the assessee to be entered in a register maintained in the office of CIT(E). The proforma has already been indicated in paragraph 4.2 (supra).

8.4 Instruction No. 1868 dated 3/12/1990 required that the assessee's application in form 56 to be forwarded with a proforma report, prepared in the office of CIT(E). Similarly, Instruction No. 1981 dated 5/4/2000 required that the assessee's application in form 56D should be forwarded with a proforma report, prepared in the office of CIT(E) to the CBDT, when the Board was the competent authority. The proforma is indicated below:

Report on Application under Section 10(23 C)(vi) and (vi a) of the IT Act,1961

(a) (i) Name and address of the applicant/organisation.

(ii) Legal status of the applicant (it may be specified if the applicant is a trust or a fund or an institution).

(iii) The Clause of Section 10(23C) under which notification is sought.

(iv) The AY(s) for which notification is sought.

(v) Whether the application has been made in the prescribed form.

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(b) Objects of the Trust/fund/ institution. Please specify the Clauses of the deed/memorandum.

(c) The aggregate annual receipts of the trust/ institution.

(d) Short summary of the activities of the applicant.

(e) The assessment, history of the applicant including:

  (i) whether it has been filing returns of Income-tax regularly, if required to do so?

  (ii) whether its income has been held to be exempt under Section 11?

  (iii) whether any penalty/ prosecution has been initiated/ levied/ launched?

  (iv) whether any demand is outstanding?

(f) Whether the affairs of the applicant are administered and supervised in a manner which ensures proper application of income for the objects thereof?

(g) A list of trustees/members of the managing council with address and PANs along with the finding as to whether they derive any benefit by their being associated with the applicant?

(h) Whether copies of annual report for the relevant years available. If not the latest years for which such reports have been appended?

(i) (i) Position of compliance with the Foreign Contribution (Regulation) Act in respect of donations from outside India, if any.

  (ii) Copies of the audited a/cs for the last 3 years along with a note on examination of a/cs and on the activities as reflected in these a/c, if any.

  (iii) In case the trust has shown receipts from business, the precise nature of the same and the finding as to whether it is incidental to its objects. The amount of income that would have been liable to tax under Section 11(4), but for exemption under Section 10(23C)(vi)/(via) in the last 3 years, may also be indicated.

  (iv) Whether separate books of a/cs of such business are maintained by the applicant?

(j) (i) Whether the application of income is wholly and exclusively towards the objects of the applicant. Year-wise details of the income brought forward from the preceding years and its utilisation toward the avowed objectives?

  (ii) Whether the funds of the applicant have been invested in the forms specified in Section 11(5). If not reasons thereof and the details thereof?

  (iii) Whether the rules governing the applicant contain provision for transfer or appellation of the income or assets of the applicant for any purpose other than the purposes for which it was constituted?

  (iv) Whether any discretionary powers are vested *vis-a-vis* the utilisation of funds, in any of the trustees/members?

  (v) Whether any provisions of Section 11, 12, 12A, or 13 of the IT Act, 1961 have been violated by the applicant?

  (vi) Treatment of utilisation of assets/ surplus in the event of dissolution/ winding up of the trust/ fund.

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(k) Whether a copy of the latest certificate under Section 80G issued by the CIT, if any, has been enclosed?

(l) Whether a copy of communication from the CIT, with respect to the application of the trust/institution for registration under Section 12A, if any, has been enclosed?

(m) Recommended/not recommended. If recommended, please specify period for which exemption is recommended.

Date: CIT (Exemption)

The above format may still be useful for the competent authority who is now CIT(E) to obtain the information/report from the AO to decide the application under Section 10(23C) filed by the assessee.

8.5 As per the provision of Section 143(3), no order making an assessment of the total income or loss of such entities notified under Section 10(23C) of the Act or other Section specified therein shall be made by the Assessing Officer, without giving effect to the provisions of Section 10, unless:

(a) the Assessing Officer has intimated the Central Government or the prescribed authority the contravention of the provisions of Clause (21) or Clause (22B) or Clause (23A) or Clause (23B) or sub-Clause (iv) or sub-Clause (v) or sub-Clause (vi) or sub-Clause (via) of Clause (23C) of Section 10, as the case may be, by such research association, news agency, association or institution or fund or trust or university or other educational institution or any hospital or other medical institution, where in his view such contravention has taken place; and

(b) the approval granted to such research association or other association or fund or trust or institution or university or other educational institution or hospital or other medical institution has been withdrawn or notification issued in respect of such news agency or fund or trust or institution has been rescinded:

Further, as per the Third Proviso,

"Provided also that notwithstanding anything contained in the first and the second provisos, no effect shall be given by the Assessing Officer to the provisions of Clause (23C) of Section 10 in the case of a trust or institution for a previous year, if the provisions of the first proviso to Clause (15) of Section 2 become applicable in the case of such person in such previous year, whether or not the approval granted to such trust or institution or notification issued in respect of such trust or institution has been withdrawn or rescinded."

8.6 CIRCULAR NO.14/2015 (F.NO.197/38/2015-ITA-I), DATED 17/8/2015, issued by the CBDT sets out important clarification on issues related to exemption under Section 10(23C)(vi), (viia) of the Act. The same is reproduced below for reference:

Section 10(23C)(vi) of the Income-tax ACT, 1961 - Exemptions-University or Other Educational Institutions-Notified University or Other Educational Institution-Clarification on Certain Issues Related to Grant of Approval and Claim of Exemption under Section 10(23C)(vi).

"Sub-Clause (vi) of Clause (23C) of Section 10 of the Income-tax Act, 1961 ('Act') prescribes that income of any university or other educational institutions, existing solely for educational purposes and not for purposes of profit, shall be exempt from tax if such entities are approved by the prescribed

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authorities. Such approval is not required in cases of university or educational institutions wholly or substantially financed by the Government (sub-Clause (iiiab)) or if their aggregate annual receipts do not exceed Rs. 1 crore (sub-Clause (iiiad) r.w. rule 2BC). Thus, while granting approval to entities covered under sub-Clause (vi), the prescribed authority has to ensure that the applicant institution must exist "solely for educational purposes and not for purposes of profit". There are several Provisos to Clause (23C) of Section 10 and prescribe, inter alia, various monitoring conditions subject to fulfilment of which only, the exemption can be availed.

These monitoring conditions include mode and manner of application of funds, maintenance and audit of books of accounts in certain situations etc. Some other Provisos prescribe the manner of making application under Section 10(23C)(vi) and the circumstances when an approval granted earlier can be withdrawn.

Representations have been received seeking clarification on certain issues related to operation of Section 10(23C)(vi). These have been examined by the Board and following clarifications are made:

1. Scope of Enquiry while Granting Approval:

1.1 *Clarification has been sought on the scope of enquiry that can be made by the prescribed authority while granting approval under Section 10(23C)(vi), i.e., whether it would be sufficient for the prescribed authority to consider the nature, existence for non-profit purposes and genuineness of the applicant institution or the conditions prescribed under various Provisos are also required to be considered at the stage of granting approval.*

1.2 *In this connection, attention is drawn to the decision of Hon'ble Supreme Court in case of American Hotel and Lodging Association Educational Institute vs. CBDT (301 ITR 86)(2008) in which it has been held that at the time of granting approval under Section 10(23C)(vi), the prescribed authority is to be satisfied that the institution existed during the relevant year solely for educational purposes and not for profit. Once the prescribed authority is satisfied about fulfilment of this criteria i.e. the threshold pre-condition of actual existence of an educational institution under Section 10(23C)(vi), it would not be justifiable, in denying approval on other grounds, especially where the compliance depends on events that have not taken place on the date on which the application for grant of approval has been made.*

1.3 *However, the prescribed authority is eligible to grant approval under Section 10(23C)(vi), subject to such terms and conditions as deemed necessary including those falling within the framework of various Provisos to the said Clause of Section 10. It has also been clarified in the said judgment that the compliance of prescribed conditions can be gauged while monitoring the case and in case of any breach thereof, the approval can be withdrawn. It is, therefore, clarified that the principle laid down by the Apex Court in American Hotels case (supra) must be followed while considering the applications filed seeking approval for exemption under Section 10(23C)(vi).*

2. Necessity for Registration under Section 12AA while Seeking Approval/ Claiming Exemption under Section 10(23C)(vi)

2.1 *Section 10(23C)(vi) does not prescribe any stipulation which makes registration under Section 12AA a mandatory pre or post condition. In fact, provisions of Section 11 and 10(23C) are two parallel regimes and operate independently in their respective realms although some of the compliance*

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criteria may be common to both. Hence obtaining prior registration before granting approval under Section 10(23C) cannot be insisted upon.

2.2 *However, in case of a trust or an institution having obtained registration under Section 12AA as well as approval under Section 10(23C)(vi), if registration is withdrawn at some point of time due to certain adverse findings, the withdrawal of approval under Section 10(23C)(vi) shall not be automatic but will depend upon whether these adverse findings also impact the conditions necessary to keep approval under Section 10(23C)(vi) alive.*

3. Generation of Surplus out of Gross Receipts

A doubt has been raised whether generation of surplus out of gross receipts would necessarily 'breach' the threshold condition that the educational institution should exist 'solely for educational purpose and not for the purpose of profit'. Perusal of prescribed provisions clearly reveal that mere generation of surplus cannot be a basis for rejection of application under Section 10(23C)(vi) on the ground that it amounts to an activity of the nature of profit making. In fact, the third Proviso to the said Clause clearly provides that accumulation of income is permissible subject to the manner prescribed therein provided such accumulation is to be applied "wholly and exclusively to the objects for which it is established". Hence, it is clarified that mere generation of surplus by educational institution from year to year cannot be a basis for rejection of application under Section 10(23C)(vi) if it is used for educational purposes unless the accumulation is contrary to the manner prescribed under law.

4. Collection of Amounts under Different Heads of Fee from Students

It has been brought to the notice that collection of small amounts from students by way of application fee, examination fee, fee for issuing transfer certificate, subscription fee for library etc. is being treated by some Assessing Officers as profit making activity resulting in denial of exemption under Section 10(23C)(vi). Collection of small and reasonable amounts under different heads of fee, which are essentially in the nature of fee connected with imparting education and do not violate any Central or State regulation does not, in general, represent a profit making activity. Hence, there is no justification for treating the charging of small amounts under different heads of fee as profit making activity unless the amount in the nature of 'capitation fee' is charged directly or indirectly.

5. Impact of Extraordinary Powers of the Managing Trustees to Appoint Remove or Nominate Other Trustees

5.1 *Doubt has been expressed whether extraordinary powers to the Managing Trustees to appoint or remove other trustees and also to nominate their successor affect the nature of charitable activity of the trust and whether in such an eventuality, exemption can be denied.*

5.2 *There is no provision under the Act which calls for denial of exemption merely on account of appointment or removal of trustees. Although answer to such a situation would normally depend on the factual implication of such arrangement, the same should generally not be a ground for denying exemption unless the nature of activities of the trust or institution get changed or modified or no longer remain to exist 'solely for educational purpose and not for purposes of profit'. Hence denial of exemption would not be justifiable only on the ground of induction of new trustees or removal of existing ones.*

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6. *Field authorities are advised to keep the above position in mind while dealing with the matters of approval/exemption under Section 10(23C)(vi). Similar principles would also apply to cases covered under Section 10(23C)(via) of the Act.*

8.7 The approval under Section 10(23C)(iv), (v), (vi) and (via) are valid in perpetuity until it is cancelled or withdrawn by the CIT(E) by way of a speaking order after providing reasonable opportunity of being heard.

9. Notification under Section 35(1)(ii)/ (iii)

Donors to a scientific research association, a university, college or other institution are entitled to weighted deduction of one and one fourth times of the donations paid by them, provided that:

(a) The association, university, college or institution, as the case may be, is notified by the Central Government for the purposes indicated under Section 35(1)(ii) or (iii) and

(b) It uses the donations for research purposes.

10. Guidelines, Form and Manner in Respect of Approval under Clause (ii) and Clause (iii) of Sub-Section (1) of Section 35 is as Follows

10.1 As per Rule 5C, an application for approval under Section 35(1)(ii) and (iii) is to be made in form 3CF-I and 3CF-II respectively at any time during the financial year immediately preceding the assessment year from which the approval is sought, to the Commissioner of Income-tax having jurisdiction over the applicant.

10.2 As per Rule 5C(3) the applicant shall send a copy of the application in Form No. 3CF-I or, as the case may be, Form No. 3CF-II to Member (IT), Central Board of Direct Taxes accompanied by the acknowledgement receipt as evidence of having furnished the application form in duplicate in the office of the Commissioner of Income-tax or the Director of Income-tax having jurisdiction over the case.

10.3 As per Rule 5C(8) if the application form is complete in all respects, the Commissioner of Income-tax may make such inquiry as he may consider necessary regarding the genuineness of the activity of the association or university or college or other institution and send his recommendation to the Member (IT) for grant of approval or rejection of the application before the expiry of the period of three months to be reckoned from the end of the month in which the application form was received in his office.

10.4 As per Rule 5C(11), the Central Government may withdraw the approval granted under Clause (ii) or Clause (iii) of sub-Section (1) of Section 35 if it is satisfied that the research association or university or college or other institution has ceased its activities or its activities are not genuine or are not being carried out in accordance with all or any of the conditions under rule 5D or rule 5E after giving reasonable opportunity of being heard.

10.5 Rule 5D prescribes conditions subject to which approval is to be granted to a research association under Clause (ii) or Clause (iii) of sub-Section (1) of Section 35. Sub-Clause 5 of rule 5D requires that the research association shall by due date of furnishing of return of income under Section 139(1) furnish a statement to the Commissioner of Income-tax (Exemption) containing:

(a) A detailed note on research work undertaken by it during the previous year.

(b) A summary of research articles published in national or international journals during the year.

(c) Any patent or other similar rights applied for or registered during the year.

(d) Programme of research projects to be undertaken during the forthcoming year and the financial allocation for such programme.

Similar statements are required to be filed by University, College or other institutions under Clause (ii) and Clause (iii) of sub-Section (1) of Section 35.

10.6 As per rule 5E(6) applicable for research association and 5E(5) applicable for University, College or other institutions respectively, if the CIT is satisfied that the entity is not maintaining books of accounts, or as failed to furnish its audit report, or has not furnished the statement referred above and statement of sums received and applied or used for approved purposes or has since to carry on its research activities or its activities are not genuine or is not fulfilling the conditions subject to which approval was granted to it, he may furnish a report to the Central Government within 6 months from the date of furnishing of the return of income under Section 139(1) of the Act.

10.7 Following points should be examined before preparing the report:

(a) whether research is the sole object or only one of the objects of the association or institution. If research is the only object, then the entity is classified as 'association' for notification purposes; and if it is one of the objects, then it is classified only as 'institution'.

(b) whether an income and expenditure account is separately maintained for its research activities and the same is audited by the auditor.

(c) whether income has been applied or accumulated, as the case may be, for research purposes only.

(d) whether surplus funds are invested in the modes prescribed in Section 11(5)or in research projects completed and research projects intended to be taken up in the ensuing years.

(e) whether the results of the research work have been disseminated to public at large; and

(f) any benefit granted to the interested person and the major donors.

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Assessment

11. Introduction

11.1 The concept of income under Section 11 and Section 12 is different from its concept under other provisions of the Act. Voluntary contributions received by a trust or institution are deemed to be its income under Section 2(24)(iia) and Section 12(1). However, any contribution made with a specific direction that it will form part of the corpus of the trust or institution is to be excluded from income under Section 12(1). The Finance Act, 2000 made an amendment to this Section with effect from 1/4/2001, by which the value of any service, being medical or educational service, made available by a charitable trust etc. to any related person, defined under Section 13(3)(b)/(c)/(cc)/(d), is deemed to be the income of the trust. Thus, gross receipts excluding corpus donation and value of the services rendered as above constitute income of the trust.

11.2 Section 11(1) allows deduction from the aforesaid income of the sums applied by the charitable trust etc. towards religious or charitable purposes, and the amount accumulated and set apart for application towards charitable purposes, not exceeding 15% of such income. As mentioned earlier, the voluntary contribution received with a specific direction to the effect that it will form corpus of the trust is excluded from income. The amount not applied to charitable objects as aforesaid has to be applied to charitable objects in the immediately succeeding year in which such income accrues or is received, as the case may be. In case of failure to do so, the amount becomes the income of such succeeding year.

11.3 Accumulation and setting apart the income: Charitable trusts are also permitted to accumulate and set apart income for specific purposes as provided under Section 11(2). For this purpose, form 10 has to be filed electronically as per the provisions of Section 11(2) read with Rule 17(2) setting forth the amounts and the corresponding purposes. This form is to be filed electronically on or before the due date of filing the return of income under Section 139(1). This income has to be invested in modes prescribed under Section 11(5). The accumulation is permitted for a period of five years.

11.4 Return of income: A charitable or religious trust is required to file suo-motu a return of income under Section 139(4A) provided its income, representing aggregate of voluntary contributions, defined under Section 2(24)(iia), exceeds the maximum amount not chargeable to income- tax. Form 3A has been prescribed as the return of income for this purpose. The trust has to get its accounts audited and a report of the auditor in Form 10B has to be filed along with the return.

11.5 As per Section 12A(ba), the charitable or religious trust shall not be allowed benefit of exemption under Section 11 and 12 of the Act if the person in receipt of income has not furnished the return of income for the previous year in accordance with the provision of Section 139(4A) of the Act. Further as per Section 272A(2)(e) of the Act if a person fails to furnish the Return of Income as required under Section 139(4A) or 139(4C) of the Act within the time allowed and in the manner required a penalty of Rs. 100 for every day during which the failure continues shall be payable by him.

11.6 Income of such a trust has to be computed on commercial principles and not as per the provisions of other chapters of the Act. The Board has accepted this principle vide circular No. 5LLX-6 dated 19/6/1968. The application of income and income accumulated or set apart constitute

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the application of income in the relevant year. Even capital expenditure constitutes application of income. The assessee has to take prior approval of the Board under proviso to Section 11(1)(c) to incur any expenditure for any charitable expenditure outside India. However, assistance granted to Indian students for getting education abroad is considered to be application of income in India. Ordinarily a charitable or religious trust not exempt under any provision is liable to tax at the normal rate applicable to an AOPs However, in case of default under Section 11(5) or 13(2), the income is liable to tax at the maximum marginal rate under Section 164(3).

11.7 A charitable trust may carry on business incidental to its objects. The income of such incidental business is exempt under Section 11(4A) from tax if separate books are maintained. A business undertaking held as property under trust is the corpus of the trust under Section 11(4). The income of this business has to be assessed in accordance with the other provisions of the Act. Thus, principles of commercial income do not apply to such business. The differences between assessed and returned income of such business is liable to tax as this amount is not deemed to be application of income for charitable purposes.

11.8 Religious trusts which are not established for private religious purposes and which ensure for the benefit of the public are considered charitable organisations eligible for registration under Section 12AA. However, explanation 3 of Section 80G states that for the purpose of Section 80G charitable purpose does not include any purpose, the whole or substantially the whole of which is of a religious nature. Further, Section 80G(5B) provides that notwithstanding the above explanation, an institution or fund which incurs expenditure during any previous year, which is of a religious nature for an amount not exceeding 5% of the total income in the previous year shall be deemed to be an Institution or fund to which the provisions of this Section applies.

11.9 Section 115BBC provides for taxation anonymous donations received by entities/charitable trust/institutions mentioned therein at the rate of 30% on the aggregate of donation received in excess of the higher of 5% of the total donations received by the assessee or one lakh rupees and the amount of Income-tax with which the assessee would have been chargeable had his total income been reduced by the aggregate of anonymous donations received in excess of the amount referred above. The provision of taxation of anonymous donation does not apply to a wholly religious trust.

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Survey

1. Introduction

Survey operation constitutes an extremely important tool for gathering information relating to financial transactions of various persons, which are subsequently utilised in the assessment and other proceedings under the Income-tax Act, 1961 (hereinafter may also be referred as the Act). It gives power for intrusive action by entering into the premise of assessee, verify documents and valuables, impound documents and books of accounts, take statement, issue summons. Survey action also enables the department to check veracity of the various statements and documents filed by such persons before the Income-tax authorities. Thus, the power is substantial. Hence it is important to know the law and procedure well. While the Income-tax Act contains the law on survey, the Central Board of Direct Taxes has issued instructions from time to time regarding the procedural issues and explanatory communications on law for proper implementation of the law. The Board has issued a detailed Survey Manual also for guidance of the officials of the Department. The procedural issues are discussed here along with relevant provisions of law.

2. Categories of Survey

The survey actions under the Income-tax Act, 1961 are carried out under Section 133A of the Act. The Income-tax authorities are authorised to visit places of business or charitable activity to make such on-the-spot verification and enquiries, as may be required. Survey actions are also carried out for the specific purposes of recovery of taxes, verifying TDS and TCS compliance, making enquiries about ostentatious expenditure on occasions such as marriages, festivals, other events etc. Thus, surveys can broadly be categorized as:

a. Survey under Section 133A(1) – Survey for verification, survey for recovery of tax, survey on charitable trusts, survey by I&CI wing.

b. Survey under Section 133A (2A) – Survey for verification of TDS/TCS compliance.

c. Survey under Section 133A (5) – Survey for verification of ostentatious expenditure.

A. GENERAL ISSUES OF SURVEY

3. Income-tax Authorities Empowered to Carry out Survey

The Income-tax Authorities empowered to carry out survey under Section 133A(1) have been enumerated in the Explanation (a) at the end of the Section. These authorities are Principal Commissioner, Commissioner, Joint Commissioner, Principal Director, Director, Joint Director, Deputy Director or Assistant Director or an Assessing Officer or a Tax Recovery Officer. In addition, the Inspector of Income-tax, may exercise the powers only under Section133A(1)(i), 133A(3)(i) and 133A(5).

4. Rights and Obligations of Persons Present in Survey Premises

4.1 Rights

(a) To verify the identity of the officials intending to carry out the survey.

(b) To verify the authorization, to check that the name and address of the premises and the names of the authorised IT Authorities are correctly mentioned.

(c) To consult and be defended by a legal practitioner of his choice as per Article 22(1) of the Constitution of India. The Counsel may also be present during survey proceedings (Nandini Satpati *vs.* P.L. Dani, AIR 1978 SC 1025). But he cannot interfere in the proceedings.

4.2 Obligations

During the course of survey, the proprietor, trustee, partner, employee or any other person attending to, or helping in, the carrying on of the business or profession or such activity for charitable purpose is required to:

(a) to afford to the income-tax authority conducting the survey, necessary facility to inspect such books of account and other documents as he may require and which are available at that place; As the definition of "document" include "*an electronic record*", it is also the duty of such person to allow inspection of electronic records which as defined in Information Technology Act, is data, record, data generated, image or sound stored, received or sent in an electronic form or microfilm or computer generated micro fiche.

(b) to afford necessary facility to check or verify the cash or stock or other valuable article or thing which are found at that place.

(c) to furnish to the Income-tax Authority conducting survey such information as may be required on any matter which may be useful for, or relevant to, any proceeding under the Income-tax Act; and

(d) to offer all clarifications as may be required by the Income-tax Authority.

5. Dos and Don'ts for Survey Team

5.1 Do's

(a) To make Preparatory note for obtaining approval for survey and keep the same in the survey record.

(b) To get approval from Range Head before survey.

(c) To enter the place of business or profession or charitable purpose during business hours and in other places only after sunrise and before sunset (for TDS survey only after sunrise and before sunset).

(d) To enter the place, other than business/ profession/ charitable purpose premises, only if the person conducting such business etc states that his cash or stock or other valuable article or thing or books of account or documents relating to business etc are lying at such other place (not for TDS survey under Section 133A(2A)).

(e) To place marks of identification on the books of account and other documents inspected by the officer.

(f) To take extracts or copies from such books of account and documents.

(g) To make inventory of any cash, stock and other valuable articles or things checked by him (not for TDS survey under Section 133A(2A)) (not by Inspector).

(h) To record the statement of any person. (not for TDS survey under Section 133A(2A))

(i) To collect information regarding nature and scale of expenditure incurred in connection with personal functions and events like birthday, marriages etc.

(j) To impound or retain in his custody books of account or other documents inspected by him after recording his reasons for doing so. (not for TDS survey under Section 133A(2A))

(k) To focus on gathering of evidence.

(l) To take copy of or impound digital evidence.

(m) To follow the Standard Operating Procedure (SOP) and other instructions issued by the CBDT from time to time.

(n) To make inventory of all incriminating books of accounts/ documents relevant to the survey issues/ unaccounted income/ assets detected.

(o) To collect evidence for issues in survey and or disclosure.

(p) To specifically record reasons for not impounding incriminating books of accounts/documents with emphasis as to why the impounding is not necessary. Such decision has to be taken mandatorily with the approval of the Range Head, who should also record his approval in this regard.

(q) To make available the record relating to decision on impounding or otherwise in survey folder and to convey to the Pr. CIT concerned.

(r) To give copy of the sworn statement of the assessee as well as the employees of the assessee, taken during the course of survey proceedings, to assessee as and when it is proposed to be used as evidence against the assessee.

(s) To focus on gathering evidence and not on obtaining disclosure.

(t) To submit preliminary survey report within 2 (two) days and final survey report within 2 (two) months must analysing the impounded material, identifying the issues, giving major findings thereon and quantifying income, wherever possible.

(u) To submit monthly survey report in time.

5.2 Don'ts

The Income-tax Authorities conducting survey should not do the following:

(a) Joint/Additional Directors or Joint/Additional Commissioners of Income-tax not to give approval without '*Preparatory Note*' in any case.

(b) No survey to be conducted without approval of Joint/Additional Directors or Joint/ Additional Commissioners of Income-tax as stipulated in Proviso below Section 133A.

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(c) Not to break lock of any cupboard or room.

(d) Not to seal business premises.

(e) Not to stop business or the normal activities.

(f) Not to administer oath while recording statement under Section 133A of IT Act, 1961.

(g) Not to remove or seize cash, stock-in-trade and other valuable article or thing etc. found during the course of the survey.

(h) Not to harass and resort to coercion and related tactics.

(i) Not to exert pressure on the assessee to declare and surrender.

(j) Not to give any inducement or promise to assessee for making a disclosure of income.

(k) Not to act in a manner which are against the provisions of law or travel beyond his jurisdiction.

(l) Not to interrupt incoming telephone calls or to deny usage of telephone etc.

(m) Not to physically search person or the persons present at the place of survey and to stop ingress or exit of any person inside the place at the time of survey.

(n) Not to obstruct meals, rest and medical facility of persons available at the surveyed premises whenever required.

(o) Not to collect post-dated cheque for tax applicable to amount of declaration.

6. Hours of Survey

6.1 An Income-tax Authority may enter any place of business or profession or place of activity for charitable purpose, referred to above, only during the hours at which such place is open for the conduct of business or profession or activities of charitable purposes. If the business establishment/ office is closed on account of holidays then on those days the survey team should not make an entry into such premises to start any fresh survey operation. Once entry into the premises is made, survey can continue even after sunset or the business or office hours. For TDS survey under Section 133A(2A) entry can be made only after sunrise and before sunset.

6.2 In the case of any other place (other than the business premises) where the books of account or documents or cash, stock or other valuable articles or things relating to the business or profession or activity for charitable purpose are stated in the statement to be kept, the Income-tax Authority may enter such place only after sunrise and before sunset.

7. Entry into the Premises

7.1 Members of the survey team should carry with them their valid Identity Cards. The first task of the survey operation is successfully getting entry into the business premises or place of activity for charitable purpose. Sometimes the Survey team may find it difficult to enter into business premises or place of activity for charitable purpose having restricted entry. For example, gaining access to a gambling club will be more difficult as compared to normal business premises or place of activity for charitable purpose. The information of possible difficulty in getting entry into business premises or place of activity for charitable purpose could be ascertained during pre-survey decoy visits. For obtaining access into premises which are difficult to enter, taking help of other government agencies, such as the local police, may be considered and planning may be made accordingly.

7.2 Before obtaining entry, all entry and exit points should be secured. After obtaining entry, as far as possible, it should be ensured that the assessee does not pass on information of the survey to his other premises at least during the initial hours. This will ensure that the evidence will not be shifted/ destroyed at other premises in case the other survey teams do not maintain simultaneous strike time. As far as possible, the survey team should not stop the assessee from carrying on his normal business.

8. Things to be Done Immediately after Entering the Premises

8.1 The survey authorisation should be shown to the person present at the premises on behalf of the assessee and his signatures with date, time, his full name and role there should be obtained by the team leader. Departmental Identity Cards of the team members must also be shown. It is advisable that the team members may wear their Identity Cards around their neck itself after entering the premises and keep the same there till conclusion of the survey. Before recording the preliminary statement, the assessee may be asked to afford inspection of all books of account and documents which may be taken under their control by survey team to prevent any destruction/manipulation. Similarly, access to the computer should be restricted to prevent any tampering.

8.2 In case of survey other than TDS survey, the cash counter should be under close observation of the survey team to prevent destruction of 'current accounts'. It is often experienced that many assessees regularly destroy details of their unaccounted transactions. In such cases, survey team may get the details only for the previous few days. Therefore, cash counter is the most likely place where survey team may find recent records of unaccounted transactions. Similarly, main person's table and his cupboards should be identified and he should be asked to make available the documents, etc. kept therein for inspection. Further, addresses of other premises like godowns should be immediately found out from the main person or employees. If any premise has not been covered in the survey, the control room/Range head should be immediately informed, who may take decision on covering such premises.

8.3 The control room/Range head should be informed about entry and commencement of survey operations. The jurisdictional Principal Commissioner or Principal Director of Income-tax should be informed about the survey and subsequent developments.

9. Handling of Digital Evidence

9.1 These guidelines for the survey party are only indicative in nature. The basic purpose of these guidelines is to ensure that the person in respect of whom survey is being conducted or the person in control of the computer systems at the time of survey is not able to tamper with data stored digitally in computers or other such devices. The survey party has to act in such a manner that the integrity of the data is maintained and its evidentiary value is not affected. With this end in mind, care may be taken with respect to handling of digital devices.

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9.2 The Income-tax Act, 1961, takes cognizance of digital evidence. The definition of the 'document' under the Act now includes an electronic record as defined in Section 2(1)(t) of the Information Technology Act, 2000. As per Section 2(1)(t) of Information Technology Act, 2000, electronic record means data, record or data generated, image or sound record, received or sent in an electronic form or microfilm or computer generated micro fiche. And as per Section 2(1)(v) of Information Technology Act, 2000, information includes data, message, text, images, sound, voice, codes, computer programmes, software and Databases or micro film or computer generated micro fiche. Thus, the Act empowers the Authorised Officer to require any person who, in the course of survey, is found to be in possession or control of any books of account or other documents maintained in the form of electronic record as defined in Section 2(1)(t) of the Information Technology Act, 2000, to afford him the necessary facilities to inspect such books of account or other documents and seek information on the matters mentioned in Section 2(1)(v) stated above.

9.3 Computers and mobile phones are the principal digital devices. There are, however, a number of other audio, video, communication and photographic devices, which can also be described as digital devices. Some digital devices that an authorised officer may come across in the course of a survey are:

(a) Computers, either standalone or networked.

(b) Laptops and notebooks, which are mobile computers.

(c) Palmtops, which are extremely small but powerful devices with considerable memory capacity and communication facilities.

(d) Data storage devices like, CDs, DVDs, pen drives, hard disks.

(e) Electronic diaries and cell phones, etc.

9.4 These devices may vary in looks and appearance and may be of different sizes and shapes. While the standalone desktop computers are easy to identify, it requires some close observation and investigation to find out whether they are networked. The networking may be through cable links that are visible or through satellite, microwave, terrestrial line or other communication media that can be detected through examination of the Operating System (OS) that is used. For example, when Microsoft Windows is used as the OS, the menu item 'My network places' in the Control Panel will reveal this information.

9.5 While impounding the digital evidences a proper certification under Section 65B of Indian Evidence Act, 1872, is to be drawn during the survey proceedings to ensure the admissibility of electronic records as evidence. A separate chain of custody, should also be mentioned to establish clearly the custodian of the operating systems.

9.6 Each Investigation Directorate may have, empanelled forensic experts for analysis of digital data. During impounding the digital evidences and for subsequent forensic analysis, help of these experts can be taken.

9.7 The officers should be properly trained for the Tally data mining and in operation of various accounting packages. Such exposure to various accounting packages will be useful in the survey premises for proper data extraction and analysis.

9.8 The data in computer, laptops and other electronic devices can be very easily and promptly altered/ manipulated. The mobile phones and other electronic devices also can be used to operate remote devices as well as for data storage. These can be operated innocuously without being noticed. Hence, they should be allowed to be operated only after they are examined and image taken, if required.

9.9 The following should be done:

(a) Take steps to prevent access to remote location devices as well as access of devices at premises from remote location.

(b) Look for storage devices such as pen drives, CDs, DVDs, etc.

(c) Identify the key persons in charge of the systems.

(d) Make an exhaustive inventory of systems and peripherals.

(e) Make a list of hard disks to be impounded or for taking image.

(f) Obtain print outs of important documents after the image is taken and get them authenticated.

(g) Record the statements of authorised personnel about user levels, access passwords, operating system, accounting package modifications, encryption algorithms used, etc. and other relevant issues.

(h) Not to allow any unauthorised inputs or keystrokes even by the members of the survey team.

(i) Not to allow any person, even from the survey team, not conversant with computers, to deal with them in any manner.

9.10 Access to the Data Storage Devices, Password Protections

There may be situations where access to a device is protected by passwords. There could be passwords to access the system or individual files may be password protected or encrypted. There may be different levels of securities. The person concerned is legally bound to reveal the passwords and other information required for accessing such data. In case he refuses to do so, in view of provisions of Section 133A(6), provisions of Section 131 can be invoked and such fact may be recorded in the form of a statement on oath. If the Password is not revealed and adequate facility of inspection is not afforded, it is better to look for other options such as impounding of such device or calling of experts. If one comes across files, the contents of which do not make sense, it could be an encrypted file and expert help should be taken to understand or de-crypt it. To login into a LAN environment the Authorised Officer should know the password of the super-user or supervisor. This may be obtained from the person found to be in-charge of the system. It is only after logging into the LAN environment that the authorised officer can have access to its contents. Suitable measures should be taken to restrict access network contents and possible manipulation of data.

9.11 Retrieval of Deleted Files

Most of the times, if the files are deleted from the Recycle Bin 'permanently', still it is possible to retrieve the files in certain circumstances through bit-by-bit mapping of the hard disk of the computer. Utilities/software is available which could be used to restore and read such files. Every operating system uses what is known as a file allocation table (FAT) to maintain information about sector-wise storing of files. Every file that is stored in a computer is split into parts and stored in clusters/sectors. It is not necessary for the operating system to store files *contiguously*. A file may be stored in hundreds of different locations in a hard disk. Whenever necessary, the operating system will recover it and

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present it to the user as one whole. When a file is deleted, the FAT simply changes the name of the file and removes it from its table. However, all the data that were in the file continue to remain in the hard disk, unless overwritten. Because of this feature, even permanently deleted files can be recovered using commercially available software. Therefore, the contents of the hard disk drive may be examined for such deleted files which may contain information about unaccounted transactions.

9.12 Remote Storage of Data

It is possible to store data in a remote device including cloud server with the help of internet. Detection of whether the assessee has been storing data and files in remote storage media/websites will require some detailed probing. The history folder of the web browsers, like the Internet Explorer would contain the list of sites visited. Examination of the details available in this folder may help identify remote storage of files. Similarly e-mail accounts should also be scrutinised. The active files, backup files, log files, configuration files, printer, cookies, swap files, hidden files and system files should also be examined to find out the possibility of remote storage as well as locally concealed storage. Within the device or hardware, it can reside in various types of files and folders and in software like accounting packages and enterprise resource packages. Apart from the local storage devices, there are options to store data in websites, which offer the facility for a fee or in some cases free. Some of the popular hosts offering offsite online backup solutions are asigra.ds3, data vaulting, e-vault, live-vault, drivehq.com, storage.eweek.com, Amazon Cloud and Google Drive. These days, storage in clouds is very prevalent. Free e-mail facility of large storage capacity is also offered by many service providers. An important aspect of human psychology is that in cases of important data being stored in such devices, the passwords and other relevant information are written in some diary, note book, etc. and a vigilant person can recognise that these are passwords.

9.13 Procedure of Impounding Devices and Their Authentication

The decision regarding impounding should be based on the same considerations as are applicable to impounding of books of account and other documents. The decision whether to impound only the hard disk or the entire computer should be taken keeping in view the hardware environment and other technical factors. If it is decided to impound the hard disk, two complete back-ups of the computer-hard disc on CDs, DVDs, etc. may be made at the earliest. Adequate care should be taken to protect the hard disk/computer from static electricity, magnetic fields, shock, dust and moisture. It should also be ensured that the machine is not mishandled in any manner and that while shifting or moving the machine there are no heavy jerks. In case the system contains volatile data, specialised software should be used to capture data resident in the memory. The memory chips used in phones, digital diary, etc. can also be copied on to computers for recovery of files.

9.14 Precautions to be Taken for Retaining the Integrity of the Retrieved Data

The Authorised Officer and his team should impound the devices containing the digital evidence or make their images in such manner that the integrity of data in original cannot be questioned. It is very important that the digital forensic image of digital device is made and hash value report for the same is generated and signed by the assessee or his representative present there. As far as possible, two copies of the forensic digital image should be made for the department and only one copy should be used for further examination. Where original device is being impounded, a forensic image of the same may also be given to the assessee, besides the copies for the department to act upon. Where, in exceptional circumstances, it becomes necessary to examine the original data, there should be a clear record of audit trail showing all the processes that were undertaken to examine the data.

10. Carrying Out Post-Survey Work

10.1 After completion of survey, a preliminary report should be sent within 48 hours. Where the survey is conducted by the officers working in the charge of Principal Commissioner of Income-tax, it must be ensured that the copies of the survey report are sent to the Principal Commissioner of Income-tax/ Principal Director of Income-tax (Inv.) and the Range Addl./Joint Commissioner of Income-tax. Where the survey is conducted by the Directorate of Income-tax (Inv), copies of the survey report should be forwarded by the authority conducting the survey (through the Joint/Addl. Director in-charge of the Investigation Unit) to the jurisdictional Principal Commissioner and the Range Additional/Joint Commissioner under intimation to the Principal Director of Income-tax (Investigation) within 48 hours of the conclusion of the survey.

10.2 Immediately after the survey, the AO should ensure that all necessary entries are made in the survey registers. This will ensure that the due course of action will continue even if there is change of any incumbent. Normally, when the annual scrutiny guidelines are issued, the survey cases fall under compulsory scrutiny category as per guidelines. Immediately after such guidelines the survey cases needs to be entered into the scrutiny registers. Similarly, the survey findings may lead to initiation of reassessment proceedings. These cases also should be entered into the corresponding registers to ensure proper follow up action.

10.3 If after preliminary examination of impounded records, their retention is considered necessary, an application seeking permission for retention of impounded books of account should be immediately forwarded to the Principal Chief Commissioner or the Chief Commissioner or the Principal Director General or the Director General or the Principal Commissioner or the Commissioner or the Principal Director or the Director, giving reasons for the same and retention must be obtained within the time prescribed, i.e. within15 working days.

10.4 After completing above mentioned procedural work, the Assessing Officer may carefully go through the recorded statement, impounded material and documents for the following purposes:

(a) Identifying weak areas of the recorded statement which could be exploited by the assessee as an escape route to avoid tax liability. Such escape routes can be plugged by conducting further investigation and by recording statements of the persons concerned.

(b) Third party enquiries or recording of statements etc., wherever required, should be done. Identify areas which should be further strengthened by carrying out further investigation.

10.5 It may be emphasized that for ensuring success, time is the key factor in post-survey investigation. The necessary post-survey investigation must be carried out quickly to prevent the assessee from resorting to any possible fabrication of evidence which will nullify the result of a successful survey.

10.6 If the survey is conducted by the Investigation wing of the department independent to any search and seizure action, a final survey report should be sent by the conducting ADIT/ DDIT (Inv.) to the concerned Assessing Officer (with a copy of the same to the concerned Principal Commissioner of

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Income-tax and Range head) through the Addl./Joint Director of Income-tax (Inv.) within two months from the conclusion of the survey incorporating the gist of all the evidences gathered during survey and post survey investigation and the possible tax implications thereof. The survey cases are generally selected for complete scrutiny as per the instructions of the Board. Therefore, Assessing Officer should study such survey report before finalising the assessment proceedings.

11. Monthly Report on Survey

A monthly report on surveys carried out under the jurisdiction of each PCCIT/DGIT is to be furnished to CBDT. Survey registers should be maintained by each ward/ circle/ investigation unit.

B. DIFFERENT TYPES OF SURVEY

After discussing general issues relating to all surveys, detailed discussion is made below for different types of survey under Income-tax Act, 1961:

12. Survey under Section 133A(1) for Verification or Charitable Purpose or Recovery of Taxes

12.1 Recording of Preliminary Statement

After obtaining information and finishing preliminary formalities, the team leader may proceed with recording of preliminary statement. Recording of preliminary statement should commence preferably within half an hour of strike time. Section 133A does not empower any authority to administer oath. Therefore, oath should not be administered by the Income-tax Authority while recording such statement. If the person either refuses to afford facility to the Income-tax Authority to inspect books of account or other documents or to check or verify any cash, stock or other valuable article or thing or to furnish any information or to have his statement recorded, the income-tax authority shall have all the powers under Section 131(1) of the Act for enforcing compliance with the requirement made. In such condition, statement under Section 131(1) of the Act may also be recorded after administering him oath.

12.2 Verification of Cash

Details of cash lying at the business premises should be ascertained through the preliminary statement. It is necessary that discrepancies found during survey should be confronted to the assessee on the day of survey itself. This will prevent possible manipulation at the later stage. For finding discrepancy in assessee's books as on the date of survey, actual cash and stock found will have to be compared with the cash and stock balance shown in the books. Verification of cash by the authorised officer calls for the following steps:

(a) Take charge of cash books, including main/subsidiary and rough/fair cash books as well as slips relating to cash transactions which are yet to be entered in such books.

(b) Count the cash found and prepare the statement of same and get the signature of the person present on the statement so prepared.

(c) Prepare inventory of cash and note return of cash in it.

(d) Get the cash book updated till the time of preparation of cash inventory. This updating should 3not be done in the real books of account maintained as registers or on a computer. The updating should be made on a separate sheet to be signed by the assessee as well as the survey team. This will prevent the assessee to tamper with the books of accounts, especially when they are maintained on computer and also prevent the charge of tampering of books of account by the survey team.

(e) Check payments and receipts with reference to the vouchers or other evidence.

(f) Ascertain the difference between the cash found and cash as per the cash book and obtain an explanation or reconciliation for the difference, if any, which should be signed by the person present.

12.3 Conversion of Survey into Search

Proceedings under Section 133A and 132 are independent of each other. The object and scope of action under each of these Sections is well defined. A survey can lead to a search only when on the basis of information collected in survey, any of the conditions laid down in Clause (a), (b) or (c) of Section 132(1) is/are satisfied. A survey under Section 133A can be converted into search action under Section 132 of the Income-tax Act, 1961, mainly under following situations:

(a) Where considerable amount of unaccounted cash is found, the survey can be converted into search. The CBDT has directed vide letter F. No. 414/16/2014-IT(Inv..I) dated 30th September 2014 that whenever undisclosed cash and other valuables of amount equal to or exceeding to Rs. 15 lakhs (in Delhi, Mumbai, Kolkata, Chennai, Ahmedabad, Pune, Bangalore & Hyderabad) or equal to or exceeding to Rs. 10 lakhs (in other places) is found during a survey, the PDIT(Inv.) concerned having territorial jurisdiction over the surveyed premises must be intimated at the earliest possible to examine the facts for taking recourse to Section 132(1) of the Act. Such conversion of a survey operation into a search operation will have implications not only of cash seizure but also of covering the residential premises of partners/directors/trustees of the business concern or charitable trust. In a few cases during the survey, the cash found in the business premises may be nil. And the general tendency is not to make in the inventory in this kind of cases. However, to avoid afterwards any allegations of cash missing during the survey operation, it is suggested that a nil inventory may be prepared and in the statement also it should be brought clearly that there is no cash found in the premises during the survey operation.

(b) When huge unaccounted other valuable assets are found.

(c) When any vital information related to undisclosed income is found during course of survey.

(d) For non-compliance during survey, summons under Section 131(1)(i) of the IT Act can be issued. If the assessee is not complying even with the Summons, action under Section 132 can be taken, if considered necessary.

12.4 Verification of Stock

The Income-tax Authority conducting the survey should find out the precise nature of business or charitable activity carried on by the person at whose premises the survey is being conducted and also collect information about the nature of stock, types of Stock Register(s) and other documents being

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used for maintenance of stock. He should also find out whether under any law or rules applicable to the business or charitable activity, it is obligatory for the assessee to maintain a stock register or any other document for stock. The survey team should obtain and examine the statements filed with the GST authorities, wherever GST is applicable. These statements/returns filed with the GST authorities would be of great help in finding out whether the assessee has been concealing the sales or inflating the purchases. A study of these statements/returns would be of great help if discrepancy is found in the closing stock actually found as compared with closing stock as per books. The survey team should also obtain, from the assessee as well as from the bank (as soon as possible) statement of stocks submitted to the bank as hypothecation for obtaining loan/overdraft limit.

12.4.1 For valuation of stock, purchase price code if available should be immediately obtained. Many business concerns dealing in retail, print purchase price code along with the sale price. This helps them in valuing the stock at cost price and more importantly, ascertaining the extent of bargaining they can afford to do with the customer without incurring loss on a particular item. Once purchase code is obtained, the valuation of closing stock at cost price can be done. Timely start of valuation of closing stock is necessary as, in case of the availability of huge stock, valuation would be time-taking and physically tiring. As far as possible, the stock valuation should be done at cost either from codes or purchase bills. If this is not possible at all, the inventory can be valued at sale value and by adopting an appropriate method, the cost price can be worked out backwards.

12.4.2 If the detailed inventory/stock register are maintained by assessee, then the book value of stock can directly be found from them. If the same is not being done, then the trading account till the date of survey needs to be drawn to find the value of book stock. For drawing trading account as on the date of survey, the figure of opening stock is normally available with the survey team from the last year's return (if filed). The detailed inventory showing closing stock valuation as on 31st of last Financial Year should be insisted for this purpose; maintaining such detailed inventory and its valuation is necessary even at the time of audit. The total purchases and sales from 1st April of the year to the date of the survey should be obtained from the assessee's accountant who is entrusted with the task of updating accounts. Gross profit margin can be estimated on the basis of sale and purchase prices at random but adequate sample of items for same period or by any other appropriate method. On the basis of such Gross Profit and figure of sales/purchase and opening stock, the book value of stock as on the date of survey can be determined.

12.4.3 The value of stock as per books so obtained by above method should be compared with the value of total closing stock found on physical valuation done by the survey team. The discrepancy found should be confronted to the assessee who should be asked to explain or reconcile the same.

12.4.4 It may also be found as to whether the assessee has credit facilities with any bank, and if so, whether he has furnished any stock statement to the bank for the previous month/quarter. It should be checked whether the quantity of stock reported to the bank tallies with the stock shown in the stock register. If the two figures do not tally, the person whose premises is being surveyed should be asked to explain or reconcile the difference.

12.4.5 The authority conducting the survey should ascertain whether the stock found also includes items on which the date or month of manufacture is required to be stamped under any statutory enactment, order or rule. In case the stock found comprise such items, suitable sample checks and comparisons of the stamped dates with the entries made in the stock register and other documents

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like purchase bills could be useful. This may give a clue as to whether there are any purchases/sales outside the books.

12.4.6 At times, survey teams come across stocks kept in the assessee's premises without corresponding bill. The most common explanation offered for such practice is that such stock is received on approval basis and as such, neither paid for nor accounted in stock book. This explanation should be fully verified and cross-checked through the documents such as e-way bills, etc. as are applicable.

12.4.7 Where information is received that the assessee has kept stock at another business premise(s), a separate authorisation may be obtained for conducting survey at such other premises also.

12.4.8 The books of account, if incomplete, must be updated on the basis of purchase and sale vouchers. Care should be taken to include consignment sales and consignment purchases till the date of survey. Preferably, only assessee's accountant should update the accounts. It would be better if the accounts are updated by the Accountant on a separate sheet and not in the system to guard against any mischief by the accountant as he could delete important files. Also by updating on the separate sheet, the assessee would not be able to make any allegation that the survey team has tampered with the accounts.

12.4.9 When valuation of stock is under progress, the officers may go through the books, documents and loose papers found and offered for inspection at the premises. The important documents and loose papers may be segregated for enquiry with the main person at a later stage.

12.4.10 For detecting suppression in sales or inflation in purchases, one should compare original documents with finalised accounts. The survey team should try to understand production cycle and try to get primary record for yield scrap generation.

12.4.11 For detecting any irregularities in the books or suppression of production, it is necessary to first understand the entire process followed by the assessee. One may have to sit down with employees to understand how transactions are recorded by each of them at different stages. Once the process is understood, it would be possible to find deviations. There may be a pattern of deviations from the established practice of maintaining records. For some of the deviations, the assessee may have genuine explanations to offer. However, some deviations may lead to detection of concealment.

12.4.12 In cases of manufacturing concerns, the raw material issue register and register of finished goods maintained as per the applicable GST Rules can be scrutinised. If the quantity of raw material and of finished goods found on physical verification does not tally with the figures as per the registers, the person present should be asked to explain or reconcile the difference. The details of scrap generated and how it is accounted for, may also be obtained because this also can give a clue to actual yield. The details of sales of scrap, quantity wise and closing stock of scrap can also be taken. The closing stock of scrap as per physical verification and as per books should also be taken.

12.5 Common Defects in Stock Taking

Some common defects in stock taking have been observed. Following care may be taken to prevent such defects/deficiencies from taking place at the time of stock-taking.

(a) The stock inventory should indicate the name of the assessee, the address of the assessee, the address of the business premises/godowns where the stock is found and date of stock taking.

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(b) It should contain the name of the person/employees who assisted in taking stock inventory.

(c) Name of the Income-tax official(s) who assisted in taking stock inventory may also be mentioned.

(d) The Inventories should be got certified by the assessee or the person in charge and should also be countersigned by the officials who took the inventory.

(e) Maximum possible details of the items such as their descriptions, quantity, make, size, weight, volume, length, etc. should be mentioned in the stock sheets.

(f) The fact whether the goods were in good quality or were bad/ defective/ rotten/ damaged should also be recorded.

(g) Uniformity and consistency in inventory form prepared by different teams in the same premise and in respect of similar stock should be ensured as far as possible.

(h) As far as possible the stock as per books should be worked out during the course of survey itself and not left to be done in the office.

(i) Stock may be found in different stages of production. The stage of production should be suitably recorded.

12.6 Statement About Stock

Recording of statement relating to verification of stock is very useful. Some relevant questions may be about system of stock taking followed by assessee, whether any stock has arrived before purchase is recorded, whether any stock has been lifted before sale is recorded, whether any stock has been received from or sent for job work, whether any stock lying in other premises/godown, whether there is any stock in transit, whether any stock has been held by assessee as consignee etc. Final statement should be recorded of a person who has direct knowledge of the business. If such a person is not available, the statement should be recorded of any other responsible person. During recording of final statement following issues, inter alia, should be covered:

(a) Documentary evidence regarding assessee having kept his stock somewhere else.

(b) Documentary evidence regarding assessee keeping someone else's stock in his premises.

(c) Identification of defective goods and its valuation.

(d) Quantification of purchase returns and sales returns in the year along with documentary evidence.

(e) Confirmation of stock valuation method followed by the assessee.

(f) Confirmation of assessee not having any objection to the value of stock taken and method of valuation followed by the Department during survey.

(g) If the assessee voluntarily declares certain concealed income, declaration should have following elements:

   (i) Statement that it is an additional income over and above regular income.

   (ii) Assessment year for which it is offered.

   (iii) Income-head under which it is offered.

   (iv) Transaction/manner in which such income is earned and the documents on the basis of which such income is offered for tax and the quantification on which it has been arrived.

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12.7 Other Aspects to be Seen During Survey

Other aspects to be seen during survey would be cash credits, long pending trade credits, long pending un-cleared consignment transactions, claims of depreciation, deductions under Chapter VIA, claims of exempt income, etc. The survey team should also look for violation of TDS provisions, if any, and report the same to the TDS Wing. For verifying claims of depreciation, deductions under Chapter VI-A and Exemptions under Section 10 during surveys, specific strategies are to be adopted. The Income-tax Authority conducting survey should at all times be vigilant and look for any books of account, papers, diaries and other documents, etc. containing suspicious entries. Where rubber stamps are found in the premises, impression thereof should be taken and the person present should be asked to authenticate the same and obtain reasons as to what is the connection of the assessee with those stamps and why they are lying with them. Further, the statements of persons handling primary records and important functions, which may be relevant in understanding the process, records, and statements such as those of accountants, production manager, store manager, etc. can be helpful in determining the final income.

12.8 Statement

A statement can be recorded by the competent Income-tax Authority conducting the survey, but not by the authorised Inspector. While recording the statement, the following points should also be kept in mind:

(a) No threat or any promise/ inducement should be used.

(b) The statement should preferably be recorded in the language known to the deponent. The Income-tax Authority should read over and explain the statement to the deponent if the statement could not be recorded in the language known to the deponent.

(c) Conjectures and surmises should be avoided in the statement.

(d) Additional income disclosed by the assessee should be based only on evidence gathered during the course of survey such as documents evidences and entries therein, excess cash, stock or other valuables. This has been reiterated by the Board several times as mentioned in letter F. No. 286/98/2013-IT (Inv.II) dated 18th December 2014.

(e) It is settled position of law that any statement obtained under promise, inducement or threat or compulsion has no evidentiary value. Any promise to waive penalty or not to re-open assessments for earlier years should not be made.

(f) During survey if the assessee discloses additional income, he should be asked the reason or head/source of income for which he wanted to disclose. Also, the survey conducting authority should study inventoried or impounded documents deeply so that he can ask source of it or understand whether it was disclosed earlier or concealed. The questions in the statement should be asked based on these findings. Then the disclosure will not be without basis and assessee will find it difficult to retract it.

12.9 Preparation of Inventory and Impounding of Books, etc.

If books of account and other documents are found, the income-tax authority conducting the survey should examine them and then decide whether these would be useful in the assessment or other

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proceedings and accordingly take a decision for impounding of the books, documents, etc. If considered necessary, the Range head may be consulted. Detailed inventory of the relevant books/documents and valuables found at the premises should be prepared. The marks of identification should bear full signature of the authorised officer with date and office seal. The pages of the documents impounded should be serially numbered and mentioned in the inventory. The blank pages should be cancelled and numbered. While preparing the inventory of the books/documents found which needs to be produced for the verification on a later date, marks of identification are placed on that. Normally, the marks of identification would be the signature of the authorized officer/Inspector of Income-tax. The sample of such marks of identification should also be brought on to the record clearly and should be placed on the survey folder after due attestation by the party. This will ensure that in future the party will not resort to any mischief. For impounding the books of account and inventorising the same, the prescribed procedure should be scrupulously followed. Reasons for impounding should be properly recorded. The order impounding books of account and documents should be prepared and duly served on the assessee. Where the books of account are not fully updated, the authorised officer should also impound all primary documents on the basis of which entries were made to complete them, so as to prevent fabrication of evidence at a later stage. All extracts taken should be properly authenticated. While impounding loose papers, they should be arranged in bundles in a folder or stitched on the left hand top. Each paper should be numbered, signed by the assessee and by the authorised officer. However, where the number of papers is large, the pages can be numbered and sealed with lakh on a side. In the inventory, it may be mentioned that a particular bundle of papers contains specific number of pages. For ensuring timely completion of survey, the team leader may plan the work properly so that the time gaps during which officials are waiting for directions can be avoided.

C. SUREVY FOR RECOVERY

13. The power of survey under Section 133A of the Act was made available to Tax Recovery Officers w.e.f. 01/6/2003 vide the Finance Act, 2003, by amending Explanation (a) to sub-Section (6) of Sec. 133A. This was with the objective of strengthening the power of TROs for better result in recovery of outstanding taxes. The power of survey is provided to Income-tax authorities basically to enable them collect information and evidence for the purposes of the Act, out of which recovery of tax is one main purpose. Like assessment, Income-tax authorities require information for collection and recovery of tax too. They require information about all the assets as well as sources of income from which taxes can be collected. The AOs have access to the current returns but the TROs do not. TROs are supposed to be provided by AOs with the list of assets, copy of balance sheet etc. as at the time of drawing certificate. These are sometimes not provided. Even if provided, they do not contain complete details. Further, these lose much of its relevance and utility with the passage of time. But what the AO or TRO requires for attachment or similar actions for recovery of taxes is information about current assets existing on the day on which he wants to take the action. It is only survey which can give such information about recovery of taxes. It is in this perspective that survey under Section 133A of the Act is of paramount importance to the AO as well as TRO.

14. Planning of Survey for Recovery

14.1 In a survey for recovery, focus has to be on collecting any type of information which can help in taking action under the provisions of the Act for recovery. Therefore, the survey team has to be briefed (if not led by TRO/AO himself) about the types of papers (and entries in papers) on which to concentrate. Ideally the survey for recovery should be led by TRO/AO himself as this will provide several advantages, *viz.*:

(a) To check, verify inventories/ cash/ stock and other valuable articles/things.

(b) To impound books of a/cs. and other documents if necessary (which may be particularly useful when these are voluminous and survey team is unable to finish inspection of these during survey).

(c) To extend survey to "other places" like residence, chamber of authorized representative/ accountant etc. (which pre-requires taking of statement).

(d) To take statement (which the Inspectors are not authorized to take) and thus obtain replies to questions on different findings in books of a/cs. or other documents.

(e) To issue summons under Section131 in the situations mentioned in Sec. 133A (6).

14.2 AO/TRO does not have power to seize cash/valuables during survey. But TRO has the power the seize cash/valuables under Second Schedule and AO has the power to do the same under Sec. 226(5) read with Second and Third Schedules. But such survey and seizure are two separate operations. If seizure under Second Schedule (by TRO) or seizure under Sec. 226(5) (By TRO/AO) is done during survey under Section 133A, it will not be treated as separate operation and it runs the risk of being considered as contravention of Sec. 133A (4). Therefore, at the stage of planning, this aspect should be taken care of. Either the TRO may go for survey under Section 133A and simultaneously issue warrant in ITCP-2 to his Inspector to attach (by seizure) cash and valuables or AO may go for survey under Section 133A and TRO may go for attachment of cash and valuables. Of course, operation under Section 226 (5) requires approval from CIT/CCIT. Therefore, in some situations, conducting survey by AO and attachment by TRO or survey by TRO and attachment by Inspector is better than 226(5). Also, if in some case AO/TRO needs to gain access to the "other places" including residence or Chartered Accountant/Advocate's place, AO/TRO should plan that after entering the premise, he will record answer to question on place where such cash etc. are kept. If he gets the reply that these are kept in some other place, such reply only will give AO/TRO access to such place because of Explanation to Sec. 133A(1).

15. Conduct of Survey for Recovery

15.1 At the time of survey, all general procedures must be followed.

15.2 Control of cash, valuables, NSC, F.D. etc. should be taken as fast as possible. If cash is found, TRO should make the seizure under Schedule-II. The fact remains that cash should not be and cannot be seized during survey operation. So, adequate application of mind should be made at planning stage itself so as to avoid any legal complication.

15.3 All types of books of accounts and other papers including loose sheets, letters, cheque books, small diaries etc. should be gathered from all places including brief cases at a central place in the survey spot.

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15.4 These are to be sorted into different groups, e.g. books of accounts. Bank documents, sales bills, bills submitted, loan papers, investment documents, tax files, subscription and membership folder, telephone bills, electricity and other bills, rent receipts etc.

15.5 From the current sale bills, name and address of the buyers may be noted. Later, correspondence may be made with them to know amount receivable by assessee and the same may be attached.

15.6 From all types of documents (e.g. bank pass book, counterfoil of pay-in-slip, record ship of cheque books, cheque leaf, rent receipt, tax paid challans, electricity/telephone bill receipts, page of payment "Schedule" of deed of purchase/sale of immovable property, bill/invoice of purchase of car etc.) try to note down details of all bank accounts (including term loan account, cash credit account, fixed deposit accounts etc. with all banks and branches. Sometimes, only the cheque no. is available. But that too should be noted as account no. can be known with this (subsequently these accounts can be attached).

15.7 If bank guarantee papers are found these will show as to where the assessee has filed bills which have been discounted by bank (subsequently, AO/TRO may explore whether any amount can be collected by attaching the bill).

15.8 In the cash book, each page should be verified to find out sources of cash/cheque received and destination of payments made.

15.9 If there is loan/cash credit account, AO/TRO should try to get details of assets placed as collateral security (If there is any, he may later explore if anything is available by attachment of these after meeting bank's hypothecation).

15.10 Small diaries, correspondence folders etc. should be inspected to find out details of investments (so that these can be attached).

15.11 Copies of documents related to purchase of car/immovable property, share/debenture etc. should be obtained (these details will enable TRO later to attach and sell these as these are necessary for proclamation).

15.12 Apart from these, even if documents of foreign travel, club expenses, cash memo of expensive items are found, then copies of these should be taken. These will enable TRO to arrest and detain the assessee on the ground that he had the means to pay the taxes but still neglected/refused to pay.

15.13 At the time of taking statement, question should be asked with the aim of eliciting some such reply which will disclose and own up attachable assets. Read facts of the case, read the law. Then read acts again. You will be in a position to understand which facts should be placed first, which case law would fit be best with which fact and how the arguments need to be logically arranged.

15.14 It is important to keep in mind that once the survey leads to detection for properties for attachments by the TRO, the attachments should be made at the earliest after following the due process and conditions because under Rule 68B of Second Schedule to Income-text Act, 1961, there is time limitation for sale.

15.15 On identification of assets in survey, they should be sent to valuer without delay. Matter with valuer be pursued for quick valuation considering the time limit of 3 years for auction.

15.16 If assesse is a company/firm/HUF/AOP/BOI/, then all details of assets of director responsible under Section 179(1) partners/karta/member, as the case may be, should be collected.

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15.17 If AO conducts the survey, he should prepare a report and give it to the TRO. A.O/TRO should not waste any time in attaching the assets. Immediately after return, they should attach all assets/take action for arrest and detention. In this way, survey can be used as a very effective tool for recovery of taxes.

D. SURVEY ON CHARITABLE TRUST UNDER SECTION 133A (1) OF THE IT ACT

16. Legal Basis

In order to enable the Exemption charges to invoke the power of Survey under Section 133A in appropriate cases, by way of Finance Act 2017, Section 133A was amended to extend the power of survey to the premises of charitable Trusts/ Institutions. Thus, the scope of Section 133A(1) has been widened to include any place, at which an activity for charitable purpose is carried on.

17. Selection of Potential Cases

The following cases may be appropriate for prioritizing survey action in the cases of Trusts/ Institutions, depending on other facts and circumstances:

(a) Cases suddenly turned into non-filers of returns.

(b) Cases with high establishment expenses.

(c) Large corpus donations claimed exempt under Section 11(1)(d).

(d) Cases with large capital expenditure.

(e) Non-filers having substantial activities till preceding years.

(f) High risk cases on the basis of information received from other Agencies such as under FCRA, Black listed entities by other Ministries, entities whose registration is cancelled under other Acts.

(g) The System can generate details of high risk cases such as cases where donors have claimed large amount of deduction under Section 80G but the donee Trust/ institution has not filed Return of income.

(h) Cases in respect of which 80G deduction claimed by donors is more than the voluntary contributions shown in the Return of Income of the donee trust/ institution.

(i) Cases of potential risk with high ratio of cash deposits as voluntary contributions in non-religious trusts, as such case may involve issue of anonymous donation.

18. Important Points for Survey in Case of Charitable Trust/Institution

In addition to normal procedures, the following important points should be specifically kept in mind during survey action in the case of a charitable trust/ institution:

(a) The issue of bringing unaccounted funds in the books of account by introduction of bogus donations.

(b) Usage of funds belonging to charitable purpose for personal effects/benefits.

(c) Misuse of corpus donation in religious institution. The corpus donations are directly credited in balance sheet without having proper documentation, register specific directions.

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(d) Violation of provisions under Section 13(3) of the act, wherein unreasonably high amounts are debited to specified persons.

(e) Issue of education institution receiving cash in lieu of admissions.

(f) Receipt of donations in cash above Rs. 2000.

(g) Non filing of Return of Income despite having huge surplus on which taxes are to be paid.

(h) Misuse of donations received under Section 80G which is then given back to donors in cash.

(i) Eligibility for exemption, with reference to whether the funds are utilised for objects of the trust.

(j) Fraudulently encasing Government Grants in the name of weaker Sections and for special sectors.

(k) Providing entries for fraudulent CSR expenditure.

(l) Providing entries for fraudulently showing application of income of one Trust by showing donations to other Trusts.

(m) "Receipt and payments account" as well as "Income and expenditure account" separately as there may be few items which form part of the RPA but not of Income & Expenditure Account and they may need detail investigation w.r.t. source, application and eligibility of outright exemption. Many times, AOs may miss out on the investigation of RPA and only concentrate on Income & Expenditure Account.

(n) In Educational Institutions especially those running professional courses, many a times, the unaccounted donations taken from students are accounted for in the form of donations from pseudonymous persons. A sample cross checking with the persons can reveal such issue.

(o) Payments at the fag end of the year and especially in last week of March.

(p) The objects of the trust as mentioned in the trust deed/Memorandum of Association, etc. should be examined by the survey team and compared with the actual activities being carried out by the trust so as to ascertain that the trust activities are not beyond the objects specified in the trust deed/ MOA. Any expenditure which is not on the objects, even if it is on charitable activity, is not allowable under Section 11(1)(a) of the IT Act.

(q) During the course of survey proceedings, the survey team should examine the applicability of the first and second proviso to Section 2(15) of the IT Act with reference to the limb "Advancement of any other object of general public utility". If it falls under this limb, it is to be examined as to whether the activities involved any trade, commerce or business, etc. If so, then necessary evidence in this regard may be collected and impounded and respective persons may be examined by recording of their statements.

(r) Many Trusts/Institutions show the corpus donation or certain other donations directly in the balance-sheet of the relevant year without showing the same in the Income and Expenditure Account. Necessary verification should be made by the survey team that such receipts are in the form of voluntary contributions made with the specific directions in writing to form part of the corpus of the trust as that only is exempt under Section 11(1)(d) of the IT Act. The correspondence made with the donors and/or the details mentioned in the receipts issued by the trust should be examined to verify the claim of the assessee that those are only in the nature of voluntary corpus donation with specific directions.

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(s) The survey team should also look into any corpus donation given by a charitable trust/ institution to any other charitable trust/ institution as the same is not eligible as application for the donor charitable institution, in view of provisions of Explanation 2 to Section 11 of the IT Act with effect from AY 2018–19.

(t) In the survey proceedings necessary verification of the records maintained by the trust with regard to identity of the donors including details of address, etc. making donations may be examined. If such records are not maintained, then those donations may fall within the definition of Anonymous donations as per the provisions of Section 115BBC of the IT Act in case of non-religious charitable institutions.

(u) The transactions with Related Persons which are resulting into some direct or indirect benefits have a very serious bearing in Income-tax proceedings. Such transactions may not only result in denying the entire exemptions of the trust but can also lead to cancellation of registration under Section 12AA(4) of the IT Act. Therefore, the transactions with the related parties and the misuse of assets of trust/ institution need to be carefully looked into.

(v) All major decisions of charitable trust/ institution are required to be taken by the Trustees and recorded in the Minutes Book. The Minutes Book is, therefore, a very important document. A certified copy of such Minutes Book shall invariably be obtained.

(w) Accumulation of Surplus in a routine manner under Section 11(2) is very common. In various Court decisions it has been held that such accumulation under Section 11(2) has to be for specific purposes. Therefore, copies of resolutions and entries in respect of decisions to accumulate surplus in Minutes Book and other documents needs to be examined. The persons responsible may also be asked about the process adopted for accumulation and their specific purpose for which the same has been accumulated.

(x) Necessary verifications may be made by the survey team with regard to the nature of receipts declared as voluntary contributions or receipts for carrying out some work, or rendering services. In case the receipts are for rendering of services, applicability of provisions of Section 11(4), 11(4A) and proviso to Section 2(15) needs to be examined. Further, it is necessary under Section 11(4A) of the IT Act to maintain separate Books of Account in respect of any activity in the nature of business, trade, etc. even if it is incidental to the main object of the trust/institution, to be eligible for exemption under Section 11 of the IT Act in respect of profit from such business. Therefore, in such case, it is also a very important aspect of verification that Books of Account for such activities are separately maintained.

(y) As per the Income-tax provisions, the trust or institution is also required to make TDS on payments made to different persons as per provisions of Chapter XVII of Income-tax Act. The survey team can verify the defaults, if any, in making the TDS as per the said provisions and deposit of the TDS amount in the Government Account.

(z) As per the recent amendment, Explanation 2 to sub-Section 1 of Section 11 by the Finance Act, 2018 w.e.f. 01/4/2019, the provisions of Section 40(a)(ia) and 40A(3) and (3A) have become applicable in the case of trust/institutions also. Thus the survey team may examine the books of account and other records of the trust so as to look into the violations of these provisions.

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(aa) The newly introduced provisions of Section 269ST, which bar a person to receive an amount of Rs. 2 lacs or more in aggregate from a person in a day; or in respect of a single transaction; or in respect of transactions relating to one event or occasion from a person in cash, are applicable to trusts/ institutions also. The violation of these provisions may be found in cases of trust/ institutions, especially in cases of educational or medical institutions. Therefore, the survey team may specifically look into these violations during the Survey Action. Any such violation may attract penalty under Section 269DA of the IT Act.

(ab) Whenever clear-cut violations of Section 13(1)(c)/ 13(1)(d) over a sustained period have been found or evidences which clearly suggest ingenuine nature of activities or activities not being carried on in accordance with the objects of the trust/ institution, are gathered, such violations shall be separately pointed out in the Survey Report so that the Commissioner of Income-tax can take action of cancellation of registration under Section 12AA(3) or 12AA(4) of the IT Act on the basis of such findings, without waiting for assessment proceedings to be completed. In fact, in such cases, the cancellation of registration itself will be helpful in assessments also.

E. SURVEY BY THE I & CI WING UNDER SECTION 133A (1) OF THE IT ACT

19. Legal Framework

Section 285BA of the Act provides for collection of data from third parties. These third parties are known as Reporting Agencies. It is applicable in respect of High Value Transactions registered or recorded during any financial year commencing on or after 01/04/05. Sub-Section (1) of 285BA requires certain specified persons to furnish annual information in respect of specified financial transaction registered or recorded by them during the relevant financial year. Under sub-Section (2) of 285BA, AIR/SFT has to be furnished within the prescribed time in the prescribed form and manner. Sub-Section (3) of Section 285BA specifies nature of transactions which can be prescribed by the CBDT for the purpose of reporting in the AIR/SFT. It also provides that Board may prescribe different values for different transactions in respect of different persons having regard to the nature of transactions. The requisite prescription has been made under Rule 114E of the IT Rules. Under Rule 114E(5), the time limit for filing AIR is prescribed as, on or before 31/08 immediately following the financial year in which the transaction is registered or recorded. The time limit for SFT has been prescribed as 31st May of the following year with effect from FY 1/4/2016 and as such the first return under new provision was due by 31/5/2017. In respect of the format, Rule 114E(1) and Rule 114E(4), AIR/SFT is to be furnished in Form no.61A. Thus, it is very important for the Department to ensure that the Reporting entities comply with the statutory requirement and file the data within the prescribed time and format and also do so correctly and adequately. Conduct of Survey or Inspection on the Reporting entities is an effective tool for ensuring compliance and also acts as deterrence for non-filers, apart from the relevant Penalty and Prosecution provisions as already laid down in the Act.

20. Conditions for Invoking Action under Section 133A

Powers under Section 133A(1) of the Act may be invoked primarily in two scenarios:

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(a) Where the Reporting Entity, fails to furnish AIR/SFT, even after issue of Notice calling for compliance thereof; or

(b) Where the Reporting Entity files the requisite information by way of filing AIR/SFT but is alleged to have done so in an incomplete or inaccurate manner without exercising due diligence.

21. Selection of Cases for Conduct of Survey

Before moving on with the Selection of Cases for carrying out inspection, there are certain prerequisites to be taken care of:

(a) Identification of the total number of Reporting Entities who are required to file the AIR/SFT within the jurisdiction of DIT (I&CI), which basically means that a Master Database of all the filers is required to be prepared and maintained. In this connection, data may be called for and collected from various agencies like for instance, list of Urban Co-operative Banks can be obtained from Registrar of cooperative society or data related to Sub Registrar Offices can be obtained from the office of IG, Registration or the list of Banking Companies, Credit Card and other Banking Companies could be obtained from Reserve Bank of India or details in respect of stock exchanges, stock brokers, issuers of mutual funds could be obtained from SEBI Mumbai and so on.

(b) The Reporting Entity-wise Master Database compilation will enable better Compliance Management. In the present SFT system of filing, the reporting entities are required to register themselves on the Income-tax Portal and upload the Statement directly online while in the erstwhile AIR regime the filers had to register on NSDL Portal. Having a Master Database will not only enable the Department to identify non-filers amongst the filers who are registered on either the Income-tax or NSDL portal but also the filers who are outside the system and never registered in any of the portals.

(c) Once the list of non-filers is identified, notices under Section 285BA(5) are to be issued for non-compliance for all the years where information has not been filed with effect from 2005-06. The penalty and prosecution proceedings would thereafter follow depending on the merits of each case.

22. Identification of the Case for Survey of SFT Filers

From the compliance data available with the Income-tax Reporting Portal or the NSDL and also Master Database, the following category of cases can be zeroed in upon for selection:

(a) Cases where AIR/SFT are not being filed at all by the eligible Reporting entities, whether registered or not,

(b) In cases where AIR/SFT are being filed:

   (i) Those Reports where NIL Returns are being filed continuously whereas the market information available about the business activities suggests a very different picture.

   (ii) Those where few entries are filed in the Report, whereas again the market information available about the business activities gives a very different picture.

   (iii) Those where suddenly Return shows huge entries regarding the transactions in a single year, which appears abnormal.

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23. The Five Broad Scenarios are Elaborated as Hereunder

23.1 The AIR/SFT filer who have not filed any return even though they have reportable transaction. The provisions of the Act/Rules makes it clear that even in cases where there are no reportable transactions, the filer is required to file a Nil return thereby confirming that he does not have any reportable transaction or furnish a Preliminary response to that effect. The Act also casts responsibilities on the AIR/SFT filers to carry out due diligence before furnishing the return of reportable transaction. Further, the return is also to be signed and verified by the person who is authorized to sign the return in accordance with Section 140 of the IT Act. Therefore, the AIR/SFT filer is required to carry out proper due diligence, verification and submit accurate information to the Department. In order to identify whether the person has reportable transaction it is necessary to go through the volume of business of such banks, cooperative banks, urban cooperative banks, credit cooperative societies and credit cooperatives on the website of Registrar of cooperative societies or the Sub Registrar Offices dealing with registrations in prime areas which would provide an idea of size and volume of business or registrations carried out by them.

23.2 Some other filers may have filed AIR/SFT return for certain years and have discontinued filing for subsequent years or previous years. Such cases would show that there is likelihood of some reportable transactions that exists for the previous years or subsequent years and such entities could be selected for inspection. For this purpose, it is necessary to get the compliance data from the Systems for carrying out effective analysis.

23.3 There are some entities who file Nil returns regularly on receipt of notice under Section 285BA(5) in order to show the compliance with the provision of the Act. In such cases it may be relevant to verify whether the Nil return filed by them is correct or otherwise. For this purpose it may be useful to carry out background verification through the website of Registrar of Cooperative Societies to identify the size/volume of the business carried out by such entity. The Income & Expenditure Statement and Balance Sheet could be sourced from such website. This would provide the financial status and from them we would be in a position to identify that the entity is likely to have reportable transactions but have failed to furnish it accurately. Such cases would be selected for inspection.

23.4 In some cases we also find entities filing Nil returns for the earlier years and suddenly filing returns with a large number of entries in the subsequent years say an entity which has filed Nil return for the period 2005-06 to 2009-10 and suddenly showed 100 entries for the period 2010-11. This would give an indication that the reporting is not correct

23.5 In some cases AIR/SFT filers do not file the return within the prescribed period or claim that they have filed the same by producing acknowledgment. Sometimes the Reporting Entities give data to the authorized agents but the latter have not uploaded the information on the AIR/SFT portal. Such cases are to be treated as cases of non-compliance. In some cases the authorized agents also produced an acknowledgment of uploading the data on the AIR/SFT portal but there would have been an error message or communication of not being uploaded properly which would not have been complied subsequently. In such a case the filing is not considered valid and therefore, AIR/SFT filers are liable for penal consequences as non-filer. Such cases should also be taken up for inspection to obtain the correct data.

24. Getting Requisite Approval

The process of inspection of AIR/SFT filer is carried out under the provision of Section 133A of the IT Act with due approval of Jt./Addl.DIT (I&CI). Important points for seeking approval are summarized as under:

(a) The Officers are expected to gather all the information in a case identified for Survey and prepare a reasonable satisfactory note explaining why a Survey is required in a Particular case and approval is sought from the Joint Director of the Income-tax (I&CI) giving the proposed date and time along with manpower requirements.

(b) The JDIT is expected to examine the note and satisfy himself/herself if the case is appropriate for a Survey. Approval of the Note and the Authorisation are given under Section 133A of the Income-tax Act.

25. Conducting Survey

(a) The Officers are required to execute the Survey Action planned and approved by way of mobilizing the manpower and arranging the requisite logistics.

(b) During conduct of Survey at the premises of the eligible Reporting Entities due procedure connected with entry into the premises at the scheduled date and time is to be followed.

(c) After entry, it is pertinent that the purpose for the survey action is explained to the concerned officer of the Reporting Entity present at the Survey premises.

(d) The first & foremost task after striking the premises for Survey would be to take control of Computers, software, Floppies, hard-discs, pen-drives etc. In case books of accounts or documents are manually maintained, these books have to be taken into custody.

(e) Take a Preliminary Statement of the concerned person when, inter alia, the following questions may be initially posed:

   (i) The filing status of the statutory AIR/SFT reports, financial year wise including date of actual filing.

   (ii) Mode and manner of registering or recording the information about the transactions for which the AIR/SFT is to be filed whether manual or computerized.

   (iii) Whether the data is maintained entirely in the premise covered or some other places as well, say, in the case of banks whether they are maintaining data, branch wise or whether the data is available in the head office etc.

   (iv) The details of the software being used in case of computerized maintenance of data and the details of the software developer and also location of the main server where entire data is stored.

   (v) The details of the concerned person in charge of handling the maintenance of documents or books or the technical persons in charge of Software running and maintenance.

26. Taking Out Data of Reportable Transactions

(a) After ascertaining the manner in which the data about financial transactions is fed and stored, the next step for the Inspection team is to get all those transactions which are above the prescribed threshold and make note of such transactions year wise.

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(b) After all such reportable transactions are gathered, tabulated or extracted from the main database or record centre of the Reporting entity, such data should then be compared with the already filed AIR/SFT data. Any discrepancy found in the number of Reportable entries vis-à-vis AIR/SFT filed would then constitute as “Unreported entries”. In case where AIR/SFT is found to have been not filed, then the entire list of Reportable transactions collected earlier would qualify as “Unreported entries”.

(c) After comparing extracted data of Reportable transactions with that filed by the Reportable entity in the form of AIR/SFT, all unreported entries should be listed out along with details of such transacting parties viz their names, addresses, transaction value and so on.

(d) In cases where the data is maintained manually, all such documents or records where entries found to be not reported are entered or registered, should be either impounded or extract should be taken duly acknowledged and certified by the authorized person of the Reporting Entity.

(e) In cases with computerized accounts like in the Case of Banks, a forensic back up of their accounts may be taken and data of unreported entries be culled out or the entire data may be taken, left to be analysed in the Office after following the due process of impounding under the Act. In some cases, where the data pertaining to Reportable transactions are not readily available owing to the records being maintained elsewhere or the data server being present at a different location, a Summons notice under Section 131 may be issued to the Authorized officer of the filer or other entities to submit the reportable transactions.

27. After Survey

(a) Recording of final statement is very crucial. The discrepancy detected should eventually be brought to the notice of the authorized officer of the filer and final statement should be recorded incorporating the entire proceedings and findings of the survey.

(b) The Manager/CEO should be sensitized about the importance/necessity/obligation of furnishing information under various provisions of the Act and also the consequences of non-furnishing of information.

(c) The confirmation of the understanding/awareness of Section 285BA of the IT Act must also be covered. The statement should also give a gist of a few unreported transactions about individuals, whose names are regularly appearing as Depositors. The discrepancy in reporting the transactions and reasons for non-submission of AIR should also be included in the Statement.

(d) A preliminary survey report has to be sent within the stipulated period as in normal survey and afterwards the final report may be submitted. While sending the survey report emphasis would be on highlighting the findings in terms of total number of unreported entries detected and the value thereof as the inspection survey relates to the third party reporting agencies and not the assessee per se. The survey report pro forma as customized according to the reporting criteria for third party entities may be followed.

(e) The data collected during the Survey is the most valuable finding of the survey and such data has to be used for further verification to track non-filers or stop-filers or even those who file the returns.

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(f) Analysis may show that income shown is not commensurate with the information contained in the data The data may thus be analysed and the entries should be assigned for verification after analysis. Returned Income, the sources of investment for deposits may be verified at least on test check basis and/or any other criteria after taking approval of the Director.

F. SURVEY UNDER SECTION 133A (2A) OF IT ACT, 1961 FOR VERIFICATION OF TDS/TCS COMPLIANCE

28. Legal Framework

Chapter XVII of the IT Act provides various provisions relating to collection and recovery. Collection by way of TDS and TCS is one of the most important methods of tax collection. The contribution of TDS to overall direct tax collection is substantial and impacts a majority of taxpayers. Part B of this Chapter contains provisions requiring persons responsible for making payments of certain incomes chargeable to Income-tax, to deduct tax before the amount is credited or paid to the payee. This mode of collection of Income-tax is called Tax Deducted at Source (TDS). Tax is deducted at source from various types of payments like salary, interest, commission, rent, contract payments, winnings from lotteries, winnings from horse races, payments for acquisition of land, payments as fees for technical and professional services, etc. Employers have to deduct tax from salary payments to their employees. Banks, financial institutions and others, while making payment of interest to depositors or crediting interest in their accounts, have to deduct tax at source. Apart from this, in accordance with Part BB of this Chapter, tax is collected at source by the seller (collector) of certain goods from the buyer/ lessee (collectee/ payee) which is called Tax Collected at Source (TCS). The goods are as specified under Section 206C of the Income-tax Act, 1961. The Income-tax Act also stipulates the monetary limits and rates at which tax is to be deducted/collected. The persons responsible for deducting/collecting tax at source, have to deposit the tax deducted/ collected by them in the government account within the time limits laid down for this purpose. The deductor, after deducting TDS in accordance with the provisions of this Act and after depositing the same in the Government Account, is required to file TDS Statements on TRACES within the due dates. It is on the basis of processing of these TDS Statements, the deductees are getting the credit of TDS deducted by the deductor on their behalf. Thus, any default on the part of the deductor will not only affect the Revenue collection but can also cause grievances to huge number of deductees, who may not get credit of TDS deducted on their behalf if the TDS deducted is not deposited or even if deposited, proper returns are not filed. Therefore, proper compliance with TDS provisions is important. Survey is a very important and effective tool to enforce compliance amongst such non-compliant deductors.

29. Legal Provisions for Conducting TDS/ TCS Survey

Special provisions regarding TDS/ TCS survey have been introduced in the Income-tax Act by inserting sub-Section (2A) in Section 133A of the Act. From the plain reading of these Provisions, it is clear that the powers under sub-Section (2A) are meant to be utilised for the purpose of verifying whether tax has been deducted or collected at source in accordance with the provisions under sub-headings B or BB of the Chapter XVII of the Act. There are certain limitations on powers of an Income-tax Authority acting under sub-Section (2A), prescribed by way of proviso to sub-Section (3), which reads,

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"Provided that no action under Clause (ia) or Clause (ii) shall be taken by an income-tax authority acting under sub-Section (2A)". It means that an income-tax Authority acting under the provisions of sub-Section (2A) of Section 133A shall not have the powers to impound and retain in his custody any books of account or other documents inspected by him and make an inventory of any cash, stock or other valuable article or thing checked or verified by him.

30. At the same time, in the case of survey under Section 133A(2A) of the IT Act, the approval of Joint Director/ Joint Commissioner of Income-tax, is not required. Power of Survey under Section 133A(1) is restricted to the place of business or profession, while the power of survey under Section 133A(2A) extends to the office of other category of deductors also.

31. The following table outlines the key differences in provisions of Section 133A(1) and 133A(2A) of the IT Act:

Sl. No.	Survey under Section 133A(1)	Survey under Section 133A(2A)
1.	Powers extend to all of the information/evidence relevant for the purpose of Income-tax Act.	Power is limited to the purpose of verifying whether the tax has been deducted or collected in accordance with Part B and Part BB of Chapter XVII of the Act, i.e. compliance of TDS/TCS provisions only.
2.	Power to enter any place of Business or Profession only or a place where activities for charitable purpose is carried on.	Power to enter any business/ profession. Power to enter office of any deductor also.
3.	Prior approval of Joint Commissioner/Joint Director of Income-tax is required.	No such approval of Joint Commissioner/ Joint Director of Income-tax is required.
4.	Power to impound books of account or other documents.	No power to impound books of account or documents.
5.	Power to verify and make inventory of cash/ stock or valuable articles or things.	No such power to verify cash etc and make inventory.
6.	IT Authority can enter in respect of a place or business or profession or charitable activity during the hours at which such place is open for conduct of business or profession, and after sunrise and before sunset, in respect of certain other places.	IT Authority can enter the place after sunrise and before sunset.

32. The defaults may be of following nature:

(a) TDS deducted or TCS collected but not deposited.

(b) TDS not deducted or short deduction of TDS by applying wrong provisions or otherwise. TCS not collected or short collection of TDS by applying wrong provisions or otherwise.

(c) Failure to furnish or late furnishing of statement under Section 200(3) of the IT Act.

(d) Failure to issue or late issue of TDS Certificates.

(e) Failure to furnish statement of perquisites under Section 191(2C) of the IT Act.

(f) Failure to deliver Form No. 24Q, 26Q, 27Q, 27A, 27EQ & 26B within the prescribed time.

(g) TDS deducted but not deposited or TCS collected but not deposited.

(h) The default of TDS deducted but not deposited attracts the provisions of prosecution under Section 276B/276BB of the IT Act, while default of non-deduction or short deduction attracts penal provisions of Section 271C of the IT Act.

33. It should, therefore be the endeavour of the Survey team to make efforts to detect kind of defaults and gather material which may be useful not only for quantification of default and penal interest under Section 201(1A) of the IT Act, but also prosecution proceedings under Section 276B/276BB or penalty proceedings under Section 271C of the IT Act.

34. Selection of Cases for Survey and Preparation

The important sources of information for identification of potential cases for TDS/ TCS Surveys may be data in respect of defaults in filing of TDS statements is generated by TRACES in a systematic and structured manner, grievance of deductees for non-credit of TDS, files of processing of cases for issue of lower deduction certificate under Section 197 wherein the P&L Account and details of TDS payments/compliance is available in such files. Case of deductors defaulting in filing of statements for some quarters and negative growth in TDS payments may be good cases. The best and time-tested method for selection of case especially that of defaulters of TDS deduction but not deposited, are the non-filers or late filers of TDS statements, in whose case there is a fall in TDS payments.

35. Before survey, it is advisable for the Assessing Officer to have the following information in his folder:

(a) Whether more than one TAN is applied.

(b) No. of branches of the assessee company.

(c) Nature of business and payments made by the assessee.

(d) Details of various defaults made by the assessee from CPC.

(e) TDS statement of the assessee for the last 3 years.

(f) Information from e-TDS returns filed.

36. In bigger cases, reconnaissance of the premises should also be done to find out the computer infrastructure, division handling TDS matter etc which may be used for estimating the requirement of manpower for the survey.

37. Guidelines for Survey for Default of Tax Deducted but not Deposited

37.1 The first aim of survey team should be to quantify the default. The amount of TDS deducted but not paid is easily available in the Books of Accounts. However, a chart showing the amount of TDS deducted, date of deduction, due date of payment and the actual date of payment should be prepared. This chart will not only be helpful in precise identification of default of non-payment but also in computation of late payment for levy of interest. If this chart is prepared during the survey itself, then it is possible for the Assessing Officer to issue a show cause notice for passing order under Section 201(1)/(1A) of the IT Act immediately. Passing such order expeditiously will enable the Assessing Officer to enforce Recovery, if the deductor does not pay the defaulted amount on its own.

37.2 The details of Bank Accounts, debtors, specifically the Group Companies and other assets, should be meticulously collected because one major purpose of conducting such survey is also Recovery.

37.3 As per the CBDT instruction issued in F.No. 285/90/2013-IT(Inv-V) dated 17/10/2016, in addition to the cases selected on the basis of approved criteria (which are to be processed mandatorily), the CIT(TDS) may consider any other case for prosecution, based on information from sources such as survey/ spot verification/ grievance received. Survey action is an important tool for launching prosecution under Section 276B of the IT Act. Therefore, wherever default of TDS deducted but not paid is detected, the survey team should keep requirement of these provisions in mind and make effort to gather all possible information and evidence, which may be relevant in prosecution proceedings. These details are as under:

37.4 Details of TDS statements of the quarters in which defaults have been committed

Form No. and Quarter	**Due Date**	**Date of Filing**	**Total Tax Payment**	**Total Tax Paid After Deduction**

(a) A chart showing the amount of TDS deducted, date of deduction, due date of payment and actual date of payment.

(b) Copies of the TDS statement filed by assessee Deductor.

(c) Copies of challans of late deposit of TDS by the assessee deductor.

(d) Certified copies of Audit report in Form 3CD, if they show default, along with Balance Sheet, Profit & Loss A/c. and Annual Reports.

(e) Copy of ledger of deductee in whose case the TDS deducted has been deposited late.

37.5 In the case of Company/Firm/AOP/BOI, provisions of Sec. 278B are relevant in deciding the accused and co-accused(s). The Annexure 2 to SOP dated 09/12/2016 on prosecution prescribes certain details to be collected which are relevant for identification of the co-accused partners/directors/ members. As far as possible, all these details should be collected during the survey itself.

(a) Details of the Company:

Address (present)	Other address(s), if any	PAN Number	Date of incorporation	Contact numbers

(b) Details of Directors (From 1st April of relevant F.Y. till date):

Name	Date of Birth	PAN	Residential address	Mobile Number	Whether Active or not	Responsibilities handled	Date of appointment

(c) Details of person responsible for payment on which TDS is deducted (From 1st April of relevant F.Y. till date):

Name and designation	Date of Birth	PAN	Residential address	Mobile Number	Designation	Other Responsibilities handled	Date of appointment

(d) Details of every person (including Directors) who was in charge of and was responsible to the company for conduct of business of the company (From 1st April of relevant F.Y. till date):

Name and designation	Date of Birth	PAN	Residential address	Mobile Number	Designation	Responsibilities handled	Date of appointment

(e) Duly certified copy of Minutes book showing minutes of the meeting of the Board of Directors.

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37.6 Guidelines for TDS/ TCS Surveys for Other Non-Deduction/ Short Deduction Defaults

For finding out other defaults, including default of non-deduction/short deduction, the Survey Team may verify the following issues:

(a) Whether the tax has been deducted at the appropriate rate and under appropriate Section.

(b) Whether the Lower Deduction Certificates are obtained before deducting TDS at lower than applicable rate.

(c) Examination of the P&L account of the current year and last 2 years (may be extended to earlier years also, if defaults are regular/ recurring).

(d) Nature of the payments in these years.

(e) Identification of the deduction made under any of the TDS provision of Sec. 192 to 196D.

(f) Comparison of the payments shown in the P&L account and the TDS return filed.

(g) In case of TDS on salary payments, the deduction claimed by employees, i.e. NSC deposit, PPF, House rent payment, donation under Section 80G, etc. should be verified. The valuation of perquisites granted to the employees should be examined.

(h) Regarding deduction against interest on securities, in cases of cumulative deposits/bonds, tax is to be deducted every time interest is credited in the account of the payer and is not to be postponed till its maturity.

(i) In respect of TDS against payments to contractors/sub-contractors, tax is to be deducted from (i) adjustable advance payments; (ii) gross payments in respect of composite works contract; (iii) payments made in pursuance of a contract or sub-contract, without deducting TDS; (iv) payments made for all types of contracts, including service contract, transport contract, material contract, advertising contract, broadcasting contract, telecasting contract, labour contract and works contract; (v) payments made to clearing and forwarding agents for carriage of goods; and (vi) payments made to courier agencies for carrying documents, letters, etc.

(j) With regard to TDS on rent, tax has also to be deducted in respect of (a) fixed monthly warehousing charges; (b) composite charges paid/payable for use of premises or other services; (c) non-refundable advance, adjustable loan or deposit made; and (d)room rent for hotel accommodation taken on a periodical basis.

37.7 Post-Survey Action in TDS/ TCS Cases

After conclusion of Survey, the Assessing Officer is required to take the following follow-up action:

(a) Preliminary and Final report to be sent.

(b) Show-cause to be issued at the earliest, preferably during the survey or within 3 days of survey, at least in cases involving defaults of TDS Deducted but not deposited.

(c) Other TDS ranges must be informed in cases of branch offices which are filing their TDS returns separately, to examine similar defaults.

(d) Order under Section 201(1)/201(1A) to be passed immediately after collection of all relevant details.

(e) Penalty proceedings under relevant Section should be initiated.

(f) Prosecution proceedings under relevant Section should be initiated following the SOP (dated 09/12/2016) for prosecution in TDS cases.

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38. SURVEY OF OSTENTATIOUS EXPENDITURE UNDER SECTION 133A(5)

Certain Income-tax authorities have been empowered under Section 133A(5) of the Act to get complete information about the nature and scale of expenditure, incurred by an assessee in connection with any function, ceremony or event. This provision is intended to detect ostentatious expenditure made by persons from undisclosed sources. The power is given to the Income-tax authorities including an Inspector of Income-tax to collect the information after the function, ceremony or event is over.

39. The Board in Circular No. 179 dated 30/09/1975 has clarified that the power to collect information and record statements will be "at any time after any function, ceremony, or event and even before the stage of assessment proceedings for the following year for which the information may be relevant". The Board has further clarified that "the object of this provision is to help in collecting evidence about ostentatious expenditure, immediately after the event to be used at the time of assessment".

40. Conditions for Invoking Section 133A(5)

Powers under Section 133A(5) can be invoked if the Income-tax Authority, on considering reports about the nature and scale of expenditure incurred by an assessee in connection with any function, ceremony or event, is of the opinion that it is necessary or expedient for him to invoke the power under Section 133A(5). Use of the words "having regard to the nature and scale of expenditure" implies that the Income-tax Authority should not make such enquiry in each and every case. The Income-tax Authority will consider the nature and particularly the scale of expenditure on the function, ceremony or event and only if he finds that the nature and scale is substantial enough to provide useful material for the purpose of assessment and penalty proceedings, he may invoke the provisions of sub-Section (5) of Section133A.

41. Survey after the Function and Not During the Function

Collection of information has to be after the function, ceremony or event is over and not before the function. There is no provision for collecting information during the function or the marriage or other ceremony.

42. Income-tax Authorities Empowered to Carry Out Survey

While all the aforesaid Income-tax authorities have the statutory power to conduct survey under Section 133A(5) of the Income-tax Act, the Board have issued Instruction No: 1865, dated 14/11/1990 to the effect that such surveys are to be conducted only by the Investigation Wing of the Department. If the Principal Commissioner is of the opinion that powers under Section 133A(5) should be exercised in respect of any particular function, ceremony or event, he may have the survey conducted through the Investigation Wing. Detailed guidelines on conducting of Survey and corresponding intelligence gathering are also given in above instructions

43. Powers of the Income-tax Authority Acting under Section 133A(5)

The powers of the Income-tax Authority acting under Section 133A(5) are:

(a) to require the assessee who has incurred the expenditure or any other person who, in the opinion of the Income-tax Authority, is likely to possess information about the expenditure incurred, to furnish such information as may be required, which may be useful for, or relevant to, any proceeding under the Income-tax Act.

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record the statements of the assessee or any other person about the expenditure incurred by the assessee for any function, ceremony or event. Such a statement can be used as evidence in any proceedings under the Act.

44. Section 133A(6) empowers the Income-tax Authority conducting a survey (other than an authorised Inspector) to exercise powers under Section 131(1) of the Income-tax Act for enforcing compliance with the requirement if the person covered by the proceedings under Section 133A either refuses or evades to furnish any information or to have his statement recorded. It would be advisable if mention of Section 133A(6) is also made in the summons issued to enforce compliance with the aforesaid requirements.

45. Types of Functions, Ceremonies and Events which can be Covered under Section 133A(5)

It may be any function. The 'nature and scale of expenditure' referred to in Section 133A(5) should ordinarily refer to large scale expenditure. However, an illustrative list of some such functions, ceremonies and events is given below:

(a) Marriage and other connected functions and ceremonies,

(b) Inauguration of new business,

(c) Inauguration of new house,

(d) Birthday and other such functions,

(e) Social parties and gatherings like New Year Eve parties; film premiers/functions to celebrate launching or success of a film, etc.

(f) Functions and ceremonies to celebrate festivals and occasions like Diwali, Holi, New Year, Christmas which, inter-alia, involve expenditure on costly gifts.

(g) Functions for introduction/launching of new commercial products, etc.

46. Identification and Selection of Cases for Survey under Section 133A(5) and Gathering of Intelligence

Enquiry can be made from the person by whom the expenditure has been incurred or any person who, in the opinion of the Income-tax Authority, is likely to posses the information on expenditure incurred by the assessee, e.g., hotel, restaurant, its managers, employees, caterers, decorators, printers of invitation cards, persons who attended the ceremony, jeweller, cloth trader, tailor and any other person who may give information with regard to the expenditure incurred by the assessee.

47. For identifying and selecting a case to be covered by survey under Section 133A(5), intelligence/ information may be gathered from, inter alia, the following sources:

(a) Printing presses primarily engaged in printing of invitation cards.

(b) Prominent hotels and guest house.

(c) Prominent clubs.

(d) Barat Ghars/Marriage halls.

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(e) Caterers

(f) Decorators

(g) Tent houses and tent suppliers

(h) Prominent band agencies

(i) Musical parties, entertainment parties etc.

(j) Event managers

(k) Jewellers

(l) Internet and Social Media

48. Intelligence from the above sources may also be gathered on advance booking made, amount paid as advance, mode of payment of advance, name and address of the person who has made the booking or on whose behalf the booking has been done and nature and extent of services which were availed. Such cases should be selected where substantial expenditure is likely to be incurred.

49. Some Important Points Relevant to Conducting of Survey under Section 133A(5)

(a) Proviso to Section 133A(6) is applicable to survey under Section 133A(1) only but still if survey under Section 133A(5) is contemplated by any official below Joint DIT or Joint CIT, the same should be discussed with the latter.

(b) Although intelligence gathering, which would help in identifying a function, ceremony or event to be selected for survey, may precede the function, ceremony or event, the actual survey, including recording of statements of the assessee and other witnesses, is to be conducted only after the function, ceremony or event is over. The time gap between recordings of statements of various persons should, however, be kept to the minimum and at the same time without inviting any hostilities. The statements should be matched and compared with one another with a view to detecting discrepancies and ascertaining the factual position.

(c) Before undertaking a survey under Section 133A(5), the concerned authority should clearly record his opinion that it is necessary or expedient to collect information with regard to expenditure incurred in connection with the function, ceremony or event selected for the purpose.

(d) If the survey is to be carried out by an Inspector, proper authorisation, signed and sealed by the competent authority should be issued/ obtained.

(e) The Income-tax Authority authorising or conducting survey should study the assessment and other records of the person and be fully familiar with the relevant provisions of the Income-tax Act and Rules.

(f) When a number of income-tax authorities are simultaneously conducting inquiries from a number of persons or recording their statements, a written brief should be prepared and given to each of the said authorities. This will ensure uniformity of approach in the gathering of information.

50. Some Examples of Type of Information which should be Gathered during Survey under Section 133A(5)

(a) Invitation/wedding cards.

(b) Sweets distributed along with invitation cards.

(c) Stay of guests in hotels, guest houses, clubs, houses taken on hire, Barat Ghar/marriage halls.

(d) Catering and food supplied by the hotels, clubs, caterers, sweets shops etc.

(e) Illumination, decoration and furniture taken on hire.

(f) Travelling expenses including air travel, rail travel, engaging of buses, taxies etc.

(g) Hiring of band.

(h) Engagement of musical parties, singers, stage artists, qawalis etc.

(i) Photography, including video photography.

(j) Gifts and presents given to the bride, bridegroom and guests.

(k) Purchase of jewellery and ornaments.

(l) Expenses in connection with foreign travel and stay of bride and bridegroom immediately after marriage.

51. Recording of Statement

An important part of the survey under Section 133A(5) is recording of a statement. In the statement of the assessee or any other person, recorded immediately after the function, ceremony or event is over, it is necessary to make him commit on the quantum of cash gifts received, if any, so that the amount admitted is not inflated subsequently for the purpose of explaining the expenditure.

52. Collection of information from other persons is relevant for correlating the same with the information supplied by the tax payer. In fact, if the assessee had arranged the function by securing the services of a caterer or hotel or restaurant, the information collected from the caterer should be specific i.e. the number of persons for whom the food was served, the rate charged per person and total payments received before or after the function. This reconciliation or lack of it, has to be explained by the assessee. The authority can record his statement after collecting the information and ask him to explain the difference between the two figures, if any. Similarly, if the assessee has not disclosed expenditure incurred on a particular item, he can be questioned on that aspect. Other points mentioned in the chapter on survey under Section 133A, on recording of statement should also be kept in view.

53. Investigation after Collection of Information

The inquiries conducted and information collected should be followed up by further investigation by collecting evidence from outside agencies which have supplied goods and services in connection with the function, ceremony, or event. After the expenditure incurred on the function, ceremony or event has been quantified, the concerned assessee may be confronted with the same. Requisite inquiry with regard to source of funds for expenditure should also be made from him. A logical conclusion should be drawn with regard to the quantum of expenditure incurred by the assessee and also the source thereof.

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54. Report on Survey under Section 133A(5)

After completion of the survey, preliminary and final report should be submitted. The ADIT(Inv)/ DDIT(Inv) conducting/organizing the survey should prepare a self-contained report setting out the following information:

(a) Name and address of the assessee.

(b) PAN, if allotted and designation of the Assessing Officer.

(c) Object of the survey, giving nature and date of function, ceremony or event.

(d) Brief narration of work done and material found during survey.

(e) Details of statements recorded.

(f) Assessment Year(s) for which the information will be relevant.

(g) Comments.

(h) Signature.

55. The Income-tax Authority conducting the survey should also enclose such materials as may have been collected in the course of the enquiry with the report. The self-contained report should thereafter be put up to the Principal Director of Income-tax (Inv) through the concerned Joint/Additional Director of Income-tax (Inv). The Principal Director of Income-tax (Inv) should then give his specific recommendation about the assessments to be taken up for scrutiny and should forward the report to the concerned Principal Commissioner under intimation to the Director General of Income-tax (Inv). A monthly report of the surveys carried out under Section 133A(5) should be sent to the Board.

56. Supervision and Monitoring

Inquiries in connection with survey under Section 133A(5) should be supervised by the Principal Directors of Income-tax(Inv). These cases should be monitored by the Directors General of Income-tax (Inv).

G. REGISTER OF SURVEYS

57. Registers should be maintained in each circle/ward/investigation unit wherein entries should be made immediately after the conclusion of the survey. Entries in this register should be reviewed by the AO every month while sending the monthly report on survey in the prescribed pro forma. This register should be scrutinised by the Additional Commissioner/ Principal Commissioner in the course of Investigation of the work of the Assessing Officer to see whether the survey provisions have been effectively and properly put to use and that findings during the survey have been duly followed up. Similar registers should be maintained by the Deputy Director/Assistant Director in respect of surveys conducted under his direction. Information relating to such survey should normally be passed on to the Assessing Officer promptly. The date on which the information is so passed on should be noted in the remarks column. The Director/Additional Director should periodically scrutinize the registers to see that necessary follow-up action has been promptly taken.

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H. INVESTIGATION MANUAL IN ITBA (WITH REFERENCE TO SURVEY)

58. Investigation Module of ITBA provides the functionalities for officers of Investigation Wing for processing of TEP, STRs, Other Information, recording/ conducting proceedings in a search and/ or survey operation and generating Investigation Report, Appraisal Report and Survey Report. Similar functionalities are provided for officers of Assessment Charges for their relevant role under the IT Act along with facility to view the reports uploaded by the officers of Investigation Wing and to initiate relevant assessment proceedings.

59. Apart from the other functionalities, the facilities available in Investigation Module are -Recording entire details relating to a Search and/or Survey operation including group details, premises covered, persons covered, assets found and seized, documents seized/ impounded, admission of undisclosed income, restraints under Section 132(3), estimation of concealed income and generating Two Hourly Report, Preliminary Search/ Survey Report, Appraisal Report and Survey Report along with entire process of approval of the said reports; The pendency for initiating consequential assessment proceedings under Section 153A/ 153C/ 147/ 143(3) shall be automatically created once the Assessment Module is fully operational. Facilities to seek extension of retention, generate intimation letter for release/extension of retention for books/documents seized/impounded; to transfer Books/ Documents, generate transfer memo; for centralisation of cases and for Adjustment and release of Cash and Other Assets are also available in this module in ITBA (*Refer to the ITBA-Investigation Instruction No. 4 dated 4th September, 2017 and ITBA-Investigation Instruction No. 5 dated 12.03.2018 issued by the DIT (System)*).

I. ASSESSMENT IN SURVEY CASES

60. It is extremely important that evidences collected in course of survey are utilised properly and taken to their logical conclusion. Otherwise there is risk of being termed as misuse of power and lapse in action. Objectives of survey are:

(a) To examine whether income has been concealed and, if yes, to assess or reassess income to collect correct tax.

(b) To examine whether there is any failure which attract penalty proceedings or prosecution under any of the direct tax laws and, if yes, to initiate penalty proceedings and prosecution.

(c) To examine whether action under any other statute like Black Money Act and Prohibition of Benami Property Transaction Act is required to be taken by any other authority within the department or outside and, if yes, forward the information for necessary action.

61. How to Identify the Years for which Assessment/ Reassessment/ Penalty/ Prosecution Proceedings are to be Initiated

Board's letter F. No. 299/105/2014/-Dir (Inv. III)/241 dated 09/8/2017 requires the survey-conducting officer to submit preliminary survey report within 48 hours and final survey report within 60 days of concluding the survey. These reports will go to jurisdictional Assessing Officer (AO). During survey, evidences may be found which are related to different Financial Years. As Income-tax is charged on the basis of Assessment Year which is the Financial Year immediately following the Financial Year in which income was earned. There may be some evidences having effect on multiple years, i.e., indicative

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of income in more thanone year. The first job of the survey conducting authority–who will have to prepare preliminary and final survey reports - is to segregate these evidences financial year-wise on the basis of dates of transactions recorded in various documents.

62. Analysis of Impounded Documents for Preparation of Survey Report

Conducting officer will have to sit with the evidences of every year individually and note down what were the receipts and expenses.

63. Receipts

After noting down receipts, he needs to note down sources from which received, date of receipt and nature of receipt. This exercise will show him whether this receipt is liable to be treated as taxable income or exempt income. If it is clearly a taxable income of that year, it will be reported in survey reports accordingly. Report should be made giving comments with reference to identification marks of impounded or inventoried documents so that AO can easily relate to these. If it is apparently found as exempt income, the officer will have to report it accordingly but should not make conclusive remark or omit it from report due to his feeling that it is exempt because it is the AO and not survey-conducting authority who is authorised to decide this issue in the form of assessment order. He should note his findings and leave it to the Assessing Officer to take final decision because there may be instances where assessee has deliberately shown it as exempt income while it is not. There may also be evidences which apparently show it as income of some other person. Nevertheless, reporting officer should not omit these from his report. Instead, he should include these in his report with his findings and comments and leave it to the Assessing Officer for taking final decision because it is also known fact that in many cases assessees show their own income as that of other people in order to avoid lawful tax liability.

64. Expenses

After examining and reporting about receipts, the reporting officer should make list of expenses or outgo. As we know, there are three types of expenses, *viz.*, revenue expenditure, capital expenditure and personal expenditure. If these are revenue expenses related to some receipt, the reporting officer should list them against such receipts so that net income can be computed out of that receipt (receipt minus expenditure). If it is capital expenditure (like purchase of property) or personal expenditure (like bank investment or foreign travel or family maintenance drawings), the same may be noted with appropriate comments and suggestions because, under various provision of Income-tax Act, 1961, like Section 69, 69C etc, unexplained expenditure or investment etc are liable to be assessed as income. Even if the assessee explains such expenses, still the survey-conducting officer should not omit this from his report because he must remember that his job is not to take final decision about taxability of income on any issue whatsoever, but he is merely facilitating decision by the Assessing Officer by reporting whatever was found in survey. Even if the Assessing Officer himself is doing the survey, then too he should follow this because he has dual role – one of survey conducting authority and the other as Assessing Officer. Further, he may not remain in AO's chair when the assessment is done. The officer should make his report chapter-wise separately for different years.

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65. Income

Next, he should take up the returns filed for different years and examine everything there, e.g., entries in return, computation sheet, profit & loss account, balance sheet, capital account, notes on accounts, schedules etc as to what receipt, expenditure and income have been shown there and then compare item by item with the income that he found in course of survey. Accordingly, he should record his findings and comments. This very exercise will tentatively reveal whether there was any concealment of income or evasion of tax by any assessee. In course of survey at the premise of one assessee, evidence may be found of evasion by one or more other assessees. It is based on such finding that the reporting officer should make his suggestions about assessment and re-assessment of different years in the light of Sections 147, 148, 149, 153 etc. Normally, he should report about those assessment years for which action can be taken under Section 148 or 143(3) (except search-related cases where proceedings under Section 153A/153C are to be taken). Therefore, if he finds any evidence of income in relation to any asset located outside India (as mentioned in Section 149(1)(c)) he should report even if the income is up to 16 years old.

66. Illustration

So, if survey is conducted on, say, 23rd August, 2019, notice under Section 148 can normally be issued for back years up to AY 2013–14 and if there is evidence of income in relation to any asset located outside India then up to AY 2003–04. Out of these years, return up to AY 2016–17 might have been already assessed or, if not assessed, limitation date for issue of notice under Section 143(2) has already expired and, so, notice under Section 148 is to be issued if there is any escapement of income. So, AO will sit with the evidences segregated by reporting officer and his comments and see whether there is any escapement of income and whether notice under Section 148 is to be issued.

66.1 Income for AY 2017–18 might not have been assessed yet as the time-barring date is 31/12/2019. Return for AY 2017–18 may be already selected for scrutiny or not. If selected but scrutiny assessment not yet completed as on date of survey, the evidences found in course of survey and report of survey-conducting authority will have to be utilised for the purpose of ongoing scrutiny assessment proceeding. So, AO will sit with the evidences segregated by reporting officer and his comments and decide whether any further explanation is required to be called for from assessee, whether any further enquiry is required to be done, whether any new hearing is required, whether any particular transaction needs to be verified from the books of accounts. Accordingly, he will proceed. If not selected, it will have to be selected for scrutiny is time limit for notice under Section 143(2) is still there. Otherwise, the same needs to be selected for scrutiny under Section 148.

66.2 Return for AY 2018–19 was already due as on date of survey and it might have either been filed or not filed. If filed but not yet selected for scrutiny, Assessing Officer (AO) will have to select this manually for scrutiny assessment proceeding in accordance with Board's instruction issued every year on manual selection of returns for scrutiny assessment proceeding if the conditions therein are fulfilled. These guidelines prescribe that all assessments pertaining to survey under Section 133A are required to be selected for scrutiny by issue of notice under Section 143(2), excluding the cases in which:

(a) Books of accounts and other documents were not impounded.

(b) Returned income (excluding any disclosure made during the survey) is not less than the returned income of preceding assessment year.

(c) Disclosure made, if any, during the survey has not been retracted.

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This means that all three conditions are required to be fulfilled. Subject to the instructions for 'Compulsory manual selection of cases for scrutiny' issued by the Board, assessments in cases, where surveys have been conducted, (where such cases do not come within the ambit of provisions of Section 153A or 153C) are required to be made under Section 143(3) of the Act. Para – 2(ix) of Board's letter F. No. 299/105/2014/-Dir (Inv. III)/241 dated 09/08/2017 require that the survey-conducting authority shall report whether such conditions for selection for scrutiny have been fulfilled or not. If return is not filed as on date of survey, AO may issue notice under Section 139 calling for the return as the due date is already over.

66.3 There may be some important transactions of FY 2019–20 (up to date of survey) also in the report of survey-conducting authority. AO should keep these papers in a separate file to compare when return is filed. He should also make comments and suggestions about initiation of penalty proceedings for non-filing of return/ non-maintenance of books of accounts/ failure to audit books of accounts or similar offences. In course of all these examinations for deciding whether any income has been concealed, the reporting officer will have to examine whether any penalty proceeding (which are not essentially connected with assessment proceeding) is required to be initiated. If yes, he must include these in his report for AO.

67. So, reporting officer's responsibility is to ensure that all documents and information found in course of survey are properly examined and reported in preliminary/final survey report. After this, the ultimate responsibility lies with AO. He will have to see these again and come to conclusion whether reporting officer's reports are correct. AOs must remember that he cannot merely say that he did not initiate proceeding or take action because reporting officer did not suggest so in his survey report. It is the AO will be responsible for failure in this regard. There are time limitations for initiating assessment/ reassessment/penalty proceedings or prosecution. If such examination indicates requirement, return is to be selected for scrutiny with competent authority's approval and subsequent responsibility will be to follow law and procedure of scrutiny assessment. For penalty proceedings or prosecution also required notices will have to be issued.

68. Range Head Must Involve Himself in Assessment and Other Proceedings after Survey

In cases of search assessment, approval under Section 153D is mandatory for passing order under Section 153A or 143(3). In cases of survey assessment, approval is required for manual selection for scrutiny under Section 143(3) as per Board's guidelines in this regard. While there is no provision analogous to Section 153D for survey assessments, nevertheless it is relevant and necessary to invoke Section 144A in such cases. Under Section 144A the Joint/ Additional CIT of the Range on his own motion or on a reference made to him by the Assessing Officer, can call for and examine the record of assessment proceeding and issue direction regarding the assessment. It is the responsibility of Range head to make sure that the result of survey is not compromised or diluted in assessment because it is he who gave approval for survey on the ground that he felt there to be income concealment and tax evasion. So, in addition to AO's responsibility, it is the responsibility of Range head to make sure that AO does the survey well, examines all impounded and other records well, writes the reports well and timely, initiates assessment/reassessment proceedings of all required years, does the assessment/ reassessment correctly taking all evidences and making all investigations properly and, finally, initiates all penalty and prosecution proceedings as may be required.

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69. How to Proceed after Assessment Proceedings are Initiated with Findings of Survey

In this manner, now the AO will have assessment or reassessment proceedings for several years at his hand. These will have to be essentially completed as per law and procedure for scrutiny assessments – with more similarity with assessment in search cases. This is because, like AO refers to appraisal report in search assessment cases, AO is to refer to the final survey report in survey assessment cases. Like AO referring to seized materials in search assessment cases, AO is to refer to impounded materials in survey assessment cases. Like AO makes a lot of post-search investigations and correspondence, AO has to make similar post-survey investigations and correspondence in survey assessment cases also. Like AO does in search assessment cases, AO is required to issue detailed show cause notice and give opportunity to the assessee before making addition based on any evidence in survey assessment cases also.

70. Study of Preparatory Note

Assessing Officer should go through the 'Preparatory note' based on which the approval for survey was accorded by Joint Commissioner or Additional Commissioner under proviso to sub-Section (6) of Section 133A. The note is useful in ascertaining information regarding the purpose for which the survey was conducted. The issues for which survey was proposed and approved may give first points of investigation and examination during assessment and other proceedings. The note is to be kept in personal custody of the Assessing Officer, as it contains the approval of the competent authority. In a case where survey is conducted by the Investigation Directorate, a copy of the 'Preparatory note' is supposed to be annexed with the survey report. However, if the same has not been annexed with the report by the Investigation Directorate, Assessing Officer may obtain at the time of assessment proceedings a copy of the note from the Income-tax Authority who conducted the survey.

71. Identification of Action Points from Survey Reports

Board's letter vide F. No. 299/105/2014/-Dir (Inv. III)/241 dated 09/8/2017, a preliminary report of survey is required to be submitted within 48 hours of the survey in the prescribed format and a final report within 60 days. The reports, inter alia, contain useful information relating to cash found and status of cash balance as per cash book, stock found and status of stock as per cash book, status of maintenance of books of accounts on the date of survey and other points. The books of accounts and documents, which were found and inventoried but not impounded, are required to be examined during the assessment proceedings. These reports also contain information regarding evidences of tax evasion found assessment year-wise, books of account and documents impounded, documents having tax implication allowed to be retained with the assessee, statements recorded during survey and further follow-up investigation proposed. Based on survey reports the Assessing Officer is required to:

(a) Check, whether books of accounts and documents impounded, as per the inventory mentioned in survey report, are in his custody and approval for retention has been taken.

(b) Take note of the evidences allowed to be retained with tax payer and the books of accounts and summon these if required to be produced.

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(c) Take note of the discrepancies of cash, stock and other valuable found and the status of maintenance of books of accounts and seek explanation.

(d) Take note of evidences of tax evasion found assessment year wise.

(e) Go through the statements recorded to ascertain, whether the conclusion in respect of each evidence is arrived correctly or further investigation is required to be made.

(f) Whether all the evidences impounded have been confronted and, if not, prepare questionnaire to confront assessee or related parties.

(g) Check whether evidences which were confronted during the survey, but no satisfactory explanation was given, have been impounded. If not, whether they have been inventoried? If inventoried, it may be considered whether summoning them and impounding under Section 131 of the Act is required.

(h) Check whether any undisclosed income has been admitted. If so, whether the evidences have been impounded. If not, efforts should be made to impound the same under Section 131(3) of the Act because disclosure may be retracted at later stage. Note down the issues on which further investigation is proposed.

(i) The Assessing Officer is required to go through the impounded material and statements recorded as per the report to check, whether any further statement has been recorded on the material impounded during the survey or any statement has been recorded on the additional material impounded.

72. Finding Out Modus Operandi

Finding out modus operandi will help the Assessing officer understand sequence of acts by the assessee or his associates for tax evasion. Once this sequence is clear to Assessing Officer, he will be able to see what were the questions that should have been asked in course of statement but not asked, what were the possible sources of information that have not been harnessed yet and what are the missing links in the investigation. With such understanding and finding, Assessing Officer will be very clear as to which further questions he should ask, whom to ask, what further documents he requires and where these will be available and, finally, how to close the investigation. In other words, he will have clear vision of the finished product, *viz.*, assessment order, like any creative artist. The roadmap will be clear before him and his actions will not be haphazard. If all these can be mentioned along with supporting evidences, the assessment orders will be strong and stand test of appeal.

73. Scrutiny of Books of Accounts and Documents Impounded with Reference to Final Survey Report & Statements Recorded

The final survey report is not conclusive or binding on AO. It is persuasive and at best a report of survey-conducting authority about the findings and his comments based on such findings. Assessing Officer cannot simply finalize assessment solely as suggested in survey report. Disclosure of additional income made during the survey or estimation of undisclosed income made in the final survey report is not binding or conclusive. Assessing Officer is required to take into consideration the evidences found and impounded, statements recorded, finding recorded in the final survey report and the outcome of further investigation carried out by him in respect of issues identified based on records of survey.

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The statements recorded under Section 133A(3)(iii) during the survey are very important in finalization of the assessment or reassessment in survey cases. Sub-Section (6) of Section 133A in this regard provides that summons can be issued in certain situations of non-compliance during survey.

74. During statements, the assessee might have responded to specific question regarding any evidence and may have also admitted undisclosed income. It is necessary for the Assessing Officer to go through the statement recorded to ascertain whether the impounded evidences had been confronted. If yes, whether reply given by the assessee is acceptable or further investigation is required to be made. In a case where evidences impounded are not confronted or evasive replies have been given by the assessee, Assessing Officer is required to confront assessee with such evidences during the assessment proceedings after verification and investigation and record the findings of investigation in assessment order. Assessing Officer should also conduct third party enquiries or recording of statements etc wherever required.

75. In a case where an additional income has been disclosed during the survey, the assessing officer based on the evidences gathered is required to verify whether:

(a) the income has been correctly disclosed in conformity with the evidences found.

(b) the income has been disclosed for the assessment year to which evidence pertains.

(c) the disclosed income is included in the return of income or reduced by claiming bogus expenses.

(d) the income has been disclosed under the proper provisions of the Act. This is important because AO will have to take consequential rates of tax, e.g., if the undisclosed income is chargeable to tax under Section 68, 69, 69B, 69C or 69D, then the tax has to be computed as per provisions of Section 115BBE @60% without allowing any deduction against such income and even the set off of loss is not allowable with effect from 1/04/2017 against such income.

76. Assessing Officer has to ensure that the undisclosed income has been assessed in the assessment year to which evidence pertains, in the case of the person to whom such income pertains, expenses claimed to reduce the disclosed income are properly verified and tax has been charged in accordance with relevant provisions of the Act.

77. Action on Retraction of Disclosure

It has been noticed in several cases that the additional income disclosed in the statement recorded during the survey is retracted, fully or partly, after the survey. In a case where the disclosure of additional income is based on evidences impounded, chance of retraction is very less. Retraction of disclosure of additional income indicates that either the survey has not been properly carried out or the evidence found during the survey has not been properly probed or the evidences found during the survey have not been impounded due to disclosure of additional income made. In such situation, assessee may retract the disclosure of income at subsequent stage. Board has made it clear that the disclosure of additional income must be based on the evidence. In a case where the disclosure was made based on the evidence and subsequently retracted by fabricating books of accounts or evidences, the Assessing Officer may take help of relevant case laws, e.g., Shri Rameshchandra and Co. v CIT (1987) 168 ITR 375 (Bom), Narayan Bhagwantrao Gosavi Balajiwale v Gopal Vinayak Gosavi, AIR 1960 SC 100, 1960 1 SCR 773, Dewan Bahadur Seth Das Mohta vs the Union of India & others 1955 AIR, 1 1955 SCR (1) 773, ACIT *vs.* Expresso Investment (2006) 8 SOT 287 (Mum.), Surjit Singh Chhabra v. UOI (1997) 1 SCC 508, 509, V. Kunhambu & Sons v. CIT (1996) 219 ITR 235 (Ker), Carpenters Classic (Exim) Pvt. Ltd. *vs* DCIT 108 TTJ 760, DCIT *vs* Bhogilal Mulchand Kandoi (2005) 98 TTJ Ahd 108.

78. Passing of Speaking Assessment Order

The Assessing Officer is required to pass speaking order incorporating findings and evidences gathered during and after survey. It is better to incorporate scanned copies of relevant part of the evidences in relevant part of the assessment order. In a case where the above option is not found feasible, the photocopies of evidences may be made part of the assessment order by enclosing them as annexure to the assessment order. This will ensure proper understanding of the fact at appellate stage and ensure that evidences lying in assessment records are not tempered at latter stage. As it is likely that AO will be required to discuss large number of evidences and outcome of investigation, it will be better if paragraphs and sub-paragraphs are made properly with respect to particular facts. One fact should go to one paragraph. If the discussion on one issue is intended to be made in several parts, then sub-paragraphing under same paragraph should be done. It should be kind of story-telling – unfolding in the sequence of events. It is good style to first narrate facts, then narrate law on the matter and then stitch the facts with the law detailing how the facts fitted into the law to justify the conclusion of the AO. This helps the reader in understanding the assessment or penalty order better. The Assessing officer, while drafting of the assessment order, should ensure that such penalty proceedings as are required to be initiated during assessment proceedings have been initiated under relevant provisions of the Act.

79. Post-Assessment Steps

The income assessed in the assessment order shall not be final unless the additions/ disallowances made in the assessment order are upheld at the highest level of appeal or not contested in the appeal. Assessing Officer should take follow-up actions relevant to finality of assessment, such as –

(a) impounded material (which has been used in the assessment order) should be retained till the assessment reaches finality and penalty and prosecution proceeding, if initiated, are concluded.

(b) remedial action in other cases in own ward/circle, if required, has been initiated.

(c) intimation of evasion of tax in case of other assessees have been forwarded to jurisdictional AOs.

(d) intimation about violation of provisions of Section 40(a)(i) and 40(a)(ia) has been forwarded to the concerned AOs.

(e) intimation about violation of provisions of Section 269SS, 269ST and 269T, if any, has been forwarded to the Range head.

80. Implications for Earlier Assessment Year(s) or Other Assessees

The Assessing Officer is required to go through each evidence or statement to:

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(a) check whether answer to any question or evidence indicates evasion of tax for earlier assessment years. If yes, to take remedial action to bring escaped income to tax.

(b) check whether remedial action in the case of any other assessee in his jurisdiction is required to be taken based on the evidence gathered. If so, take remedial action:

(c) check whether evidence in respect of evasion of income is found in respect of a person, who is assessed with some other Assessing Officer. If so, to send intimation along with copy of relevant evidence.

81. Other Implications Including Penalty and Prosecution

As discussed earlier, survey may also result in detection of evidence regarding violation of provisions of Section 269SS or Section 269ST or Section 269T. In such cases, it is the duty of the Assessing Officer making to refer such cases to Range head for initiating penalty under Section 271D/271DA/271E, as the case may be. There may be failure to file return or maintain books of accounts or get those audited which will make them liable to penalty proceedings. AO must initiate these proceedings too. The Assessing Officer has to ensure that penalties initiated in the assessment are finalized within the time limit prescribed under Section 275A of the Act. Similarly, where violation of Section 40(a)(i) or 40(a)(ia) is noticed, AO is required to send intimation to the jurisdictional AO of International Taxation or TDS charge to take action under relevant provisions of the Act. The survey assessment in which returned income has been enhanced based on the evidences impounded during the survey, are potential cases for launching of prosecutions under Section 276C(1) and 276 C(2) and other relevant provisions of the Act.

82. Sharing Information with Other Authorities

Sharing relevant information with other authorities within the department for action under Benami Prohibition Act or Black Money Act is also important task for the survey-conducting authority and AO so that they can take action under relevant statutes. Sharing important findings with other agencies at inter-organisational forum like REIC is also important.

83. Mention in Charge Handing Over Note

In a case where the jurisdictional officer has to hand over charge to his successor due to transfer or any other reason, he is required to prepare, “Handing over Note” especially in respect of survey cases undertaken in the charge. This note should contain brief details of the surveys conducted in which scrutiny assessments including re-assessment proceedings are pending or to be initiated (Reference: Board’s letter F. No. 299/105/2014/-Dir (Inv. III)/241 dated 9/8/2017).

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Search and Seizure

1. Section 132 of the Income-tax Act, 1961 empowers certain Income-tax authorities to carry out a search. They may seize books of accounts, documents, money, bullion, jewellery and other valuable articles or things found as a result of the search.

1.1 The power to requisition books of account, etc., taken into custody by any officer or authority under any other law for the time being in force, is also available to certain Income-tax authorities under Section 132A.

1.2 These two provisions enable Income-tax authorities to get hold of evidence bearing on the tax liability of a person which he may be withholding from the department. These provisions also enable these authorities to get hold of assets representing income believed to be undisclosed and to apply so much of these assets as may be necessary to discharge a tax liability, including the tax liability arising out of the assessment of undisclosed income as a result of the search.

1.3 The Tables at pages 34 to 36 enumerate various provisions governing search and seizure and requisition of books of account. It also contains references to the provisions of the Income-tax Rules, 1962, Indian Penal Code, 1860 and the Code of Criminal Procedure 1973, applicable or relevant to Income-tax searches and requisition of books of account, etc. taken into custody by authorities under other laws for the time being in force.

1.4 This Chapter focuses on procedures relevant for Authorised Officers and the search parties assisting them in the discharge of their functions during and after search operations. It does not deal at length with the procedures regulating the functioning of the officers of the Directorate of Income-tax (Investigation), in this regard.

2. Income-tax Authorities Competent to Authorise Search and Seizure Action under Section 132 of the Income-tax Act, 1961

2.1 The authorities competent to authorise a search and seizure action have been indicated in sub-Section (1) of Section 132.

2.2 An Income-tax Authority competent to authorise search and seizure action can do so only if he, in consequence of information in his possession, has reason to believe that any one or more of the circumstances referred to in Clauses (a), (b) and (c) of sub-Section (1) of Section 132 exist in a case.

2.3 Under the administrative distribution of functions, however, these powers are ordinarily exercised by the Pr. Director of Income-tax (Investigation) or Director of Income-tax (Investigation) after obtaining administrative approval of the Pr. Director General of Income-tax (Investigation) or Director General of Income-tax (Investigation). Consequential searches can also be authorised by an Additional or Joint Director of Income-tax (Investigation). to ensure expeditious and effective action during the course of a search.

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3. Authorised Officer

The officer authorised under sub-Section (1) of Section 132 to carry out a search and seizure action is called the Authorised Officer.

4. Actions which the Authorised Officer is Competent to Take

The officials competent to sanction a search and seizure action can, by warrant, authorise the Authorised Officer to take the following actions:

(a) Enter and search any building, place, vessel, vehicle or aircraft where he has reason to suspect that books of account or other documents (referred to in Clause (a) or Clause (b) of Section 132(1)), money, bullion, jewellery or other valuable articles or thing are kept.

(b) Break open the lock of any door, box, safe, almirah or other receptacle for exercising the powers referred to at (a) above.

(c) Search any person who has got out of, or is about to get into, or is in, the building, place, vessel, vehicle or aircraft, if the Authorised Officer has reason to suspect that such person has secreted about his person, any such books of account, other documents, money, bullion, jewellery or other valuable article or thing.

(d) Require any person who is found to be in possession or control of any books of account or other documents maintained in the form of electronic record as defined under Section 2 (1)(f) of the Information Technology Act, 2000, to afford the authorised officer the necessary facility to inspect such books of account or other documents.

(e) Seize any books of account, other documents, money, bullion, jewellery or other valuable article or thing found as a result of such search, however stock in trade cannot be seized, but the Authorised Officer shall make a note of the same.

(f) Place marks of identification on any books of account or other documents or make or cause to be made extracts or copies there from.

(g) Make a note or inventory of any such money, bullion, jewellery or other valuable article or thing.

5. Warrant of Authorisation for Search and Seizure Actions under Section 132 of the Income-tax Act, 1961

5.1 The competent authority can authorise a search action by issuing a warrant of authorisation in the appropriate form. The warrant should be in writing under his signature and seal.

5.2 Rule 112 of the Income-tax Rules, 1962 prescribes the following forms of warrant of authorisation:

(a) Form No. 45 (See Rule 112(2)(a)) This form should be used where a search is authorised under Section 132(1) by the Pr. Director General of Income-tax (Investigation) or Director General or the Pr. Director or Director or Pr. Chief Commissioner or Chief Commissioner or Pr. Commissioner or Commissioner or other competent authority empowered by the Board in this behalf, for non-compliance with summons under Section 131 or notice under Section 142(1) or for possession of unaccounted assets. This form is used in situations other than those indicated in the first proviso to Section 132(1).

(b) Form No. 45A (See Rule 112(2)(b)) This form should be used by the Pr. Chief Commissioner or Commissioner in a situation referred to in the first proviso to Section 132(1), that is, where any building, place, vessel, vehicle or aircraft but not the person falls within the area of his jurisdiction. He can authorise a search if he has reason to believe that delay in obtaining the authorisation from the Chief Commissioner or Commissioner having jurisdiction over such person may be prejudicial to the interests of the revenue.

(c) Form No. 45B (See Rule 112 (2)(c)) This form should be used by the Chief Commissioner or Commissioner in a situation referred to in Section 132(1A) of the Income-tax Act, 1961, that is, where in consequence of information in his possession, he has reason to suspect that the existing authorisation is inadequate because the books of accounts, money, jewellery, or other valuable article or thing are kept at some other building, place, vessel, vehicle or aircraft.

6. Brief for Search Parties

6.1 The officer organising the search and seizure operation should brief the search parties about the object of the search and other salient features of the operation proposed to be carried out. It is advisable to prepare written briefs for search parties and also brief them orally before commencement of the search. Sufficient number of copies of the written brief should be prepared and these should be serially numbered. The brief for a search party should be kept in a sealed envelope along with the warrant of authorisation. In the oral briefing, the names of the persons and premises being searched should not be disclosed.

6.2 The brief for the search parties should, inter alia, contain the following:

(a) Object of the search.

(b) Particulars of the persons whose premises, etc. are being searched and other persons likely to be found in the premises searched.

(c) Places etc. to be searched.

(d) Time of strike.

(e) Nature of business or profession or income -earning activity of the person(s) whose premises are being searched.

(f) Gist of the information against the person, including information gathered about modus operandi for concealment of income and wealth.

(g) Cases connected with the case/group of cases in which searches are to be conducted.

(h) Route map or Google location of the premises to be searched and outlets of the building.

(i) Information, if any, gathered about secret chambers, underground cellars and hidden places, etc.

(j) Information, if any available about computer systems and other information technology related equipments, etc. likely to be found in the premises being searched.

(k) Information, if any available about things like, intercom systems or closed-circuit TV sets installed at the premises to be searched, guards and watchmen patrolling the premises and ferocious dog(s) likely to be found in the premises.

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(l) Special instructions, if any, including those relating to recording of statements under Section 132(4), handling of computer systems, etc. found in the course of the search and flashing of information to the control room.

(m) Full information regarding the declared assets, if any, of the persons whose premises are being searched. These should be obtained from the returns of income/wealth filed, so that only undisclosed assets are seized as a result of search for quantifying the concealed income and appropriation of taxes on such income.

(n) Telephone numbers of the control room.

7. Provision of Material to the Search Party

The following material should be provided to each search party:

(a) Forms for appointing witnesses.

(b) Panchnama forms.

(c) Form of order under Section 132(3).

(d) Form of order under second proviso to Section 132(1).

(e) Form of summons under Section 131.

(f) Form of authorisation under Section 133A(1).

(g) Form of recording statement under Section 132(4).

(h) List of duties of witnesses.

(i) Copies of Taxpayer's Charter indicating rights and duties of the persons searched.

(j) Bags for sealing seized material and -bunks with locks and cloth pieces.

(k) Required stationary, including paper, carbon paper, copying pencils, pen and pencil sharpener.

(l) Sealing material including sealing wax, needles, thread, match box, candles, adhesive tapes and gum.

(m) Other articles and things that may be required like, pins, clips, tags, stapler, envelopes, battery operated torch, calculator and scissors.

(n) Copies of the Income-tax Act, 1961 and Income-tax Rules, 1962.

(o) A seal of authorized officer under Section 132 of the Income-tax Act, 1961 (Often many officers may not carry their office seals or may be posted in a place where office seal is not required).

(p) A brass seal.

(q) Hard disk for imaging of digital data.

8. Control Room

8.1 The Investigation Unit conducting the search should set-up a control room in a local Income-tax office. The control room should be manned by a group of responsible officers, headed by the Additional/ Joint Director of Income-tax (Investigation) or DDIT (Inv.)/ADIT (Inv.). The number of officers and

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officials in the control room can be decided keeping in view the volume of work. The Custodian, who will receive seized books of account, documents, money and sealed packages of bullion, jewellery and other valuable articles or things from the Authorised Officer should also be present in the control room.

8.2 Leaders of search parties should telephonically report to the control room soon after the search party has entered the premises and obtained the signatures on the warrant of the owners/occupants and the witnesses. They should also report to the control room all important developments of the search proceedings. Wherever necessary, leaders of the search parties should seek instructions from the control room.

8.3 The control room should get in touch at regular intervals with various search teams to ascertain whether all the issues that were mentioned in the satisfaction note have been examined and confronted to the assessee or not. The control room should ensure that regular feedback is taken from all teams.

9. Rights of the Person Searched

The following are the rights of the person searched:

(a) To see the warrant of authorisation duly signed and sealed by the issuing authority.

(b) To verify the identity of each member of the search party.

(c) To have at least two respectable and independent residents of the locality as witnesses.

(d) To have personal search of all members of the search party before the start of the search and on conclusion of the search.

(e) To insist on a personal search of females by another female only with strict regard to decency.

(f) To have a copy of the panchnama together with all the annexures.

(g) To put his own seals on the packages containing the seized assets.

(h) A woman occupying any apartment etc., to be searched has the right to withdraw before the search party enters, if, according to custom, she does not appear in public.

(i) To call a medical practitioner if he is not well.

(j) To have his children permitted to go to school, after examination of their bags.

(k) To inspect the seals on various receptacles placed in the course of the search and subsequently reopened by continuation of the search.

(l) To have the facility of having meals etc., at the normal time.

(m) To have a copy of any statement before it is used against him in an assessment or prosecution proceedings.

(n) To inspect books of account etc. seized or to take extracts there from in the presence of any of the authorised officers or any other person empowered in this behalf.

(o) To make an application objecting to the approval given by the Commissioner for retention of books and documents beyond 180 days from the date of the seizure.

10. Duties of the Person Searched

The following are the duties of the person searched:

(a) To allow free and unhindered ingress into the premises.

(b) To see the warrant of authorisation and put signatures on the same.

(c) To identify all receptacles in which assets or books of account and documents are kept and to hand over keys to such receptacles to the Authorised Officer.

(d) To identify and explain the ownership of the assets, books of account and documents found in the premises.

(e) To identify every individual in the premises and to explain their relationship to the person being searched. He should not mislead by personation. If he cheats by pretending to be some other person or knowingly substitutes one person for another, it is an offence punishable under Section 416 of the Indian Penal Code.

(f) Not to allow or encourage the entry of any unauthorised person into the premises.

(g) Not to remove any article from its place without notice or knowledge of the Authorised Officer. If he secretes or destroys any document with the intention of preventing the same from being produced or used as evidence before the Court or public servant, he shall be punishable with imprisonment or fine or both, in accordance with Section 204 of the Indian Penal Code.

(h) To answer all queries truthfully and to the best of his knowledge. He should not allow any third party to either interfere or prompt while his statement is being recorded by the Authorised Officer. In doing so, he should also keep in mind that:

- (i) If he refuses to answer a question on a subject relevant to the search operation, he shall be punishable with imprisonment or fine or both, under Section 179 of the Indian Penal Code.
- (ii) Being legally bound by an oath or affirmation to state the truth, if he makes a false statement, he shall be punishable with imprisonment or fine or both under Section 181 of the Indian Penal Code.
- (iii) Similarly, if he provides evidence which is false and which he knows or believes to be false, he is liable to be punished under Section 191 of the Indian Penal Code.

(i) To affix his signature on the recorded statement, inventories and the panchnama.

(j) To ensure that peace is maintained throughout the duration of the search, and to cooperate with the search party in all respects so that the search action is concluded at the earliest and in a peaceful manner.

(k) Similar co-operation should be extended even after the search action is over, so as to enable the Authorised Officer to complete necessary follow-up investigations at the earliest.

11. Entry into the Premises

11.1 The leader of the search party (the Authorised Officer) should ensure that his party reaches the premises to be searched exactly at the time, decided in advance by the Investigation Unit, organising the search. In order to ensure that there is no confusion with regard to time, all the leaders of the various search parties should synchronize their watches, before proceeding from the assembly point (that is, the place where the search parties assemble) to the places to be searched.

11.2 In case a search party reaches the locality in which the premises to be searched is located before the predetermined time, the leader should ensure that the members of the search party do not actually reach the premises before the appointed time. Persons in occupation of the premises should not get any advance information of the search party's arrival.

11.3 On reaching the premises, the leader should ensure that members of the search party are deployed at every entry and exit points and under the windows. This will ensure that no document, book of account, money, jewellery, other valuable articles or things or assets etc. is thrown out of the premises to be searched. If intercom systems are installed at the entrance of the premises or outside it, through which interaction with the occupants is possible, the Authorised Officer should take control over such systems so that there is no advance intimation of the arrival of the search party.

11.4 A member of the search party should ring the call bell or knock at the door. The Authorised Officer should wait for a reasonable time for the occupant of the premises to open the entrance door. If entry cannot be easily obtained, the Authorised Officer should take the assistance of police officers or other officers of the Central Government available for the purpose. In such situations, entry can also be affected by breaking open any outer or inner door or window. Where the premises to be searched are found locked, the Authorised Officer should get in touch with the control room for further instructions.

11.5 If the place is in the actual occupancy of a woman who, according to the custom, does not appear in public, the Authorised Officer should before entering such place, afford her reasonable opportunity for withdrawing.

11.6 Wherever it is found that the premise is occupied by a person other than the one mentioned in the warrant of authorisation, the Authorised Officer should check and make sure that he has not come to a wrong place. He should also try to ascertain the correct name and address of the person with respect of whom search has been authorised. Wherever necessary, he should contact the control room for instructions.

12. Witnesses to the Search

12.1 Before searching a premise, the Authorised Officer is required to call upon two or more respectable in habitants of the locality to attend and witness the search. Where a vessel, vehicle or aircraft is to be searched, the requirement of the witness being from the same locality would be inapplicable. The Authorised Officer should serve upon the witness the prescribed order in writing. The form for this order will be provided by the Investigation Unit concerned. Non-compliance with the Authorised Officer's order entails prosecution under Section 187 of the Indian Penal Code.

12.2 While selecting witnesses the Authorised Officer should keep in view the following points:

(a) The witnesses should be literate.

(b) They should not be related to the person whose premises are being searched.

(c) They should not be in his employment.

(d) They should be major.

(e) They should be free from physical or mental infirmities.

(f) The legal advisor or consultant of the person(s) whose premises are being searched, should not be appointed as witness.

(g) Religious sentiments of the party should be kept in view while selecting witnesses.

(h) Persons with criminal record should not be appointed as witnesses.

(i) While witnesses are to be selected by the Authorised Officer alone, if the party raises some objections against selection of a particular person, the Authorised Officer should take such objections into account before taking a final decision.

12.3 The duties of a witness to the search are as under:

(a) witness the search carefully right from its commencement to its closure.

(b) read and understand the warrant of authorisation.

(c) see that the search and seizure operation is carried out in an orderly manner without any interference.

(d) see that there is no tampering or destruction of valuables and documents.

(e) see that there is no undue influence or coercion at the time of examination of any person on oath.

(f) not leave the premises without the permission of the Authorised Officer.

(g) initial all documents, packets containing seized assets etc., for proper identification.

(h) see to it that a female is searched only by female members of the search party.

(i) see to it that correct facts relating to search and seizure are recorded.

(j) if he is witnessing the continuance of a search on a subsequent date, see to it that the seals are intact and that for continuance of the search, these are broken in his presence.

(k) see to it that the panchnama is correctly and accurately recorded, sign the panchnama and various annexure for example, inventories of books of account and documents, cash, money, bullion, jewellery and ornaments and other valuable articles and things.

(l) attend as a witness under any proceedings under the Income-tax Act, 1961, if and when summoned.

13. Showing of Warrant of Authorisation, etc.

13.1 As soon as the members of the search party enter the premises, to be searched, they should identify themselves to the person in respect of whom the warrant of authorisation has been issued or the person in occupation and control such premises. They should show the warrant to the aforesaid person and obtain his signature as well as the signatures of the witnesses to the search. The person in occupation or in charge of the premises and the witnesses are entitled to see the warrant of authorisation and read the same. They are, however, not entitled to get a copy thereof.

13.2 In case any person refuses to sign the warrant, the fact should be noted, with the signatures of witnesses.

13.3 In addition to the warrant, the following should also be shown to the person in-charge of or in occupation of premises and the witnesses to the search:

(a) valid official identity cards of the leader and members of the search party.

(b) the Taxpayer's Charter indicating rights and duties of the persons to be searched. The signatures of the person searched and witnesses should be obtained on both the parts relating to his rights and duties. The Authorised Officer should retain this document after countersigning it. These signatures should be obtained on each of the aforesaid parts of the Charter, that is, the rights of the person to be searched and duties of the person to be searched, in the following format:

Party's signature Witness 1 --------------------- Witness 2 -------------------------------

Date:------------------ Time: ------------------

14. Telephonic Report to the Control Room

After getting entry into the building or place, etc. to be searched, the Authorised Officer should contact the control room. He should report to it, the time on which the party gained entry, the telephone numbers of the premises, etc. where the search is being conducted. As far as possible, no member of a party searching a premise should directly contact over telephone any member of a party searching another premises. All such communications should be made through the control room.

15. Offer of their Personal Search by the Members of the Search Party

The members of the search party should offer themselves for search by the person whose premise, etc., is being searched. This should be done in the presence of the witnesses. Search of the lady members of the search party can be made only by a lady present in, or occupying, the premises.

16. Initial Statements of the Occupants of the Premises

On commencement of the search action, the Authorised Officer should record statements of all the adult occupants of the building or place, etc. where the search is being conducted. If the number of occupants is very large (like, in an office or a factory), initial statements of all persons, which in the opinion of the Authorised Officer, are likely to be useful for search proceedings or any other proceedings under the Income-tax Act, may be recorded. It will be useful to record such statements in a pre-designed proforma so that no relevant point is missed. The Authorised Officer may, if so, considered necessary by him, also ask supplementary questions while recording initial statements including specific questions about bank lockers and accounts.

17. Other Steps to be Taken by the Leader of the Search Party and its Other Members

The Authorised Officer, the leader of the search party along with other members of the party should work as a team. Wherever necessary, instructions should be obtained from the control room. Some steps, which should be taken for orderly and proper conduct of search operations, are listed below:

(a) The leader of the search party should ensure that:

(i) there is optimum utilisation of available manpower and that the search is conducted in an efficient, fair and orderly manner.

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(ii) money, assets and documents etc., are not thrown out of the premises or taken out of the premises or are not destructed or damaged in any manner by any occupant, being searched.

(iii) where the premises being searched has telephones, intercom systems, telex systems, FAX, public address systems or computer systems with Internet or network facility etc., there is no such communication through them between any person occupying the premises and any other person, inside or outside the premises as would jeopardise the purpose and conduct of the search.

(iv) where the premises being searched has a computer, no one gets an opportunity to manipulate the system or damage it or erase any data stored therein.

(b) The occupants of the premises should be requested to lock all cupboards, etc., and hand over all the keys to the leader of the search party.

(c) Where the premises being searched has telephones, intercom, telex, FAX, public address or computer systems, the leader of the search party should take over their control.

(d) No outsider, (except a medical practitioner, in case required), should be allowed to enter the premises during the course of the search operations.

(e) Where the premises being searched is an office, only those employees who are likely to be of use in explaining or producing the relevant documents etc., should be allowed to remain in the premises.

(f) Where the premises being searched is a factory, the normal operations of the factory should not be stopped and the important employees/persons should be examined separately.

(g) Children should not be prevented from going to school. However, their school bags should be searched to ensure that they do not contain any document, locker keys, valuables, etc.

(h) Movements of servants, drivers, other employees etc., should be restricted to the minimum and if they are allowed by the Authorised Officer to leave the premises, their personal search should be taken before they leave.

(i) The occupant or person in-charge of the building, place, vessel, vehicle or aircraft or any other person acting on his behalf should be permitted to be present throughout the search. However, the aforesaid persons are not entitled to have their legal/tax advisors to be present during the search.

(j) No food or refreshment should be accepted from any occupant of the premises being searched as it would be improper to accept such hospitality. Secondly, there is also a risk of the members of the search party being drugged.

(k) The entire premises should be thoroughly searched to detect books of account and other documents (including books of account and other documents maintained in the form of electronic record), money, bullion, jewellery and other valuable articles or things.

(l) The Authorised Officer is empowered to break open the lock of any door, box, locker, safe, almirah or other receptacle when the keys thereof are not available. In such circumstances, he should first demand the keys from the owner, occupier, or the person in-charge and allow reasonable time and opportunity for the production of the keys. Only after the Authorised

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Officer has satisfied himself that the keys are not available despite all reasonable efforts should he break open the locks. He should in such circumstances, record the fact that the lock had to be broken open, along with his reasons for doing so. Where a locksmith is called for this purpose, his full name, address, time of arrival and leaving the premises along with the sum of money paid for his services should be noted down. The note should be signed by the Authorised Officer, the occupant of the place or person in-charge and the witnesses to the search. This should be appended to the panchnama and made a part thereof.

18. Personal Search

18.1 The Authorised Officer has the power to search any person who has got out of, or is about to get into, or is inside the building, place, vessel, vehicle or aircraft. He may do so if he has reason to suspect that such person has secreted about his person, any books of account, other documents, money, bullion, jewellery or other valuable article or thing.

18.2 Personal search should, however, not be carried out in an indiscriminate and routine manner. When such a search involves a female, it should be carried out only by another female with strict regard to decency.

18.3 A list of all things found as a result of a personal search should be prepared. This list should be signed by the Authorised Officer, the person searched and the witnesses. A copy of this list should also be given to the person searched.

19. Restraint Order under Section 132(3)

19.1 The Authorised Officer may issue a restraint order under Section 132(3) of the Income-tax Act, 1961 when it is not practicable to seize any books of account, other documents, money, bullion, jewellery or other valuable articles or things. This power is invoked for reasons other than those mentioned in the second proviso to Section 132(1) and is not deemed to be a seizure.

19.2 With effect from 01/06/2002, an order issued under Section 132(3) issued by an Authorised Officer will remain in force for a maximum period of sixty days from the date of issue.

19.3 Some situations in which an order under Section 132(3) can be issued are as under:

(a) Where a warrant of authorisation for search of a bank locker has been obtained following its detection during a search, but it is not possible to search the locker immediately. In such a situation, an order under Section 132(3) should be issued and served on the Bank Manager and the hirer of the bank locker and the locker itself should be sealed. The Board have issued administrative instructions that search of such a locker should be completed within seven days.

(b) Where a search remained inconclusive on the day of its initiation and its further continuation had to be postponed for a subsequent day on account of some valid reasons.

(c) Where verification and valuation of stock could not be completed and is required to be postponed for a subsequent day on account of some valid reasons.

(d) Where it is not practicable to seize any books of account or documents or assets either because some special arrangements are required to be made for carrying or storing it or where the same are lying under the control of some other authority.

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20. Handling of Digital Data

20.1 It is very important to handle the digital data as per correct procedure. For this the data needs to be imaged/cloned as per the requirements of the Indian Evidence Act, 1872. A Certificate under Section 65B of the Indian Evidence Act, 1872 needs to be drawn and signed by the data imager, witnesses, party and the AO. Digital Evidence Investigation Manual 2014 released by the CBDT may be referred to for assistance.

20.2 Similarly, the hash value of the imaged data needs to be drawn and signed by all the above.

20.3 No digital data should be accessed till the completion of the imaging to ensure that it is not tempered with.

20.4 Emails and servers need to be backed up also. It is important that a dummy server be created (in case of third-party server, hardware may need to be purchased). Otherwise, the imaged data will not be accessible later.

20.5 Many times, the WhatsApp data is not cloned/imaged by the forensic team due to technical reasons. Therefore, it is important that the imaged data be tested before leaving the premise to check whether the important applications have been backed up or not.

21. Inventory of Books of Account, Documents Found in the Course of the Search and their Seizure

21.1 Detailed inventories should be prepared of all the books of account and documents found as a result of the search, whether seized or not. It is necessary to record the exact place from where the books of account and documents were found as it may be relevant to establish their ownership later on. Marks of identification in the form of the Assessing Officer's signatures with date and seal should be placed on documents and books of account. Pages of documents should be numbered consecutively and mentioned in the inventory. Blank pages should be cancelled and numbered. Signatures of witnesses and the person from whose possession the books of account and documents have been found should be obtained. Separate inventories should be made of the books of account and documents found and seized and books of account and documents found but not seized.

21.2 The Authorised Officer should apply his mind and broadly determine as to what books of account and documents are required to be seized. Some useful inputs for the decision-making process in this regard are briefly mentioned below:

(a) Where both duplicate set of books of account and regular books of account are found, the Authorised Officer should seize both the sets.

(b) Documents and books of account pointing to an economic offence or violation should be seized.

(c) Statements recorded under Section 132 (4) and the explanation offered by the person to whom the books of account and documents belong, the person in occupation of the premises or the person who wrote the books of account or documents or dealt with them (like, the accountant of the owner) could also help in deciding whether the books of account and documents should be seized or not.

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22. Inventory of Money (Cash), Bullion, Jewellery and Other Valuable Articles and Things Found in the Course of the Search

Detailed inventories should be prepared of cash, bullion, jewellery and other valuable articles and things found in the course of the search, whether seized or not. It is significant to mention in this connection that cash and other assets found in the course of the search can be seized only if these represent undisclosed income or property.

23. Inventory of Jewellery and Ornaments Found in the Course of the Search and their Seizure

23.1 The Authorised Officer should contact the control room for sending an approved valuer for the purpose of valuing jewellery and ornaments found in the course of the search. It is necessary to record the exact place from where the jewellery and ornaments have been found as this fact may be relevant for establishing ownership subsequently. The inventory of the jewellery is generally prepared by the approved valuer after noting the full description of each item of jewellery, its gross and net weights and value. The exercise of valuation of jewellery should be carried out in the presence of the persons from whose possession the jewellery items were found and the witnesses to the search.

23.2 Jewellery, ornaments and other valuable articles or things can be seized only if these represent undisclosed income or property. The Board's Instruction No. 1916 dated 11.05.1994 lay down the following guidelines for seizure of jewellery:

(a) In the case of a Wealth Tax assessee, gold jewellery and ornaments found in excess of the gross weight declared in the Wealth Tax return only need be seized.

(b) In the case of a person not assessed to Wealth Tax, gold jewellery and ornaments to the extent of 500 gms. per married lady, 250 gms. per unmarried lady and 100 gms per male member of the family, need not be seized.

(c) The Authorised Officer may, having regard to the status of the family and the custom and practices of the community to which the family belongs and other circumstances of the case, decide to exclude a larger quantity of jewellery and ornaments from seizure. This should be reported to the Pr. Director/Pr. Commissioner authorising the search at the time of furnishing the search report.

(d) In all cases, a detailed inventory of the jewellery and ornaments found must be prepared, to be used for assessment purposes.

24. Bullion Found in the Course of the Search

Gold or silver bullion and silver and gold coins found in the course of the search should also be got valued by the approved valuer. In the case of bullion, the inventory should clearly mention the markings of such bullion and its gross weight. Where bullion with foreign marking is found, the control room should be contacted for further course of action whether these should be seized or not or whether the information regarding its detection needs to be communicated to any other agency or authority.

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25. Statutory Procedure for Seizure of Bullion, Jewellery and Other Valuable Articles or Things

The procedure for seizure of bullion, jewellery and other valuable articles or things has been given in Rule 112(10) of the Income-tax Rules, 1962.

26. Cash Found in the Course of the Search

26.1 The cash found should be segregated according to denomination and counted in bundles of hundred notes. The person counting the notes and the person checking the counted notes should put their signatures on slips which should be attached to the bundles.

26.2 Where the person from whose possession cash is found maintains a cash book, the cash balance shown in the cash book should be compared with the cash found. If the cash book has not been written up to date, the cash balance should be determined with reference to documents like, cash vouchers, counter foils of pay-in slips and cheques, if found in the course of the search. The explanation of the person searched should be obtained for discrepancies. If he does not maintain any cash book, his explanation should again be obtained for the cash found at the premises. The person searched should also be given a reasonable opportunity of furnishing evidence in support of his explanation. Pointed queries in this regard should also be made while recording his statement under Section 132 (4). The Authorised Officer should, after taking into account all the aforesaid and other relevant factors, decide whether the cash found or a part thereof should or should not be seized.

26.3 Where in the course of the search, fake Indian currency is detected, information about the same should be immediately passed on to the control room so that the same can be communicated to the appropriate authorities for appropriate instructions to the search party.

27. Foreign Currency Found in the Course of the Search

In the inventory of foreign currency or traveller's cheques in such currency, important details such as, the name of the country of origin, denomination and serial number(s) should also be mentioned. Pointed inquiries relating inter alia to the nature of possession and the source of acquisition should be made from the person from whose possession these are found. His statement on oath should also be recorded. The control room should be contacted for instructions about further course of action whether these should be seized or not or whether the information regarding detection of foreign currency and traveller's cheques in foreign currency need to be communicated to any other agency or authority.

28. Promissory Notes Found in the Course of the Search

28.1 Seizure of undischarged promissory notes may at times result in the debts becoming time-barred and bad. Therefore, indiscriminate seizure of promissory notes has to be avoided.

28.2 In case of seizure of promissory notes, bills of exchange and other similar documents, marks of identification should not be placed on the instrument itself but instead a piece of paper should be attached and marks of identification should be placed thereon.

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29. FDRs Found in the Course of the Search

29.1 Inventories of the FDRs should give the names of the holders, the date of issue, the date of maturity, its distinctive number, face value, amount payable on maturity, rate of interest as well as the name and address of the banker who issued it. The statement of the person concerned regarding the nature of possession and the source of acquisition of the FDRs should also be recorded. Specific and pointed queries in this regard should be made while recording the statement under Section 132(4).

29.2 Where an FDR is to be seized, marks of identification should not be placed on the instrument but on a piece of paper attached thereto.

30. Keys Found in the Course of the Search

30.1 Whenever any key is seized in the course of a search, its number should be recorded to facilitate identification at a later stage. In case it is not admitted that the key pertains to a bank locker, the number alone should be mentioned without any reference to any bank locker. The place from which the key was found should also be mentioned. Where the bank locker or other receptacles to which the key found pertains has been identified, full particulars, like, bank locker number, name of the bank and branch, particulars of receptacles and its location, etc., should be recorded. The name of the person in whose name the locker stands and its contents should also be mentioned. Each key found and seized should be separately tagged and marks of identification placed thereon together with signatures of witnesses and the person concerned. Inventory of all keys found and seized in the course of a search should be carefully prepared.

30.2 Where keys pertain to bank lockers, the control room should be informed about the same immediately. All efforts should be made to get information about bank lockers soon after the commencement of the search, in the course of the initial statements of the persons concerned. As soon as the information is received, all efforts should be made to obtain the keys of the lockers, which should then be seized. This is because a separate warrant of authorisation is needed for the search of lockers. It is, therefore, necessary that the control room is informed as early as possible about the existence of bank lockers and keys thereof so that the appropriate authority can take a decision in the matter and prevent operation of the bank locker in the meantime. Where a warrant of authorisation is issued for search of the locker, the same should be executed, immediately. Where it is not possible to search the locker immediately an order under Section 132(3) can be issued and the bank locker sealed by the Authorised Officer.

31. Antiquities or Works of Art Found in the Course of the Search

Where in the course of a search, an article is found which *prima facie* appears to be an antiquity or of such an artistic or aesthetic value as worthy of being declared an “art treasure”, the Authorised Officer should get in touch with the control room. The in-charge of the latter should advise the Authorised Officer with regard to further appropriate action in the matter. He should also take steps to report the matter to the appropriate authority, such as, the Superintending Archaeologist and seek his advice. For proper identification, a white sheet of paper should be pasted either behind or below each article and the signatures of witnesses and the person concerned should be obtained thereon. The Authorised Officer should also make inquiries regarding the source of acquisition of each article.

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32. Stock Found in the Course of the Search

32.1 Inventories should be made of the stock found in the course of the search. This should, besides mentioning the quantity of the stock found, also mention its value. The exercise relating to valuation of stocks should be undertaken carefully, in a systematic manner.

32.2 The person whose premise is being searched should be given an opportunity to offer his explanation about the stock found and its value. Specific queries in this regard should also be made while recording his statement under Section 132 (4). Where the person maintains a stock register, the stock found should be compared with the entries made in the register. Wherever necessary, purchase and sale vouchers and other documents should also be examined. Depending upon the facts and the circumstances of the case, suitable methodology for verification of stock should be adopted. The purpose of this exercise is to find out whether the stock found in the course of the search stands explained with reference to the books of account, and other records maintained on a regular basis. If the stock found is in excess or deficient with reference to such books or records, the person concerned should be asked to explain the discrepancy.

32.3 Where on suitable verification, it is found that the stock found is in excess of what has been recorded in the books of account, the excess stock found can be treated as unaccounted but it cannot be seized under any circumstances. (w.e.f. 01/06/2003).

32.4 Where it is not possible or practicable to take physical possession of any valuable article or thing and remove it to a safe place due to its volume, weight or other physical characteristics or due to its being of dangerous nature, the Authorised Officer should act in accordance with the second proviso to Section 132(1). This is called deemed seizure of the valuable articles or thing.

32.5 Contravention of an order under the second proviso Section 132(1), entails prosecution under Section 275A of the act.

33. Indiscriminate Seizure Not to be Made

33.1 Efforts should be made to prevent indiscriminate seizures causing avoidable harassment to taxpayers. The categories of books of account, etc. and the valuable articles seized should strictly come within the ambit of Clauses (a), (b) and (c) of Section 132(1). This would be possible only if the search party is provided with clear information regarding the books of account already produced by the party and valuables already disclosed. The search party should also equip itself with full information regarding the declared assets of the taxpayers from the returns of income/wealth filed, so that only undisclosed assets are seized for purposes of quantification of concealed income and appropriation of taxes due on such income. Seizure of assets already reflected in the records filed with the Department should be avoided.

33.2 In case assets disclosed in the regular books of account have been seized, these can be released subject, of course, to recovery action liable against any existing tax liability.

34. Continuation of Search on the Subsequent Day

As far as possible search of a premise should be concluded on the same day. However, when it is not possible to do so and it is considered necessary to continue the search on a subsequent day, an

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order under Section 132(3) should be issued and the premises sealed properly and placed under a police guard along with some responsible persons of the Department. Where the sealing of residential premises cannot be avoided, only that portion thereof should be sealed, which is to be searched on the subsequent day so that minimum inconvenience is caused to inmates. On the subsequent day when the search is resumed, the seals should be opened in the presence of witnesses. Where any seal is found to be broken or tampered with, an immediate police complaint should be lodged. Contravention of an order under Section 132(3) entails prosecution under Section 275 A of the Act.

35. Search of Bank Lockers

35.1 In a case where information is available about a bank locker of a person and the authority competent to authorise a search is satisfied that the statutory conditions laid down in Section 132(1) justifying its search are fulfilled, he will issue a warrant of authorisation. The locker can then be searched in pursuance of such warrant.

35.2 There can, however, be cases where there is no advance information about the existence of any bank locker and a search is in the process of being conducted on certain premises. In such a situation, the Authorised Officer should ascertain whether the person concerned has hired any bank locker. In the initial statement of such persons, specific and pointed queries regarding hiring of bank lockers should be made. If he gives information about his possession of bank lockers, keys thereof should also be obtained. The information collected should be communicated immediately to the control room. A separate warrant of authorisation is needed for searching a bank locker. If more than one bank locker is detected, separate warrants of authorisation will be needed for each of them. Till such time as separate warrants of authorisation for the lockers are issued, the control room in-charge should take requisite steps to prevent their operation or the removal of assets or documents kept therein. If following the warrant of authorisation for searching a bank locker, it is not possible to search the same immediately; an order under Section 132(3) should be issued and served on the Bank Manager and the person(s) in whose name it has been hired.

35.3 The search party should ascertain the last date on which the bank locker was operated as also the details of locker rent paid and FDRs etc., kept by the person with the bank. If keys are not available, steps may be taken to break open the locker.

35.4 Inventories of the contents of a locker should be prepared in the same manner as in the case of search of any other premises. The decision with regard seizure of such contents will also be governed by the same consideration as the search of any other premises.

36. Signatures on the Various Inventories and Lists etc., Prepared in the Course of the Search

All the inventories and lists etc., prepared in the course of the search, should be signed by the following:

(a) Authorised Officer.

(b) occupant of the building, place, vessel, vehicle or aircraft, including the person in charge of such vessel, vehicle or aircraft, searched.

(c) Witnesses to the search.

37. Statement under Section 132(4) of the Income-tax Act, 1961

37.1 Section 132(4) empowers the Authorised Officer to examine on oath, during the course of the search and seizure operation, any person who is found to be in possession or control of any books of account, documents, money, bullion, jewellery or other valuable article or thing. Such examination may be not limited to the contents of books of account, or documents or the nature of assets found during of the search, but could extend to all matters relevant for any investigation connected with any proceeding under the Income-tax Act. Any statement made by such person during such examination may also use as evidence in any proceeding under the Act.

37.2 One of the purposes of on-the-spot examination on oath is to elicit truth before a person whose statement is sought to be recorded, has an opportunity to concoct an explanation or fabricate evidence.

37.3 Some points that should be kept in view while recording a person's statement are as under:

(a) The persons whose statements are to be recorded should not be allowed to brief one another or to compare notes.

(b) Before recording the statement, the Authorised Officer should administer an oath/affirmation and warn the person concerned against making any false statement. Refusal to take oath or make a statement on solemn affirmation should be specifically recorded and signatures of witnesses obtained. This is necessary because such refusal is an offence under Section 176 IPC. Secondly, such a refusal may also enable the Income-tax authorities to draw an adverse inference.

(c) The statement should begin with the identification particulars of the person making the statement, like, his full name, his father's name, permanent and local address, age, nationality, occupation, permanent account number, Aadhar number and whether he is assessed to tax and if so, where, etc.

(d) Specific and pointed queries should be made on matters like, the nature of possession and source of acquisition of money, bullion, jewellery and other valuable articles and things, found in the course of the search.

(e) The person whose statement is being recorded should also be asked about the books of account and documents found in the course of the search. Documents shown to the person at the time of recording of his statement should be properly identified.

(f) Now-a-days digital evidence in the form of WhatsApp chats/ Emails is very important. If anything incriminating is found in these then the same should be confronted to the assessee.

(g) Where foreign currency, traveler's cheques in foreign currency or fake Indian currency are found, mode and nature of their possession and source of acquisition should be inquired into.

(h) The person should be closely examined on the excesses/shortages of stock found in the course of the search.

(i) Where a person declines to answer on the pretext of ill health, nervousness, or shock or fatigue or mental tension, he should be given some time to take rest before resuming questioning. If need be, a medical practitioner may be called for examination. All certificates issued by the medical practitioner should be made part of the panchnama.

(j) As far as possible statements should be recorded in the exact words used by the person.

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(k) If in his statement, a person refers to the transaction with, or anything said to have been done or stated or written by, any other person, the information should be communicated to the control room so that such other person is also examined on oath, before he could be contacted by the first person.

(l) Attention is invited to CBDT's guidance on precautions to be taken while recording statements under Section 132(4) of the Income-tax Act, 1961 including admission of undisclosed income, contained in the letter No. 286/98/2013-IT(Inv.II) dated 09/01/2014.

38. Preparation of Panchnama

38.1 At the end of the search or when it is concluded for the day, a panchnama is required to be prepared. The form for such panchnama is provided to the search party by the Investigation Unit organising the search. This is a document of considerable evidentiary value and should be prepared with due care and caution. When the search is resumed on a subsequent day, the panchnama prepared on the subsequent day should refer to the immediately preceding panchnama and also to the fact that all the seals were inspected by the Officer(s) and the witnesses and that they were found intact.

38.2 The panchnama should mention all significant events in the search in the same sequence in which they occurred. A specimen of the brass seal used should also be put on the panchnama. Even where nothing is found or seized in the course of a search, a panchnama should be prepared in the usual manner.

38.3 It is important to note that the time of commencement of search must be the one written on the Warrant when the witnesses were available. Many times, the AO writes the time of strike, which is incorrect because the search cannot commence without the witnesses.

38.4 The Panchnama contains two Sections namely:

(a) Found and seized.

(b) Found but not seized.

Many times, the AO files all the annexures in the first Section without any seizure. This is not proper.

So due care must be observed to fill the details in the appropriate Sections.

38.5 Many times, the AO passes a restraint order on locker etc., but does not mention the same in his report to the control room. The restraints must be mentioned in the Panchnama so that the control room knows about its existence later.

38.6 It has been observed that many times, the party who is present at one premise, needs to be taken to a different premise for recording statement etc. In this case, a running panchnama needs to be drawn by the AO in the proper format.

38.7 The following should also be appended to the panchnama and made a part thereof:

(a) List/Inventory of all books of account and documents found and seized

(b) List/Inventory of all books of account and documents found but not seized (A mention may be made of the marks of identification made).

(c) List/Inventory of bullion, jewellery, ornaments and gold and silver articles, etc. found and seized.

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(d) List/Inventory of bullion, jewellery, ornaments and gold and silver articles, etc. found but not seized.

(e) List/Inventory of other valuable articles and things found and seized.

(f) List/Inventory of other valuable articles and things found but not seized.

(g) Inventories of cash found, with break-up of cash seized and cash not seized.

(h) Inventory/List of other assets found, with break-up showing those seized and those not seized.

(i) Inventory of stock found.

38.8 Attention is specifically invited to CBDT's guidance on Precautions to be taken in preparation of Panchanama contained in the letter No. 286/06/2014-IT (Inv.II) dated 19/2/2014.

39. Transport and Safe Custody of the Seized Materials

The seized documents and valuables should, as far as possible, be transported to the control room, under police protection. Some members of the search party must accompany the vehicles in which the seized books of accounts, documents and assets are being transported.

40. Handing Over of the Seized Books of Account, etc. and Seized Money to the Custodian

The Authorised Officer, the leader of the search party, should hand over the books of account, other documents and the sealed package(s) containing the bullion, jewellery and other valuable articles or things, seized during the course of the search to the custodian. Any money seized in the course of the search should also be deposited with him. As provided in rule 112(11), the custodian can be an Income-tax Authority, not below the rank of the Income-tax Officer. This function should ordinarily be performed by the Deputy or Assistant Director of Income-tax (Investigation), as he would be present in the control room to coordinate the search and receive seized material, panchnamas, search report etc., from the Authorised Officer. He should ensure that a sufficient number of other officials are available in the control room to assist him in the performance of this function.

41. Steps Required to be Taken by the Custodian for the Safe Custody of Seized Books of Account and Other Documents and Packages Containing Bullion, Jewellery and Other Valuable Articles or Things

The custodian should take suitable steps for the safe custody of books of account and other documents, and the packages, conveyed to him by the Authorised Officer.

42. Steps Required to be Taken by the Custodian Where Any Seized Money is Deposited with Him: Crediting of the Money in the Personal Deposit Account

42.1 Rule 112(2)(iii), provides for the deposit of the seized money in the Personal Deposit Account of the Chief Commissioner or Commissioner.

42.2 In its letter no. 380/5/84-IT(B) dated 31/03/1985, the Board has stressed that the Personal Deposit Account should be opened only with the approval of the Board. It has been emphasised in the Board's Instruction No. 1745 dated 22/01/1987 that in all cases where money is seized as

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a result of a search, the same should be deposited in the Personal Deposit Account. In case there is no Personal Deposit Account, a formal request should be made to the Board for opening such account. The necessary Personal Deposit Account should be opened only on receipt of the sanction of the Board.

42.3 Sometimes it becomes necessary to retain the seized currency without depositing the same in the Personal Deposit Account of the Commissioner concerned to preserve the identity of currency notes from the point of prosecution. For example, in a case where currency notes were seized in the course of a search, the assessee claimed to have obtained the cash on a particular date, whereas the currency notes were found to bear the RBI stamp which indicated that the notes were actually issued on a date subsequent to the date claimed by the assessee.

42.4 The leader of the search party should submit a report to the JDIT (Inv.)/DDIT (Inv.)/ADIT (Inv.) incharge of the search. The report should mention all salient features of the search and seizure operation, including, the problems, if any, faced by the search party; extent of damage, if any, caused to the premises searched and the reasons thereof; any untoward incident which took place during the search; details of significant information given to the control room; intimation, if any given to other Government agencies; any significant feature of the seized books of account or other documents; highlights of statements recorded under Section 132(4); and any other relevant information that the leader of the search party wishes to make.

43. Handing Over of the Seized Books of Account, Documents and Assets to the Assessing Officer

Where the Authorised Officer has no jurisdiction over the person in whose case a search has been conducted, he is required to hand over the seized books of account or other documents or assets to the Assessing Officer having jurisdiction over such person within a period of sixty days from the date on which the last of the authorisations for search was executed. Thereafter the powers exercisable by the Authorised Officer under Section 132(8) or 132(9) shall be exercisable by such Assessing Officer.

44. Retention of Seized Books of Account and Documents

The books of account or other documents as well as other assets seized as a result of the search initiated on or after 01.06.2002 cannot be retained by the Authorised Officer (Assessing Officer, after the books of account and documents have been handed over to him) for a period exceeding thirty days from the date of the order of assessment under Section 153A or Clause (c) of Section 158BC unless the reasons for retaining the same are recorded by him in writing and the approval of the Pr. Chief Commissioner or Chief Commissioner, Pr. Commissioner or Commissioner, Pr. Director General or Director General or Pr. Director or Director for such retention is obtained. However, such approving authority shall not authorise the retention of the books of account and other documents for a period exceeding thirty days after all the proceedings under the Act in respect of the years for which the books of account or other documents are relevant are completed. This is as per the provisions of sub-Section (8), as amended by the Finance Act, 2000, with effect from 01/06/2002. Prior to this (that is, in the case of a search initiate before 01/06/2002), the time-limit was one hundred and eighty days.

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45. Person Entitled to Make Copies of Books of Account and Documents

The person from whose custody any books of account or other documents are seized is entitled to make copies thereof, or take extracts therefrom, in the presence of the Authorised Officer (Assessing Officer, after the books of account and documents have been handed over to him) or any other person empowered by him in this behalf.

46. Powers to Requisition Books of Account, etc. under Section 132A

46.1 Section 132A empowers certain Income-tax authorities to requisition books of account, other documents and assets taken into custody by other officers or authorities.

46.2 While all the Income-tax authorities mentioned at Section 132A(1) have the statutory power to authorise the requisition books of account, etc., in view of the administrative distribution of functions amongst various functionaries of the department, these powers are ordinarily exercised by the Pr. Director or Director of Income-tax (Investigation). The officer authorised under Section 132A(1) to requisition books of account, etc. is called the requisitioning officer.

46.3 The authority competent to authorise requisition books of account, etc., can do so only by issuing a warrant of authorisation in Form No. 45C. The procedures required to be followed by the requisitioning officer and the delivering officer or authority have been laid down in Rule 112D.

47. Reward to Informants

47.1 Reward for informants giving information about tax evasion is in existence in Income-tax Department since 1964. This had undergone revision in 1970, 1973, 1980, 1983, 1987, 1993 and 2007. The reward scheme of 2007 has recently been revised in 2018 vide Board's F. No. 292/62/2012-IT (Inv. III)/26 dated 23/4/2018. In the revised reward scheme, reward has been prescribed not only for information about evasion of tax payable under Income-tax Act, 1961 (hereinafter referred to as "IT Act" for brevity) but also under Black Money (Undisclosed Foreign Income & Assets) and Imposition of Tax Act, 2015, (hereinafter referred to as "Black Money Act, 2015" for brevity). Further, a new reward scheme has been introduced vide Board's F. No. 299/31/2017-Dir (Inv. III)/22 dated 23/4/2018 prescribing reward for information about benami transaction and property actionable under Prohibition of Benami Property Transactions Act, 2016 (hereinafter referred to as "Benami Act" for brevity).

47.2 Reward for officers and staff for exceptionally good performance has been in existence since 1985. This too has undergone several revisions over the years and the latest one is of 2007.

47.3 The new reward scheme for informants comes into effect from 23rd April, 2018. This reward scheme shall regulate the grant and payment of reward to informants in cases where information is received from the informant on or after the date of issue of this reward Scheme that leads to detection of substantial tax evasion under the provisions of IT Act and/or the Black Money Act. However, the old 'Guidelines for grant of rewards to Informants, 2007' shall continue to be applicable in cases where information was received before 23rd April, 2018, i.e., the date of issue of the new reward Scheme.

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47.4 Comparison between Income-tax Informants Rewards Scheme, 2007 and 2018:

Sl.	Particulars	2007 Reward Scheme	2018 Reward Scheme
1.	Effective from when	Came into effect from 1/12/2007	Came into effect from 23/4/2018
2.	Applicable to	Information received on or after 1/12/2007	Information received on or after 23/4/2018
3.	Reward for information actionable under Black Money Act	No reward	Reward up to Rs. 5 crores proposed
4.	Definition of informant	Not clearly defined	Clearly defined (Para – 2)
5.	Procedure for furnishing information	Briefly stated	Stated in detail (Para – 4.1)
6.	Informants from foreign countries	No clear mention whether they will be eligible and how they will give information	Explicitly made eligible (Para - 4.3).
7.	What if group of informants give information collectively	Not mentioned clearly	Clearly provided to avoid confusion and better administration of the reward scheme (Para 4.4)
8.	Where the potential informants should go	No list provided	Full list with name of DGIT (Inv) offices and address given so that they can easily contact officers (Annexure – B)
9.	Types of reward	Interim, Part of final, Ad hoc and Final reward	Interim and Final reward
10.	Interim reward for information actionable under Income-tax Act	Up to 10% of additional taxes collected as may be directly attributable to information given by informant subject to maximum of Rs. 1 lakh	Up to 1% of additional taxes collected as may be directly attributable to information given by informant subject to maximum of Rs. 10 lakh (15 lakh if the information leads to seizure of cash above Rs. 1 crore). (% reduced but amount increased to attract informants)
11.	Interim reward for information actionable under Black Money Act	There was no reward for information actionable under Black Money Act as it was enacted in 2015	Up to 3% of additional taxes collected as may be directly attributable to information given by informant subject to maximum of Rs. 50 lakh to make it attractive in terms of US dollar or Euro or Pound. (To facilitate getting information about assets and income stashed abroad)
12.	Final reward for information actionable under Income-tax Act	Up to 10% of additional taxes collected as may be directly attributable to information given by informant subject to maximum of Rs. 15 lakh	Up to 5% of additional taxes collected as may be directly attributable to information given by informant subject to maximum of Rs. 50 lakh. Interim reward already paid will be deducted from the final reward granted. (keeping in mind that Rs. 15 lakh was decided 11 years back)

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Sl.	Particulars	2007 Reward Scheme	2018 Reward Scheme
13.	Final reward for information actionable under Black Money Act	There was no reward for information actionable under Black Money Act as it was enacted in 2015	Up to 10% of additional taxes collected as may be directly attributable to information given by informant subject to maximum of Rs. 5 crores (equivalent to about US$ 750000) to attract foreign sources of information. Interim reward already paid will be deducted from the final reward granted.
14.	Special power to CBDT to grant reward of any amount	Yes, CBDT was given special power to grant any amount on recommendation of field authorities and on satisfaction that informant took extraordinary efforts and the same yielded outstanding result.	No power given to CBDT because already the amounts are high (50 lakh/ 5 crore). Moreover, granting by CBDT caused delay. Therefore, power for higher reward has been delegated to field authorities. This is expected to faster granting and reduce grievance.
15.	Timeline for grant of reward	There was none	Specific timeline has been prescribed. 4 months in case of interim reward (Para 4.3) and 6 months for final reward (Para 5.3.5)).
16.	Mode of payment	No specific mention but payment through bank is not mandatory	'through banking channel' mandatory in case of foreign persons while may be by cash also for domestic informants
17.	Authority competent to grant reward	Earlier, Principal Director of Income-tax (Investigation) or Principal Commissioner of Income-tax was competent to grant interim reward and committee headed by Director General used to be competent authority for granting reward up to Rs. 15 lakh	In the new reward scheme competent authority for all types of rewards is a committee headed by Director General. This is expected to bring transparency in the decision-taking process and objectivity in decision.
18.	Circumstances under which an informant will not be eligible to get reward	Specific situations were not given	Specific situations given (Para 8) as illustration when an informant will not be eligible to get reward
19.	Maintenance of secrecy of identity of informant and information provided by him	It was provided in brief	It is provided in detail to cover situations when anyone files application under RTI Act. It is said that Investigation Directorates are exempt under Section 24 of RTI Act, 2005. This is to bring clarity to field authorities.
20.	Grievance redressal mechanism	There was none	It is provided that in case of non-allotment of Informant code an informant can approach Principal Director (Investigation) and in case of grievance about amount of reward, he can file review petition to a high-powered committee (Para 15)
21.	Payment to nominee or legal heir where informant dies	Briefly mentioned	Mentioned clearly and in detail (Para 16) and also provided in the form for giving information
22.	Definitions	Not provided	Provided

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Sl.	Particulars	2007 Reward Scheme	2018 Reward Scheme
23.	Identity of informant	Presently photo and thumb impression are taken	Aadhar Card to be submitted.
24.	Form in which information is required to be furnished	The present form is simple	The new form has been made more structured to capture relevant particulars
25.	Form for certification of "additional taxes directly attributable to information"	No such form was prescribed	A new form Annexure–D has been prescribed in which the proposing officer will have to certify and show calculation as to what is the amount of "additional taxes directly attributable to information".

48. Reward for Search and Seizure Work to Departmental Officers and Staff

48.1 A scheme for granting reward for search and seizure work to departmental officers and staff is in operation with effect from the 1st April, 1985. The reward guidelines were revised in 2007 and continuing still.

48.2 Some *salient* features of the scheme are as under:

(a) For search and seizure cases, the following officers and staff will be eligible for reward as per reward guidelines of 2007:

(i) The team processing the search and seizure operation.

(ii) The teams participating in the search and seizure action.

(iii) The assessment unit doing the search and seizure assessment.

The basis for reward in Search and Seizure cases would be the 'Group' in respect of which the search and seizure action and survey action (carried out along with the search) is undertaken and by combining all the assessment years of that Group covered under Section 153A/153C of the IT Act, 1961, including the Assessment Year pertaining to the year in which search was carried out. The Reward proposal for the Group shall be processed and decided **simultaneously** for all the three teams - the processing team, the team participating in the search action, and the Assessment Unit. Therefore, the search processing team which sends proposal for reward for it and search conducting teams, shall also send proposal for search assessment team which did assessment of the cases of the entire group searched by the search teams:

(b) For searches carried out on or before 31st May 2003, the reward would be governed by the Reward Guidelines of 1985. However, the Committee competent to grant such Rewards would be that specified in Para - 5 of reward guidelines, 2007.

(c) For searches carried out after 31st May 2003, reward to all three units, *viz.*, search processing team, search conducting team and search assessment team, would be governed by the following conditions:

(i) The minimum tax **collected** on the undisclosed income detected as a result of search and seizure operation and assessed to tax in the assessments referred to in reward guidelines, 2007, should be as under:

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Sl. No.	DIT (Inv.) Conducting the Search	Tax Collected (in Rs. Lakh)
1.	Delhi and Mumbai	150
2.	Ahmadabad, Bangalore, Chennai, Hyderabad, Pune and Kolkata	100
3.	Others	75

(ii) The total amount eligible for reward in a group of cases would be up to 5% of the tax collected on the undisclosed income detected as a result of search and seizure operation and assessed to tax in the assessments referred to in reward guidelines, 2007, subject to an overall limit of Rs. 50 lakhs

(iii) The amount on which such tax is collected has achieved finality in the appellate and/or revisionary proceedings.

49. The Following Committees of Officers are Competent to Grant Reward

49.1 Search and Seizure cases (in respect of cases mentioned in Para 2 of reward guidelines).

(a) Committee consisting of:

(i) Director General of Income-tax (Investigation) (Chairman).

(ii) Cadre Controlling Chief Commissioner of Income-tax.

(iii) In case of Delhi and Mumbai, the Chief Commissioner of Income-tax (Central) while for other cities, a Chief Commissioner of that Region as nominated by the Cadre Controlling Chief Commissioner of Income-tax.

(b) Where, in a Region, there is no other Chief Commissioner, the Commissioner of Income-tax under whose jurisdiction the case(s) is assessed would be nominated as the third Member. In the case of disagreement, majority decision will prevail.

(c) Such reward cases are to be processed in the office of jurisdictional Director General of Income-tax (Investigation).

49.2 Reward shall be payable up to the level of the erstwhile Assistant Commissioner (after redesignation of the posts, currently up to the level of the Additional Commissioner of Income-tax). Payment of reward depends upon the contribution made by the officials as a team as well as individually with regard to collection of intelligence, surveillance, effecting seizures, framing of assessments, etc. Due credit will be given to the staff employed in investigation and/or prosecution work resulting in conviction of persons involved.

49.3 Reward Rules also permit granting of ad hoc rewards in appropriate cases.

49.4 Rewards shall be exempt from payment of Income-tax.

49.5 Reward is purely an ex-gratia payment and the competent committee's discretion shall be final.

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Annexure-I

Provisions of the Income-tax Act, 1961 Governing, or Relevant to, Search and Seizure and Requisition of Books of Account, etc.

Sl. No.	Section	Main Matters with which the Section Deals
1.	132 Sub-Sections (1) to (14)	Authorisation for search, Who can authorise search, powers and functions of the Authorised Officer, seizure of books of account, other documents, money, bullion, jewellery and other valuable articles and things, statement of the person found to be in possession or control of any books of account, documents, bullion, jewellery or other valuable articles or things, restraint order, presumption where any books of account, documents, bullion, jewellery or other valuable articles or things are found in the possession or control of any person in the course of a search, retention of seized books of account and documents and the period of retention, handing over of the seized books of account, documents and assets to the Assessing Officer.
2.	132A Sub-Sections (1) to (3)	Power to requisition books of account, etc.: Authorisation for requisitioning books of account, other documents and assets taken into custody by any other officer or authority, powers and functions of the requisitioning officer, duties of the delivering officer or authority.
3.	275A	Offences and Prosecutions: contravention of order made under the second proviso to sub-Section (1) or sub-Section (3) of Section 132 of the Income-tax Act, 1961.

Provisions of the Income-tax Rules 1962 Governing, or Relevant to, Search and Seizure and Requisition of Books of Account, etc.

Sl. No.	Rule	Main Matters with which the Rule Deals
1.	112- Sub-rules(1) to (14)	Form of authorization under sub-Section (1) of Section 132 of the Income-tax Act, 1961; Any person in charge of any building, place, vessel, vehicle or aircraft authorized to be searched to allow to the Authorised Officer free ingress thereto and afford all reasonable facilities for a search therein; assistance of police officers or of the officers of the Central Government or both for ingress into a building or place authorised to be searched; assistance of police officers or of the officers of the Central Government or both for ingress into a vessel, vehicle or aircraft authorized to be searched; opening of any box, locker etc. in the course of the search; restraint order, personal search; appointment of witnesses, search to be made in the presence of witnesses; list of things seized in the course of the search; persons who may be permitted to attend the search; Procedure for seizure of bullion, jewellery and other valuable articles or things; conveying of the seized books of account, documents and sealed packages containing seized bullion, jewellery and other valuable articles or things to the Custodian; deposit of seized cash with the Custodian; Procedure to be followed by the Custodian for dealing with seized cash, sealed packages containing bullion, jewellery and other valuable articles and things, books of account and documents; opening of sealed packages; powers of the Assessing Officer to whom seized books of account, documents and assets have been handed over.
2.	112A	Inquiry under Section 132 of the Income-tax Act, 1961
3.	112D	Requisition of books of account etc.

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Provisions of the Indian Penal Code, 1860
Relevant to Search and Seizure

Sl. No.	Section	Main Matters with which the Section Deals
1.	172	Absconding to avoid service or situations of other proceedings: punishment for avoiding service of summons, notice or order proceeding from any public servant.
2.	178	Refusing oath of affirmation when duly required by public servant to make it: punishment for refusal by a person to bind himself by an oath (or affirmation) when required so to bind himself by a public servant legally competent to require that he shall so bind himself.
3.	179	Refusing to answer public servant authorised to question.
4.	180	Refusing to sign statement: Punishment for refusing by a person to sign statement made by him, when required by a public servant competent to so require.
5.	181	False statement on oath or affirmation to public servant or person authorized to administer an oath or affirmation.
6.	187	Omission to assist public servant when bound by law to give assistance.
7.	193	Punishment for false evidence.
8.	196	Punishment for corruptly using evidence known to be false or to use as true or genuine any evidence knowing it to be false or fabricated.
9.	204	Punishment for secreting or destroying any document, which the person may be lawfully compelled to produce as evidence or for obliterating or rendering illegible the whole or any part of such document with the intention of preventing the same from being produced or used as evidence.
10.	228	Intentional insult or interruption to public servant sitting in judicial proceeding.

Provisions of the Code of Criminal Procedure, 1973
Relevant to, Search and Seizure

Sl. No.	Section	Main Matters with which the Section Deals
1.	47	Search of place entered by person sought to be arrested.
2.	51	Search of arrested person.
3.	91	Summons to produce document or other thing.
4.	93	When search warrant may be issued.
5.	94	Search of place suspected to contain stolen property, forged documents, etc.
6.	99	Directions, etc. of search warrants.
7.	100	Persons in charge of closed place to allow search.
8.	102	Power of Police Officer to seize certain property.
9.	103	Magistrate may direct search in his presence.
10.	104	Power to impound document, etc. produced.
11.	165	Search by Police Officer.
12.	195	Prosecution for contempt of lawful authority of public servants, for offences against public justice and for offences relating to documents given in evidence.

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Interest/ Fee

1. The Income-tax Act 1961 provides for the charging of interest from the assessee for various defaults committed by him as well as payment of interest to him if there is a delay in the payment of the refund or deposit of the amount due to him.

2. Interest Chargeable under the Income-tax Act 1961: The provisions relating to the charging of interest under the Income-tax Act are summarized below:

Sl. No.	Section	Circumstances under which Interest can be Charged	Rate of Interest	Remarks/ Period
1.	115 P	Failure to pay the whole or any part of the tax on distributed profits as required under Section 115 O (Tax on distributed profits of Domestic Company)	1% per month or part thereof of such tax	Period beginning on the date immediately after the last date on which such tax was payable and ending with the date on which the tax is actually paid.
2.	115 QB	Failure to pay the whole or any part of the tax on distributed income as required by Section 115 QA (Tax on distributed income to share holders)	1% per month or part thereof of such tax	Period beginning on the date immediately after the last date on which such tax was payable and ending with the date on which the tax is actually paid.
3.	115 S	Failure to pay the whole or any part of the tax on income distributed as required under Section 115 R (Tax on distributed income to unit holders)	1% per month or part thereof of such tax	Period beginning on the date immediately after the last date on which such tax was payable and ending with the date on which the tax is actually paid.
4.	115 TB	Failure to pay the whole or any part of the tax on income distributed as required under Section 115 TA (Tax on distributed income to investors)	1% per month or part thereof of such tax	Period beginning on the date immediately after the last date on which such tax was payable and ending with the date on which the tax is actually paid.
5.	115 TE	Failure to pay the whole or any part of the tax on the accreted income as required under Section 115 TD (Tax on accreted income)	1% per month or part thereof of such tax	Period beginning on the date immediately after the last date on which such tax was payable and ending with the date on which the tax is actually paid.
6.	158 BFA	Failure to furnish the return including undisclosed income for the block period/books of account/other documents in response to notice under Section 158 BC (a)	1% per month or part thereof of such tax on undisclosed income determined under Section 158 BC (c)	From the expiry of the period mentioned in the notice till the date of filling of return, or if no return filed, till the date of completion of the assessment.

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Sl. No.	Section	Circumstances under which Interest can be Charged	Rate of Interest	Remarks/ Period
7.	201 (1A)	Failure to deduct or short deduct tax at source or failure to pay TDS to government account	(a) 1% per month or part thereof on the amount of such tax (b) 1.5% per month or part thereof on the amount of such tax	(a) From the date on which such tax was deductible to the date on which tax is deducted. (b) From the date on which such tax was deducted to the date on which such tax is actually paid.
8.	206 C (7)	Failure to collect tax or failure to remit the tax collected to the government account.	1% per month or part thereof of tax not collected or paid	From the date the tax was collectible till the date of actual payment.
9.	220 (2)	Failure to pay the amount as specified in the demand notice	1% per month or part thereof	After expiry of the time mentioned in the demand notice till date of payment.
10.	234A	Failure to file the return within due date specified in Section 139 (1) or in response to notice under Section 142 (1),or not filed.	1% per month or part thereof on the amount of the tax on the total income as determined under Section 143(1) and where a regular assessment is made, on amount of tax of the total income determined under regular assessment, as reduced by pre paid taxes, relief/ deduction/credit as per Act.	After expiry of the due date till the date of filing of return, or where no return is filed, till the date of assessment.
		Failure to file return in response to notice under Section 148 or as per provisions under Section 234A(3).	1% per month or part thereof on the amount of the tax on the total income as determined under Section 143(1) and where a regular assessment is made, on amount of tax of the total income determined under regular assessment, as reduced by prepaid taxes, relief/deduction/ credit as per Act.	After expiry of the due date till the date of filing of return, or where no return is filed, till the date of assessment.
11.	234B	Failure to pay or short fall in payment of advance tax.	1% per month or part thereof on the amount of the tax on the total income as determined under Section 143(1) and where a regular assessment is made, on amount of tax of the total income determined under regular assessment, as reduced by prepaid taxes, relief/deduction/ credit as per Act.	From 01 April of the next financial year to the date of determination of income.
12.	234C	Failure to pay the instalments/ deferment of advance tax as prescribed.	1% per month or part thereof of the tax determined.	3 months in respect of defaults relating to instalment due in June, September and December & 1 month in respect of the last instalment.

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Sl. No.	Section	Circumstances under which Interest can be Charged	Rate of Interest	Remarks/ Period
13.	234D	Interest on excess refund.	½% per month or part of a month on the whole or the excess amount so refunded.	The period commencing form the date of grant of refund under Section 143 (1) to the date of regular assessment.
		Levy of Fee		
14.	234E	Failure for furnishing of TDS/ TCS returns as prescribed in Section 200(3)/ proviso to Section 206C(3).	Rs. 200 per day.	For the period of failure, but shall not exceed the amount of tax deductible or collectible.
15.	234F	Failure to furnish return under Section 139	(a) Rs. 5,000 (b) Rs. 10,000 (c) Not exceeding Rs. 1,000	(a) If return furnished on or before 31st December of the assessment year. (b) In other cases (c) Income not exceeding Rs. 5 lakhs.

3. Interest Payable to the assessee

Sl. No.	Section	Circumstances under which Interest can be Charged	Rate of Interest	Remarks/ Period
1.	244 (A)	Refund arising due to excess payment of tax/ TDS/TCS	0.5% per month or part of month.	From the 1st day of assessment year to the date of grant of refund.
		Other Cases	0.5% per month or part of month.	From the date of payment of tax or penalty to the date of grant of refund.
2.	269 (K) (4)	Delay in payment/ deposit or compensation under Section 269I,269J,	15% per annum	From the day immediately following the date of expiry of the said period upto the date on which it is deposited.
3.	132 (B) (4)	Repayment of the excess amount of seized or requisitioned over and above the amount required to meet all existing liability on completion of assessment.	½% per month or part thereof	From the date immediately following the expiry of the period of 120 days from the date on which the last authorization was executed to the date of assessment.

4. Calculation of Interest (Rule 119A): In calculating interest payable by the assessee or interest payable by the Central Government to the assessee, under any provision of the Act.

(a) Where interest to be calculated on annual basis, the period for which such interest is to be calculated shall be rounded off to a whole month or months and for this purpose any fraction of a month shall be ignored; and the period so rounded off shall be deemed to be the period in respect of which the interest is to be calculated.

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(b) Where the interest is to be calculated for every month or part of a month comprised in a period, any fraction of a month shall be deemed to be a full month and the interest shall be so calculated.

(c) The amount of tax, penalty or other sum is respect of which such interest is to be calculated shall be rounded off to the nearest multiply of one hundred rupees and for this purpose any fraction of one hundred rupees shall be ignored and the amount so rounded off shall be deemed to be the amount in respect of which the interest is to be calculated.

5. Reduction or Waiver of Interest under Section 220(2)

5.1 The interest levied under Section 220(2) can be waived by the Chief Commissioner or Commissioner if the following conditions mentioned in Section 220(2) are satisfied:

(a) payment of such amount has caused or would cause genuine hardship to the assessee.

(b) default in the payment of the amount on which interest has been paid or was payable under the sub-Section was due to circumstances beyond the control of the assessee.

(c) the assessee has co-operated in any inquiry relating to the assessment or any proceeding for the recovery of any amount due from him.

5.2 On receipt of the assessee's petition for waiver, the report of the Assessing Officer should be called for through the Range Addl.CIT/JCIT. This report should, inter-alia, contain the following particulars:

(a) Name of the assessee.

(b) Address of the assessee where any notice/order could be served.

(c) PAN.

(d) Assessment Year.

(e) Date of filing of the return/income returned.

(f) Date of completion of the assessment and the income assessment and the income assessed.

(g) Reasons for the difference between the returned income and the assessed income.

(h) Whether any appeal filed, and the result of the appeal, if disposed of.

(i) Whether any stay granted, if so the details of the same, like date of grant of the stay, and period.

(j) Whether any instalment scheme granted and the details thereof, such as, the date of granting of instalment, number of instalments allowed and the amount payable in each instalment, and the authority who granted the instalment scheme.

(k) Whether the assessee has cooperated in the matter of completion of the assessment and in the matter of payment of the assessed tax.

(l) In case the assessee claims financial hardships as a reason for the default in the payment of the assessed tax, the latest financial status of the assessee with reference to the records, balance sheet, bank accounts etc. and also whether the claim of financial hardship is genuine.

(m) Whether in earlier/subsequent three assessment years, interest under Section 220(2) was levied and whether the assessee made any petition for waiver.

  (i) Any other point which may have a bearing in deciding the petition.

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5.3 A speaking order discussing all the facts and circumstances of the case which are relevant for allowing or rejecting the petition should be passed by the Chief Commissioner or Commissioner within a period of 12 months from the end of the month in which the application is received. If the petition is to be rejected, an opportunity of hearing should be given to the assessee before rejection.

6. Reduction or Waiver of Interest under Sections 234A, 234B and 234C

Subject to the specified conditions, Chief Commissioners and Director Generals (Investigation) are authorized to reduce or waive the interest under Sections 234A, 234B and 234C in the following circumstances.

(a) **Additional Income on Account of Court's Order etc.**

Where any income accrues or arises for any previous year due to the operation of any order of a Court, statutory authority or the Government passed after the close of the said previous year, the interest can be reduced or waived if the following conditions are satisfied:

(i) the relevant income is disclosed in the return furnished for the said previous year or is otherwise disclosed to the Assessing Officer.

(ii) the tax attributable to such income has been paid.

Period for which Reduction/ Waiver is to be Given

Interest under Section 234A – date immediately following the due date for furnishing the return till the end of the month in which the relevant order giving rise to the income is passed.

Interest under Section 234B – 1st of April of the Assessment year till the end of the month in which the relevant order giving rise to the income is passed.

Interest under Section 234C – period mentioned in the Section for levy of interest

The quantum of interest to be reduced or waived is the difference between the interest computed with reference to the total income inclusive of the relevant income and the interest computed with reference to the total income as reduced by the relevant income.

**The provision for waiver of Interest under Section 234E has also been included in Section 119(2)(a) read with Rule 111B. However, the clarificatory notifications and various court rulings may be appropriately considered while commissioning the provisions contained in Section 119(2)(a).*

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Widening of Tax Base

1. Overview

Revenue augmentation through widening of tax-base has been a constant endeavor of the Income-tax Department. Organized data collection in the department is mainly through following methods:

(a) Submission of TDS/TCS statements by deductors in electronic form (eTDS).

(b) Making it mandatory for various reporting persons/entities to furnish Statement of Financial Transactions (SFT) in Form 61A.

(c) Collection of information under Special Projects by Directorate of I&CI.

(d) Compulsory quoting of PAN for transactions specified in Rule 114B of the Income-tax Rules

(e) Electronic filing of Form 61 (containing details of Form 60 submitted by persons who does not have a permanent account number and who enters into any transaction specified in rule 114B).

Availability of information in electronic form provides an opportunity to the Department to develop information driven approach to widen the tax base.

2. Key Information Sources

This Section provides an overview of key information sources which are useful in widening of tax base.

3. Tax Deduction at Source (TDS)

Tax Deduction at Source (TDS) is one of the modes of collection of taxes, by which a certain percentage of amounts are deducted by a person at the time of making/ crediting certain specific nature of payment to the other person and deducted amount is remitted to the Government account. The deductor is also obliged to file quarterly TDS statement giving details of transactions and tax deducted. The concept of TDS envisages the principle of "pay as you earn". TDS not only ensures regular inflow of cash resources to the Government, it also acts as a powerful instrument to promote voluntary compliance and deter tax evasion. The information collected under TDS provisions are:

Info Code	Information Description
TDS-192	TDS Statement - Salary (Section 192)
TDS-192A	TDS Statement - Payment of accumulated balance due to an employee (Section 192A)
TDS-193	TDS Statement - Interest on securities (Section 193)
TDS-194	TDS Statement - Dividends (Section 194)
TDS-194A	TDS Statement - Interest other than "Interest on securities" (Section 194A)

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Info Code	Information Description
TDS-194B	TDS Statement - Winnings from lottery or crossword puzzle (Section 194B)
TDS-194BB	TDS Statement - Winnings from horse race (Section 194BB)
TDS-194C	TDS Statement - Payments to contractors (Section 194C)
TDS-194D	TDS Statement - Insurance commission (Section 194D)
TDS-194DA	TDS Statement - Payment in respect of life insurance policy (Section 194DA)
TDS-194E	TDS Statement - Payment to non-resident sportsmen or sports association (Section 194E)
TDS-194EE	TDS Statement - Withdrawal from NSS (Section 194EE)
TDS-194F	TDS Statement - Repurchase of units by MF/UTI (Section 194F)
TDS-194G	TDS Statement - Commission etc. on sale of lottery tickets (Section 194G)
TDS-194H	TDS Statement - Commission or Brokerage (Section 194H)
TDS-194I(a)	TDS Statement - Rent on plant & machinery (Section 194I)
TDS-194I(b)	TDS Statement - Rent (Section 194I)
TDS-194IA	TDS Statement - Payment of consideration for purchase of immovable property (Section 194IA)
TDS-194J	TDS Statement - Fees for professional or technical services (Section 194J)
TDS-194LA	TDS Statement - Compensation on acquisition of certain immovable property (Section 194LA)
TDS-194LC	TDS Statement - Income by way of interest from specified company payable to a non-resident (Section 194LC)
TDS-194LD	TDS Statement - Income by way of interest on certain bonds and government securities (Section 194LD)
TDS-195	TDS Statement - Payment made to non-residents (Section 195)
TDS-196B	TDS Statement - Income and long-term capital gain from units purchased in foreign currency payable to an Off Shore Fund (Section 196B)
TDS-196C	TDS Statement - Income and long-term capital gain from foreign currency bonds or shares of Indian companies (Section 196C)

4. Tax Collection at Source (TCS)

Under the provisions of Tax Collection at Source (TCS), the seller has to collect tax from the payer who has purchased specified items. The information collected under TDS provisions are:

Info Code	Information Description
TCS-206CA	TCS Statement - Alcoholic liquor (Section 206C)
TCS-206CB	TCS Statement - Timber obtained under forest lease (Section 206C)
TCS-206CC	TCS Statement - Timber obtained by any mode other than a forest lease (Section 206C)
TCS-206CD	TCS Statement - Any other forest produce not being timber or tendu leaves (Section 206C)
TCS-206CE	TCS Statement - Scrap (Section 206C)
TCS-206CF	TCS Statement - Parking lot (Section 206C)
TCS-206CG	TCS Statement - Toll plaza (Section 206C)
TCS-206CH	TCS Statement - Mining and quarrying (Section 206C)
TCS-206CI	TCS Statement - Tendu leaves (Section 206C)

Info Code	Information Description
TCS-206CJ	TCS Statement - Minerals, being coal or lignite or iron ore (Section 206C)
TCS-206CK	TCS Statement - Cash sale of bullion and jewellery (Section 206C)
TCS-206CL	TCS Statement - Sale of motor vehicle exceeding Rs 10 Lakhs (Section 206C)
TCS-206CM	TCS Statement - Cash sale of goods other than bullion or jewellery (Section 206C)
TCS-206CN	TCS Statement - Any services other than Chapter XVII-B (Section 206C)

5. Statement of Financial Transactions (SFT) in Form 61A

Section 285BA of the Income-tax requires specified reporting persons to furnish statement of financial transaction. Rule 114E of the Income-tax Rules, 1962 specifies that the statement of financial transaction required to be furnished under sub-Section (1) of Section 285BA of the Act shall be furnished in Form No. 61A. The information collected under SFT provisions are:

Info Code	Information Description
SFT- 001	Purchase of bank drafts or pay orders in cash
SFT- 002	Purchase of pre-paid instruments in cash
SFT- 003	Cash deposit in current account
SFT- 004	Cash deposit in account other than current account
SFT- 005	Time deposit
SFT- 006	Payment for credit card
SFT- 007	Purchase of debentures
SFT- 008	Purchase of shares
SFT- 009	Buy back of shares
SFT- 010	Purchase of mutual fund units
SFT- 011	Purchase of foreign currency
SFT- 012	Purchase or sale of immovable property
SFT- 013	Cash payment for goods and services
SFT- 014	Cash deposits during specified period (9th Nov to 30th Dec, 2016).

6. Statement of Non-PAN Transactions in Form 61

Rule 114B requires various entities to obtain PAN of the transacting party in respect of specified transactions. In case transacting party does not have a PAN, Form 60 is required to be filled by transacting party. Earlier Form 60 was submitted in manual form to the Department. From 2016, the handling of non-PAN data was strengthened by enabling online submission of Form 61 (containing the particulars of Form 60). The due dates for filing of Form No. 61 are as under:

(a) Where the declarations are received till 30th September, by the 31st October of that year; and

(b) Where the declarations are received till 31st March, by the 30th April of the financial year immediately following the financial year in which the form is received.

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7. Other Information

In addition to the above information sources, following information is also useful for widening of tax base:

(a) Collection of information under Special Projects by Directorate of I&CI .

(b) Information of remittance to a non-resident or a foreign company reported in Form 15CA/15CC by the remitter/bank.

(c) Information of Securities market transactions reported in STT return.

(d) Information about indirect taxes, exports and imports from Central Board of Indirect Taxes and Customs (CBIC) under MOU.

(e) Information about company and Directors from Ministry of Corporate Affairs (MCA) under MOU.

(f) Suspicious Transaction Reports (STRs) from Financial Intelligence Unit–India (FIU-IND).

(g) Information received under Foreign Account Tax Compliance Act (FATCA).

(h) Information received under automatic exchange of information (AEOI).

8. Key Result Areas

The key result areas for widening of tax-base are:

(a) Citizen engagement and taxpayer awareness.

(b) Improving compliance to TDS/TCS Provisions.

(c) Timely, accurate and complete third party reporting under SFT.

(d) Efficient handling of information without valid PAN.

(e) Supporting voluntary compliance.

(f) Ensuring compliance from identified non-filers.

(g) Creating deterrence for habitual defaulters.

9. Citizen Engagement and Taxpayer Awareness

Income-tax Department (ITD) initiated **Operation Clean Money on 31st January 2017** with the mission to *"Create a tax compliant society through a fair, transparent and non-intrusive tax administration where every Indian takes pride in paying taxes"*. The Portal of Operation Clean Money **(https://www.cleanmoney.gov.in)** was launched on 16th May 2017.

The PCCsIT, CCsIT, PCsIT, Range Heads are expected to devise and pursue region specific strategies and publicity plan for Citizen Engagement and Taxpayer Awareness. The region specific should include the following:

(a) Hold interactive sessions/workshops in co-ordination with industry/trade/professional associations to educate taxpayers on specific tax provisions and procedures and to highlight initiatives taken by the Department. The topic for interaction (e.g. low tax awareness, amendments in IT Act, new procedures/schemes, sectors where there are low tax compliance, etc.) should be finalised in active consultation with the target segment.

(b) Organise talks in schools and other educational Institutions to create awareness about taxation.

10. Improving Compliance to TDS/ TCS Provisions

TDS/ TCS statements provide valuable information about specified payments. The TDS Assessing officer should take various steps to improve TDS Compliance, including the following:

(a) Identification and follow-up with Deductors which have not filed TDS Statement.

(b) Identification and follow-up with deductors which have not submitted transactions involving non-deduction/ lower deduction (Form 15 G/15H).

11. Effective Collection of Third Party Information

Section 285BA of the IT Act requires specified reporting persons to furnish three types of statements:

(a) Statement for Financial Transactions (SFT) in Form 61A (Rule 114E).

(b) Statement of Reportable Accounts (SRA) in Form 61B (Rule 114F to 114G).

(c) Statement of Non-PAN Transactions in Form 61 (Rule 114D).

The Directorate of I&CI should take various steps to improve reporting compliance including the following:

(a) Conduct regular outreach and training programs for the capacity building of reporting entities.

(b) Follow-up with reporting persons/ entities which have not submitted reports.

(c) Follow-up with reporting persons/ entities to ensure that defective reports are rectified.

12. Efficient Handling of Information without Valid PAN

One of the main challenges of utilisation of third party information is inability of the department in making use of information without valid PAN. The officers in Directorate of I&CI should take various steps for efficient handling of non-PAN data. They should follow-up with reporting persons/entities submitting non-PAN data to ensure that defective reports are rectified. In high risk cases he PAN needs to be populated by searching PAN database or writing letters to the transacting party.

13. Supporting Voluntary Compliance

The primary goal of a tax administration is to collect the taxes and duties payable in accordance with the law and to do this in such manner that will sustain confidence in the tax system and its administration. The actions of taxpayers—whether due to ignorance, carelessness, recklessness, or deliberate evasion—mean that instances of failure to comply with the law are inevitable. The Department has taken many initiatives to support voluntary compliance.

Directorate of Systems takes a lead role in promoting voluntary compliance by displaying TDS/TCS and third party information to the taxpayer (Form 26AS).

The Non-filers Monitoring System (NMS) was implemented as a pilot project to prioritize action on non-filers with potential tax liabilities. Data analysis is carried out to identify and prioritize non-filers (applying Board approved rules) about whom specific information was available in SFT data, TDS/ TCS Statement and other data sources.

The Compliance Management Centralized Processing Centre (CMCPC) has been operationalized under Project Insight. CMCPC uses campaign management approach (consisting of emails, SMS, reminders, outbound calls, letters) to support voluntary compliance and resolution of compliance issues. A dedicated compliance portal is used to capture response on compliance issues in a structured manner for effective compliance monitoring and evaluation. A large number of non-fliers file their returns after paying appropriate taxes.

14. Ensuring Compliance from Identified Non-filers

Ensuring compliance from identified non-filers with potential tax liabilities is key to widening of tax base. High risk cases which have not complied after the centralised communication (voluntary Compliance phase) are pushed to the field formation for follow-up and monitoring. Separate SOP is issued by the board to handle such cases. The salient features of the current SOP are as under:

(a) The Assessing Officer should issue letter to the assessee seeking information about the return of income.

(b) If the letter is not delivered, the Assessing Officer should issue letter to the alternate addresses of the assessee available in the System or any other address available with the Assessing Officer through field enquiries or otherwise.

(c) If no return is required to be filed in a case (non-resident etc.), the Assessing Officer should mark "No return is required" and mention remarks in NMS which need to be confirmed by the Range head.

(d) If the Assessing Officer is not able to serve the letter and identify the taxpayer, he/she should mark "Assessee not traceable" in NMS which needs to be confirmed by the Range head.

(e) In cases where the assessee has been identified and no return has been filed, the Assessing Officer should consider initiation of proceedings under Section 142(1)/148 in AST.

(f) The cases will be processed and will be marked as closed' in NMS if one of the following actions are taken:

  (i) Return is filed.

  (ii) Notice under Section 142(1) or 148 has been issued in system.

  (iii) "No return is required" is marked by the Assessing Officer and confirmed by the Range head.

15. Creating Deterrence for Habitual Defaulters

Deterrence for habitual defaulters would be created if action under Sections 271F (penalty for non-filing of return of income) and 276CC (prosecution for non-filing of return of income) is taken in appropriate cases. Systems Directorate identifies the list of potential cases (applying Board approved rules) for further processing under Section 276CC. These cases are disseminated to the field formation on the online portal. The identified cases have to be reviewed to arrive at a decision whether the case is fit for prosecution under Section 276CC. If so, further necessary action is to be taken expeditiously. This exercise will help in conveying a strong message and assist in improving overall compliance culture.

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Post-Assessment Collection Procedure

1. The process of collection after assessment begins when a demand notice is sent to the assessee, whether as a result of an order made by the Assessing Officer, by his superiors or CPC. An intimation under Section 143(1) is also now deemed to be a notice under Section 156 of the Income-tax Act, 1961. The Assessing Officer is responsible for the collection of tax whether the demand represents the demand raised by himself or is the result of any other order passed by any of the higher authorities. This chapter deals with the procedure and other issues relating to post assessment collection.

2. Payment of Taxes and Levy of Interest

2.1 Chapter XVII, Part D of Income-tax Act, 1961, deals with collection and recovery. The tax payable on regular assessment should be paid within 30 days of the service of the notice of demand under Section 156. Whenever the Assessing Officer has reason to believe that the interest of revenue may be jeopardized if the full period of 30 days is allowed to the assessee to pay the tax, then, with the prior approval of the Joint/Addl. Commissioner, he can curtail or reduce the aforesaid notice period.

2.2 If the amount mentioned in any notice of demand is not paid within the stipulated period, the assessee shall be liable to pay simple interest at the prescribed rate. Currently this is 1 per cent per mensem, commencing immediately after the end of the said period.

3. Extension of Time for Payment

3.1 Where the assessee finds it difficult to make the payment within the time specified in the notice of demand, he can make an application to the Assessing Officer before the expiry of the due date to grant further time to pay the tax. The Assessing Officer, before granting extension of time or instalments, may prescribe certain conditions. Even in cases where extension of time in the form of stay of demand or grant of permission to pay the amount in instalments is granted, interest under Section 220(2) will be payable by the assessee. Applications for stay of demand or grant of instalments, received after the expiry of the due date, cannot be entertained under Section 220(3). The assessee is required to make an application asking for extension of time or for granting of instalments. The Assessing Officer should not grant this facility in the absence of such a request. In cases where instalments or the commitments made with regard to payments are not honored, the penal provisions should invariably be invoked. Coercive measures should also be taken to realise the arrears.

3.2 The grant of instalments, should be through a specific and precise order, showing the due dates of payment and amount of each instalment. Every such order, should invariably clarify that, in the event of there being default in the payment of any one instalment on the date it falls due, the entire amount of the demand then outstanding, shall become immediately payable. The assessee will then be deemed to be in default in respect of the entire amount of tax demand.

3.3 Though in law, the applications for stay, or grant of instalments in respect of demand not in dispute, received after the expiry of the due date under Section 220(1) cannot be entertained, under Section 220(3), the Assessing Officer is not precluded from receiving part payments whenever made. It will also be for the Assessing Officer to determine what coercive steps, if any, he should take. That would depend upon the circumstances of the case.

3.4 In cases where assessments are made on protective basis, the collection of demands is not to be enforced by coercive steps. However, if the substantive assessment itself is set aside or cancelled, the Assessing Officer should immediately take steps to enforce the protective demand.

4. Grant of Stay and Instalments

4.1 Under Section 220(6) of the Income-tax Act, the Assessing Officer may, subject to such conditions as he may think fit to impose, treat the assessee as not being in default in respect of the amount in dispute, if the appeal remains undisposed of, even though the time for payment may have expired.

4.2 It should be noted that Section 220(6) does not refer to "stay" of demand. It only empowers an Assessing Officer to treat "an assessee as not being in default". In the succeeding paragraphs, for the sake of brevity, the word 'stay' has been used, but it refers to treating the assessee as not being in default. Whenever an Assessing Officer passes an order under Section 220(6) or under Section 220(3) or Section 220(7), he should invariably use in such order, only the expression which is found in the Section *viz.*, that he agrees to treat the assessee as not being in default in respect of the amount specified subject to such conditions as he may deem fit to impose. He should not use the expression **'stay'** in any order that will be communicated by him to the assessee.

4.3 Stay applications, have to be dealt with, in accordance with the guidelines stipulated by the Board in Instruction No. 1914 dated 02/12/1993 read with any modification arising time to time. In exercising this discretion, the Assessing Officer should take into account circumstances, such as, whether:

(a) the points in dispute relate to facts or are a consequence of different interpretations of law.

(b) the additions have been made as a result of detailed investigation.

(c) they are based on materials gathered through enquiry/ survey/ search and seizure operations.

(d) they have been assessed elsewhere by way of protective assessment and the tax thereon has been paid by such person etc.

The magnitude of additions to the total income returned cannot be the sole determinant in this regard. Each disputed addition will have to be duly considered to arrive at the quantum of tax that needs to be stayed.

4.4 However, in exercising this discretion, the Assessing Officer should decide in favour of the assessee's application for stay in the following situations:

(a) the points in dispute have been decided in favour of the assessee in an earlier order by the Pr. Commissioner/ Commissioner of Income-tax (Appeals) or the Income-tax Appellate Tribunal or the High Court; and

(b) the disputed point arises because the Assessing Officer has adopted an interpretation in respect of which, there exist conflicting decisions of one or more High Courts, or jurisdictional High Court has given a contrary interpretation and the Department's appeal before the Supreme Court is pending.

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4.5 It needs to be pointed out that even in the situations indicated above, what should be stayed is only the demand attributable to such disputed points.

4.6 When a request for stay has been considered by the Assessing Officer, his decision should always be recorded in writing and communicated to the assessee.

4.7 While granting stay, the Assessing Officer may impose such conditions as he may think fit. Thus the Assessing Officer may:

(a) require the assessee to offer suitable security to safeguard the interests of revenue,

(b) require the assessee, during the pendency of the appeal, to pay towards the disputed taxes, a reasonable amount in lump sum or in instalments,

(c) require an undertaking from the assessee that he will cooperate in the early disposal of the appeal, failing which the stay order will be cancelled, reserve a right to review the order passed by him after the expiry of reasonable period, say six months, even if the appeal is not disposed of, to ascertain if the assessee has fulfilled the undertaking at (iii) above as well as to consider any other development such as a pronouncement of a higher court on the points indicated above, in favour of the department.

(d) Clearly mention that during the currency of the stay if any refund becomes payable to the assessee by the Department it will be adjusted towards the taxes stayed.

4.8 While the Assessing Officer can exercise his discretion taking note of facts peculiar to each case, conditions (b), (c) and (d) above should invariably be imposed.

4.9 While exercising his discretion under this sub-Section, the Assessing Officer has to take into account the nature of the dispute which has generated the additional demand and not just the financial capacity of the assessee which may or may not be relevant to the decision to be taken. Thus, for example, if the disputed demand is of the nature indicated above, the fact that the assessee is in a position to pay it will not preclude favorable consideration of his stay application.

4.10 According to Board's Instruction No. 1287 dated 12th November, 1979, the Assessing Officer has the right to adjust any refund that may arise in respect of any other year even against demand with respect to which the assessee is not considered as being in default. It needs to be however ensured that there is a valid notice of demand and the assessee is made aware of the adjustment of refund against the demand. The procedure for adjustment of refund against demand is discussed in the Chapter on Refunds.

4.11 Where the demand stayed by the Assessing Officer is rupees one lakh or more, the Assessing Officer will intimate the relevant particulars i.e., the details of pending appeals, the quantum of demand stayed and the condition imposed, to the Joint/ Addl. Commissioner of Income-tax. The Addl./Joint Commissioner of Income-tax will in turn request the Pr. Commissioner of Income-tax to write to the concerned Commissioner of Income-tax (Appeals). The Pr. Commissioner of Income-tax will request the Commissioner of Income-tax (Appeals) for early disposal of such appeals. These instructions apply *mutatis mutandis* to demands created under other direct taxes enactments.

4.12 Where an assessee has been assessed in respect of income arising outside India in a country, the laws of which prohibit or restrict the remittance of money to India, the Assessing Officers shall not

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treat the assessee as being in default in respect of that part of the tax which is due in respect of that amount of his income which, by reason of such prohibition or restriction, cannot be brought into India; he will continue to treat the assessee as not being in default in respect of such part of the tax till the prohibition or restriction is removed. The tax on the Indian income should be calculated and collected at the average rates applicable to the total income.

4.13 There can be instances where the assessees approach the higher authorities for grant of stay or instalment facilities. In such cases, a report must be called from the Assessing Officer. Also, suitable instructions should be issued to him expeditiously. Ordinarily, the higher authorities should not interfere in matters of grant of stay. Instructions for stay, when issued, should be in conformity with the guidelines issued by the Board.

4.14 Where there are arrears of Income-tax, Wealth Tax and gift-tax against an assessee and payments are made by him in instalments, these should, in the absence of any specific request in this regard from the assessee, be first adjusted against Wealth Tax and gift tax dues and thereafter only against Income-tax dues.

4.15 Security to be Furnished by the Assessee

4.15.1 The Assessing Officer, while treating the assessee as not being in default, may direct him to offer suitable security to safeguard the interests of the revenue.

4.15.2 Where the assessee owns a property which is free from encumbrances, the assessee may be asked to deposit the title deed with the Income-tax Officer. This is called equitable mortgage. The assessee should be asked to deposit the title deed first and after this a letter should be obtained in the form given in Annexure I. It is not necessary in such cases, to draw a regular deed of mortgage. The Assessing Officer should also ensure that, in all such cases title deeds are kept in his personal custody and duly handed over to his successor, in the event of his transfer.

4.15.3 In cases where the assessee desires to offer his immovable property as security but does not possess the title deed, he should be asked to execute a registered regular mortgage deed on non-judicial stamp paper of the full value as provided in article 40(B) of the Stamp Act. He should also be asked to furnish an upto date encumbrance certificate, from the Sub-Registrar along with the title deeds.

4.15.4 A specimen of the deed of mortgage is given in Annexure II at the end of the Chapter.

4.15.5 If the assessee does not have any property of his own, he can offer any other person owning a property, as surety. In such a case, the surety will have to execute a surety bond on a non-judicial paper of Rs.10 and if the property involved is immovable property, it will have to be registered. If however, only the personal security of the surety is accepted, it is not necessary to get the security bond registered. The security bond should be in the form given in Annexure III at the end of this Chapter.

4.15.6 In the case of movable property the pledge can be effected by the delivery of the goods to the Assessing Officer so as to avoid any further complications. The agreement of the pledge should be on a non-judicial stamp paper. Its value as given in Article 6 of the Stamp Act, would vary with the amount pledged. The agreement of the pledge should be in the form given in Annexure-IV at the end of this Chapter.

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4.15.7 The Assessing Officer can also obtain bank guarantees from the assessees in suitable cases. It should however be ensured that bank guarantees are periodically renewed and not allowed to lapse. The Assessing Officer should make it a point to include a specific note in the handing over note, in the event of his transfer, about cases in which bank guarantees have been obtained.

5. Measures to Enforce Collection and Recovery of Outstanding Demand Levy of Penalty under Section 221

5.1 The Assessing Officer is empowered under Section 221 of IT Act to levy a penalty in cases where the assessee does not pay the demand in time. Levy of penalty is obligatory where the assessee is in default or deemed to be in default in making a payment of tax. The Assessing Officer should give a reasonable opportunity of being heard before he levies the penalty.

5.1.1 If after giving such opportunity, he finds that the assessee is not in default or is not deemed to be in default or that the default was for good and sufficient reason, he may not impose a penalty.

5.1.2 The quantum of penalty to be imposed under Section 221(1) is discretionary. The maximum penalty which could be imposed is equal to the amount of tax in arrears.

5.2 The order levying the penalty should be speaking and it should clearly specify the amount of penalty payable by the assessee. The demand notice and challan for penalty imposed should be issued only after a specific order under Section 221 is made in form ITNS 128. The relevant particulars should be entered in the D & C Register.

5.3 The penalty levied under Section 221(1) cannot be regarded as an action taken to recover the tax from the defaulter; it is merely a punishment for the default of the taxpayer. Various modes of recovery have been set out in Section 222 and in Sections 226 to 228. It is only when action is taken in accordance with these Sections that recovery proceedings can be said to have commenced, properly speaking.

5.4 Where, as a result of any final order, the amount of tax with respect to which the penalty was levied is wholly reduced, the penalty levied is to be cancelled and the amount paid, if any, should be refunded.

6. Recovery under Section 226 of IT Act

6.1 All steps mentioned in Sections 226 to 229 should be taken before statements are drawn up by the TROs. Once a statement of arrears is drawn up by the Tax Recovery Officer, the Assessing Officer is precluded from resorting to any of the modes of recovery vide Section 226(1). Different modes of recovery are not mutually exclusive.

6.2 Recovery under Section 226(2) of IT Act

6.2.1 Under Section 226(2) of the Income-tax Act, 1961, the Assessing Officer has the power to require any person from whom salary is receivable by the defaulter to remit a portion of the salary direct to him towards the arrears of tax due. The Assessing Officer may recover the outstanding tax by asking the employer to deduct the sum from any amount chargeable under the head salary, payable to the defaulter. Any part of the salary exempt from attachment in execution of a decree of a civil court

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under Section 60 of the Code of Civil procedure 1908 shall be exempt from any requisition made under Section 226(2). No attempt should be made to recover Income-tax from pension in view of provisions of Sec. 11 of the Pension Act, which provide that a pension shall not be liable to attachment at the instance of a creditor for any demand against the pensioner.

6.2.2 Similarly, attempt should not be made under Section 226(2) to recover the arrears out of fees and honorarium paid to artistes for broadcasting programmes from All India Radio Station as these payments do not exactly fall under the definition of salaries.

6.2.3 Cases of attachment of salaries should be dealt with only under sub-Section (2) and not under sub-Section (3) of Section 226. This is on the principle that in a statute a special provision overrides a general provision dealing with same subject.

6.3 Recovery under Section 226(3) of IT Act

6.3.1 Under Section 226(3), the Assessing Officer has the power to require any person from whom money is due and may become due to the assessee or any person who holds or may subsequently hold money on account of the assessee to pay to the Assessing Officer so much of the money as is sufficient to cover the amount of tax arrears due from him. This is referred to as a garnishee order. It is not necessary that the person in relation to whom the garnishee order is issued, should himself be a defaulter. However drawing up of a statement of arrears is a mandatory requirement before the Tax Recovery Officer can take recovery proceedings under this provision.

6.3.2 Section 226(3) refers not merely to a person who holds money but also to a person who may subsequently hold money for or on account of the assessee. "May become due" etc., in this provision, refers to claims arising out of some relationship subsisting at the time of issue of the notice between the assessee and the person served with the notice- such as banker and customer, debtor and creditor or annuitant and payer of the annuity. The provision will not cover the case of a bank with which the assessee has never dealt within the past or of a person with whom he has no dealings or a person with whom he may have dealings in the future.

6.3.3 The notice under Section 226(3)(i) should ordinarily state the amount believed to be due or falling to be due to the assessee. In any case, the person should comprehend clearly the amount that is referred to.

6.3.4 The notice under Section 226(3) can also be issued in respect of joint accounts and in the absence of any specific information, the shares in such joint accounts should be presumed to be equal. A copy of the notice is required to be sent to the assessee at his last known address and in the case of joint accounts, a copy of the notice under Section 226(3) should be sent to all the joint account holders.

6.3.5 Compliance with the terms of Section 226(3), is mandatory on the part of the recipient of the notice. It is specifically provided in the Act that when a notice under Section 226(3) is issued to a post office, a banking company or an insurer, it will not be necessary for any pass book, deposit receipt, policy or any other document to be produced for the purpose of any entry, endorsement or the like being made before payment is made. This is notwithstanding any rule, practice or requirement to the contrary. Also, any claim by any other person on the property regarding which a notice under Section 226(3) has been issued arising after the date of issue of notice will be void in relation to any demand contained in the notice.

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6.3.6 Notice under Section 226(3) can be issued by the Assessing Officer to the Customs authorities where they seize some currency but ultimately decide not to confiscate. In law, the Customs authorities would hold money on account of the assessee only when a finding is given by them that the currency could not be confiscated under the law and will become refundable to the assessee. However, the Customs authorities will inform the Department only when the amount to be refunded exceeds Rs. 1000.

6.3.7 If the person on whom a notice under Section 226(3) is serv.ed, denies his liability to pay on the ground that he does not hold any money for or on account of the assessee in default, then he cannot be forced to make the payment. However, the Assessing Officer should intimate each case of denial of liability to the defaulter assessee to ensure that:

(a) the debtor's denial can be promptly verified with the help of evidence of debt that may be produced by the assessee; and

(b) No garnishee should be allowed to delay or defer the payment of the amount covered by the garnishee proceedings except by filing a statement on oath as prescribed under Section 226(3)(vi). Intimation in the form of a simple letter should not be recognised and, the garnishee in such cases, should be advised to file a proper objection in the form of a statement on oath before he is allowed not to pay the tax covered by the proceedings. If such statement is not forthcoming within about a fortnight after the due date, further steps must be taken to recover the amount due from the garnishee. The Assessing Officer, at the time of issuing notice, should supply full information that is available with him. This could be done in the form of a letter addressed to the debtor, the Reserve Bank/ public financial institutions. In such letter, it should be clarified that any other amounts due to the defaulter, as not mentioned in the notice, should also be paid towards the tax dues of the defaulter. If full details are not immediately available, the AO should, to begin with, give all the information available with him. He should furnish the rest of the details after collecting the same from his records or through local enquiries, within a fortnight of the first communication.

6.3.8 Notices under Section 226(3) in original should invariably be sent along with a covering letter. The notices to a bank should not be issued with regard to the principal or face value of Government securities.

6.3.9 When a person to whom a notice is issued, denies owing any amount to the assessee, the Assessing Officer should make periodical enquiries and issue, a fresh notice for any amount which might become due subsequently.

6.3.10 If the person on whom the Assessing Officer has served the notice of attachment, discharges any liability to the assessee directly after receipt of the notice, he would, to that extent, be personally liable to the Assessing Officer, if the tax remains unpaid. If he pays any amount to the Assessing Officer it would be sufficient discharge of his liability to the assessee. If he does not pay any amount, the Assessing Officer should take prompt action for recovery of tax through the Tax Recovery Officer as if it were arrears of tax due from him.

6.3.11 When a garnishee order is served attaching the fixed deposit in the name of the assessee, the Assessing Officer steps into the shoes of the depositor and the bank has an obligation to make the payment towards tax arrears, even before maturity. This should be insisted upon whenever a garnishee order is issued attaching fixed deposits.

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6.3.12 The Assessing Officer should grant a receipt for any amount received in compliance with the notice issued under Section 226(3).

6.4 Recovery under Section 226(4)

6.4.1 Under Section 226(4), the Assessing Officer has the power to attach any money due to the assessee but lying in a Court. The Assessing Officer can apply to the court for payment of such money to him towards the taxes due from the assessee. As the assessment creates a debt, the State takes priority over other debtors. Tax assessed more than twelve months before the date of liquidation of a company, however, will have no priority over other debts and will rank in the same position as other secured debts.

6.4.2 In respect of income-tax already assessed, the government has a right of preference over other debts. The fact that a creditor has attached the assessee's property can give him no preference over the government. An attachment confers no title to property.

6.5 Issue of Distraint Warrant under Section 226(5)

For realisation of tax arrears, the Assessing Officer has the power under Section 226(5) to issue a distraint warrant, by restraint and sale of movable property, in accordance with the third schedule to the Income-tax Act, 1961. The Assessing Officer should be duly authorised by the Pr. CCIT/CCIT/Pr. CIT/CIT for exercising this power.

6.6 Procedure to Initiate Distraint Proceedings

6.6.1 Distraint proceedings are initiated by the Assessing Officer by issuing a distraint warrant in the prescribed form (vide Annexure-VI at the end of this chapter) in favour of an Inspector. The warrant authorises the Inspector to use the powers of distraint. Before serving the distraint warrant, the Assessing Officer should thoroughly go through the file and see that all pending actions like rectification applications, stay petitions, appellate orders etc. are attended to.

6.6.2 Then, a notice should be issued to the defaulter indicating the amount of tax etc. due from him.

6.6.3 As the next step, the Assessing Officer should issue a distraint warrant in the name of the Inspector.

6.6.4 On receipt of the warrant, the Inspector should take the following steps:

(a) he should conduct a confidential enquiry to ascertain the time at which the assessee will be available at the business premises.

(b) gather information about the movable properties, available at the premises of the assessee, capable of being dealt with under Section 226(5).

(c) while proceeding to the assessee's premises he should carry with him:

  (i) the original and the office copy of the notice as indicated in Annexure-V at the end of this chapter. He should also take care to note the D.C.R. number corresponding to the pending demand for each assessment year.

  (ii) the original and office copy of the distraint warrant as per Annexure-VI at the end of this chapter.

  (iii) Receipt books as per Annexure-VII at the end of the Chapter.

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(iv) Blank challan forms duly signed by the Assessing Officer.

(v) Adequate number of forms of ITCP 12, 13, 14, 23, 29, 30.

(vi) Adequate stamps to be affixed on ITCP 23.

(vii) his identity card.

Note 1: If the defaulter wants some time to produce some papers or for collecting cash to pay the tax demanded, reasonable time, say 2 hours, may be allowed before taking further action.

Note 2: Normally the Inspector should visit the business premises of the defaulter in the early part of the day, say within an hour of commencement of the business. If, however, the defaulter conducts business at his residence, the Inspector may visit him at his residence. This visit also should be done in the earlier part of the day. In either case, the idea is that the visit should commence after sunrise and end well before sunset.

6.6.5 After making sure that the entire part of the demand mentioned in the letter (as per Annexure-V at the end of this chapter) is still due from the assessee, the Inspector should request the defaulter to pay the dues out of the cash available with him or in the premises. If the defaulter tenders cash, a temporary receipt may be issued (as per Annexure-VII at the end of this chapter). If, the cash available is sufficient only to meet a part of the dues, the Inspector should request the defaulter to meet the Assessing Officer, indicating the time, the date and the place for such meeting.

6.6.6 If the defaulter cooperates with the Inspector in the execution of the warrant by paying the amount due, the Inspector returns and submits a report to the Assessing Officer. If, however, the defaulter does not cooperate with the Inspector, the Inspector should serve a copy of the distraint warrant upon him. It is absolutely necessary that this is done before any further step is taken. As far as possible the notice should be served on the defaulter himself. However, in case the defaulter is available but refuses to receive it, service by affixture, as per the procedure laid down in the Code of Civil Procedure may be adopted. In this connection, attention is invited to Board's letter F. No. 831(1D)-RSP/63-64, dated 17/08/1964. If the defaulter is not present, it may not be advisable to effect service on any adult member of the family, since coercive process is being taken and it is better that the notice is served on the assessee himself. However, if an adult male member is there and he is the one who usually attends to the business of the defaulter or is otherwise closely connected with him, the notice may be served on him also. But on no account should the service by affixture be resorted to at the very first instance. If the defaulter is absent from the premises, the Inspector must make at least one or two attempts to serve the warrant before he resorts to service by affixture.

6.6.7 After the service of the warrant, the Inspector should demand payment of tax forthwith. On failure of the defaulter to clear his tax dues, the Inspector must attach the movable property of the defaulter. The word 'forthwith' has been described as 'as expeditiously as possible' in the Code of Civil Procedure. If the defaulter wants to pay the amount in an hour or two, by borrowing or otherwise, he must be given time. If he does not pay the amount within a reasonable time, say, one or two hours, after service of the warrant, the Inspector should attach movable properties in the possession of the defaulter by actual seizure.

6.6.8 Actual seizure involves a change of possession from the defaulter to the Assessing Officer. The words 'actual seizure' only means taking physical possession and does not mean seizure by means of force or violence on the property or on the person of the defaulter. The first and foremost duty of the

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Inspector is to take the cash. If it is not tendered voluntarily, it should be attached and handed over to the Assessing Officer in accordance with the order contained in the latter part of warrant of distraint (as per Annexure-VI at the end of this chapter).

6.6.9 The seizure should be done in the presence of two witnesses and a Panchanama should be drawn up after the seizure.

6.6.10 If the cash thus attached is not sufficient to meet the outstanding dues, the Inspector should proceed to attach the other movables. In the normal course, the Inspector should proceed to attach the other movables which can be easily removed and transported to the Income-tax Office to be kept there in safe custody, pending the Assessing Officer's final orders in the matter. If movables other than cash are there, the Inspector should not attach them but make a list of them, obtain a sapurdnama (ITCP 23) from him and send a report to the Assessing Officer accordingly. (If the defaulter is not in a position to pay any amount by way of monthly instalments, the bond should be filled in mentioning 'NIL' in the relevant blank space). The idea is that the Assessing Officer, (if this has not, already been done) may request the Tax Recovery Officer to proceed against these properties under Rule 31.

7. Recovery of Tax in Pursuance of Agreements with Foreign Countries (Section 228A)

7.1 Where the specified authority of a foreign government, with which Government of India has an agreement for recovery of Income-tax, sends to the Board, a certificate for recovery of any tax due to such foreign country from any person having property in India, the Board may forward such certificate to any Tax Recovery Officer within whose jurisdiction such property is situated. On receipt of such certificate, the Tax Recovery Officer will proceed to recover the amount specified in such certificate in the same manner in which he would proceed to recover the amount specified in the statement of arrears drawn up under Section 222 of the Income-tax Act. Such sums should be remitted by him to the Board after deducting the expenses related to such recovery proceedings.

7.2 Section 228A(2) provides that notwithstanding the issue of a tax recovery certificate under Section 222, if the assessee in default has property in a foreign country with which the Central Government has entered into an agreement for the recovery of Income-tax, the Assessing Officer may forward to the Board a certificate specifying the amount of arrears due from the assessee. The Board may, then, take such action thereon as it may deem appropriate, having regard to the terms of the agreement with such foreign country.

8. Recovery of Tax from Companies in Liquidation

8.1 If any company goes into liquidation, the liquidator has to inform the Assessing Officer about the fact of winding up of the company within thirty days of his appointment. Within three months of the receipt of notice from the liquidator, the Assessing Officer should inform the liquidator of the amount of tax payable by the company which he should set apart. On hearing from the Assessing Officer, the liquidator is required to set apart that much amount of money. If the liquidator does not comply with the above requirements, or parts with the assets in contravention of Section 178(3) or incurs expenses considered unreasonable by the Commissioner, he will be personally liable for the tax due from the company upto the amount notified by the Assessing Officer.

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8.2 Where the Company cannot completely discharge its tax liability, the Assessing Officer can request for an order for compulsory winding up the company. However, liquidation proceedings against a defaulting company should be initiated only after all available methods of recovery have been exhausted. Recourse should be taken to the provisions Companies Act, 2013 only in the face of a continuing and consistent default. However, before issuing such a notice to the company, the Assessing Officer should obtain the prior approval of the Pr. Commissioner of Income-tax.

8.3 In a case where a private company is wound up on or after 1st April, 1962, and it is found that any tax assessed on the company, whether before the commencement of the liquidation or in the course of or after the liquidation, cannot be recovered from the company, then, every person who was a Director of the company at any time, during the relevant previous years, is held jointly and severally responsible for the payment of the tax that cannot be so recovered. If a Director can show that the non-payment of tax by the company was not due to gross neglect on his part, he will be absolved. With effect from October 1, 1975, the Income-tax Act has imposed personal liability on the Directors of a private company in respect of any tax payable by the company even in cases where the company has not gone into liquidation. When a private company turns public but the tax in relation to company when it was private limited cannot be recovered, the Directors of the company, when it was private, would be liable for the outstanding tax.

9. Liability of the Official Assignee for Payment of Income-tax Demand

9.1 In case the assessee is declared insolvent and the demand is pending against him, the Assessing officer should file the claim against the estate of the assessee before the Official Assignee. Where the person has been declared insolvent and the income or profits have been received by the Official Assignee after this date, the latter will, in effect, be the assessee and all notices can be served upon him. In such cases, he will pay taxes out of the estate of the assessee in so far as the assets lying in his hands are sufficient to meet the demand. In cases where the Official Assignee carries on business, he becomes, the successor under Section 170.

9.2 When a person is declared insolvent after he receives the income but before the assessment is completed or the return is filed, all notices should be served on such person.

9.3 If a Court Receiver has been appointed to administer the defaulter's estate, the claim should be made upon him with all the necessary details.

10. Certain Transfers to be Void for Recovery Proceedings

Under Section 281, transfers effected by an assessee during the pendency of any proceedings under the Act with an intention to defraud the revenue are regarded as void as against any claim in respect of any tax or any other sum payable by the assessee as a result of completion of such proceedings. This provision is applicable in cases where the assessee creates a charge on any of his assets or parts with them by way of sale, mortgage, exchange or any other mode of transfer. Bona fide purchasers for adequate consideration and without notice are, however, protected against the operation of this Section. With effect from 1.10.1975, the scope of this Section has been enlarged. Now the creation of any charge or transfer of assets made not only during the pendency of proceedings but also after the completion thereof but before the service of notice by the Tax Recovery Officer under Rule 2 of the Second Schedule will be void. The Department would no longer be under any obligation to prove that the charge was created or the transfer was made with the intention to defraud the revenue.

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Notes:

(a) Assets covered by the provisions of the new Sections have been defined to mean land, building, machinery, plant, shares, securities and fixed deposits in banks, to the extent to which they do not form part of the stock-in-trade of the business of the assessee.

(b) The charge of the transfer shall not be void if made for adequate consideration and without notice of pendency of such proceedings or as the case may be without notice of such tax or other sum being payable by the assessee. If the charge is created or the transfer is made with the previous permission of the Assessing Officer, it will not be void.

(c) The provision will apply only if the amount of tax or other sum payable or likely to be payable exceeds Rs. 5,000/- and the assets charged or transferred exceeds Rs. 10,000/- in value.

11. Provisional Attachment to Protect Revenue in Certain Cases (Section 281-B)

To protect the interest of revenue, during the pendency of any proceeding for the assessment or reassessment, the Assessing Officer is empowered to make a provisional attachment of any property of the assessee (even though there is no demand outstanding against the assessee). In order to invoke this provision, the Assessing Officer should be of the opinion that it is necessary to do so. The order of the provisional attachment will be made under Section 281-B. It is to be made only after obtaining the approval of the Pr. CCIT/ CCIT/ Pr. CIT/ CIT/ Pr. DGIT/ DGIT/ Pr. DIT/DIT. Such provisional attachment will ordinarily cease to have effect after the expiry of six months. In appropriate cases, however, the Pr. Commissioner may, for reasons to be recorded by him in writing, extend this period from time to time. However, the total period of such extension shall not, exceed two years. In a case where an application for settlement is made under Section 245C, the period between the date on which such application is made and the date on which the order is made under Section 245D(1) shall be excluded from the period specified above.

12. Punishment for Willful Attempt to Evade the Payment of Tax

The Assessing Officer should, initiate prosecution proceedings in cases where he has reason to believe that the assessee is attempting willfully to evade the payment of taxes. Section 276 C (2) of IT Act covers cases of willful attempt to evade the payment of taxes, penalty or interest. Punishment for such willful attempt is, rigorous imprisonment for a period of not less than three months which may extend to two years, alongwith fine, at the discretion of the court.

13. Recovery of Taxes-Persons Leaving India-Tax Clearance Certificate

13.1 Section 230(1) of the Income-tax Act, 1961, inter-alia, provides that no person, who is not domiciled in India, who has come to India in connection with business, profession, employment, who has income derived from any source in India, at the time of his departure has, in the opinion of an Income-tax Authority, no intention of returning to India, shall leave the territory of India by land, sea or air unless he obtains from the competent authority, a tax clearance certificate (in Form No. 33) stating that he has no liabilities outstanding under the Income-tax Act and other allied acts or that he has made satisfactory arrangements for the payment of the taxes due from him.

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(a) Such certificates may be issued only in absolutely genuine cases. All outstanding taxes should have been paid. Alternatively, he should either furnish a suitable guarantee or possess adequate assets which can be proceeded against for recovery of tax demands which may have become payable.

(b) The Assessing Officers should, invariably, complete up-to-date assessments as provided for under Section 174. He should insist upon the payment of taxes before granting a tax clearance certificate under Section 230. Where even after completing the assessments up-to-date and realising the taxes thereon, further tax liabilities are likely to arise, on account of any pending enquiries etc. a necessary guarantee bond, as provided in Instruction No. 31/69 dated the 31st March, 1969, should be insisted upon. The guarantee form has to be accepted by the Pr. Commissioner of Income-tax for and on behalf of the President of India.

(c) In exceptional cases, where it is not possible to complete enquiries and sufficient security is forthcoming to safeguard the interests of revenue, up-to-date assessments may be deferred. In such cases too, efforts should be made to complete the assessments as early as possible and recover the tax from the guarantor or from out of the assessee's assets, as the case may be.

(d) Where a person (hereinafter referred to as the 'Guarantor') has stood guarantee for the payment of taxes of another person (hereinafter referred to as the 'principal debtor') and the guarantee has been given in the form referred to above, the procedure for the recovery of the taxes from the guarantor will be as follows:

    (i) The Assessing Officer should inform the guarantor in writing the tax liability of the 'principal debtor' for whom the 'guarantor' had stood guarantee and ask the guarantor to make the payment in terms of the guarantee bond. If the guarantor defaults action as stipulated under the Second Schedule and in para 7 of the guarantee bond can be initiated.

    (ii) Where the guarantor does not make the payment, the Assessing Officer should start proceedings under the Second Schedule as if the guarantor was the defaulter and the Tax Recovery Officer should take coercive measures to recover the amount from the guarantor. In doing so, the Tax Recovery Officer would be acting in the discharge of his duties and in terms of para 7 of the guarantee bond executed by the guarantor.

(e) In appropriate cases, where the employee/Director of the company has to proceed out of India on business at short notice, the Assessing Officer may accept the guarantee furnished under Section 230 with the seal of the company, provided it has been executed by a person duly authorised in this behalf, by the Articles of Association. He may also accept a power of attorney or any other suitable document.

(f) The guarantee should be in operation till the party's return to India and for a period of three months thereafter. It should be subject to the condition that the individual remains in India for the said period of three months and that the company gives prompt notice to the Assessing Officer of the party's return to India. The Assessing Officer dealing with the cases of such individuals should be alert and he should ensure that no delay is allowed to take place in recovering the taxes from them after their return to India.

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13.2 Issuing of Look Out Circular

(a) In order to prevent a tax defaulter from escaping country to avoid recovery action, Section 230(1A) of Income-tax Act, 1961, provides that every person, who is domiciled in India at the time of his departure from India, shall not leave the territory of India by land, sea or air unless s/he obtains a certificate from the Income-tax Authority stating that s/he has no liabilities under this Act, or the Wealth Tax Act, 1957 (27 of 1957), or the Gift-tax Act, 1958 (18 of 1958), or the Expenditure-tax Act, 1987 (35 of 1987), or that satisfactory arrangements have been made for the payment of all or any of such taxes which are or may become payable by that person.

It has further been provided that any Income-tax Authority has to record reasons, therefore and with obtain prior approval of the Principal Chief Commissioner or Chief Commissioner of Income-tax, before making it necessary for any person who is domiciled in India to obtain a tax clearance certificate under Section 230(1A).

After obtaining approval from Principal Chief Commissioner or Chief Commissioner of Income-tax, a request is to be made to the Ministry of Home Affairs, for issue of Look Out Circulars (LOC) in respect of tax defaulters in accordance with the stipulations contained in the OM No. 25016/31/2010-Imm. dated 27.10.2010, (Annexure X.)

Under the existing practice, the issuance of LOCs is governed by letter of Ministry of Home Affairs No. 25022/13/78-F.I dated 5.9.1979 and OM No. 25022/20/98-F.IV dated 27.12.2000. As per these OMs, apart from the Ministry of Home Affairs, circulars are issued by various authorities for keeping a watch on arrival/departure of Indians and Foreigners. The Income-tax Department is one such authorities.

The aforesaid OM dated 27.12.2000 of MHA specifies the steps for opening of a LOC in respect of an Indian citizen. It has been mentioned in the said OM that the request for opening of a LOC in respect of an Indian citizen is required to be made to all the Immigration Check Posts (ICP) in the country in a prescribed proforma. It has further been stated that the request for opening of LOC must invariably be made by an Officer not below the rank equivalent to Deputy Secretary to the Government of India. This request must be made to the Deputy Director, Bureau of Immigration (BOI), Ministry of Home Affairs. Due care must be taken by the issuing Income-tax Authority to ensure that complete identification particulars of the tax payer, in respect of whom the LOC is to be opened, are mentioned in the columns as indicated in the prescribed proforma (an enclosure to Annexure X.)

The name and designation of the officer signing this proforma for requesting opening of an LOC must, invariably, be mentioned clearly. Without this information, the request for opening of LOC would not be entertained. The contact details of the originator must be provided in column VI of the proforma. The contact telephone/mobile number of the concerned contact person should also be mentioned to ensure proper communication for effective follow up action.

The Look Out Circular issued by the Intelligence Bureau/ Bureau of Immigration (Ministry of Home Affairs), on satisfactory completion of formalities by the Income-tax Department is valid for a period of one year from the date of issue and a watch will be maintained by the authorities concerned at the immigration check posts for that period only. Therefore, Income-tax Department should, clearly mention the period of validity in the initial request itself or take a timely action to extend the period of watch before it expires.

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(b) If such person against whom an LOC has been opened, is allowed by any carrier through surface, air or sea, carrying persons from any place in India to any place outside India, without first satisfying him/herself that such passenger has this certificate, the carrier shall become liable to pay the amount in default. Further, in these circumstances, the owner or charterer of carrier, shall be deemed to be an assessee in default and the amount in default shall be recoverable from him/them/her.

For the purposes of this Section, the expressions “owner” and “charterer” include any representative, agent or employee empowered by the owner or charterer who allow tax defaulters to travel beyond Indian territory by any mode.

The Board may make rules for regulating any matter necessary for, or incidental to, the purpose of carrying out the provisions of this Section.

14. Levy of Interest under Section 220(2)

14.1 If the amount specified in any notice of demand is not paid before the specified date, the assessee shall be liable to pay interest for the period between that date and the date of payment.

14.2 According to the Board’s Instruction No. 1883 dated 07/06/1991, the Assessing Officer is required to calculate the interest under Section 220(2) at the end of each financial year on the outstanding demand. He should issue a notice of demand before the 30th day of April next following. Wherever the outstanding demand is paid, interest due is to be calculated and charged within a week from the date of payment. The PCIT/ Addl. or JCIT should carry out an yearly review of the work of the Assessing Officer in this regard and send a report to the PCCIT/CCIT.

14.3 Where the regular demand in respect of which interest has been charged is reduced subsequently as a result of orders under Section 154/155/250/254/260/264 or Section 245D(4), interest charged is also to be proportionately reduced, and excess interest paid, if any, is to be refunded to the assessee.

14.4 Interest under Section 220(2) will be computed with reference to the due date reckoned from the date of original demand notice and the tax finally determined. The fact that during the intervening period there was no tax payable by the assessee under any specific order, would make no difference to this position, vide Section 3(2) of Taxation Laws (Continuation & Validation of Recovery Proceedings) Act, 1964 and CBDT circular No. 334 dated 03/4/1982.

14.5 Rates at which interest is chargeable under Section 220(2) for the different periods are as under:

Upto 31/3/1965	4% p.a.
1/4/1965 to 30/9/1967	6% p.a.
1/10/1967 to 31/3/1972	9% p.a.
1/4/1972 to 30/9/1984	12% p.a.
1/10/1984 to 31/3/1989	15% p.a.
1/4/1989 to 31/5/2001	1.5% p.m.
1/6/2001 to 07/09/2003	1.25% p.m.
07/09/2003 onwards	1.00% p.m.

14.6 As per rule 119A a fraction of a month shall be deemed to be a full month for the purpose of levy of interest under Section 220(2). The amount on which interest is to be calculated shall be rounded of to the nearest multiple of one hundred rupees and for this purpose, any fraction of one hundred rupees shall be ignored.

15. Demand and Collection Register

15.1 This is one of the key registers generated inline in the Income-tax Office. It is normally maintained ward-wise for recording entries of one financial year. As the name of the register indicates, it records all particulars of demand and collections for a financial year. Separate registers are maintained for company and non-company cases.

15.2 Whenever the Assessing Officer passes any order relating to assessment, penalty etc., full particulars thereof, such as the assessee's name, address, assessment year, total income, amount of tax, penalty, amount of refund, details of adjustment of pre-assessment tax collections, date of order, etc. are entered in this register. Date of service of demand notice is also entered in this register to keep watch over tax collections. Particulars of collections made are entered in this register when challans are received. Interest charged and interest payable to the assessee is also entered. Any variations in demand or refund as a result of rectification, appeal revision etc. are again duly recorded in this register.

15.3 CBDT instruction in F. No. 385/85/78-IT(B) dated 13/09/1982 prescribed a new format for the Demand and Collection Register and introduced Arrear Carry Forward Register.

15.4 The revised format bears a new look with redundant columns deleted and new columns added to bring the register in tune with the information needs of the Department. The salient features of the format are as under:

15.4.1 In the revised D & CR, the column 'demand' will represent the gross demand without reducing the tax deducted at source. The aggregate of all taxes paid before assessment *viz.* tax deducted at source, advance - tax, self - assessment tax, etc. and any other payment made prior to assessment will be entered in the column 'pre-paid taxes'.

15.4.2 The column "Demand" and "Pre-paid taxes" will include the totals of Income-tax and surcharge. However, the column 'Net Demand/ Refund Payable' provides for separate sub-columns to indicate its break up into 'Income-tax' and 'Surcharge' to facilitate correct classification of net demand being given in the challan/refund voucher.

15.4.3 All entries of demand and collections of Income-tax, interest, penalties, etc. on companies will be made in a separate portion of the D & CR. This facilitates compilation of statistics regarding income-tax, interest, penalties, etc. on companies.

15.4.4 The revised format of the D & CR contains columns at appropriate places for full signatures of the TA/ Sr.TA making the relevant entry. This will help in fixing responsibility in case of wrong entries. Further, on the first page of the register, the full name, the designation and the specimen signature as well as the initials of all the officials handling the register at any point of time during the period of its maintenance will be recorded.

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15.4.5 To ensure compliance with existing instructions that all refunds are required to be entered in the D&CR, relevant columns in the revised D&CR have been so worded as to remind the staff that entries regarding refunds have also to be made at appropriate place.

15.5 A record of the particulars of the officials responsible for posting and checking of collection entries should be kept on the first or second page of the D&C Register in the format as given in Annexure-VIII.

15.6 The D&CR is the first register which the Addl. CIT/ JCIT calls for scrutiny on inspection. This register is useful to the Addl. CIT/ JCIT in checking the quantity and quality of the AO's work and in judging the manner in which the AO is carrying on his duties of assessment and collection. The Addl. CIT/ JCIT can ascertain the progress of assessment work, steps being taken to promptly collect the demands, the nature of AOs control over the staff in respect of issue and service of the demand notice, refund vouchers, giving effect to appeal orders etc., and his performance in respect of disposal of assessments and collection of demands compares *vis-a-vis* the targets set for him.

16. Arrear Demand and Collection Register (ADCR)

16.1 Under the new scheme, a single register is maintained for a period of 3 years. In other words, a new ADCR has to be started every fourth year. As per this scheme which was introduced from 01/04/1983, the register started in 1983-84 was in operation during 1983-84, 1984-85 and 1985-86 and a new register started in 1986-87 which remained in use during 1986-87, 1987-88 and 1988-89. In this process, a new Register should have been opened in 2001-02 and it will be in use till 2003-04.

16.2 The format of the register consists of four adjacent portions. The first portion contains columns for recording details of the defaulter such as PAN, assessment year, name, address, status, etc. The remaining three portions – one for each of the 3 years for which it will be maintained, are meant to record brought forward demands at the beginning of the year and collections during the year.

16.3 While carrying over the un-realised demands from the current D & CR to the Arrear D & CR at the beginning of next financial year and carrying forward of un-realised arrear entries of earlier years, care should be taken to arrange the arrear entries according to the financial year in which the arrear demands were raised. This is to ensure that the year wise break up of arrear demand at the end of any year is easily ascertainable.

16.4 Each page of the ADCR is numbered. A certificate in the register also records the total number of pages under the AO's signature.

16.5 While entering the demand, it should be ensured that the name, address, PAN etc. of the assessee have been correctly and fully shown in the respective columns. Overwriting of figures should be avoided. Any correction should be validated by the AO. The entries in the different parts of the register are made monthwise. At the end of each month, monthly and progressive totals are struck. The entries made in the register, at least in respect of cases where the demand exceeds one lakh rupees, should be checked by the Assessing Officer every month to ensure their correctness.

16.6 As mentioned in para 16.2, the new format of the ADCR has four portions. By 15th May of every year the demands remaining uncollected in the first portion are brought forward to the second portion of the ADCR. While carrying forward these demands, interest under Section 220(2) should be charged in all cases and shown in the second portion. According to Board's instructions, carry forward of arrear demand should be done by Inspectors/ Office Superintendents in company/ central/

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scrutiny ward; and by Sr. TA/TA in other wards. Such official has to append a certificate on the 1st page of ADCR that all the entries of arrear demand have been duly carried over by him from the earlier register. He should write his full name and affix his signature. The job should be completed by 15th May. Thereafter, verification/ reconciliation of arrear demand will be taken up by a reconciliation squad headed by Office Superintendent. The Joint Commissioner/Additional Commissioner will constitute such a squad from the staff working in his range. The squad will verify that all the arrear demands have been correctly brought forward and the Office Superintendent of the squad will sign the certificate of authenticity and reconciliation, a copy of which will be appended to the ADCR. The work of verification should be completed by 15th June. The AO should test check and initial 5% of the entries of arrear demand carried over to ensure correctness (as the overall responsibility lies with him). He will then send a certificate to Addl. CIT/ JCIT by 30th June that the work of carry forward of arrear demand is over. (The PCIT, on his part, will send a certificate to the Board by 31st July each year.)

16.7 It is essential that the names of the assesses are arranged in alphabetical order under each financial year in which the demand was raised. This would facilitate the preparation of arrear sheets.

17. Reports on Outstanding Arrears of Tax

As a mechanism for monitoring cases with huge arrears, the Assessing Officers are to send quarterly dossiers in respect of cases with arrears exceeding rupees ten lakhs. Dossiers in cases with arrears ranging between 10 lakhs and 1 crore are to be sent to the CCIT. Such reports in cases where arrears exceed rupees one crore are required to be sent to the Directorate of Recovery/ CBDT. While reviewing and forwarding the dossier reports, the CCIT/PCIT issues directions to the Assessing Officers or the Tax Recovery Officers as the case may be, suggesting further steps required to be taken by them for effecting recovery of the outstanding arrears. The AO/TRO is to execute these instructions during the next quarter and report compliance and results while sending the subsequent report (Annexure-IX).

18. Computerisation of Collection Work

18.1 Giving Credit to Taxes Paid: Now the processing of challans, all over the country has been computerised. All the challans for taxes paid by tax payers. The challans are processed using a uniform software called Tax Accounting System (TAS) ITBA-TAS. Every month after processing such challans, Daily Collection Registers are generated at the end of Assessing Officer, or for a range depending on jurisdiction. This is the primary register with reference to which the Assessing Officers can watch collections and also proceed to take recovery whenever necessary.

18.2 Individual Running Ledger Account (IRLA): IRLA is an on-line, windows based, menu driven integrated software that forms part of the comprehensive package called ITD Applications. Under IRLA the users will be able to perform screen based functions and navigate across screens using Graphical User Interface (GUI). The screens are user friendly and, self- explanatory. They can be used to perform different functions like data-entry, query execution, report initiation, etc,.

18.2.1 Objective of IRLA: The primary objective of IRLA is to generate a comprehensive individual running ledger for each assessee. This ledger lists all demands, collections and refunds relating to an assessee. IRLA depends on other modules like Assessment Information System (AST), Tax Accounting System (TAS) and TDS accounting system (TDS) for creating the entries of demands, collections and refunds in the Ledger. The IRLA Ledger will maintain the details of all the transactions that have taken place from the date of computerisation of the jurisdiction. Obviously the transactions which took place before the date of computerisation cannot be ignored as they may affect the future transactions and reports. Hence, IRLA provides the facility to import the net demands pending as on the date of computerisation.

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18.2.2 Scope of IRLA: The overall capability of the Individual Running Ledger Account System is as under the IRLA can:

(a) Import old arrears and link them with new PANs that have been allotted to the concerned assessees.

(b) Maintain current status of demands, collections and refunds.

(c) Grant and vacation of stay and instalments on a demand and its subsequent monitoring.

(d) Allow Write-off of irrecoverable demands.

(e) Monitor defaults - on account of tax on regular assessment and advance tax.

(f) Maintain interest under Section 220(2).

(g) Provide a computerised Ledger showing PAN-wise, assessment year - wise and date - wise record of transactions.

(h) Generate reports and provide on- line queries on assessee data.

18.2.3 Database of Demand, Collection and Refund: IRLA maintains the complete history of the demands generated by the Assessment Information System (AST). The particulars of variation of the demands, over a period of time, due to various appeal effects, rectification and revisions are reflected through the Ledger. Penalty demands are also similarly treated. Likewise the data on interest under Section 220(2) is generated with a modification. Since there will be only one record entered in respect of interest under Section 220(2), it will be updated during any change.

18.2.4 The brief particulars of the collections from the assessee as provided by the TAS are stored in the Ledger. Likewise, the TDS details will also be incorporated into IRLA.

18.2.5 Stay and Instalments: IRLA allows the Assessing Officer to grant a stay on-demand either fully or partly. The assessee is, in that case, not treated as defaulter for the period of stay. After the expiry of stay, if the assessee does not pay, the system treats the assessee as a defaulter. The stay granted by various authorities like the ITAT, Settlement Commission, High Court, Supreme Court etc. are also incorporated in the system.

18.2.6 The system allows flexibility for working out the instalments granted to an assessee by the Assessing Officer. The system treats the assessee as a defaulter if he fails to adhere to the instalment plan.

18.2.7 Interest under Section 220(2): The system works out interest under Section 220(2) when a payment is made after the due date. Interest is also calculated by the AST and TAS Modules. The AO can calculate interest under Section 220(2), whenever required by law, and IRLA allows the AO to print the challan for payment.

18.2.8 Write-off: IRLA module also allows the AO to Write-off an arrear demand which becomes irrecoverable. However, whenever any collection is made from the concerned assessee, the AO can mark the Write-off as 'non-active'.

18.2.9 Queries: IRLA supports flexible queries to meet user requirements. A comprehensive query is available to inquire on assessee details with special search features on transaction amounts and dates.

18.2.10 Reports: IRLA can generate the CAP Report (Monthly), Defaulters' list, advance tax defaulters list, PAN linked Report and Ledger statement. It can also generate various letters and notices like a stay letter, instalment letter, and demand notice under Section 221.

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Annexure-I
(vide para 4.15.2)

The Income-tax Officer
(Station)

Dear Sir,

The sum of Rs................is due from us/ me on account of tax for the year.........as assessed by you. We/I have filed an appeal against this order of assessment to the.............and as we/I prayed for the say of realization of the amount due from us/me till the disposal of the appeal, we/I were/was ordered to give security for the payment of the amount due from us/me in case the appeal is dismissed. Therefore as a security for the amount of tax due from us/me, we/I have already deposited with you title deeds of property (as detailed in the schedule "A" given below) and with authority to be held till the amount of tax due from us/me is fully paid or satisfied. We/I request that the realization of amount of tax due from us/me be postponed till the disposal of the appeal.

Schedule "A"

No.	Description	Estimated value	Remarks

1...

2...

The above schedule is correct.

Yours faithfully,
Signature of assessee

OR

Written to AO..............by.............assessees....................as agreed upon in person we/ I had delivered to you the under mentioned documents as Security.

Details of documents

No.	Description	Estimated value	Remarks

Signature of assesse

Station

Dated.

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Annexure-II
(vide para 4.15.4)

This Mortgage deed, made the.....................day of.......................Between A.B. Of etc., (hereafter called "the Mortgager") of the one part, and C.D., of etc. (hereafter called Mortgagee) of the other part, witnesses, that in consideration of the sum of Rs..............due from A.B. on account of tax for the year.......................to C.D. The said A.B. does hereby mortgage, by way of simple mortgage, to the said C.D., his heirs, executors, administrators, assignees or successors in office, ALL THAT property specifically described in the schedule hereto annexed, by way of security for the payment of the said sum of Rs.........and interest thereon at the rate of Rs......%p.a. AND THE MORTGAGER does hereby, agree that he will pay to the Mortgagee the principal sum aforesaid together with the interest then due, on the..........day of.........; AND THE Mortgager further agrees that, on his failure to pay the said amount of Rs......with interest then due, on the..........day of, the Mortgagee, his heirs, executor, administrators, assignees or successors in office shall be entitled to cause the said mortgaged property to be sold and with the proceeds to satisfy his claim along with the expenses incurred for the sale of the mortgaged property; AND FURTHER should the claim be not then satisfied, the Mortgager does agree with the Mortgagee that he will pay the balance from his person and other property, and the Mortgagee, his heirs, executors, administrators, assignees or successors in office may recover the same from him, his heirs, executors, administrators or assignees. Provided always that the mortgager shall be entitled to redeem said mortgage at his option by paying of the amount due from him at any time before the said................day of.........

In witness thereof, the said A.B. Has hereto put his signature as.............the day and year first above written.

Witness.

A.B..........................

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Annexure-III
(vide para 4.15.5)

In the matters of assessment of..................for the year------. The security bond executed by A.B. Or Surety in favour of ITO............ on stay of realization of the amount of tax due from................ witnesseth: That the ITO..........by this order dated..........having assessed..............and the assessee having preferred an appeal from the said order to...............the said appeal is still pending.

Now the Income-tax Department wants to realize the amount of tax due from the assessee, and the assessee has made an application praying for stay of realization of amount of tax due from him till the disposal of the appeal, he has been called upon to furnish security. Accordingly I, of my own free will, stand surety to the extent of Rs.........., mortgaging the property specified in the Schedule hereunto annexed, and covenant that if the amount of the tax as assessed by the Income-tax Officer be confirmed or varied by the appellate authority the said assessee shall duly act in accordance with the order of the appellate authority and shall pay whatever may be payable by him thereunder and if he should fail therein, then any amount so payable shall be realized from the properties hereby mortgaged, and if the proceeds of the sale of the said properties are insufficient to pay the amount due, I and my legal representatives shall be personally liable to pay the balance and also my other property will be liable for the balance. To this effect I execute this security bond this..................day of....................19.

Signed

Schedule

Witnessed by

1.____

2. ____

Note: This security bond should be on a non-judicial paper of the value of Rs.10.

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Annexure-IV
(vide para 4.15.6)

The Memorandum of Agreement is made the....................day of................between A.B. Of etc., (Pledger), of the one part, and C.D. Of etc. (Pledgee), of the other part.

Whereas the sum of Rs...........is due from the said A.B. on account of tax for the year.........as assessed by the said C.D. and whereas the said A.B. has preferred an appeal against the order of assessment to the............and has asked for stay of realization of the amount of tax due from him till the disposal of the appeal and the said assessee has been ordered to furnish security for the payment of the amount of tax due from him and consequently the said A.B. has deposited with the said C.D. the movables, mentioned in the schedule hereto................ Now it is hereby agreed between the parties hereto as follows:

1. The said A.B. shall pay to the said C.D. the sum of Rs...........one month after the decision of the appeal.

2. The said C.D. shall retain the moveables deposited with him as aforesaid as a pledge for the payment of the said amount of tax due from him, and if default shall be made in payment of the said amount after one month of the disposal of the appeal, the said C.D. may, at any time thereafter sell the said moveables or any of them, by public auction or private contract and to resend or vary or contract for sale and to resell without being answerable for any loss arising thereby; and the said C.D. shall, with and out of the proceeds of such sale, in the first place, pay and retain all costs and expenses incurred by him or about any such sale or attempted sale or otherwise in relation to this security, and in the next place, pay and retain all moneys owing to him under this agreement, and shall pay the surplus (if any) to the said A.B.

3. The said C.D. shall be at liberty, if he thinks fit, to insure the said moveables or any of them, against loss or damage by fire or other accident and all money spent by him in or about such insurance shall on demand be repaid to him by the said A.B. with interest, thereon at 6% p.a. computed from the time of spending the same and the same shall also be payable out of proceeds of the sale of the said moveables in like manner as the said amount of Rs.......

4. The powers hereby conferred on the said C.D. shall be exercisable by his executors, administrators or successors in interest.

In witness whereof, the said A.B. has hereto signed at.............the day and year first above written.

Witness

A.B...........................

Note: This agreement should be on a non-judicial stamp paper of the value as given in Article 6 of the Stamp Act involving the amount.

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Annexure-V
(vide para 6.6.4 (c)(i))

From

....

....

Income-tax Officer

....

....

To

Shri/Messrs..

....

Dated....................................

Sub: Payment of tax

Ref.: Permanent Account No./ G.I.R. No.

Sir/ Madam/ Gentlemen,

My records show that the following demands are outstanding in your case:

S.No.	Asstt. Amount Mention if Year There has	(Nature of Demand Regular IT/WT/GT/Penalty; interest, Advance Tax, etc.,	Remarks: Applicable, Been any Default in Instalments Granted/ Agreed	(Here Whether Upon

----

1 2 3 4 5

TOTAL

You are requested to verify from your records the correctness of the above figures and intimate the correct position to Shri...................Inspector of Income-tax who is the bearer of this letter.

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This is also to inform you that if the Inspector finds a part or whole of the above demand is still outstanding he has the authority to collect the same from you, as the Officer authorised by me under Schedule III to the Income-tax Act, 1961, and other relevant rules applicable to the said schedule.

Yours faithfully,

(.............................)

Income-tax Officer

Seal of the ITO

Annexure-VI
(vide para 6.6.4 (c)(ii))

See order dated.......................... Issued under Section 226(5) by the Commissioner of Income-tax (Recovery)

To

Shri

Inspector of Income-tax,

Sub: Recovery of tax from defaulter Shri...(full address)
....
....

Ref: P.A. No.:

G.I.R. No.

Whereas a sum of Rs.................................. As per details noted below is due from the above defaulter.

---S.No./ Asstt. Year/ Nature of demand/ Amount/ Remarks, if any/ Total

----

And whereas the defaulter mentioned above has not paid this amount so far.

This is to direct you to serve a copy of this warrant on the said defaulter and unless after such service, the said defaulter pays forthwith the said sum of Rs....... Together with interest thereof under Section 220(2) of the Income-tax Act, 1961, to proceed to attach the moveable property of the said defaulter and to hold the same until further orders from the undersigned.

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Provided that should the moveable properties so attached consist of cash in the form of current coins and currency notes and the aggregate of such cash does not exceed the said amount due from the defaulter, the same shall be remitted to the Treasury in full/partial satisfaction of the tax due from the defaulter. In such a case a receipt shall be granted in the form as per appendix VI/VII.

You are further required to return this warrant on or before........ Day of........... 20 with an endorsement certifying the day on which and the manner in which it has been executed, or the reason why it has not been executed.

Given under my hand and seal at.........................this.........................day of.........................20........

Income-tax Officer

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Annexure-VII
(vide para 6.6.4 (c)(iii)

RECEIPT

BOOK NO.

RECEIPT NO.

(ORIGINAL to be handed over to the tax payer)

D.C.R. No..........................(1)................................Income-tax Office..................................Per A/C No.........................(2)............................(3)................................GIR No.....................(2).............

G.I.R.No... DATED........................

Received from M/s. Shri...(4)..A sum of Rs..............(Rupees...)Incash/chequeNo............................dated................ On..................................towards part/full payment of arrears of tax due from M/s. Shri...(5)... for assessment year(s)...(6)...

Signature of the payer.

Signature of the Income-tax

Inspector, with stamp and

Identity Card. No........

Note: This receipt should be exchanged with the Tax Payer's portion of the Bank/ Treasury challan at the Income-tax Office mentioned above.

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Instructions for Filling the Receipt

(To be printed in the inside front cover of the Receipt Book):

1. Here mention the D.C.R. No. With Page......; e.g. If the demand is at entry 13 of page 19 of the Demand and Collection Register for 1972-73, the entry should be 13-19-72-73.
2. If Permanent Account No. is not given, mention the GIR No. If permanent Account No. is given in the cover portion, mention the Code for the Income-tax Officer having jurisdiction at the time when the Distraint Warrant was issued.
3. Here mention the designation and location (i.e. Name of town) of the Income-tax Officer having jurisdiction over the defaulter at the time of payment.
4. Here mention the name of the person who actually tendered the cash or from whom the cash was seized.
5. Here mention the name and full address of the defaulter/ whose GIR No./Permanent Account No. has been mentioned earlier.
6. If more than one Assessment year is involved, mention all the assessment years involved.

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Annexure-VIII
(vide para 15.5)

Sl. No.	Full Name of Officials	Nature of Job	Period of Usual	Remarks
Responsible for entering/ posting on initials of Entering/checking this work persons				
(give dates) mentioned in Col. 2				

----

1 2 3 4 5 6

Annexure-IX
(vide para 17)

DOSSIER REPORT FOR MONTH/ QUARTER ENDING: --

CCIT/DGIT REGION: ---
CIT CHARGE: --

1. Name & Address of the assessee:

2. (a) Status ____________________(b) PAN/ GIR No. __________________________

   (c) Classification (Please tick relevant box)

   (i) Public Sector Undertaking
   State __________________________
   Central ________________________
   (ii) Bank
   (a) Foreign ________________________
   (b) Indian __________________________
   (iii) FinancialInstitution (other than banks) _______________________
   (iv) Foreign Co. (Other thank Banks) ____________________________
   (v) MNC ____
   (vi) Film Industry ____
   (vii) Search and Seizure Cases _________________________________

3. Gross Demand:
   (a) At the beginning of the quarter and(amount in lacs)
   (b) added during the quarter

____

Asstt Year.	F.Y. in which raised	Tax Penalty Interest	Total

(a)________________________

(b) ________________________

Aggregate gross demand ____

4. (a) Demand Not Fallen Due ____

(b) Demand Under Verification _______________________________________

Asstt. Year	Authority Granting Instalments 0020	Total Amount	Amount of Each
		covered by Instalments	Instalment and its duration

(c) Demand covered by Instalments (Out of 3)____

Asstt. Year Amount Date of Payments as per assessee

(d) Demand covered by Stay (out of 3)

Asstt. Year	Authority Granting Stay	Total Amount Covered by Stay	Date upto which Stay Granted

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5. Demand disputed AY Amount Date of application Date of Order
Appeal with No.

(i) Rectification

(ii) Revision

(iii) Before CIT(A)

(iv) Before ITAT

(v) Before High Court/Supreme Court

(vi) Before Settlement Commission

(vii) Covered by petitions for waiver of interest/penalty

TOTAL DEMAND DISPUTED ______________________

6. Demand Difficult to Recover:

(i) Pending Write-off

(ii) Company in liquidation

(iii) Insolvency proceedings

(iv) No assets for recovery

(v) Protective Assessments(Give details)

(vi) Co. before BIFR

(vii) Assessee or Representative not traceable

TOTAL DEMAND DIFFICULT TO
RECOVER (6(i) TO 6(vii)) ______________________________

7. UNREALIZABLE & UNCOLLECTIBLE
DEMAND (4 + 6) ____

Note: i. Demands not stayed can be collected

ii. Demands covered by Board's circular No. 1914, if not stayed, to be collected.

iii. The total amount covered by stay/ instalments to reflect the amount outstanding as at the end of the quarter.

8. NOT REALISABLE DEMAND (3-7) ______________

9. Cash Collection/ Reduction Asstt. Year Asstt. Year Asstt. Year

____

   (a) Cash Collection ____

   (b) Reduction in appeal ____

   (c) Reduction under Section 154/264/Waiver ______________________________________

____

Collection

Reduction

Total cash collection and reduction during the quarter_____________________________

10. Total cash collection and reduction upto the quarter (end) _____________________

11. Net demand at the end of the quarter (3-9) _____________________

12. Balance collectible demand at the end of quarter (8-9)________________________

   (i) Date of drawing up of statement of Arrears by TRO on his own or on request

   (ii) Cash collection by TRO during the quarter (Give Asstt. Year wise details)

13. If it is a search case

   (a) Date of search

   (b) Value of assets seized

      (i) Cash

      (ii) Others

   (c) Value of assets adjusted

14. Nature of major additions

15. Brief reasons for non collection of demand in item12 above

16. Action taken on Directions given by higher officers in earlier quarters

Date: Name and Designation of the Assessing Officer

17. Comments of the Additional Commissioner/ Commissioner of Income-tax

Annexure-X
(vide Para 13.2)

SECRET

PROFORMA FOR ISSUE OF LOOK OUT CIRCULAR (LOC)

AFFIX HERE RECENT PASSPORT SIZE PHOTOGRAPH

I. PERSONAL PARTICULARS:

a. NAME OF THE SUBJECT (IN CAPITAL LETTERS):________________

____

b. ALIAS NAMES (IF ANY): ____

c. SEX: MALE ☐ / FEMALE ☐ d. OCCUPATION: ____________________

e. FATHER'S/ HUSBAND'S NAME: ____

(Tick only one option)

f. NATIONALITY:__________________________g. PLACE OF BIRTH:__________________

h. DATE OF BIRTH:

Day		Month		Year			

i. AGE: _______YEARS

j. ADDRESS: ____

II. PHYSICAL DESCRIPTION:

a. COLOUR OF EYES: BROWN ☐ BLACK ☐ GREEN ☐ BLUE ☐

b. COLOUR OF HAIR: _______________ c. HEIGHT ☐ FEET ☐ INCHES/ ☐ CMS.

d. ANY OTHER DISTINGUISHING MARK OR PHYSICAL ATTRIBUTE: ______________

____

III. PASSPORT DETAILS:

a. PASSPORT NO: ____

b. PLACE OF ISSUE: _______________________c. COUNTRY OF ISSUE: _____________

d. ISSUED ON

Day		Month		Year			

e. VALID TILL

Day		Month		Year			

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IV. REASON FOR OPENING OF LOC:

a. CRIMINAL CASE: (i) FIR NO. ____________________ (ii) DATE Day Month Year [| | | | | | |]
(Specify full details)

(iii) SECTION OF LAW (Where applicable): ____

(iv) POLICE STATION: ____________ (v) DISTRICT: ___________ (vi) STATE: ___________

b. WANTED BY ANY OTHER COURT/ JUDICIAL AUTHORITY:

(i) NAME OF THE COURT: ____

(ii) ORDER BY WHICH SUBJECT IS WANTED: ____________________________________

c. LOC RETENTION DATE Day Month Year [| | | | | | |]

(As per MHA guidelines, LOC will remain valid for at most one year)

V. ACTION EXPECTED FROM IMIGRATION CHECK-POINT (Tick only one box).

a. DETAIN AND HANDOVER TO LOCAL POLICE AND INFORM ORIGINATOR [ ]

b. INFORM ARRIVAL/ DEPARTURE OF SUBLECT (BUT NO OTHER ACTION TO BE TAKEN) [ ]

c. LUGGAGE & HANDBAG BE CHECKED THOROUGHLY FOR ANYTHING INCRIMINATING PAPERS, LITERATURE ETC & ORIGINATOR BE INFORMED [ ]

d. PREVENT SUBJECT FROM LEAVING INDIA AND INFORM ORGAINATOR [ ]

e. CUSTOMS LOC (HANDOVER TO CUSTOM OFFICER ON DUTY) [ ]

f. IF PERMITTED BY COURT TO TRAVEL, GIVE CLEARANCE & INFORM ORIGINATOR, ELSE EXIT NOT ALLOWED [ ]

g. ANY OTHER ACTION (Please specify):____

VI. PARTICULARS OF THE ORIGINATOR (Not below the rank of SP/DCP or equivalent):

a. NAME OF THE OFFICER:____

b. DESIGNATION: ___________________________ c. DEPARTMENT:________________

d. CONTACT TELEPHONE NOS (WITH STD CODES):

(i) OFFICE______________ (ii) RESIDENCE_____________ (iii) MOBILE______________

(iv) FAX ______________________________ (v) E-MAIL ________________________________

(vi) CONTROL ROOM ____

e. CONTACT PERSON (IF ANY) ____

RELEVANT INFORMATION AND INSTRUCTIONS

1. The request for opening an LOC would be sent to **The Deputy Director, Bureau of Immigration (BoI), East Block-VIII, Sector-1, R.K. Puram, New Delhi-110066 (Ph.- 011-26192796, 011-26192883 (Fax))**
2. The request for opening of LOC must invariably be issued with the signature of the officer not below the rank of Superintendent of Police/ Deputy Commissioner of Police or equivalent rank in other Departments/ Ministries/ Law Courts.
3. An LOC cannot be opened unless a minimum of three identifying parameters among (i) Name, (ii) Parentage, (iii) exact Date of Birth, (iv) valid Passport details and (v) clear Photograph, are available.
4. All the LOCs, which have completed one year, would automatically lapse after a year of opening, unless reviewed and recommended for retention by the originator. It is the responsibility of the originator to constantly review the LOC requests and proactively provide additional parameters to minimize harassment to genuine passengers.

SUMMARY SHEET

Name of the assessee:

(Rs. in lacs)

Sl. No.		Qr. Ending 30-06	Qr. Ending 30-09	Qr. Ending 31-12	Qr. Ending 31-03
1.	Net Demand outstanding				
2.	Demand difficult to collection				
	a. Pending Write-off				
	b. Assessees/ Directors not traceable				
	c. Notified persons				
	d. Cases before BIFR				
	e. Company in liquidation				
	f. Cases before settlement commission				
	g. Others				
3.	Disputed before SC/HC				
4.	Disputed before ITAT				
5.	Disputed before CIT(A)				
6.	Disputed in Recti./ Revision/Waiver				
7.	Others				
8.	Remarks				

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Refunds

1 REFUND means "to repay" or "restore what was taken". Under the Income-tax and other direct taxes laws, refunds arise in those cases where the amount of tax paid by a person or on his behalf is greater than the amount with which he is properly chargeable to tax.

PART-I

Refunds: Legal Aspects

2. Chapter XIX of the Income-tax Act, 1961 Deals with the Refunds

2.1 Section 237 of the Income-tax Act, 1961 provides that, if any person satisfies the Assessing Officer that the amount of tax paid by him or on his behalf or treated as paid by him or on his behalf for any assessment year exceeds the amount with which he is properly chargeable under this Act for that year, he shall be entitled to a refund of the excess.

2.2 Section 240, of the Income-tax Act, 1961 provides, that where, as a result of any order passed in appeal or other proceeding under this Act, refund of any amount becomes due to the assessee, the Assessing Officer shall, except as otherwise provided in this Act, refund the amount to the assessee without his having to make any claim in that behalf, except in the case of:

(a) An assessment is set aside or cancelled and an order of fresh assessment is directed to be made, the refund, if any, shall become due only on the making of such fresh assessment.

(b) The assessment is annulled, the refund shall become due only of the amount, if any, of the tax paid in excess of the tax chargeable on the total income returned by the assessee.

2.3 There are several circumstances under which refunds may become due under the Income-tax Act, for example:

(a) The tax deducted at source from salary, interest on securities or debentures, or any other payment is higher than the amount of tax payable, as determined on processing the return under Section 143(1)(a) of Income-tax Act or on regular assessment.

(b) The amount of advance tax paid under Section 210 of Income-tax Act, exceeds the tax payable as determined while processing the return under Section 143(1)(a).

(c) The tax originally determined and paid on the basis of determination of income under Section 143(1)(a) of the Income-tax Act, 1961 or regular assessment gets reduced as a result of rectification of a mistake apparent from the record under Section 154 or through an appellate order under Section 251 or 254 through a revisionary order under Section 264 of the Income-tax Act.

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(d) The same income is taxed both in India and in a foreign country with which Govt. of India has not entered into an agreement for avoidance of double taxation.

(e) Relief under Section 89 of the Act.

(f) Excess or wrong tax deducted at source.

(g) Where the amount of tax treated as paid by a person or on his behalf for any assessment year exceeds the amount with which he is properly chargeable under the Act for that year. (Example: taxes deducted at source - Please see Section 199 of the Income-tax Act, 1961).

2.4 Section 240 of the Income-tax Act, 1961 enables the Assessing Officer to refund in respect of in the cases mentioned at (a) to (c) above. In the remaining cases, the assessee is required to furnish the necessary details to the satisfaction of the Assessing Officer along with the return of income/ refund claim.

2.5 In respect of other direct taxes like Wealth Tax, or interest tax, refunds usually result from reduction in liability through appeal, revision or rectification orders.

2.6 Withholding the Refund

W.e.f. 01/04/2017, Section 241A enables the AO to withhold refunds due to the assessees under Section 143(1) in the cases selected for scrutiny if AO is of the opinion that issue of refund in such case is likely to adversely affect the revenue. It is however mandatory for the AO to obtain the previous approval of the Pr. CIT/CIT, to withhold the refund. This refund can be withheld till the date of completion of assessment.

3. Interest on Refund

3.1 The assessee is entitled for interest on refund granted to him in the following circumstances.

3.2 For and upto Assessment Year 1988–1989

(a) After three months from the end of the month in which the total income is determined if the total income does not solely consist of interest on securities or dividends (Sec. 243(1)(a)).

(b) After three months from the end of the month in which the claim for refund is made. (Sec. 243(1)(b)).

(c) After three months from the end of the month in which any order is passed in appeal or other proceedings under the Act (Sec. 244(1)) resulting in the refund.

(d) After one month from the date of the order passed in appeal or other proceedings resulting in refund of any sum paid in pursuance of any order of assessment or penalty (Sec. 244(1A)).

3.3 For Assessment Year 1989–1990 and Onward

(a) Where the refund arises on account of tax deducted at source or tax, collected at source or advance tax and such refund is in excess of 10% of the tax determined, from the 1st day of April of the assessment year to the date on which the refund is granted.

(b) Where the refund arises on account of tax paid in pursuance of a notice of demand under Section 156, for every month comprising the period from the date of payment to the date on which the refund is granted.

Note: w.e.f. 01/04/2016, the period for calculation of interest is as under:

(a) If the refund arises on account of tax deducted at source or tax, collected at source or advance tax,

(i) If the return is filed with-in the time allowed under Section 139(1), period of interest is from the 1st day of April of the relevant AY to the date on which the refund is granted.

(ii) If the return is not filed with-in the time allowed under Section 139(1), from the date of filing the return to the date of grant of refund.

(b) If the refund arises on account of tax paid under Section 140A,

(i) from the date of furnishing the return, or

(ii) from the date of payment of tax under Section 140A, whichever later, to the date of grant of refund.

(c) In any other case, from the date(s) of payment of tax (or interest) to the date of grant of refund.

3.4 The Following are the Rates of Interest Payable under Section 244 and 244A of the Income-tax Act.

From Date	Interest under Section 244	Interest under Section 244A
01.04.1962	4% p.a.	-
01.04.1965	6% p.a.	-
01.10.1967	9% p.a.	-
01.04.1972	12% p.a.	-
01.10.1984	15% p.a.	-
01.04.1989		15% p.a.
01.06.2001		12% p.a.
01.06.2002		8% p.a.
08.09.2003		½% p.m

3.5 Interest on Delayed Refund

With effect from 01/06/2016, if the order giving effect to the appellate orders covered by the situations cited in Section 153(5) is not made within the time of 3 months, the assessee is entitled for an additional interest of 3% p.a for the period starting from the date of expiry of the time allowed under Section 153(5), to the date of grant of refund. (Section 244A(1A)).

3.6 Interest on Excess TDS/TCS Paid

With effect from 01/04/2017, if the refund arises in respect of the payments made in respect of the TDS/ TCS, then the assessee is entitled for an interest of ½% p.m or part of the month from the date on which:

(a) Claim of refund is made, or

(b) Tax is, where the refund arises on account of giving effect to an appellate order.

3.7 Section 244A(2) and the explanation to Section 243(1) of the Act stipulate that if the delay in granting the refund within the period of three months is due to the assessee, whether wholly or partly, the period of delay attributable to him will be excluded by the Assessing Officer from the period for which interest is payable. In cases of dispute as to the period to be excluded for the purpose of calculation of interest, the question is referred to the Chief Commissioner or the Commissioner of Income-tax whose decision is final as provided under Section 243(2) and 244A(2) of the Act.

3.8 Where as a result of any subsequent order if the refund on which the interest is granted gets increased or decreased, the interest shall be increased or decreased accordingly (Section 244A(3)).

4. Refunds under Section 237of the Act

Refunds on account of excess deduction of tax at source under Section 192 to 195 of the Act are allowed under Section 237 of the Income-tax Act. Under this Section if the amount of tax actually paid by the assessee or on his behalf or treated as paid on his behalf for any assessment year exceeds the amount with which he is properly chargeable under the Act for that year, he is entitled to a refund of the excess amount so paid on an application being made by him, in Form No. 30 and verified in the prescribed manner. (Rule 41).

Note:

(a) Where any person makes an application for refund under Section 237 of the Act to the Assessing Officer and on scrutiny of the evidence produced by the claimant the Assessing Officer finds that there will be a demand and not a refund, the Assessing Officer should pass an order refusing the refund. A written order is necessary as an appeal lies against such refusal of refund.

(b) At the places where exclusive refund circles/ wards are functioning, the Assessing Officer should send a copy of his order (of refusal of refund) to the concerned Assessing Officer having territorial jurisdiction over such cases. The latter should then issue a notice under Section 139(2)/148 of the Act as the case may be.

5. Who Should Apply for a Refund?

Ordinarily, refund is to be claimed by the person who has made excess payment of tax. However, as per provisions of Section 238(1) of the Act, where the income of a person is included in the hands of another, only the latter will be entitled to apply for refund. Thus, a minor child whose income is clubbed with that of the father or the mother, is not entitled to any refund in respect of that income. If a refund is due in such a case, it should be claimed by the father, or the mother, as the case may be. Again, where a person is unable to claim the refund himself due to incapacity or death, his legal heir or representative may make the necessary application. Under Section 238(2) of the Act, similar applications can be made by the trustee or receiver in case of insolvency, or the liquidator in case of a company under liquidation. If an agent wishes to claim refund on behalf of a non resident person, he will be required to show that he has been duly authorised, in proper legal form, to do so, so that his act will bind the non-resident on whose behalf he claims refund.

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PART-II

Procedural Aspects

6. Procedure for Application for Refund

6.1 The provisions of Section 239(1) and 239(2)(c) read with Rule 41 of the Act provides that in cases of excess tax deduction at source, the claimant (who may be referred to as "the assessee"), has to apply for refund in the prescribed form (Form No. 30). The assessee has also to make the necessary verification in the prescribed manner. The claim has to be made within one year from the end of the assessment year to which the claim relates.

6.2 In other cases, no formal application for refund is required, where refunds arise on processing of a return under Section 143(1)(a) of the Act on account of excess deduction or collection of tax at source or excess payment of advance tax or tax on Self-Assessment. Similarly no application is required where they result from reduction of total income in appeal, revision or rectification. The Assessing Officer shall grant such refunds on his own, as and when they arise.

6.3 Supplementary Claim of Refund: It may often happen that a taxpayer is not able to attach some TDS certificates along with his return of income for the reason of non-receipt of the certificates at the time of filing of his return of income. Section 155 (14) of the Income-tax Act, introduced with effect from 1st June, 2002, allows the taxpayer an opportunity to file a supplementary claim for refund in such situations. However, the following two conditions would be required to be fulfilled in this regard:

(a) The application for rectification supporting the claim for such TDS credit must be made within two years from the end of the relevant assessment year to which the TDS pertains, along with the attachment of the relevant TDS certificates.

(b) The income from which such TDS has been made should have been disclosed in the return of income for the relevant assessment year.

7. Condonation of Delay in Claiming Refund

Under Section 119(2)(b) of the Act, the Board has prescribed a procedure for condonation of delay for belated claims of refunds in Circular No. 9 of 2015 dated 09/06/2015. According to this instruction, the jurisdictional Pr. CsIT/ CsIT have the power to condone delays in cases of genuine hardship of refund claims upto Rs. 10 lakh. Powers to condone delays in the cases where refunds exceed Rs. 10 lakh and upto Rs. 50 Lakh vests with the Pr. CCsIT/CCsIT. The power of condonation in cases of refund claims of more than Rs. 50,00,000 lies with the Board. The powers of the authorities concerned include powers to reject the applications within the limits laid down.

Condonation applications for claim of refund/loss beyond six years from the end of the assessment year for which such application/claim is made shall not be entertained. This limit of six years is applicable to all authorities including the Board. However, in the cases where the refund claim arises on account of a court order, this period of 6 years will be relaxed by the period where the proceedings were pending before the Court. This is subject to the condition that the condonation application is filed within six

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months from the end of the month in which the Court order was issued or the end of financial year whichever is later.

The powers of acceptance/rejection of the application within the monetary limits delegated to the Pr. CCsIT/CCsIT/Pr. CsIT/CsIT in case of such claims are subject to following conditions:

A belated application for supplementary claim of refund (claim of additional amount of refund after completion of assessment for the same year) can be admitted for condonation provided other conditions as referred above are fulfilled.

(a) The income/loss declared and/or refund claimed is correct and genuine and also that

(b) The case is of genuine hardship on merits.

(c) The income of the assessee is not assessable in the hands of any other person under any of the provisions of the Act.

(d) No interest will be admissible on belated claim of refunds.

(e) The refund has arisen as a result of excess tax deducted/collected at source and/or excess advance tax payment and/or excess payment of self-assessment tax as per the provisions of the Act.

(f) The Pr. CCIT/CCIT/Pr. CIT/CIT dealing with the case are empowered to direct the jurisdictional assessing officer to make necessary inquiries or scrutinize the case in accordance with the provisions of the Act to ascertain the correctness of the claim.

8. Refund of Tax Deducted at Source to the Deductor

8.1 Tax has to be deducted at source by persons responsible for making payments in accordance with Chapter XVII-B of the Act under Sections 192 to 194LD and 195 and 196 A to 196D of the Act. While Sections 192 to 194LD are applicable to certain specific payments to residents, provisions of Sec. 195 and 196 A to 196D are applicable only in respect of payments to non-residents and FIIs. There may be instances of excess tax having been deducted by the deductor, due to various reasons. Normally, in such cases, the person from whom the tax has been deducted has to claim the refund by filing a return of income.

8.2 Procedure for claiming refund for the TDS paid to the account of the Government, by the deductor, is governed by the provisions of Rule 31A (3A) of the Income-tax Rules, 1962. The returns and forms are required to be filed through electronic mode and shall be made through Form 26B submission on the TRACES website. The Rule requires that the requisite documents are filed under Digital Signature compulsorily.

8.3 Section 200 A of Income-tax 1961 also allows issuance of Refunds on excess payment by the deductor. There could be instances where while paying TDS, deductor inadvertently pays more than the actual deducted amount. In such cases, deductor may take to following corrective actions:

(a) In case of manual challan, the amount can be corrected by the concerned bank within seven days of the challan deposit date; or

(b) Deductor can also use the excess amount paid by tagging such challan in TDS statements (of the same TAN) filed for Financial Year preceding or succeeding the Financial year for which the challan is deposited.

(c) Deductor can use the challan to pay any other demand outstanding against him during the year preceding or succeeding the financial year for which the challan is deposited.

(d) If above options do not suffice, the deductor may claim refund online using Refund Portal available at www.tdscpc.gov.in

8.4 What can be Done

Refund can be claimed by filing Form 26B on www.tdscpc.gov.in

Refund request can be approved or rejected by the TDS-AO through the AO portal.

8.5 Who can use the Functionality

Field AO, Additional Commissioners of Income-tax to approve/reject the refund request (placed by the deductor on website) on AO portal.

8.6 Relevance of the Functionality

The functionality gives an authority to the TDS AO, Additional Commissioners of Income-tax to approve/reject the refund. As and when a deductor places a request for refund, the system checks for any outstanding demand against the deductor. If there is no outstanding demand, the request is sent to the field TDS- AO. The TDS AO then verifies whether there is any outstanding demand in registers, maintained manually or if the challan has been presented to him/her against any manual demand. **In such a case, he/she should reject the request & upload the demand or "Tag the challan" using "Manual Demand Management" against the uploaded demand as the case may be.**

8.7 How to Use the Functionality

(a) Refund request will be created by Deductor on Website: www.tdscpc.gov.in

(b) If there is any outstanding TAN demand or a challan correction request in 'open' status, then refund request gets rejected and status shown accordingly on website **www.tdscpc.gov.in**.

(c) If there is no existing TAN demand or any other challan correction request on same challan then a ticket will be generated under 'Refund' category which goes to Inbox of Jurisdictional AO of the concerned TAN.

(d) Refund request will be created by Deductor if there is a associated PAN demand exist in the system, AO may request for the updated PAN demand and can approve the refund request inspite of outstanding PAN demand.

8.8 Approval Process

(a) Click on relevant ticket number and check the attachment.

(b) Enter the *request number* as per acknowledgement given by deductor and bank account details under '**Refund Details'** tab (only after obtaining the proof of the same, say passbook or cancelled cheque from the deductor).

(c) Click on *Validate Bank Details.* If details get validated successfully, upload the Form 26B acknowledgement and bank details proof and check the relevant declarations; click on ok**.**

(d) TDS-AO approves the ticket.

(e) System will check whether there is any outstanding TAN/ PAN demand for the TAN in system.

(f) If there is no demand pending, then system allows user to approve this request.

(g) If there is outstanding PAN demand then user may approve the refund request by selecting declaration and selecting reason for grating Refund. After the ticket is approved, system will send the request to Refund Banker for issue of refund through electronic mode.

8.9 Rejection Process

(a) While adding bank details, click on **Validate Bank Details** button.

(b) After successful matching of Bank Details, user will be directed to refund details screen to proceed further (Approve or reject the request).

(c) If Bank details do not match, then user will be prompted with the message **'Bank Details are not matching**. User should either re-enter bank details or reject the refund request'.

(d) On clicking on Re-Enter, all data fields will be pre-filled except **Account number** field. Against mismatched field, there will be error message stating that following field is **unmatched**.

(e) In case of mismatch in **Bank details**, user will be asked to reject the request. If he clicks on '**Yes'** to reject the request, refund request will be rejected and reason of rejection for database will be **'Unmatched Bank Details'.**

(f) User may reject the refund request before matching of Bank details by providing rejection reason 'Deductor has not approached FAO'.

(g) After matching of Bank details, if user wants to reject the request Select **Reason for Rejection.**

8.10 Outstanding Demand

(a) If there is a TAN demand existing in the system against deductor, system will allow user to click on **'Reject'** button.

(b) If there is no demand existing in system then system will show error message to user. After viewing this error message, user may click on hyperlink '**Add Demand' to** add manual demand.

(c) Once user adds new demand details in new screen, click on **'Back to Ticket'** hyperlink. User will come back to **Refund related ticket** on which user was working.

(d) If user again clicks on **'Reject'** button, system will again check in database and will find a demand; now user will be able to **Reject** refund request.

PART-III

Departmental Procedures

9. Mode of Granting Refund

9.1 All the refunds are issued only through refund banker, and are now handled either by the Income-tax Centralised Processing Centre or by the TDS CPC of the Income-tax Department.

9.1.1 Issue of refunds is allowed in manual mode only in exceptional circumstances with due approvals by the Addl CIT/ CIT/ Pr. CIT concerned (and the DGIT (Systems)). The process is governed by the AST Instruction No 136 dated 10/07/2015 and subsequent Instructions of the Directorate of Systems.

9.1.2 Manual Refunds, issued in exceptional circumstances, are issued through refund vouchers encashable at the State Bank of India or the Reserve Bank of India.

9.2 Section 245 of the Act empowers the Assessing Officer to set off the refund due to the assessee for one year against the tax arrears for any other year after giving an intimation in writing to such person of the action for adjustment. Adjustment refund orders, if issued manually, are to be prepared in favour of the Income-tax Department and sent to the State Bank of India or the Reserve Bank of India, concerned along with the challan prepared in respect of the demand pending collection.

10. Person Eligible to Apply for a Refund-Procedural Aspects

10.1 Any assessee, who is entitled to receive the refund, has to claim the refund by filing his return of income either by online mode through the website www.incometaxindiaefiling.gov.in, or through paper mode wherever permitted under Rule 12 of the Income-tax Rules.

10.2 Sections 140, 159, 160 etc. of the Income-tax Act, 1961 envisage many situations where a person would not able to attend to their Income-tax related affairs on their own. In such cases, their guardian or any other competent person can act on their behalf with specific authorization.

10.3 In such circumstances, necessary facilities have been provided to the assessees' representatives to register themselves as the legal heirs/ legal representatives on the website incometaxindiaefiling.gov.in. These assessees, in addition to being responsible for the duties and obligations of the respective assesssees, shall also be entitled to receive the refunds on behalf of the assessees.

11. Where to Apply for Refund?

11.1 As most of the returns of income by now are required to be filed online, the refund claims have to be e-filed on the e-filing portal https://incometaxindiaefiling.gov.in. However, certain category of assessees can still file the returns of income through manual mode. Digitisation of these returns, processing the same and issue of refunds has been standardized through ITBA-ITR processing Instruction No 2 dated 08/11/2017.

11.2 As a rule, claims for refund through manual filing of Income-tax returns, if eligible to file manually, should be preferred before the Assessing Officer having jurisdiction over the area in which the assessee resides or carries on his business.

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11.3 In the cases that are e-filed processing of returns happens in a jurisdiction free manner, as the Income-tax Centralised Processing Centre has been assigned concurrent jurisdiction with the Assessing Officers for the purpose of processing the returns under Section 143(1) and rectifications under Section 154 of the IT Act. Consequently all such refunds will be handled by the CPC.

12. Procedure to be Followed while Granting Refunds

12.1 Issue of refunds through manual mode is not encouraged. The Assessing Officer should ensure that the refunds issued through the AST/ITBA mode only. In this regard, the AO must ensure that the relevant Instructions like AST Instruction No 136 dated 10/07/2015, ITBA-ITR Processing Instruction No 2 dated 08/11/2017 and other instructions issued from time to time are followed strictly.

12.2 In the exceptional circumstances where issue of manual refund becomes inevitable, the Assessing Officers should ensure that relevant data is filled up in the ITD functionality/screen in AST/ITBA. It is mandatory to fill these details before issuance of any manual refund from the date of issue of AST Instruction 136 dated 10/07/2015.

12.3 Before issue of refund, the AO should satisfy himself that there are no outstanding demands against the said assessee. In case there are any demands outstanding, the AO, after satisfying himself that the demands are correct, should adjust the refund against the outstanding demand, by following the provisions of Section 245.

13. Issue of Manual Refund

13.1 Issue of refunds through manual mode is not encouraged. However, the process of handling the manual refunds and the stationery for the same, is indicated below for sake of information.

13.2 Where the Assessing Officer issues a manual refund in the form of a refund voucher payable at the Reserve Bank or the State Bank. The bank will make the payment due on the refund order on the strength of the advice note issued by the Assessing Officer. The refund voucher issued is ordinarily encashable within three months from the date of issue. As it becomes invalid after the expiry of three months, assessees who fail to encash it within the period, should send it to the Assessing Officer who will cancel it and issue a fresh refund together with a fresh advice note to the Bank.

13.3 Soon after the refund is computed, the refund voucher should be prepared. Simultaneously, an entry should be made in the cage at the bottom of ITNS 150. An advice note (ITNS 139-A) should also be prepared and signed by the Assessing Officer. Along with the issue of the refund voucher the advice note should be sent to the Bank.

13.4 According to Instruction No 7/2002 dated 01/08/2002, the Assessing Officers should comply with the following aspects while issuing refunds:

(a) Refunds determined where administrative approval is necessary before issue of refund, should be issued within 30 days from the date of determination of refunds.

(b) Interest under Section 244A should be calculated till the date of signature on the refund by the Assessing Officer.

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13.5 Prompt Service of Refund Orders/ Warrants: Since the validity of the refund order is 3 months, the Assessing Officers should take care to see that refund orders are dispatched by registered post acknowledgement due only and served on the assessee immediately after they have been signed. Simultaneously, the corresponding advice should be promptly sent to SBI/ RBI.

13.6 Issue of Duplicate Vouchers and Revalidation of Refund Voucher

(a) Refund vouchers are valid only for three months from the date of issue. They should not be revalidated after the expiry of the period of their currency; instead duplicate refund vouchers should be issued. When a duplicate refund voucher is asked for on the expiry of the period of the original voucher, the original voucher should be cancelled by the Assessing Officer. It will be attached to its counterfoil and a new voucher will then be issued giving necessary cross references in the counter foil of both the vouchers. Appropriate entries should also be made in the assessment refund form (ITNS 150).

(b) When a duplicate voucher is asked for on the ground that the original has been lost, the duplicate will not be issued until the period of validity of the original voucher has expired and the Assessing Officer has satisfied himself that the original has not been encashed and its payment at the Bank has been stopped.

13.7 Guidance to the Assessee

It is the duty of an assessing officer to guide the taxpayer in every reasonable way, particularly in the matter of claiming any relief. The Board has, therefore, laid down that the Assessing Officer must draw the attention of the assessee to any refund or relief to which he may be entitled. Below are given some of the examples (which are by no means exhaustive) which indicate the attitude that the Assessing Officer should adopt:

(a) **Section 197 of the Act:** The officer should in every appropriate case bring to the assessee's notice the possibility of obtaining a certificate authorising deduction of Income-tax at a lower rate or no deduction of Income-tax as the case may be.

(b) **Section 264 of the Act:** Cases in which the Assessing Officer thinks that an assessment should be reviewed must be brought to the notice of the Commissioner of Income-tax.

13.8 Delivery of Refund Voucher

The Board have laid down that all refund orders should invariably be sent to the assessee by registered post acknowledgment due within 7 days of the order resulting in refund in question.

14. Procedure for Grant of Refund by CPC

14.1 In order to ensure that there is a better control of issuance and accounting of refunds, it has been decided by the Board that issue of all the refunds and accounting the same will be handled centrally by the CPC. This includes refunds arising out of rectifications, assessments, order giving effect etc. All the refunds so arising, including the refunds arising out of processing the returns at CPC would be handled by CPC and would be sent to the assessee through Refund Banker.

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14.2 In this regard, to ensure that the refund reaches the correct person, and to prevent fraudulent claims of refunds, CPC has put in place a number of checks. At present these checks are through PFMS and Refund Banker. The CPC itself checks the return of income, as a first level of check to ensure that all data that is required is available to take up further verifications at PFMS and Refund Banker level.

15. Checks at CPC, Communication to the Assessee and Response Mechanism

15.1 CPC checks for the following data in the return of income:

(a) Whether the Account number is quoted or not/ or the account number quoted by the assessee is of sufficient length and structure or not.

(b) Whether the IFSC Code is quoted or not/ quoted correctly or not.

(c) Whether the assessee has quoted the address entirely or not. This is also to enable a check at PFMS level the number of PANs and refunds associated with a particular address.

15.1.1 If any shortcomings are noticed as per the above checks, a communication is sent to the assessee from the CPC, requiring him to correct the same. The assessee is required to respond through online mode. As has already been discussed, the purpose of this check is to ensure "completeness of data".

15.2 PFMS Checks, Communication to the Assessee and Response Mechanism

Once the completeness of data is ensured, the relevant details are sent by CPC to PFMS for validation of account. At this stage, following checks are employed, depending on which the mode of refund is determined:

PAN	Name	Account Number	Result	Refund Mode	
				Paper	ECS
Matched	Matched	Matched	Refund initiated	---	irrespective of the amount
Matched	Mismatch	Matched	Refund initiated	>Rs. 50,000	< = Rs. 50,000
Mismatch			CPC validations initiated		

15.3 CPC Validations

Type of Validation	Result
Account Validation- One Account mentioned by more than 3 PANs for claiming refund	Refund will Fail- communication is sent to the assessee requiring him to substantiate the ownership of the account *
Address Validation- Same address is mentioned by more than 5 PAN's	Refund will Fail-communication is sent to the assessee requiring him to provide proof of his address *
Account and address validations are verified and do not have the issues as above	If refund is more than Rs. 50 Lacs refund issued through paper mode. Otherwise refund is issued through ECS mode

* The assessee is required to submit necessary documents/ evidences to CPC to enable issue of refund.

15.4 Checks at the Refund Banker, Communication to the Assessee and Response Mechanism

After applying the checks as above, CPC instructs the refund banker to issue the respective refunds. In some cases, the Refunds would have failed. In such cases, Refund Banker sends necessary feedback to the CPC, giving the reasons, which are as under:

Reason	**Comments**
Expired Cheque	Relevant for refund re-issue
Incorrect A/c No:	
House Locked	Relevant for refund re-issue
Party Shifted	Relevant for refund re-issue
Cheque Refused	Relevant for refund re-issue
No such Address	Relevant for refund re-issue
No such person	Relevant for refund re-issue
Incorrect MICR code/ Unavailable	
Name mismatch with Bank account holder	
Account has been closed	
Account Description incorrect	Return reason (Account description incorrect) will be provided by banks, when the assessees as account number was other than Savings account, Current account or Cash credit account, such as Loan account, PPF account, NRE accounts. Banks not able to credit the above said accounts.
Others	
Address given for dispatch is a foreign address.	
Death of person and account is on hold	
Account is under attachment by Court/ IT.	
Account holder KYC is pending.	
Account details given are other than Current Account/ S.B. Account.	Return reason (Account description incorrect) will be provided by banks, when the assessees as account number was other than Savings account, Current account or Cash credit account, such as Loan account, PPF account, NRE accounts. Banks not able to credit the above said accounts.

In such cases, the assessee would be sent an appropriate communication by CPC, detailing the reasons for failure and giving resolution mechanism. Assessee is allowed make the necessary request for issue/ re-issue of the refund through online request on the efiling portal. The taxpayer can also check the status of the refund transmission by visiting the page https://tin.tin.nsdl.com/oltas/refundstatuslogin.html on the NSDL website.

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15.5 Refund Re-Issue Process Flow in Case of Failure at Refund Banker

Following steps are required to be performed by the assessee to raise Refund Re-issue Request:

Step 1	Logon to 'e-Filing' Portal www.incometaxindiaefiling.gov.in
Step 2	Go to the 'My Account' menu located at upper-left side of the page ⇒ Click 'Service Request' ⇒ Select the 'Request Type' as 'New Request' and Select the 'Request Category' as 'Refund Reissue'
Step 3	Click 'Submit' hyperlink located under Response column ⇒ After clicking submit, fill the additional details such as Bank Account number, Account Type, IFSC Code and so on ⇒ Click 'Submit' ***Note:*** For successful submission of Refund Reissue request, user must have registered DSC or EVC.
Note:	If the Refund Failure is due to Validation (PFMS): • CPC will issue refund failure communication along with response sheet. • Taxpayer has to fill response sheet and share the sheet with CPC along with relevant documents such as cancelled cheque, address proof document and so on through speed post.
Step 4	To View the status of submitted Refund Re-issue: **Step 1** Logon to 'e-Filing' Portal www.incometaxindiaefiling.gov.in **Step 2** Go to the 'My Account' menu located at upper-left side of the page ⇒ Click 'Service Request' ⇒ Select the 'Request Type' as 'View Request' and Select the 'Request Category' as 'Refund Reissue' **Step 3** Click 'Submit'

16. Procedure for Change of Bank Account Details and Address Details on the e-filing Portal

After upload of the ITR, if any change occurs in taxpayers Bank Account, Address, Mobile number and e-mail id, then taxpayer can update these changes through 'Change ITR Form Particulars'. Any update can be made only prior to processing of the return.

Following steps are to be performed to change the particulars in the submitted ITR Form:

Step 1	Logon to the **'e-Filing'** Portal www.incometaxindiaefiling.gov.in
Step 2	Go to the **'My Account'** menu located at upper-left side of the page ⇒ Click **'Service Request'** ⇒ Select the 'Request Type' as **'New Request'** and Select the 'Request Category' as **'Change ITR Form Particulars'** ⇒ Click **'Submit'**
Step 3	Enter **'Acknowledgement number'** of ITR and provide the necessary details ⇒ Click 'Submit'
Step 4	To **View** the status of submitted form: **Step 1** Logon to 'e-Filing' Portal www.incometaxindiaefiling.gov.in **Step 2** Go to the 'My Account' menu located at upper-left side of the page ⇒ Click 'Service Request' ⇒ Select the 'Request Type' as 'View Request' and Select the 'Request Category' as 'Change ITR Form Particulars' **Step 3** Click 'Submit' **Step 4** Click the 'Transaction ID'

17. Refund Status Sharing between CPC and AST/ITBA and Resolution of Issues between these Systems

All the refunds that are arising out of any kind of computation would invariably be issued by the CPC, and accounted for by the CPC. In order to achieve this, an interface has been built between CPC and ITBA. The data entered by the AO in the screens appearing in the ITBA modules would pass to

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CPC and tax computations etc happen through the business rules engines of CPC. All the processes happen at a back end. In case of any difficulties, the AO may need to contact the CPC helpdesk on the numbers provided.

18. Attachment of Refund Due to the Assessee

A sum of money due from an Assessing Officer to an assessee, e.g., to a shareholder in a company by way of refund under Section 237 of the Income-tax Act, is a debt within the meaning of Section 60 of the Code of Civil Procedure and as such is subject to attachment in execution of a decree against the assessee to whom it is due. If a notice to the Assessing Officer under Rule 52, Order XXI of the Civil Procedure Code is followed by an order from the Court requiring the Assessing Officer to pay the amount to the decree holder, the Assessing Officer must comply with the order.

19. Appeal Against the Order Refusing Refund or Allowing Short Refunds

Section 246A(1)(i) of the Act provides for an appeal against the order of the Assessing Officer refusing refund claimed or allowing short refund. The appeal lies to the CIT (Appeals) in the first instance and to the Income-tax Appellate Tribunal thereafter. An alternative course is also open to the assessee *viz.*, a petition to the Commissioner for revision of the order of the Assessing Officer.

20. Punishment for Making False Claim

Section 277(ii) of the Act lays down that a person submitting a false application for refund is punishable on conviction before the Magistrate with rigorous imprisonment for a term which shall not be less than three months but which may extend to three years and with fine.

21. Adjustment of Refund Against Outstanding Tax Demand

21.1 All refunds may not be settled by actual payments in the form of refund orders. Wherever it is found that tax for some other years, either earlier or subsequent to the year to which the refund relates, are outstanding against a person, the refund due is adjusted against the outstanding demand and the balance, if any, alone is returned to him as per provisions of Section 245 of the Act. It is imperative that the adjustment is made under intimation to the assessee.

21.2 Adjustment of Refund by CPC

In respect of the refunds computed by the CPC, notice under Section 245 would be issued by CPC to the assessees, where there are any outstanding demands. If the assessee agrees to the proposed adjustment in the e-filing portal, or if he doesn't respond within a period of 30 days, refund would be adjusted against the outstanding demand. However, if the assessee disagrees to the proposed adjustment, his disagreements would be communicated to the jurisdictional AO, who is expected to provide his response through CPC-AO portal within a further period of 30 days as to whether he agrees with the assessee's objections or not. If the AO does not agree with the assessee's objections, refund would be adjusted against the outstanding demand. However, if the AO either agrees with the assessee's objections, or does not respond within 30 days, refund would be released to the assessee without adjustment.

21.3 Accordingly, it is important for the AO to respond within the 30 days period on the CPC-AO portal. It is also important that the AO updates demand position in the CPC-AO portal regularly, so that the delays in adjustments under Section 245 are minimized.

21.4 Procedure to Provide Response to 245 Notice on the e-Filing Portal

21.4.1 Following steps to be performed for online payment of outstanding tax demand.

Step 1	Logon to 'e-Filing' Portal www.incometaxindiaefiling.gov.in
Step 2	Go to the **'e-File'** menu located at upper-left side of the page ⇒ Click **'Response to Outstanding Tax Demand'**

21.4.2 Following Steps are Required to be Performed for Submitting Response to Notice under Section 245

Step 3	Click the hyperlink **Submit** located under **Response** column (To respond Outstanding Tax Demand)
Step 4	Taxpayer has to select one of the following options from the radio button: • **Demand is correct** (Once confirmed then you cannot 'Disagree with the Demand') • **Demand is partially correct** (Enter the both amount which is correct and which is incorrect) • **Disagree with the Demand** (Provide the details for disagreement along with reasons) • **Demand is not correct but agree for adjustment** (Once confirmed then you cannot Disagree with the Demand) **Details of these four options:** • Demand is Correct o Refund will adjust with outstanding demand. • Demand is Partially Correct If taxpayer selects 'Demand is partially correct' then he should mandatorily fill one or more reasons for stating so as listed below: o Demand Paid - Demand paid and Challan has Challan Identification Number (CIN) o Demand has already been reduced by rectification/revision o Demand has already been reduced by Appellate Order but appeal effect has to be given by Department o Appeal has been filed and o Stay petition has been filed with o Stay has been granted by o Instalment has been granted by o Rectification/Revised Return has been filed at CPC o Rectification has been filed with Assessing Officer o Others • Disagree with Demand If taxpayer selects 'Disagree with the Demand', then taxpayer must furnish the details of disagreement along with reasons. Details/Reasons are same as provided under 'Demand is partially correct'.
Step 5	Click **'Submit'**

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22. Request for Refunds Already Adjusted towards Demands

22.1 In many cases, CPC would have adjusted the refunds against outstanding demands of the assessee, after following due procedure under Section 245. However, if subsequently it is found that, the adjustment made was incorrect, the refund is to be issued by passing suitable rectification order for the AY for which the demand adjustment has happened.

In this regard, it may be noted that the correct procedure is to pass rectification under Section 154 **for the AY** for which the refund has been adjusted by giving credit to all prepaid taxes, including the tax so adjusted from the other AY. Thus, the AOs are required to check the following (for all kinds of rectifications, including giving credit for adjustment of prepaid taxes):

(a) To which Assessment year the refund has been adjusted to?

(b) Where does the rectification lie for the said AY, i.e

- (i) whether the rectification rights for the said AY lie with the AO, or
- (ii) whether the same lies with the CPC.

22.2 If the rectification rights **for the AY for which refund has been adjusted** lie with the AO, he should initiate proceedings under Section 154 as per law. The AO should give credit to all the prepaid taxes, including the taxes adjusted by the department, and pass the rectification orders, to arrive at the refund. In such cases, the time limit of 4 years does not apply as per the existing Instructions of the Board.

22.3 However, if the rectification rights for the said AY lie with the CPC, the assessee should be advised to file an online rectification with the CPC through the department website www.incometaxindiaefiling.gov.in using their credentials.

22.4 Rectification **should not be** attempted/ sought for from the CPC for the AY **from** which refund was adjusted. It is for the reason that it is not possible to change the AY marked in the refund adjustment entry. Further, refund arises for the AY for which excess taxes have been paid, which in this case, is the AY **for which** the adjustment is made.

23. Exemption Certificate

23.1 Section 197 authorises the Assessing Officer to issue a certificate to the tax deductor directing him to either deduct tax at lower than the prescribed rate or not deduct any tax at source at all in respect of specific cases on receipt of the prescribed application from the person in whose case tax is to be deducted. This power has to be exercised carefully after considering all the circumstances of the case; such as, the likely total tax liability of the taxpayer, the need to ensure that he promptly files his return of income, etc.

23.2 The need for the issue of an exemption certificate arises in the following circumstances:

(a) Under Section 192 of the Act when salary is payable.

(b) Under Section 193, when a person is in receipt of interest on securities.

(c) Under Section 195, where any other sum is paid to a non-resident

(d) Contractors and other cases

23.2.1 Where in the above cases, the person is liable to tax at a lower rate or not liable to tax, exemption certificates may be issued by the Assessing Officer on an application made by him in Form No. 13 enclosing therewith the documents specified therein.

23.3 Likewise, the Assessing Officer should issue exemption certificates in cases where income of an institution is exempt from Income-tax under Sections 11 and 12 of the Act or where the income of any person is believed not to be subjected to large fluctuations and either does not reach the taxable minimum or is liable to tax at a lower rate, anticipatory certificates may be granted in advance for a lower rate or nil deduction of tax:

(a) Where the securities belong to an estate vested in the Administrator General or the Official Trustee and the shares of the beneficiaries are known it is the beneficiaries who apply for exemption certificates. But in such cases, it is essential to ascertain whether the shares are both definite and known, before the certificate is issued.

(b) The Assessing Officer should satisfy himself that the securities for which the exemption is applied for are in order by a reference to the security documents.

(c) In the certificate, the name of the person in question along a detailed description of the securities and their distinctive numbers should be given.

(d) In respect of government securities held in savings bank, deposited in the safe custody of the Accountant General, Posts and Telegraphs, the usual certificate granted by certain Assessing Officers authorising deduction of tax at a lower rate is not suitable. The following points may, therefore, be borne in mind while issuing the certificate in the prescribed form:

  (i) The Accountant General, Posts & Telegraphs will be treated as the person paying the interest.

  (ii) The savings bank depositor will be treated as the person receiving the interest.

  (iii) The holdings of separate depositors will be shown separately even though one of them may be a minor whose income is included in that of the father for purposes of Income-tax under Section 64 of the Act; and

  (iv) Descriptive particulars will be taken from the safe custody receipts given by the Accountant General, Posts and Telegraph and the numbers of the government securities will not be called for, unless it is otherwise necessary.

23.4 Before issuing such a certificate, the Assessing Officer should satisfy himself that the income of the applicant is liable to tax at a rate lower than the maximum rate. At the time of issue of fresh certificates, the position of earlier years should also be reviewed and if it is found that the assessee is liable to pay tax higher than that which was deducted, the same should be taken into consideration for ascertaining lower rate of TDS while issuing of fresh certificates. Further, if the Assessing Officer finds that such certificates, as issued at lower rates, may have led to non-payment of taxes due/ escapement of income, the necessary information should be passed on to the concerned AO PAN for appropriate action.

23.5 On obtaining such a certificate the person shall produce it before the disbursing officer who will only deduct tax at the rate mentioned therein.

23.6 The certificate will be issued in the prescribed form as appropriate in a particular case. The certificate will remain in force till it is cancelled.

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23.7 The jurisdiction for issue of certificates under Section 197 has been delegated to the TDS Section of the Department. Thus, the Officers working under the TDS Commissionerate will discharge the functions of the Assessing Officers for the purpose of issue of certificates under Section 197.

DO's and DON'Ts for Issuing Refunds

Sl. No.	DO	DON'T
1.	If a refund is to be issued manually, ensure that it is unavoidable and is in exceptional circumstances	
2.	Ensure that the approval of the Pr. DGIT(System) and the concerned Pr. Commissioner/ Commissioner/ Addl.Commissioner is obtained	
3.	Ensure that the relevant module in the AST/ITBA is filled up	
4.	In case the refund is arising out of a manual return filed by the assessee, check if the return is permitted to be filed manually. If the return was required to be e-filed, send necessary defective return notice under Section 139(9).	Do not process the manual returns, if found to be defective for the reason that the same was required to be e-filed.
5.	In case the refund is arising out of a manual return filed by the assessee, the return needs to be digitized through ITBA and computation and refund handling should happen through ITBA- CPC interface.	Do not process the returns manually.
6.	Ensure safe custody of RO book	Keep RO Outside
7.	Ensure proper account of ROs	Keep RO account outside
8.	Ensure dispatch of advices in advance	Send RO before dispatch of advice
9.	Endorse "A/c Payee Only" on RO	Sign RO before all formalities are completed
10.	Ensure entry of RO issued in assessment records	Hand over RO in person to the assessee
11.	Ensure Sl.No. of RO are proper there is no missing ROs in the book	
12.	Ensure uniform signature, and the attested specimen signature is sent to the bank	
13.	Ensure name and amount in words and figures are correctly entered.	
14.	Send RO by regd post/ ack due	
15.	Ensure issue of refund (Corporation Tax, Income-tax etc in the correct form)	
16.	Adjustment RO to be correctly done towards outstanding taxes in the respective heads	
17.	Ensure challan is accompanied with the adjustment RO	
18.	Follow the provisions of Section 245 and issue prior intimations to the assesse	

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AST Instruction No.136

आयकर निदेशालय (पध्दति)

DIRECTORATE OF INR OME TAX(SYSTEMS) -2

ARA Centre, Ground Floor, E— 2, Jhandewalan Extension,

New Delhi—110055

F.No. DGIT(S)/DIT(S)-3AST/Manual Refunds/85/2015-16 Dated:10/07/2015

To

All the Pr. Chief Commissioners of Income-tax/ Chief Commissioners of Income-tax All the Commissioners of Income-tax (CO)

Sir/Madam,

Sub: Restriction on Issuance of Manual Refunds by Assessing Officers - Reg

Kindly refer to the above subject.

2. The functionalities for passing orders under Section 143(1)(a)/ 143(3)/ 154/ appeal effects' penalty etc. exist on the system and, progressively AOs are mostly issuing orders on the system from AY 2011-12 onwards. The CBDT has repeatedly instructed that in all cases orders must be passed on the system. This has also been stressed in the Central Action Plan for each year. Further, all charges including LTUs and Central Charges are now covered by Refund Banker scheme. However instances continue to come to the notice of the CBDT where the Assessing Officers have issued manual refunds even in cases which have been processed on AST.

3. In certain exceptional time-barring cases the CBDT has allowed Processing of Returns of Income in Online TMS. The AST Instruction No 135 dated 20th March 2015 provides for processing of following categories of returns for AY 2013-14 in Online TMS.

- Category 1

Sl. No.	Category of Cases
I	PAN under migration
II	PAN is deleted in de-duplication process.
III	PAN is under de-duplication restoration

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- Category 2

Sl. No.	Category of Cases
1.	Invalid PAN mentioned in there turn
2.	PAN is not available
3.	Name in PAN database does not match with name in Return of Income
4.	Return with one PAN issued to two different entities OR someone filing a return quoting the PAN of original holder and this wrong return is processed first in AST/CPC/TMS therefore the System will not allow processing of Return of original PAN holder.
5.	Any other contingency in AST not allowing the processing of such return even with valid PAN

4. As per the aforementioned instruction, refunds can be issued via refund voucher printing facility for Online TMS Category 1 cases only Subsequent to the issue of refunds. The information regarding processing and refund issued. if any. Needs to be integration with AST, however for the Online TMS Category 2 cases refund via refund voucher printing facility or integration with AST is not possible, as the correct PAN details are not available.

5. Only in cases where the initial underlying order is passed outside the system the subsequent orders cannot be passed in the AST system and therefore in such cases refund cannot be issued through Refund Banker. As discussed in para 2 above from AY 2011–12 onwards, most orders under Section 143(1) and subsequent orders are already on AST system.

6. It is therefore decided by the CBDT that henceforth no manual refund should be issued in a case which has been processed on AST. In cases referred to in paras 4 & 5 or in exceptional cases manual refunds may be issued with the following safeguards.

(a) It is mandatory for AO to take Approval by Range head for refunds up to Rs. 1 lakh and approval.

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AST Instruction No. 136

आयकर निदेशालय (पध्दति)
DIRECTORATE OF INCOME TAX (SYSTEMS)
ए. आर. ए. सेंटर, भूमितल, ई-2 झंडेवालान,
ARA Centre, Ground Floor, E-2, Jhandewalan Extension,
नईदिल्ली /New Delhi-110055

F.No. DGIT(S)/DIT(S)-3/ AST/Manual Refunds/85/2015-16 **Dated:10/07/2015**

To

All the Pr. Chief Commissioner of Income-tax / Chief Commissioner of Income Tax
All the Commissioner of Income-tax (CO)

Sir/Madam,

Sub: Restriction on Issuance of Manual Refunds by Assessing Officers: Reg

Kindly refer to the above subject.

2. The functionalities for passing orders u/s 143(1)(a)/ 143(3)/ 154/ appeal effects/ penalty etc. exist on the system and, progressively, AOs are mostly issuing orders on the system from AY 2011-12 onwards. The CBDT has repeatedly instructed that in all cases orders must be passed on the system. This has also been stressed in the Central Action Plan for each year. Further, all charges including LTUs and Central Charges are now covered by Refund Banker scheme. However, instances continue to come to the notice of the CBDT where the Assessing Officers have issued manual refunds even in cases which have been processed on AST.

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- Category 1

Sr No	Category of cases
I	PAN under migration
II	PAN is deleted in de-duplication process.
III	PAN is under de-duplication restoration.

- Category 2:

S.No	Category of cases
I	Invalid PAN mentioned in the return
II	PAN is not available
III	Name in PAN database does not match with namein Return of Income
IV	Return with one PAN issued to two different entities OR someone filing a return quoting the PAN of original holder and this wrong return is processed first in AST/CPC/TMS , therefore the System will not allow processing of Return of original PAN holder.
V	Any other contingency in AST not allowing the processing of such return even with valid PAN.

4. As per the aforementioned instruction, refunds can be issued via refund voucher printing facility for Online TMS Category 1 cases only. Subsequent to the issue of refunds, the information regarding processing and refund issued, if any, needs to be integrated with AST. However, for the Online TMS Category 2 cases, refund via refund voucher printing facility or integration with AST is not possible, as the correct PAN details are not available.

5. Only in cases where the initial underlying order is passed outside the system, the subsequent orders cannot be passed in the AST system and therefore in such cases refund cannot be issued through Refund Banker. As discussed in para 2 above, from AY 2011-12 onwards, most orders u/s 143(1) and subsequent orders are already on AST system.

6. It is therefore decided by the CBDT that henceforth no manual refund should be issued in a case which has been processed on AST. In cases referred to in paras 4 & 5 or in exceptional cases, manual refunds may be issued with the following safeguards:

i. It is mandatory for AO to take Approval by Range head for refunds upto Rs. 1 lakh and approval by CIT for refund above Rs. 1 lakh and record reasons as to why manual refund was necessary.

ii. Mandatory quoting of PAN, AY and Bank account number on the Cheque.

iii. No manual refund will be permitted if a prior manual refund for same PAN, AY and amount has already been encashed.

7 For control purposes, a separate ITD functionality/screen is being rolled out vide this instruction to capture important details for manual refunds (other than using print refund voucher functionality where details are already captured in the system) issued by the Assessing Officer(s). The Assessing Officer(s) are advised to mandatorily fill these details before issuance of any manual refund from the date of issue of this instruction. Range Heads are advised to ensure that the Assessing Officers duly fill all the details for such manual refunds as provided in the functionality before issuance of any such manual refund. The path of this functionality is as under :

"ITD-->AST-->Others-->Manual Refund Details"

For monitoring by supervisory officers, the data of refunds issued manually and entered by the AOs in this new screen will be matched with the data of such refunds encashed as per OLTAS database regularly to identify cases that have not been entered by AOs through MIS feature that will be launched shortly.

This process would continue till a separate functionality is developed in ITBA

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8. The CIT(COs) are requested to ensure that all the Assessing Officers are enabled under Refund Banker Scheme as per new Jurisdiction Order issued after restructuring w.e.f. 15.11.2014. It also needs to be ensured that the old jurisdictions are dis-continued immediately.

9. For any clarifications/ difficulties user is advised to lodge ticket with Helpdesk for resolution. Any queries on this issue can also be addressed to Shri Ashish Abrol, Addl.DIT(S)-3(1)(**09013850443**),ashishabrol@incometax.gov.in

10. This issues with the approval of Chairperson, CBDT.

Yours faithfully,

(Ramesh Krishnamurthi)
Addl. DGIT(S)-3, New Delhi

Copy to :

1. The P.P.S. to Chairperson, CBDT for information.
2. The P.S. to Member (L&C), CBDT for information.
3. The P.S. to Pr. DGIT(S) for information.
4. Database cell to upload on website: irsofficersonline.gov.in
5. Additional DIT (Hqrs)(Admin) to upload on DGIT(S) corner in irsofficersonline.gov.in.
6. Sh. T John, DPA to upload on itaxnet

(Ramesh Krishnamurthi)
Addl. DGIT(S)-3, New Delhi

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ITBA-ITR Processing Instruction No. 2

F.No.System/ITBA/Instruction/ITR/2017-18/ Dated:08/11/2017

To

All Principal Chief Commissioners of Income-tax/ CCsIT (By Name)

All Principal Director General of Income-tax/ DGsIT (By Name)

All Principal Commissioner of Income-tax/CsIT/CsIT(Admin & CO) (By Name)

Sir/Madam,

Kindly refer to ITBA-ITR Processing Instruction No.1 dated 30/03/2017 where details were provided for roll out of processing under Section 143(1) of Paper ITRs 1, 2, 2A & 4S of AY 2016-17 in ITBA. The salient feature of the ITR processing module is that after data entry of the ITR in ITBA by the AO, the entire processing will be automatically done at CPC-ITR, with no further intervention by the AO, including computation of tax and interest, issue of intimation under Section 143(1) to taxpayer, posting of demand etc. The result of processing including copy of the intimation sheet will be available in ITBA for view by AO. This will bring the processing of paper ITRs on par with processing of E-filed ITRs. Necessary jurisdiction for processing paper ITRs has been granted to CPC-ITR vide Notification No. 16/2017/F.No.187/3/2017-ITA-I dated 22.03.2017 (Attached).

2. Since then a large number of paper ITRs have been digitized by the field. Some of these returns have resulted in refunds. It may be noted that except in few cases (super-senior citizens) all refund returns have to be electronically filed.

3. However, from the data of paper returns digitized by assessing officers and pushed to CPC-ITR for processing, it was observed that:

(a) Manual paper return with refund claims have been filed by assessees other than super senior citizens.

(b) Manual paper returns were filed without refund claims and after processing refund is determined in some cases. This is mainly due to tax calculation error by taxpayer or non-claiming of rebate under Section 87A.

(c) Manual paper returns were filed declaring no refund no demand and after processing, demand is determined in some cases. This is mainly due to tax calculation error by taxpayer or mismatch of pre-paid taxes.

4. With respect to procedure to be adopted in such situations, the matter was taken up with CBDT. After obtaining the CBDT's approval the following steps need to be observed before processing such manual paper returns.

(a) As per Rule 12 of IT Rules 1962, the taxpayer is required to file return electronically if there is refund claim except in some cases of super senior citizens. Therefore, such returns are not

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filed in the mode and manner prescribed in Rule 12 of IT Rules 1962. In such cases, the paper returns are not valid returns and taxpayers should be intimated accordingly and advised to submit ITR electronically. The paper return will be treated as invalid.

(b) Where when assessee has not claimed refund in the return (NDNR cases) but refund is determined after processing then such ITRs are treated as valid under Rule 12 of IT Rules 1962 and such ITRs should be processed and refund issued. If such cases are digitized and pushed to CPC-ITR for processing, the AO will be asked to re-confirm if the data entry in paper ITR is correct and also to confirm the refund computed before processing under Section 143(1) is completed if the refund amount is greater than Rs. 2,000. Such confirmation will be through electronic mode as mentioned in para 5 below.

(c) Where the assessee has submitted the paper return as NDNR but demand is determined after processing due to mismatch in pre-paid tax due to invalid/incorrect TAN, lack of TDS in 26AS or any other reasons, such ITRs are to be treated as valid under Rule 12 of IT Rules 1962 and such ITRs should be allowed to be processed and demand generated. AO may be asked to confirm if the data entry in paper ITR is correct and also confirm the demand computed through e-mode, before processing under Section 143(1) is completed. In case of data entry error, the AO can correct the data and resend the record to CPC-ITR for processing. (This functionality will be available soon).

5. In order to complete the process, now, a new One Time Password (OTP) functionality is being hereby rolled out for enabling the processing and issuance of refunds arising out of such ITRs. It is hereby made clear that this functionality is only for those ITRs where in computation will result in refund after processing of returns. Therefore, this functionality requires the AO to confirm an OTP (that would be sent to the official mobile by SMS) on ITBA for completing the processing and issuing refunds in paper ITRs which are pushed by ITBA to CPC-ITR for processing.

6. The AOs need to ensure that the details of their official mobile number available in ITBA-HRMS module are correct. If the same is not available or not correct, the AO needs to update the same by navigating through the following path.

Main Menu ---> Workforce Administration --> Employee Administration --->

Modify an Employee --->Contact Information.

7. Once the details are entered or updated, the confirmation of refund cases can be done in manner provided below.

(a) The returns are digitized in ITBA and submitted for computation to CPC-ITR by user.

(b) Returns which result in refund of less than/equal to Rs. 2,000 will be processed by CPC-ITR without any requirement of OTP confirmation by AO. Accordingly, the CPC-ITR will send the intimation to taxpayers through email (if available) or through speed post (as followed in case of e-returns).

(c) The returns which result in refund above Rs. 2,000 will be displayed in ITBA by CPC-ITR for confirmation by AO. The status of such returns will be marked as “Pending for Refund confirmation by AO”.

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(d) In such cases, OTP will be generated in ITBA. Such cases can be viewed by the user from View RRR Entries. On click of View/proceed for data entry, user can view the system computed values in Part-B-TI and TTI.

(e) User can verify the system computed values/refund amount and enter the OTP received on his official mobile number and click Approve Refund. System generated OTP is valid for 24 hours. In case the OTP expires, the user can re-generate the OTP using the facility available in ITBA.

(f) Once the user confirms the refund details by entering OTP, CPC-ITR will process the return and send intimation to taxpayer through email or speed post. Copy of the intimation will also be transferred to ITBA for viewing of same by the AO.

(g) The Assessing Officer shall also record the OTP on the Paper ITR for record purposes and for Audit as a confirmation of the validity of the refund claim/processing.

(h) In case the AO do not agree with the refund amount for the reason that there was a data entry error while digitizing the return, he may reject the same by clicking the 'Reject' Button. On doing this, the status of the paper return will be reverted to 'Pending for data entry'. The user can then make changes in the return data and re-submit it to CPC-ITR for computation. (This will be released shortly).

(i) If the AO has any doubt regarding computation of income or tax or interest resulting in refund etc. then he can raise a complaint with CPC-ITR on email aocpchelp@incometax.gov.in as well as on ITBA helpdesk. It is clarified that unless the OTP is entered by the user on ITBA, the processing of return will not be completed by CPC-ITR.

(j) The functionality of OTP will be available for paper ITRs processed by CPC-ITR and e-filed returns pushed to AOs by CPC-ITR for processing.

8. Similarly, if demand more than Rs. 10,000 is determined after processing such returns, an OTP will be generated. The AO has either to confirm the demand or resubmit the return after editing the data(e.g. wrong data entry made in TDS or TAN leading to wrong demand) as per the procedure explained in Para 5 (in respect of refund over Rs. 2000). This functionality will be released shortly.

9. As per the statistics available with this office as on 31/10/2017, about 6,57,895 paper returns for AY 2016-17 have been received by the field formations across the country. Out of these, it is seen that 4,43,777 returns have been digitised on ITBA. Further, only 1,46,205 returns have been submitted to CPC-ITR for processing. Therefore, all returns may be digitised and submitted for processing expeditiously.

10. This functionality is applicable for the AY 2016-17 onwards. Training material including user manual, help content and frequently asked questions (FAQs) are available on the ITBA Portal à Online Training on ITBA. Users can click on the online training functionality to access the following: User Manual, Step by Step, Frequently Asked Questions, and a Power Point Presentation to understand how to view the return.

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11. Users are advised to contact helpdesk in case of any issues in respect of the ITBA.

(a) Rs. 1 lakh and approval by CIT for refund above Rs. 1 lakh and record reasons as to why manual refund was necessary.

(b) Mandatory quoting of PAN, AY and Bank account number on the Cheque.

(c) No manual refund will be permitted if a prior manual refund for same PAN AY and amount has already been encashed.

"For control purposes, a separate ITD functionality/screen is being rolled out vide this instruction to capture important details for manual refunds (other than using print refund voucher functionality where details are already captured in the system) issued by the Assessing Officer(s). The Assessing Officer(s) are advised to mandatorily fill these details before issuance of any manual refund from the date of issue of this instruction Range Heads are advised to ensure that the Assessing Officers duly fill all the details for such manual refunds as provided in the functionality before issuance of any such manual refund The path of this functionality is as under.

"ITD-->AST-->Others--» Manual Refund Details".

Monitoring by Supervisory Officers

The data of refunds issued manually and entered by the AOs in this new screen will be matched with the data of such refunds encashed as per OLTAS database regularly to identify cases that have not been entered by AOs through MIS feature that will be launched shortly.

This process would continue till a separate functionality is developed in ITBA.

Approved Minutes
Meeting No. 1 /2017
Date of Meeting 01.03.2017

F. No. 396/22/2016-ITCC/
Government of India
Ministry of Finance
Department of Revenue
Central Board of Direct Taxes

New Delhi, the 28th March, 2017

Subject: Minutes of Full Board Meeting held on 1st March, 2017 at 3.00 P.M.

A Board Meeting was held in the Chamber of the Chairperson (CBDT) on 1st March, 2017 at 3.00 P.M.

1. The meeting was attended by the following:

S. No.	Name & Designation
1.	Sh. Sushil Chandra, Chairman, CBDT & Member (Inv)
2.	Sh. Sushil Kumar Sahai, Member (L&C)
3.	Ms. Nishi Singh, Member(P&V)
4.	Sh. Gopal Mukherjee, Member(R & TPS) & Member (A&J)
5.	Sh. Rajendra Kumar, Member (IT)

The following officers/ others also attended the meeting:

Sl.	Name & Designation	Sl.	Name & Designation
1.	Ms. Meeta Nambiar, CCIT (Intelligence)	8.	Sh. Anand Jha, CIT(IT&CT)
2.	Sh. A.K. Nigam, PDGIT (Logistics)	9.	Sh. Ramesh Krishnamurthi, ADG (Sys)
3.	Sh. Akhilesh Ranjan, PCCIT (Intl. Tax)	10.	Sh. Y.D. Sharma, CIT (C&S)
4.	Sh. Binod Kumar, CCIT (Exemption)	11.	Sh. R.K. Bhoot, JS (TPL-II)
5.	Sh. Ramesh K. Yadav, Commissioner(Inv)	12.	Sh. A.K. Sinha, Dir. (ITCC)
6.	Dr. B.K. Sinha, PCIT(OSD), CBDT	13.	Ms. Neetika Bansal, DS (ITJ)
7.	Sh. S.K. Ambastha, DIT (I&CI) (Admn.)	14.	Sh. Sanjay Joseph, JDIT (S)

3.1 **Brief No.33/2016** on the subject **"Managing outstanding arrear demand issue of 245 notices"** was presented by ADG (S)-3. ADG (S)-3 made a detailed presentation on the issues relating to comprehensively managing the problem of outstanding arrear demand as per the Agenda note. He highlighted the fact that as per the Centralized processing Center- Financial Accounting System (FAS) data the total Arrear demand was Rs 9.34 Lakh Cr in over 1.75 Cr entries as on 28th Feb 2017. He mentioned that the data may not include scrutiny demand data of central and international taxation units. ADG(S)-3 also briefed the Board that there

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were several tax payer grievances requesting for rectification or deletion of the arrear demand. The tax payer in many cases approaches either CPC-ITR by the Jurisdictional Assessing Officer for correction to the outstanding arrear demand but does not get the desired relief. Taxpayers were further aggrieved by the fact that CPC-ITR issues notices under 245 to the tax payer giving details of outstanding arrear demand which would be adjusted against the refund quantified for the ITR being processed by CPC, inspite of disputing the demand.

3.2 Thereafter, the Board discussed the actions taken by the Directorate/CPC on this issue and the immediate, medium term and long term proposals relating to Arrear Demand Management and took the following decisions:

i. A limited time window in AST would be given to all officers to upload data of scrutiny assessment orders so that the demand data is accurate and complete in the AST/CPC System.

ii. CBDT decision regarding small refunds/small arrear demand to permit issue of refunds below Rs 5000 or refunds where outstanding arrear demand against the tax payer was below Rs. 5000 without any adjustment of refund **would be implemented on a continuous basis.**

iii. The CPC-ITR and AO would not issue notice under 245 where the arrear demand across various Assessment Years had primarily resulted due to TDS mismatch and was less than or equal to Rs. 10 lakh and issuance of refund in such cases for the ITR in the AY under processing would be permitted. This would cover cases of Government employees where DDO might not have uploaded the TDS statement

iv. The CPC-ITR or the AO would not issue notice under 245 for arrear demand of any AY where refund had been issued by the Assessing Officer for the same year. Refund for the current ITR under processing would be issued without any adjustment of such arrear.

v. In other cases not covered above, where the tax payer had disagreed with the demand and the Assessing Officer even after receiving communication from CPC that there was an urgency to pass rectification orders by AO to reduce the demand, did not take any action within the time period of 30 days, no adjustment against the refund would be made and the tax payer would be refunded the entire amount.

vi. In other cases not covered in decisions above where 245 Notice has been issued to the taxpayer but taxpayer had not responded online to the Department within 30 days, the outstanding arrear demand would be adjusted to the extent possible against the refund due to the taxpayer.

vii. Department would initiate an e-mail/SMS campaign to all tax payers to provide an opportunity to either pay outstanding arrear demand, if correct, or to dispute the same on the e-filing portal irrespective of whether any refund was due to the tax payer or not.

viii. Simultaneously, a media campaign through newspaper advertisements would be initiated, exhorting tax payers to view the position of outstanding tax demand and make the payment of tax, if correct. This would enable smaller demands to be collected and would also provide the tax payer the opportunity to represent against any incorrect demand. Necessary action would be taken by Pr DGIT (Admin).

ix. List of cases of TDS mismatch would be examined by CPC-ITR or by the AO (with data assistance to be given by Systems Directorate or CPC-ITR) to determine if additional TDS credits had been reported by the deductors so that rectification may be carried out on a suo-motu basis.

x. In other cases where the suo motu rectification was not possible, the CPC-ITR or the AO would communicate with the tax payer to explain the provisions of Circular 8/2015 in order to facilitate rectification of outstanding demand where credits were not available in the system.

xi. In all cases where the TDS mismatch was due to non-reporting of TDS by deductors for the Assessment Years 2012-13 and after, a consolidated list of the top 5000 TDS defaulters would be circulated to the respective CIT-TDS by CPC(TDS) for them to initiate necessary time bound action under the Income Tax Act.

xii. The CPC-ITR would communicate a list of arrear demand and the Assessment Year to the Assessing Officers for a time bound verification and updation of the arrear demand in consonance with the earlier action of the AO wherein a refund was issued for the Assessment Year or the subsequent Assessment Year where the demand exist.

xiii. AOs would ensure that Dossier reports above the prescribed thresholds for the respective quarters starting from April 1st 2017 were taken from CPC-FAS data ONLY. This would ensure that the quality of high value demand in CPC-FAS was accurate.

xiv. In order to reduce large number of small arrear demands below Rs 100, amendment may be made to section 288B to permit ignoring any amount below Rs 100 for both demand as well as refunds. TPL may examine the proposal further.

xv. A team would be established at CPC-ITR with manpower assistance from the Managed Service Provider whose supervision and related sovereign functions would be done by a dedicated team of ITD officers and staff to ensure completion of rectification in an expeditious manner based on data available from tax payer as per directions of CBDT in Circular 8 of 2015 with concurrent jurisdiction for proceeding under Section 154 of the IT Act across the entire country. For cases where the manual Demand was uploaded by the AO or the Order was passed by the AO in AST, the scanned copies of the details of TDS Certificate, Tax Payment Challans and Indemnity Bond would be submitted online by taxpayer and then sent to AO for necessary verification and action. If no action was taken by AO within 3 months, then CPC would undertake rectification in cases of TDS or Tax payment mismatch, where feasible.

[Action : Pr. DGIT (System)]

4.1 Brief No.1/2017 on "**Guidelines for waiver of interest u/s 201 (1A) of the Income tax Act, 1961**" was presented by CIT (IT&CT). The draft guidelines placed in the Agenda Note were discussed. With respect to para 3(i) of the Agenda Note, it was decided that cases

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mentioned therein would be confined to those where TDS was applicable on making a provision for expenditure or on crediting a suspense account. With respect to para 3(iii) of the Agenda Note, it was decided that the para would not be included in the guidelines. With respect to para 3(iv) of the Agenda Note, it was decided that the contents of para 3(iv) of the Agenda Note would be redrafted in consultation with PCCIT (Intl. tax). With respect to paras 3(v), 3(vi), 3(vii) of the Agenda Note, it was decided that the paras would not be included in the guidelines.

4.2 It was decided that the guidelines, thus redrafted, would be placed before the Board again.

[Action : CIT (IT&CT)]

5.1 **Brief No.2/2017 on "Creation of a dedicated set-up for effective implementation of the Prohibition of the Benami Property Transactions Act, 1988 (PBPT Act) as amended by Benami Transactions (Prohibition) Amendment Act, 2016"** was presented by CIT (Inv.). It was recalled that the PBPT Act entailed criminal liability and confiscation of property. Though initially, the Addl. CIT, DCIT and TRO of Range-1 of a PCCIT (CCA) region had been designated approving authority, initiating officer and administrator with respect to the PBPT Act; in view of the large number of cases and expected considerable increase in litigation, need of deeper investigation and swift action and stringent timelines; a dedicated set-up for effective implementation of PBPT Act was being proposed now. Detailed proposals were placed before the Board to set-up dedicated **Benami Prohibition Units (BPU)** in the Investigation Wing with structure and functions as proposed in the agenda note.

4.2 After thorough discussion, in principle approval was granted by the Board to the proposals.

[Action : CIT (Inv.)]

5.1 Brief No.3/2017 on **"Proposal for consideration of the Board for ensuring more expeditious and effective action in the cases of undisclosed foreign assets/ income under the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015"** was presented by CIT (Inv.). It was explained that there was an urgent need to put in place an effective and dedicated mechanism which could achieve the purposes of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 and also enable sharing of appropriate information with Enforcement Directorate at the earliest possible, for action under PMLA read with the Black Money Act. To operationalize such a mechanism, it was proposed to assign concurrent jurisdiction of an Assessing Officer to the DDIT/ADIT concerned (who was investigating the undisclosed foreign assets case) u/s 120 of the Income Tax Act, 1961 read with section 6 of the Black Money Act. Such concurrent jurisdiction was proposed for actions under Black Money Act only. Such a case would revert

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to the normal assessment charge (Addl./JCIT concerned) either after passing of assessment order, levy of penalty and filing of prosecution complaints or after a clear finding by the Investigation Wing that the case was not fit for prosecution. In case the proposal was approved in principle, an SOP would be drafted to guide the concerned.

5.2 In principle approval was granted by the Board to the proposals as contained in the agenda note.

[Action : CIT (Inv.)]

The meeting concluded with thanks to the Chair.

(A.K. Sinha) 28/3/17
Director (ITCC)

Copy for information and necessary action to:
Chairperson, CBDT and All Members, CBDT.
Pr.DGIT (Systems), Pr. DGIT (HRD), Pr.DGIT (Vig), Pr.DGIT (Admn.), Pr.DGIT (L&R), Pr.DGIT (Logistics), Pr.DGIT(Risk Assessment), CCIT(Exemptions), Pr.CCIT (International Tax), DGIT (I&CI).
All JSs and All CsIT, CBDT.

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Recovery

1. Introduction

Valid service of notice of demand (NOD) is a pre-condition for initiation of recovery proceedings. Failure to serve NOD would result in declaration of recovery proceedings invalid. However, it is not necessary to issue a fresh NOD to an assesses whose income and the tax thereon has been modified as a result of effect having been given to any appellate or revision order in his case.

The work relating to recovery of tax is entrusted to Tax Recovery Officers (TROs). The restructuring of the Department effected during the year 2001 and the Board's order under Section 119 of the Income-tax Act in F.No.402/2/2002-ITCC dated 18th January, 2002, has considerably increased the scope of the functions of the TRO. Presently, as per Section 2(44), "Tax Recovery Officer" (TRO) means any Income-tax Officer who may be authorized by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner (hereinafter referred as Pr. CCIT/ CCIT/ Pr. CIT), by general or special order in writing, to exercise the powers of a TRO and also to exercise or perform such power and functions which are conferred on or assigned to an Assessing Officer (hereinafter referred as AO) under the Act and which may be prescribed.

TRO gets jurisdiction the moment a demand is certified by him by drawing a statement under Section 222(1) of the Act with or without a proposal from AO in case of a defaulter. By the Direct Tax Laws (Amendment) Act, 1989 w.e.f. 01/04/1989, Sections 222 to 232 have been amended and under the amended provisions, where the assessee is in default or deemed to be in default, TRO shall assume jurisdiction by drawing up under his signature a statement in the prescribed Form 57 in accordance with Rule 117B of the Rules. This statement is popularly known as Tax Recovery Certificate (hereinafter referred as TRC). Central Board of Direct Taxes (hereinafter referred to as Board), vide Circular No. 5511 dated 23/01/1990 has explained the scope and effect of the amendments about the powers given to TRO. Some provisions of Civil Procedure Code, 1908 (herein after referred as CPC) relating to recovery of dues also apply in case of recovery of arrear demand from defaulter.

TRO cannot exercise jurisdiction against any defaulter before drawing a TRC. As per Section 223, TRO competent to take action under Section 222 shall be as follows:

(a) within whose jurisdiction the assessee carries on his business or profession or within whose jurisdiction the principal place of his business or profession is situated.

(b) within whose jurisdiction the assessee resides or any movable or immovable properties of the assessee are situated.

For both the above categories, orders under Section 120 is required to be passed by Pr. CCIT/CCIT/ Pr. CIT or CIT in this regard.

Where an assessee has property within the jurisdiction of more than one TRO and TRO by whom a TRC is drawn up (a) is not able to recover the entire amount by sale of the property, movable or immovable, within his jurisdiction, or (b) is of the opinion that, for the purpose of expediting or securing the recovery of the whole or any part of the amount, it is necessary so to do, he may send the TRC or, where only a part of the amount is to be recovered, a copy of the TRC in the prescribed manner and specifying the amount to be recovered to a TRO within whose jurisdiction the assessee resides or has property. Thereafter, that TRO shall proceed to recover the amount as if the TRC or copy thereof had been drawn up by him. It may be mentioned that procedure to be followed for transfer of recovery proceeding from one TRO to another TRO is given in Rule 8, 9, 10, 11 & 12 of ITCP Rules. As per Rule 117B of Income-tax Rules, 1962, a TRC for the purpose of making recovery under Section 222 and 223 is to be drawn in Form No. 57.

Rule 3 of Second Schedule to the Act provides that no step in execution of TRC can be taken before expiry of 15 days from date of service of Notice of Demand.

In other words, the movable/ immovable properties of the defaulter cannot be attached before the aforesaid 15 days.

However, first Proviso to Rule 3 of Second Schedule to the Act makes it clear that when TRO is satisfied that defaulter is likely to conceal, remove or dispose of the whole or any part of such of his property as would be liable for attachment in execution of a decree of civil court and that the realisation of the certified amount would be delayed or obstructed as a result thereof, he may, at any time, direct an attachment of the whole or any part of such property. Before doing so, TRO is required to record his reasons in writing.

Second Proviso to Rule 3 of Second Schedule to the Act provides that if, the defaulter whose property has been so attached, furnishes security to the satisfaction of TRO, such attachment shall be cancelled from the date on which such security is accepted by TRO.

Where any immovable property is attached under Second Schedule to the Act, such attachment shall relate back to and take effect from the date on which the NOD was served on the defaulter (Rule 51). If the defaulter enters into any transaction in respect of the property so attached between the period starting from date of service of NOD and date of attachment, such transaction shall be void and the attachment would prevail.

2. Self-contained Code for Recovery

Sections 222 to 232 of the Income-tax Act, 1961 and the Second and Third Schedules thereto, together with the Income-tax (Certificate Proceedings) Rules, 1962 constitute a self contained code prescribing various modes for the recovery of arrears of Income-tax. These provisions are also applicable for the recovery of arrears of Wealth Tax and Gift-tax by virtue of Section 32 of the WT Act, 1957 and Section 33 of the Gift-tax Act, 1958. Recovery of the estate duty arrears is to be made by the Officers of State Governments as per provisions of Section 73(5) of the Estate Duty Act, 1953.

3. Modes of Recovery

3.1 After drawing up TRC in the prescribed Form (Form No.57) specifying the amount of arrears due from the assessee, TRO shall proceed to recover the amounts in arrears by one or more of the modes mentioned below in accordance with the Rules in Second Schedule to the Act and ITCP Rules:

(a) Attachment and sale of the defaulter's movable property (Part II of Second Schedule to the Act).

(b) Attachment and sale of the defaulter's immovable property (Part III of Second Schedule to the Act).

(c) Appointment of a receiver for the management of the defaulter's movable and immovable property (Part IV of Second Schedule to the Act).

(d) Arrest of the defaulter and his detention in a civil prison (Part V of Second Schedule to the Act).

Section 222(2) empowers TRO to take action under any one or more modes mentioned above and, in any order, as he deems fit. This procedure for recovery is without prejudice to any other mode of recovery available.

3.2 The above four modes are not exhaustive and the Government can recover the dues by any other mode open to it under any other law e.g. by filing a civil suit in a Court of law.

3.3 Recovery through Other Modes:

(a) **Recovery under Section 226 of the Act:** TRO may make recovery from defaulter also by invoking provisions of Section 226 of the Act. They are given below:

- (i) Attaching the salary, if the defaulter assesses is in receipt of salary income.
- (ii) Attaching any payment of money due or may become due to defaulter assesses from debtors; this includes attachment of his bank accounts and making recovery from such bank accounts.
- (iii) Making application to a court which is custodian of defaulter's money.
- (iv) By distraint and sale of movable property of defaulter in the manner laid down in the Third Schedule.

(b) **Civil Suit:** Outstanding demand can be recovered by filing a civil suit in a court of law, as provided in Section 232 of the Act. Limitation for filing a civil suit is 30 years under Article 112 of the Schedule to the Limitation Act, 1963.

(c) **Debt Recovery Tribunals:** Where tax is being recovered under the exclusive jurisdiction of TRO, recovery of banks' dues through Debt Recovery Tribunal need not come in way of jurisdiction of TRO. There may be instances where the same property is found to be the subject matter of jurisdiction of both, in such cases, primary jurisdiction would vest with the authority having priority of claim.

3.4 Whenever TRO collects any amounts towards the satisfaction of the certificated dues, he should send an intimation in this behalf to the AO. While one copy of the said intimation is to be retained as the office copy, two copies thereof will be forwarded to the AO.

3.5 Before starting to effect recovery by resorting to any of the above modes of recovery, TRO may give an opportunity to defaulter to pay the arrears of certified demand voluntarily. For this purpose, Section 225 of the Act authorizes him to grant time for payment; during such time, TRO shall stay the proceedings for recovery.

In respect of disputed demand certified by TRO and modified in appeal or other proceedings under this Act and where department has gone in appeal, TRO shall stay the recovery of such part of the amount specified in the certificate as pertains to the said reduction for the period for which the appeal or other proceeding remains pending. When appellate proceedings reach finality, TRO shall make corresponding modifications accordingly.

Since Section 225 empowers TRO to grant time for payment of demand, he has implied discretionary powers to grant instalments for payment.

3.6 The power of survey under Section 133A of Income-tax Act, 1961 was made available to TRO w.e.f. 01/06/2003 vide the Finance Act, 2003 by amending Explanation (a) to sub-Section (6) of Sec. 133A.

4. Procedure for Drawing up of Tax Recovery Certificate (TRC)

4.1 Section 222 as amended by the Direct Tax Laws (Amendment) Act, 1987 empowers the Tax Recovery Officer to draw up a statement under his signature in the prescribed form (i.e. recovery certificate) whenever an assessee is in default or is deemed to be in default in making a payment of tax.

As per amended procedure, AO is required to draw a statement containing details of arrears as per format given at the back of Form No. 57 and sign the same and then forward the statement to TRO to enable him to draw TRC showing correct amount of outstanding demand pending against defaulter.

Before drawing up of TRC, both AO and TRO are required to ascertain correct position of demand after giving credit to all prepaid taxes and giving effect to rectification petitions, appeal orders, revision orders, etc. Commencement of recovery proceedings cannot be done before verifying the actual position of demand or before addressing the objections/ disputes, if any, raised by the assesses.

The statement drawn by AO must contain details of all movable and immovable assets of defaulter on the basis of the last return filed or on the basis of information gathered by AO by conducting post-assessment enquiries in this regard.

4.2 After correctness of the demand outstanding against defaulter is verified and the verifications have been made by AO from the records that no action relating to rectification, giving of appeal effect and giving credit for any payment made by the assesses is pending and he has also ensured that he has taken all possible action under the law to recover the demand, he will send intimation to TRO only with the prior approval of the Joint/Addl. Commissioner of Income-tax. The Assessing Officer will certify that he has completed all the penalty and recovery proceedings under Sections 221 and 226. The JCIT/Addl. CIT will also satisfy himself that the Assessing Officer has taken all steps to recover the demand specifically by completing the proceedings under Sections 221 and 226. On the basis of such statements and after verifying the correctness of the demand from the relevant assessment records and registers, TRO shall draw certificate in Form No. 57 under his signature. Conversely, where there is delay by AO in sending the statements of arrears, TRO can call for such statements from the Assessing Officers by writing letter to AO and endorsing a copy of this letter to the Range head for information. To expedite recovery in cases where demand is difficult to recover, the Pr. CIT concerned may issue necessary instruction to AO and TRO to draw TRC in a time bound manner.

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4.3 The Board has specified that the proceedings for recovery of tax may be initiated by TRO by way of drawing up of recovery certificates under his signature in the prescribed form 2 specifying the amounts due from an assesses in default or deemed to be in default in all cases where the demand is more than one year old.

4.4 The concerned range head shall ensure that all the cases of assesses in default where demand is more than one year old are examined by TRO for drawing of TRC after following the prescribed procedure. To ensure that all eligible cases for issue of TRC are examined by TRO and AO, Addl. CIT shall hold a quarterly meeting between the two for deciding the cases fit for drawing of TRC. He should guide the AO and TRO and ensure that TRC is drawn in appropriate cases. Addl. CIT shall obtain a list of cases where TRC is drawn and send it to concerned CIT. In case of a Joint CIT Special Range, he shall be eligible to make reference to TRO of his own accord.

4.5 Effective from 15.11.2014, Department has been restructured and one post of TRO is allocated to the charge of each Pr. CIT. In view of this, the work pertaining to coordination will have to be carried out in the office of Pr. CIT who should ensure that all the cases eligible for drawing of TRC are processed and followed up. He should further ensure that TRO takes effective step for speedy recovery of demand and protecting the interest of revenue.

4.6 Rule 84 and 85 of Second Schedule to the Act and Rule 60 of ITCP Rules, 1962 authorize TRO to continue the proceedings in respect of a certificate received against a person who dies subsequently. TRO cannot draw a certificate against a person who is already dead.

4.7 As per Instruction No. 1883 of 1991, the Board desires that whenever TRO draws up a tax recovery certificate and enters the same in his register, he should send intimation to the concerned AO so that AO makes a note thereof against the corresponding entry in his Demand and Collection Register in the prescribed form as "Tax Recovery Certificate drawn up by TRO (address of TRO) and entered in his register at Sl. No. ……on ………..(date)".

This note will have to be carried forward to the new registers whenever the D & CR entries are carried forward and this entry should be continued to be carried forward till the certified demand is collected by the TRO.

4.8 In suitable cases, the Commissioners should also issue a notification under Section 226(5) authorising the Assessing Officers to recover the tax arrears by distraint and sale of movable properties in the manner laid down in the 3rd Schedule to the Income-tax Act, 1961.

4.9 Before embarking on coercive steps to recover the demand, it is incumbent upon TRO to ascertain the correct figure of outstanding demand. In actual practice, discrepancies are often noticed between the outstanding dues specified in the TRC and the arrears shown to be outstanding as per AO's report. Cases in which correctness of the demand specified in the NOD is not accepted by defaulter, should be marked by TRO to TRI for verification. TRI should carry out the reconciliation and verification and ascertain the correct amount to be recovered. Where, on verification, the amount shown in the certificate as outstanding against the defaulter is found to be incorrect, TRO should modify the certificate drawn by him under Section 222 accordingly.

4.10 When a certificate has been drawn up by the Tax Recovery Officer for the recovery of arrears under Second Schedule to the Act, the Tax Recovery Officer shall cause to be served upon the defaulter a notice requiring the defaulter to pay the amount specified in the certificate within fifteen days from

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the date of service of the notice and intimating that in default steps would be taken to realise the amount under this Schedule. Issue of a notice under Rule 2 is mandatory and cannot be dispensed with. TRO has to issue a notice required by Rule 2 before he can assume jurisdiction unless he is acting under the 1st proviso to Rule 3.

4.11 No time limit has been prescribed for issue of a notice to the defaulter after TRC is drawn by TRO. However, it is desirable to issue notice to defaulter within a reasonable time preferably within fifteen days of drawing of TRC.

4.12 Once TRC is drawn, exclusive jurisdiction vests in TRO for recovery under Section 226 of the Act. As a result of amendment of Section 226 and insertion of Rule 94 in Second Schedule to Income-tax Act, 1961 with effect from 01/04/89, AO does not have power of recovery under Section 226 once TRC is drawn. Therefore, there is a need for AO to maintain a record of all such cases where TRO has drawn up TRC.

4.13 Vide Circular No. 1/2015 (F.NO.142/13/2014-TPL), Dated 21/01/2015. Interest payable by the assessee under Section 220 of the Income-tax Act has been clarified as under:

(a) The provisions contained in sub-Section (1) of Section 220 of the Income-tax Act, provide that any amount specified as payable in a notice of demand under Section 156 of the Income-tax Act shall be paid within thirty days of the service of notice at the place and to the person mentioned in the notice. Sub-Section (2) states that if the amount specified in the notice is not paid within the period, the assessee shall be liable to pay simple interest at one per cent for every month or part of a month comprised in the period commencing from the day immediately following the end of the period mentioned in sub-Section (1) and ending with the day on which the amount is paid. The proviso to sub-Section (2) stated that where as a result of an order under Sections 154, 155, 250, 254, 260, 262, 264 or sub-Section (4) of Section 245D of the Income-tax Act, the amount on which interest payable under the said Section 220 had been reduced, the interest shall be reduced accordingly and the excess interest paid, if any, shall be refunded.

(b) Liability of the assesses to pay interest is based on the theory of continuity of the proceedings and the doctrine of relation back. Accordingly, sub-Section (1A) has been inserted in Section 220 of the Income-tax Act to provide that where any notice of demand has been served upon an assesses and any appeal or other proceeding, as the case may be, is filed or initiated in respect of the amount specified in the said notice of demand, then such demand shall be deemed to be valid till the disposal of appeal by the last appellate authority or disposal of proceedings, as the case may be and such notice of demand shall have effect as provided in Section 3 of the Taxation Laws (Continuation and Validation of Recovery Proceedings) Act, 1964.

(c) It has been further provided that where as a result of an order under Sections 154, 155, 250, 254, 260, 262, 264 or sub-Section (4) of Section 245D of the Income-tax Act, the amount on which interest was payable under Section 220 had been reduced and subsequently as a result of an order under said Sections or Section 263, the amount on which interest was payable under Section 220 is increased, the assesses shall be liable to pay interest under sub-Section (2) of the said Section on the amount payable as a result of such order, from the day immediately following the end of the period mentioned in the first notice of demand referred to in sub Section (1) of the said Section 220 and ending with the day on which the amount is paid.

(d) Applicability: —These amendments take effect from the 1st October, 2014.”

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4.14 Vide Instruction No. 1785 (F.NO. 405/23/87-ITCC), Dated 25/02/1988 its been stated that "Rule 50 of the Second Schedule to the Income-tax Act, l961 provides that the order of attachment shall be proclaimed at some place on or adjacent to the property attached by beat of drum or customary modes, and a copy of the order shall be affixed on a conspicuous part of the property and on the notice board of the office of the Tax Recovery Officer. The Public Accounts Committee in their 95th Report, have expressed the opinion that the provisions of Rule 50 are not sufficient to warn the Bona fide purchaser or a third party, against entering into any transaction in respect of a property under attachment. To achieve this, the Committee suggested that the wide publicity of the attachment of immovable property under Section 48 of the Second Schedule to IT Act 1961 should be given by way of advertisements in newspapers. This recommendation has been accepted 2.

Accordingly, it is decided that wide publicity should be given about the properties under attachment. As soon as order of attachment under Rule 48 of the Second Schedule is passed, the TRO concerned should issue advertisements in English and local languages newspapers giving the name of the defaulter and details of the properties. The details must be specific and should enable clear identification of the property. In respect of old cases, a list of such attachment giving similar details as above may be prepared and published. These instructions may be brought to the notice of all concerned."

4.15 Vide Instruction No. 1883, dated 07/06/1991 it has been instructed that "…In view of the above advice given by the Ministry of Law, the Board have decided that the Assessing Officer should calculate the interest payable under Section 220(2) at the end of each financial year if the amount of tax, etc., in respect of which such interest is payable, has not been paid in full before the end of any such financial year and issue the demand notice accordingly. If the amount of tax, etc., in respect of which such interest under Section 220(2) is payable, is paid before the end of any financial year, the Assessing Officer shall calculate the interest payable under Section 220(2) up to the date on which the payment is made and issue the demand notice accordingly. Further, as is evident from Form No. 57, prescribed under Rule 117B of the IT Rules, for the drawing up of statement under Section 222 by the Tax Recovery Officer, interest under Section 220(2) from the day when amount became due, to the date of drawing up of the statement, has to be indicated in the statement.

The Board have also decided that in cases where the interest under Section 220(2) has to be charged by the Assessing Officer up to 31st day of March of a financial year in respect of demands outstanding on that date, he should calculate interest and issue demand notice within a period of 30 days from the end of the financial year i.e. by the 30th day of April. In cases where interest has to be calculated and charged by the Assessing Officer up to date of payment which falls prior to the 31st day of March, interest should be calculated and charged within a week of the date of final payment. Interest should also to be charged by the Assessing Officer upto the date of drawing up of a recovery certificate at the time of drawing up of such certificate by the Tax Recovery Officer. After the date of drawing up of the certificate, interest should be charged and collected by the Tax Recovery Officer along with the outstanding demand shown in the recovery certificate. Further, with a view to ensuring proper compliance with the above instructions, the Supervisory Officers *i.e.* Commissioners or Deputy Commissioners, as the case may be, should carry out half-yearly review of the work of Assessing Officers and Tax Recovery Officers for the periods ending 30th September and 31st March, in the months of November and May, respectively, and send a report thereon to their Supervisory Officers *i.e.* Chief Commissioners or Commissioners, as the case may be, so as to reach the latter by 15th December and 15th June, respectively."

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5. Details to be Furnished by Assessing Officer to Tax Recovery Officer

The statement to be prepared by the Assessing Officer should be accompanied by details of assets of the defaulter and Form No. 57 duly filled in (only keeping the TRO's signature portion blank). Since the Tax Recovery Officer has powers under Section 226, the details of assets of the defaulter should also include the names of persons from whom money is due or may become due to the defaulter.

6. Time Limit for Recovery Certificates

6.1 With effect from 01/04/1989, there is no compulsion for the recovery certificate to be drawn up within a particular period. However, the CBDT vide its letter dated 18/01/2002 in F.No.402/2/2002-ITCC has specified that the proceedings for recovery of tax may be initiated by the Tax Recovery Officer by way of drawing up of recovery certificates under his signature in the prescribed form specifying the amounts due from an assesses in default or deemed to be in default, in all cases where the demand is more than one year old.

6.2 For a detailed study of the powers and functions of the Tax Recovery Officer and the procedure to be followed by him, reference may be made to the Tax Recovery Officers Manual published by the Board in 2014(which is in process of updation).

7. Important Records and Registers to be Maintained by Tax Recovery Officers

7.1 The following is the list of important registers with which officials working in Tax Recovery offices should be thoroughly familiar:

(a) Inward Register for Certificates–contains details of certificates received in.

(b) Cash Book-All monetary transactions are entered in this register *viz.* cash and cheques received from the defaulters.

(c) Execution Register-This Register gives the number of warrants issued to and executed by the TRO/TRI.

(d) Register of Daily Reduction/collection of certified demand-This Register is the source record for the collection and reduction figures to be furnished in the Monthly Progress Report.

(e) Stay Register-contains details of cases in which stay has been granted.

(f) Instalments Register-contains the schedule of instalments granted to a defaulter.

(g) Disposal Register for certificates finally disposed off.

(h) Closed Certificates Register-This Register contains the details of cases where certificates were closed on account of appellate reductions/rectifications etc.

(i) Custody Register-Particulars of articles seized and in safe custody are entered in this Register.

(j) Daily Diary-The work done day to day is to be entered in the Daily Diary by the Inspector.

(k) Register of Recovery in case of Companies in liquidation, BIFR & Sick companies.

(l) TRO's Control Register.

(m) Any other register as prescribed.

(n) Register of movable and immovable property attached and sold.

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7.2 The TRO should ensure that all these registers are maintained regularly and updated every month. The concerned officials should maintain the registers mentioned above regularly. As and when changes arise or action is taken, entries should be made in the registers. The updated registers should be put up to the TRO by the 10th of every month. The TRO should go through the registers and if there are any shortcomings, he should point out the same to the officials. He should ensure the proper maintenance of the registers.

7.3 Vide Instruction No. 1893 (F.NO.385/88/90-IT(B)), Dated 26/03/1992 it has been stated that "As you are aware as a result of the amendment of Section 226 and insertion of Rule 94 in the 2nd Schedule to the IT Act w.e.f. 01/4/89, the Assessing Officer does not have any powers of recovery under Section 226 in cases where a Tax Recovery Certificate (TRC) has been issued by him or has been drawn up by the TRO. In such cases, the TRO alone can exercise these powers. Therefore, there is a need for the Assessing Officer to maintain a record of all such cases where the TRO has drawn up tax recovery certificate.

Till 1989 the Assessing Officer used to maintain a register in Form ITNS-161 of recovery certificates issued by him and a corresponding register in Form ITNS-162 was maintained by the TRO. Subsequently on account of the removal of time limit of 3 years under Section 231 for issue of the Tax Recovery Certificate and the decision to draw up TRCs in selected cases only (decisions communicated to the Chief Commissioner vide the board's letter File No. 396/3/90-ITCC date 13/02/90) and in view of the fact that the Assessing Officer's register was rarely put to any use, the register in Form ITNS-161 was discontinued. Therefore, presently the Assessing Officer does not perhaps keep any record of cases where a recovery certificate has been drawn up by the TRO.

With a view to ensuring that the Assessing Officer does not take recovery action under Section 226 in cases where tax recovery certificates have been issued by him or drawn up by the TRO, the Board desire that whenever the TRO draws up a tax recovery certificate and enters the same in his register in Form ITNS-162, he should send intimation thereof to the concerned Assessing Officer so that the Assessing Officer makes a note thereof against the corresponding entry in his D & CR in the following form--Tax Recovery Certificate drawn up by the TRO(address of TRO) and entered in his register at Sl.No.____on __________(date)". Obviously, this note will have to be carried forward to the new registers whenever the D & CR entries are carried forward.

Such an exercise of indicating against the relevant entries in the Assessing Officer's D&CR, the details regarding the issue/drawing up of tax recovery certificates, may please be carried out immediately in respect of all the existing arrear and current demand entries also.

The above instructions may please be brought to the notice of all officers working in your region and suitable action in this regard may be taken."

7.4 From 15/11/2014, Department has been restructured and one post of TRO is allocated to the charge of each Pr. CIT. In view of this, the work pertaining to coordination will have to be carried out in the office of Pr. CIT who should ensure that all the cases eligible for drawing of TRC are processed and followed up. He should further ensure that TRO takes effective step for speedy recovery of demand and protecting the interest of revenue including Inspection.

Note: The reports generated on ITBA module and its working are not a part of this elucidation.

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Write-off and Scaling Down Arrear Demands

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1. There is no specific provision in the Income-tax Act or in any of other Direct Tax Acts for writing off the tax arrears, which become irrecoverable. However Rule 31 of the General Financial Rules, 1963, provides for remission of claims to revenue with the proviso that *"a claim to revenue shall not be remitted/ abandoned save with the sanction of the competent authority* "In pursuance of this, powers to sanction Write-off of revenue have been delegated by the Central Government as per Rule 13 read with Schedule VII of the Delegation of Financial Power Rules, (DFPR) 1978, to the Chief Commissioners of Income-tax and Commissioners of Income-tax/ Wealth Tax/ Gift Tax/ Expenditure Tax/ Interest Tax, to Write-off irrecoverable balances of Income-tax/ Wealth Tax/ Gift-tax/ Expenditure-tax & Estate Duty demands, subject to a report to the next higher authority.

Rule 13(3) of DFPR delegate's powers to subordinate authorities as follows:

Subordinate authorities can exercise same financial powers in respect of capital expenditure also on matters covered by Schedule II to VII unless specifically restricted - *In so far as mailers covered by Schedules II to VII are concerned, subordinate authorities can exercise the same financial powers irrespective of revenue expenditure, except in the case of those items where the powers may be specifically restricted to revenue expenditure (e.g. Item 17 of the Annexure-10 Schedule V).*

(G.I., M.F., O.M. No F. 12(80) E. l/(A)/60, dated the 23rd December, 1965.}

1.1 Note No. 1 of Schedule VII further provides that:

"The powers specified in this schedule may be exercised by a subordinate authority provided that - (a) the loss does not disclose a defect in the rules or *the procedure, the amendment* of which *requires the orders* of *a higher authority in the Finance* Ministry; (b) there has not been any serious negligence on the part of any Government servant which may call/or disciplinary action by a higher authority".

In other words, the powers of Write-off rest only with the Finance Ministry in cases where there are such defects.

1.1.1 It is further stipulated in Schedule VII of the DFPR as follows:

(a) "In the matter of Write-off. The procedure/instructions issued by the Department of Revenue from time to time shall be observed.

(b) The exercise of powers for scaling down of irrecoverable amount of Income-tax/Wealth Tax/ Gift Tax/Expenditure Tax and Estate Duty shall be regulated in accordance with the provisions of the Income-tax Act. 1961/Wealth Tax 1957/Gift Tax Act 1958/Expenditure Tax Act 1987 and Estate Duty Act 1953, as the case may be, and the instructions issued by the Department of Revenue from time to time".

1.1.2 In the latest edition of the DFPR (incorporating orders Received up to Feb. 2005), w.e.f. 2nd May 1990, (vide G.I., MF., Notification No. F.I (47)-E, II (A)/86 published as S.O. No. 1469, in the Gazette of India, dated the 26th May, 1990) the powers of Write-off of different authorities are given as below:

*Loss of Revenue	(a) Chief Commissioners of Income-tax. (b) Commissioner of Income-tax	Up to Rs. 15 lakhs to Write-off irrecoverable balances of Income-tax subject to a report to the next higher authority. Up to Rs. 10 lakhs to Write-off irrecoverable balances of Income-tax subject to a report to the next higher authority
	(a) Chief Commissioners of Wealth Tax/Gift-tax/ Expenditure-tax/Interest-tax	Up to Rs. 10 lakhs to Write-off irrecoverable balances of Wealth Tax/Gift-tax/Expenditure-tax/Interest-tax/Estate Duty.
	(b) Commissioners of Wealth Tax/Gift-tax/ Expenditure-tax/Interest-tax and Controller of Estate Duty	Up to Rs. 5 lakhs to Write-off irrecoverable balances of Wealth Tax/ Gift-tax/Expenditure-tax/Interest-tax/Estate Duty. NOTE 1- In the matter of Write-off, the procedure/instructions issued by Department of Revenue from time to time shall be observed. NOTE 2- The exercise of powers for scaling down of irrecoverable amount of Income-tax/Wealth Tax/Gift Tax/Expenditure Tax and Estate Duty shall be regulated in accordance with the provisions of the Income-tax Act 1961, Wealth Tax 1957, Gift Tax Act 1958, Expenditure Tax Act 1987 and Estate Duty Act 1953 as the case may be and the instruction issued by the Department of Revenue from time to time”

The relevant extract of Delegation of Financial Power Rules, 1978 is placed at *Annexure-II.*

1.2 These above limits have to raise in keeping with the higher limits for Write-off as sanctioned by CBDT in Instruction No. *14/2003* dated 06/11/2003 for which necessary steps have been initiated.

2. Effect of Write-off Order

The Writing Off of irrecoverable demands is purely an administrative act. It does not preclude the Department from recovering the amount so written off by exercising the powers under the Income-tax Act. The recovery can also be affected by filing a civil suit. The civil suit, however, cannot be filed after the expiry of 30 years from the date the tax becomes payable in view of Art. 112 of the Limitation Act, 1963.

In accordance with the instructions of the Comptroller and Auditor General of India, audit has to scrutinise the orders sanctioning Write-off of outstanding demands. Hence as per Board’s letter F.No. 61-1/64/IT dated 17/02/1964, copies of the individual orders sanctioning Write-off of Income-tax demands of Rs. 10000 and above should invariably be endorsed to the respective Directors of Audit.

3. Administrative Regulations of the Powers of the Authorities to Write-off Tax Arrears

3.1 As per Instruction No. 1740 dated 29.12.1986 issued by the CBDT in F. No. 375/35/83-IT(B), Income-tax authorities have been given powers to Write-off irrecoverable tax arrears in the following manner:

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Name of the authority Amount of Write-off:

(a) Chief Commissioner of Income-tax: Full powers upto Rs. 15 lakhs in each case.

(b) Commissioner of Income-tax: Full powers upto Rs. 10 lakhs in each case.

(c) Joint Commissioner of Income-tax: upto Rs. 10,000 in each case.
Addl. Commissioner of Income-tax.

(d) Asstt. Commissioner of Income-tax: upto Rs. 1000 in each case.
Deputy Commissioner of Income-tax.

(e) Income-tax Officer-upto Rs. 500 in each case.

Note: 'Each case' Should be taken to mean all the assessment years to which the irrecoverable demands may relate in respect of a single assessee.

3.2 Where the tax arrears are Rs. 15 lakhs or above in each case, prior approval of the Board is required before passing the orders of Write-off. For this purpose, the CIT has to send a proposal for Write-off duly recommended by the Zonal Committee consisting of three Commissioners including the Commissioner concerned. It should be sent to the Board through the CCIT and Directorate of Income-tax (Recovery).

The administrative approval to the proposal is accorded as per the following financial limits:

(a) where the tax arrears are between Rs. 15 lakhs & upto Rs. 25 lakhs: Individual Member of the Board.

(b) where the tax arrears are above Rs. 25 lakhs and upto Rs. 50 lakhs: Full Board.

(c) where the tax arrears are above Rs. 50 lakhs: Board with the approval of the Minister.

3.3 Where the tax arrears exceed Rs. 1 lakh but are less than Rs. 10 lakhs, the CIT may pass the order of Write-off after receiving the approval of the Zonal Committee. In respect of tax arrears exceeding Rs. ten thousand but upto Rs.1 lakh, the CIT may pass the order of Write-off after receiving the approval of the local Committee. Where the arrears exceed Rs.10 lakhs but are less than Rs. 15 lakhs, the Chief Commissioner of Income-tax may pass the order of Write-off after receiving the approval of the Zonal Committee, consisting of three Commissioners. The total demand outstanding in each case, and not the amount to be written off should be taken into account to determine the authority which is competent to approve the proposal for Write-off.

3.4 With effect from 06/11/2003, vide Instruction No. 14/2003 dated 06/11/2003 read with F.NO. 375/3/2002-IT(B) dated 18/11/2003, a three-tier structure to consider and recommend Write-off has been approved as under:

(a) A zonal committee to consist of 3 officers of the level of CCIT.

(b) A Regional committee to consist of 3 officers of the level of CIT.

(c) A Local committee to consist of 3 officers of the level of Addl. CIT

The composition and other details of various committees are as under:

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Name of the Committee	Constitution of the Committee	To be Constituted by	To be Notified by
Zonal Committee	Permanent Members consisting of three Chief Commissioners	CBDT	CBDT
Regional Committee	Permanent Members consisting of three Commissioners. The CIT concerned shall be co-opted as Member for presenting his Case, where he is not a permanent Member.	Cadre Controlling CCIT	Cadre Controlling CCIT (Copy to be sent to CBDT)
Local Committee	Permanent Members consisting of three Addl. CIT/JCIT. The Addl.CIT/ JCIT concerned shall be co-opted as Member for presenting his Case, where he is not a permanent Member	CCIT	CCIT (copy to be sent to CBDT)

3.5 Accordingly the monetary ceiling with respect to the powers of various IT authorities to Write-off irrecoverable dues have been enhanced and the level of authority whose administrative approval would be required for Write-off has been redefined. Further, the respective jurisdiction of the three committees over write-off proposals have been redelineated.

3.5.1 Monetary powers for Write-off have been fixed as per summarized position given as below:

The local committee consisting of 3 officers of level of Addl.CIT shall consider Write-off proposals of demand upto Rs. 5000, (where order of Write-off will be passed by the ACIT/DCIT), and demand over Rs. 25000 to Rs. 1 lakh (where order of Write-off will be passed by the Addl.CIT/JCIT). The Sub-zonal or regional committee consisting of 3 officers of level of CIT shall consider Write-off of demands from Rs. 1 lakh to Rs. 10 lacs (where order of Write-off of demands passed by the CIT subject to report to the next higher authority). The Zonal Committee consisting of 3 officers of level of CCIT shall consider Write-off of demand from Rs. 10 lacs to Rs. 25 lacs (where order of Write-off will be passed by the CCIT subject to the report to the next higher authority), and from Rs. 25 lakh to Rs. 50 lakh (where order of Write-off will be passed by the CCIT with the approval of full Board and Finance Minister).

3.5.2 Clarificatory Instruction No. 7/2004 dated 19/08/2004.

In implementing the Instruction No. 14/2003, some clarifications were sought by the Chief Commissioners of Income-tax. With a view to removal of doubts, the CBDT issued Instructions No 7/2004 on 19/08/04 in partial modifications of earlier Instructions. Copy of this Instruction is placed at *Annexure*-II. The revised monetary ceilings, constitution of each level of Write-off Committee etc. now stand as follows:

Name of the Committee	Constitution	To be Notified by	Order of Write-off by	Monetary Ceilings for Write-off
Local Committee	3 officers of the level of Addl.CIT	CCIT	ITO/TRO	Demand upto Rs. 5,000/-
			DCIT/ACIT	Demand over Rs. 5,000/- and upto Rs. 25,000/-
			Addl.CIT/JCIT	Demand over Rs. 25,000/- and upto Rs. 1 Lac
Sub-Zonal or Regional Committee	3 officers of the level of CIT	Cadre Controlling CCIT (under intimation to Board)	CIT Subject to report to the next higher authority	Demand over Rs. 1 Lakh and upto Rs. 10 Lacs
Zonal Committee	3 officers of the level of CCIT	CBDT	CCIT Subject to report to the next higher authority	Demand over Rs. 10 Lacs and upto Rs. 25 Lacs
			CCIT with the approval of Full Board	Demand over Rs. 25 Lacs and upto Rs. 50 Lacs
			CCIT with the approval of Full Board and the Finance Minister	Demand over Rs. 50 Lacs

3.5.2.1 It has further been clarified that any proposal for write-off of irrecoverable demand, which has already been recommended by a Zonal committee or a Local Committee constituted as per the provisions of the earlier instructions/ guidelines would not be required to be re-considered and recommended again by a Zonal Committee or Regional Committee or Local Committee constituted as per the new instructions (Instruction No. 14/2003 dated 06/11/03 and 18/2003 dated 18/11/03) However, the new monetary ceilings as per column 5 of para 3.5.1 above would apply for determining the authority that would pass the order for write-off.

3.5.2.2 As regards the monetary ceilings for write-off of irrecoverable dues of Wealth Tax, Gift Tax, Expenditure Tax, Interest Tax and Estate Duty, the revised scheme of Write-off is summarized in the following Table:

Committee	Constitution	To be Notified by	Order of Write-off by	Monetary Ceilings for Write-off
Regional Committee	3 officers of the level of CIT	Cadre Controlling CCIT (under intimation to Board)	Commissioner of WT/GT/Exp. Tax/Intt. Tax/Est. Duty	Up to Rs. 5 Lacs
Zonal Committee	3 officers of the level of CCIT	CBDT	Chief Commissioner of WT/GT/ Exp. Tax/Intt. Tax/Est. Duty	Upto Rs. 10 Lacs

The table above shows that there has been no enhancement in the powers of Write-off by Chief Commissioner/ Commissioner with regard to other Direct Taxes. However, the provisions regarding Constitution/ Notification authority to order Write-off have been defined clearly through the Instruction of August, 2004.

3.5.2.3 The Instruction No. 7/2004 dated 19/08/2004 has reiterated that all procedures and conditions pertaining to write-off of irrecoverable demand, other than those mentioned therein, would remain in force. All proposals to be sent to the Board and the Minister for write-off would continue to be routed through Directorate of Income-tax (Recovery) as per the existing guidelines.

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The Instruction has also clarified that writing-off of irrecoverable dues of revenue would not lead to a release or waiver by the Government of its claim but would be only a write-off in the Department's books. The Government shall have the right at any time during the next 30 years, counting from the date of the claim, 'to recover the amount by a Civil Suit, if it appears to the Government that the defaulter has got some assets or means to pay.'

3.5.3 The composition of the various committees is as per the CBDT's letter to all Chief Commissioners and Directors General of Income-tax F. No. 375/3/2002-IT(B) dated 18/11/2003 (Instruction No. 16/2003). The Instruction further notifies the Zonal Committees which have been constituted as per its enclosed Annexure. The Instruction further states that the Regional Committees would be constituted and notified by the respective Cadre Controlling CCsIT under intimation to the Board. Likewise, the Local Committees would be constituted and notified by the CCsIT concerned under intimation to the Board.

3.5.4 The constitution of the Committees for various Charges will be fixed. In the event of a vacancy in any Charge, another Chief Commissioner/ Commissioner(s)/ Addl CIT/ JCIT, as the case may be available in the same city or the nearest Charge, will, however, be temporary till the vacancy is filled.

3.5.5 When a new Charge is created or an existing one is merged with another Charge a proposal may be sent to the Board for constitution of a Zonal Committee for that Charge or for reconstitution, as the case may be. If the Headquarters of an existing Charge is shifted, there should be no need to reconstitute the Committee. However, in case of any administrative inconvenience, a proposal for reconstitution may be sent for the consideration of the Board.

3.5.6 The Committees will meet at least once a month. The Committees would discuss not only the cases which are ripe for Write-off/scaling down but also the cases which are being processed for write-off and cases which have been recommended to the Director of Income-tax (Recovery), New Delhi, for further processing. This will ensure a continuous review of the unrealizable demand on the registers of the Department.

3.5.7 The senior-most Chief Commissioner/ Commissioner/ Add.CIT/ JCIT will convene the meeting of the Committee and the Chief Commissioner/ Commissioner/ Add.CIT/ JCIT concerned will present his case. The Chief Commissioner indicated in column 4 of the Annexure will send a brief report of the meetings of the Zonal Committee every month to the Director of Income-tax (Recovery), Mayur Bhawan, New Delhi and endorse a copy thereof to the Board. Similarly, the senior-most Commissioner will send a brief report of the Meetings of the Regional Committee to the Cadre Controlling CCIT and the senior-most Addl.CIT/ JCIT will send a brief report of the Meetings of the Local Committee to the CCIT Concerned.

3.5.8 It may be noted that in respect of cases involving demands exceeding the prescribed limits, which are referred to the Board through Director of Income-tax (Recovery) for according administrative approval to the proposal, the specific comments of the Chief Commissioner concerned should also be sent along with the recommendations of the Zonal Committee.

3.6 Before recommending a case for Write-off, AO/ Jt.CIT/ Add.CIT/ Local Committee/ Regional Committee/ Zonal Committee should satisfy themselves as to whether adequate and timely steps for recovery were taken in the case, and if not, whether it is a case of negligence on the part of any official(s) requiring disciplinary action. This criterion has been recommended in numerous instructions of CBDT including Instruction No. 1560 (F. No. 385/83-IT(B) of 04/05/84 Annexure-IV). This aspect should be

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brought out in the report by the. AO/ Jt.CIT/ Addl.CIT/ Local Committee/ Regional Committee/ Zonal Committee. However, the Write-off need not be held up till the responsibility of negligence is fixed and suitable departmental action is taken.

3.6.1 The CBDT through its numerous instructions issued from time to time, has emphasized the imperative “that all efforts should be made to recover the outstanding demand by exercising the powers given in the Income-tax Act”. The question of writing off the arrear demands would normally arise only when the amount remains irrecoverable in spite of the exercise of the powers given under the Act. (Instruction No. 1570 (F. No.375/25/85-IT(B) dated 05/12/1985 Annexure-III) These include all measures laid down in the Second Schedule to the Income-tax Act including the following:

(a) Attachment and sale of assessee’s movable property.

(b) Attachment and sale of assessee’s immovable Property.

(c) Arrest of the assessee and his detention in prison.

(d) Appointing a receiver for the management of the assessee’s movable or immovable properties.

The action taken in this regard may be brought out in the minutes of the Zonal Committee, which considers the proposal for Write-off. If for any reason any mode of recovery could not be resorted to in any particular case, the reason therefore may also be recorded, in the said minutes.

3.6.2 The assessment records should be scrutinized by the AO and he/she should make the list of all the assets likely to be available with the assessee. The AO should ascertain the present source of income of the assessee, if any. Enquiries should also be made on the following points:

(a) Whether the assessee has transferred any assets to his near relatives or any other person with a view to defraud the revenue and wherever called for, immediate action against him under Section 281-B of the Income-tax Act, 1961, should be taken by the AO:

(b) In all cases where an assessee, according to the information available with the department, does not own any tangible assets by is living in style, enquiries should be made about his secreted wealth, if any. Sometimes it is claimed by an assessee that he/she is being supported by his relatives. In such cases, it is necessary to enquire about the build up of the wealth in the hands of such relatives as it may be that a part of their wealth represents the secreted assets of the assessee:

(c) In the cases of private limited companies which have wound up after the commencement of Income-tax Act, 1961, and where any Write-off of arrears of Income-tax demand is being recommended, it should be specifically mentioned as to whether the provisions of Section 179 are applicable or not.

3.6.3 If after scrutinizing the records and after taking action as indicated above, the AO comes to the conclusion that it is a fit case for Write-off, a self-explanatory note indicating the various recovery steps taken and justifying the need for Write-off should be prepared. A certificate of ir-recoverability should also be taken from the TRO. Form No. B (Annexure-V) should be filled in and self-explanatory brief in each case placed before the CIT/ Addl.CIT/ Jt.CIT.

3.6.4 While sending the proposal to the Board through DIT (Recovery), the CIT should personally look into the enclosures to be sent with the minutes of the meeting of the Zonal Committee. As per the Board’s letter of 19th June, 1989 (F.No.375/10/89-IT(B), **Complete assessment records, together**

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with the Recovery Folders, should be sent to the Board, and the following statements should be enclosed with the Proposal:

(a) Original minutes of the meeting of the Zonal Committee duly signed by the members of the Committee.

(b) Self-explanatory brief of the AO/TRO along with the recommendations of the Jt./Addl.CIT/ CIT on the brief.

(c) Complete details of the demands outstanding against the assessee.

(d) Nature of demands raised, date of service of demand notice.

(e) Nature of additions made, if any.

(f) Copy of the assessment order of the A.O, appeal orders, if any, etc. If they are not available in the assessment records of the assessee.

(g) Ir-recoverability certificate of the TRO.

(h) Copies of the report of the Inspector/AO/TRO regarding the availability of the assets with the assessee, if any.

(i) Form No. B (Annexure-V) giving compete replies to all the questions indicated.

(j) A mention should be made whether the assessee is a Wealth Tax assessee. If so, complete details of the assets which have been/are being disposed of should be sent. The complete Wealth Tax records may also be sent.

(k) Any other relevant material.

(i) It may also be ensured that the proposal contains a brief chronological history of the case. **Moreover, in every proposal the total amount of tax arrears should be worked out after including the interest under Section 220 (2) of the Income-tax Act, chargeable for the late payment of tax upto the end of the month preceding the month in which the proposal is considered by the Zonal Committee.**

(ii) Attention in this connection is also invited to the instructions contained in Board's Instruction No. 1560 dated 04/05/84 (Annexure-IV) and 1670 dated 05/12/85 (Annexure-III). As required in Instruction No. 1560, the minutes of the Local Committee/ Zonal Committee should contain a finding to the effect whether the case has disclosed any defects in departmental systems and procedures or in their actual implementation resulting in non-recovery of arrears. As per Instruction No. 14/2003 (Annexure-VI), these conditions remain unchanged for procedure which will be followed by the Regional Committees also.

(iii) After the detailed scrutiny of the proposal with reference to the assessment records of the assessee and other information available in the recovery folders, if it is found that the case is fit for writing off of the tax arrears as irrecoverable, the administrative approval of the Board will be communicated to the CCIT. w.e.f. 19th August 2004, the said approval would be conveyed to the CCIT, as only demands needing approval at the level of the CCIT now go to the Board for approval. The CCIT. After having received the approval of the Board, should proceed to pass an order sanctioning the Write-off of tax arrears as irrecoverable. The order should be passed in the proforma, specimen.

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The Board has issued instructions in regard to Write-off procedure form time to time. These were consolidated in their letter F. No. 375/11/93-IT(B) dated 30/08/94 (given in Annexure-I). The Board also prescribed a Check List in this letter to be submitted with each such proposal, so as to streamline the processing of the cases. Further, in their letter F. No. 375/10/10/95-IT(B) dated 25/09/95 (placed at Annexure-II), the Board drew attention of the Assessing Officers to their earlier Instruction No. 1670 dated 05/12/85 (Annexure-III) and reiterated that more resort should be made to the extensive powers available to the Department under the Second and Third Schedules of the Income-tax Act before considering the question of Write-off which should be considered only after exhausting the powers given under the Act.

The Check List would be used by Chief Commissioners of Income-tax, Director of Income-tax (Recovery) and the Board. Information against items 1 to 4 of the check list shall be furnished by the Chief Commissioner of Income-tax. As regards items 5 to 21, the Chief Commissioner may write 'YES', 'NO', 'not applicable' or 'enclosed', under the column meant for him. Similarly, DIT(R) will indicate his/her agreement with Chief Commissioner of Income-tax's remarks by writing 'YES', 'OK', or 'In order' in the column meant for him. In the last column, Board's office will record its remarks. This will help them to decide at a glance whether the write-off proposal is in order for further processing. This check list duly completed in all respects has to be enclosed with the proposal for write-off of the arrears.

4. Procedure for Write-off

Tax arrears may be written off by any one of the following procedures:

(a) Regular procedure for Write-off.

(b) Ad-hoc procedure for Write-off.

(c) Summary Write-off.

5. Regular Procedure for Write-off

5.1 Only tax arrears that are over three years old and have become "clearly irrecoverable" can be considered for Write-off. Tax arrears may become irrecoverable on account of any one of the following reasons:

(a) The assessee has died.

(b) The assese has become insolvent.

(c) He is not traceable.

(d) He has left India.

(e) The company has gone into liquidation.

(f) The firm is dissolved and its business has discontinued.

(g) The assessee has no attachable assets.

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(h) When all the modes of recovery in accordance with the rules laid down in the Second Schedule to the Act including the recourse to civil imprisonment of the defaulter are exhausted and the arrears still remain.

5.2 Before recommending a case for Write-off, the concerned authority should satisfy itself as to whether adequate and timely steps were taken for recovery in the case.

5.3 If, after scrutinising the records and conducting enquiries, the AO is satisfied that it is a fit case for Write-off, a self-explanatory note indicating the steps taken for recovery and justifying the need for Write-off should be prepared. A certificate of irrecoverability should also be taken from the TRO. If the arrears have to be written off by the authorities other than the ACIT or ITO, Form B (Annexure-I) should be filled in and submitted to the CIT/ Addl. CIT with a self-explanatory brief. Tax arrears upto Rs. 10,000 can be written off by the CIT without examination by the Local Committee.

6. Local Committee and Zonal Committee

6.1 In case of tax arrears exceeding Rs 10,000 but below Rs. 1 lakh, the proposal for Write-off of such demand will have to be referred to the Local Committee consisting of the CIT, the Addl. CIT/ Dy. CIT and the AO within the CIT's charge.

6.2 Where the tax arrears exceed Rs. 1 lakh in any case, a Zonal Committee consisting of the CIT concerned and 2 other Commissioners of Income-tax of the same zone will have to scrutinise the proposal for Write-off of tax arrears with suitable recommendations. Zonal Committees are as constituted by the Board in Instruction No. 1840 dated 15/03/1990 in F. No. 375/13/89-IT(B). The Zonal Committee has to meet at least once a month and ensure continuous review of the unrealisable demand.

6.3 In cases of the tax arrears exceeding Rs. 15 lakhs, reference has to be made to the Board through the DIT(Recovery) for according administrative proposal. Comments of the concerned Chief CIT should be sent along with the recommendations of the Zonal Committee. Complete assessment records together with the recovery folders should be sent to the Board.

6.4 While sending the proposal to the Board through the DIT(Recovery) the CIT should personally look into the enclosures to be sent with the minutes of the meetings of the Zonal Committee. The proposal should contain a brief chronological history of the case.

6.5 After detailed scrutiny, if it is found that the case is fit for writing off of the tax arrears as irrecoverable, the administrative approval of the Board will be communicated to the CIT. The CIT should proceed to pass an order sanctioning the Write-off of tax arrears as irrecoverable in the prescribed proforma (Annexure-II).

6.6 After passing the order for Write-off, the AO should ensure that the arrear's are actually stuck off from the Demand and Collection registers. Wherever recovery certificates have been issued, intimation should be sent to the TRO for the withdrawal of the recoverability certificates. However, the AO's should not communicate the Write-off of arrears to the assessee.

6.7 Each competent authority while passing the order for writing off the tax arrears as irrecoverable, should add the following words at the appropriate place:

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"The above Write-off will not lead to release or waiver by the Government of its claim but will be written off in the departmental books. The Government will have the right, at any time, during the next 30 years (thirty years) from the date of the claim to recover the amount if it appears to the Government that the defaulter has assets or means to pay."

7. Ad hoc Procedure for Write-off

7.1 Besides the regular procedure under which tax arrears can be written off, arrears of tax may also be written off under the ad hoc procedure. Under this procedure, small demands upto Rs. 2000 may be written off, provided they have been outstanding against each assessee for non-availability of assessment records and detailed addresses of the assessees for more than 5 years immediately preceding the financial year during which they are proposed to be written off. The following conditions should however, be satisfied before such Write-off is effected by the JCIT and AO within their existing powers:

(a) The demand has been outstanding for at least five years preceding the financial year in which the same is to be written off and that there has been no recovery during the said five years.

(b) The AO should certify that the assessment records of the assessee have not been traceable for the last five years preceding the financial year in which the demand is proposed to be written off. The JCIT/ Addl. CIT should certify that the responsibility for the loss of records cannot be fixed.

(c) The address of the assessee has not been available for the said five years in the records available with the AO or the TRO. Even where the last address is available, the assessee has not been available at that address during the last five years.

(d) In case the demand outstanding is Rs. 500 or less in each case, the certificate of irrecoverability from the TRO need not be obtained. For demands over Rs. 500, however, the TRO should certify that either no recovery certificate has been pending with him or that he has not been able to recover anything during the said five years.

7.2 Demands under the ad hoc procedure should not be written off on account of loss of records unless the following details have been collected:

(a) Name of the assessee.

(b) Address.

(c) Date of issue of recovery certificate.

(d) Amount of demand.

(e) Amount recovered by the TRO.

(f) Balance.

(g) Present whereabouts of the assessee.

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7.3 Attempts should be made to fix the responsibility and take necessary action against the defaulting officials.

7.4 However, Board vide OM F. No. 375/01/2015-IT(B) dated 10th Aug., 2017 (Annexure-XI) has partially modified the ad hoc procedure by stating that:

(a) In partial modification of earlier Instruction No. 14/2003 dated 6th November, 2003 on the above subject, the undersigned is directed to say that the Board has revised the Ad-hoc Procedure for Write-off of irrecoverable dues of direct taxes, raised the monetary ceiling under Ad-hoc Procedure of Write-off and modified the conditions required to be satisfied for Write-off under Ad-hoc Procedure.

(b) The Ad-hoc Procedure has been revised as under:

- (iv) The monetary ceiling for the ad hoc procedure of Write-off of irrecoverable arrear demand is raised to Rs. 10,000/-
- (v) The age of irrecoverable arrear demand is reduced to at least three years.
- (vi) The irrecoverability certificate from TRO is no longer required.
- (vii) It has been prescribed that any information regarding the assessee should not be available in AIR or 26AS statements of at least 3 years and no return of income should have been filed for atleast 3 years for consideration of arrears demand to be written-off under Ad-hoc Procedure.

(c) The Board has also reviewed the Summary Procedure for write-off of irrecoverable dues of direct taxes and decided to submit it in the revised Ad-hoc Procedure.

(d) All other conditions and requirements under the Ad-hoc Procedure would remain unchanged.

7.5 Thus irrecoverable arrear demand till Rs ten thousand can now be subjected to ad hoc procedure for Write-off w.e.f 10/08/2017.

8. Procedure for Summary Write-off

8.1 Small demands not exceeding Rs. 25 in each case, can be summarily written off by the Assessing Officer without any further enquiry if the following three conditions are satisfied:

(a) the amount outstanding is Rs. 25 or less in each case.

(b) the amount is outstanding for more than 5 years.

(c) the amount does not relate to any live case.

8.2 The following remarks should be made against the relevant entries in the D&C Register where arrears are written off summarily: "Ignored, as obviously irrecoverable".

9. Procedure for Writing Off the Tax Arrears of Rs. 500 and Below (Excluding those Falling under Summary Write-off)

Where a demand in any case is outstanding for more than 8 years, an Inspector of Income-tax may be deputed to enquire into the assets of the defaulter and chances of recovery. In case, his report indicates that the demand has become irrecoverable, the AO may straight away Write-off the demand

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without waiting for a normal certificate of irrecoverability from the Tax Recovery Officer. TRO should be immediately informed about such Write-off and the relevant recovery certificate withdrawn.

10. Scaling Down of Arrears

Scaling down pertains to the arrear demand in a case where an assessment or assessment proceedings have become final but the assessee is not in a position to pay the full demand. As per DO Letter No. 16-C/9/56-IT dated 31/01/1957, a settlement for scaling down is to be entered into only in a case in which the recovery in the normal course is difficult and the proposed settlement results in a higher recovery than could be realised by recourse to forced sale of assets or other modes of recovery. There may also be cases where forced sales and auctions may not find a ready purchaser. In all such cases, if the department could, though a settlement, recover larger amount of tax arrears than could be realised by enforced sale of the assets or by other methods of recovery, the CIT may endeavour to reach a settlement with the assessee.

11. Conditions for Scaling Down of Arrears

11.1 The settlement should result in larger recovery than could be realised by recourse to enforced sale of assets and by other modes of recovery.

11.2 The amount settled should be paid by the assessee without delay after the finalisation of the settlement and in case instalments are required, adequate security should be furnished and.

11.3 An affidavit should be taken from the assessee concerned declaring particulars of his assets as on the date of the settlement and each such settlement should be made expressly subject to the condition that if, at a future date, any assets come to the notice of the Department, which were not disclosed in the affidavit, the settlement would be treated as void and the Government would be free to go ahead with the recovery proceedings in accordance with law.

12. Powers of Scaling Down of Tax Arrears

Commissioners of Income-tax are authorised to exercise powers of scaling down where the aggregate arrear demand outstanding against an assessee is Rs. 1 lakh or less. Cases in which aggregate demand exceeds Rs. 1 lakh should be sent to the Board after the same have been scrutinised and recommended for scaling down by the Zonal Committee.

Authorities exercising power of scaling down in cases where the amount exceeds Rs. 1 lakh:

Individual Member of the Board	upto Rs. 5 lakhs
Full Board	upto Rs. 10 lakhs
Minister	above Rs. 10 lakhs

The AO or the JC/ Addl. CIT has no power to scale down any demand.

13. Procedure for Scaling Down

13.1 While sending the proposal for scaling down, the CIT should ensure that the following details are enclosed along with the minutes of the meeting of the Zonal Committee:

(a) The assessee's scaling down petition.

(b) The AO's report briefly mentioning the facts of the case.

(c) The assessee's affidavit showing his wealth.

(d) Information on the points referred to in Form No A (a copy of which is at Annexure-VII) including CIT's observations and recommendations.

(e) Original minutes of the meeting of the Zonal Committee duly signed by all the members of the Zonal Committee.

(f) Any other document relevant to the case, such as, whether the assessee is a Wealth Tax assessee or if he has died whether any action under the Estate Duty Act was taken. If the assessee is a Wealth Tax assessee or if any action has been taken under the Estate Duty Act, all the relevant records have to be enclosed.

13.2 No recovery of the scaled down amount can be made once a settlement is reached unless the affidavit showing the asset is found to be false. Hence, it is necessary to ask the defaulter to mention in the affidavit, in the case of each settlement, that the settlement would be void and the Government would be free to go ahead with the recovery proceedings according to law if, at a future date, any assets come to the notice of the department which were not disclosed in the affidavit.

14. Procedure Regarding Partial Write-off of Tax Arrears

14.1 Partial Write-off of tax demand may be sanctioned only if there are no chances of recovering more than 25% of the total outstanding demand or in other words, where at least 75% of the total demand is definitely not recoverable. The procedure to be followed is the same as laid down for complete Write-off of tax arrears.

14.2 In cases in which less than 75% of the outstanding demand is not recoverable even legally, the precondition that at least 75% of the demand should be irrecoverable before a case can be considered for partial Write-off is not applicable.

14.3 For the portion of the demand to be kept alive for future recovery, in addition to the entry in the demand and collection register, an entry must be made in a separate part of the irrecoverable demand register maintained by every AO so that a close watch can be kept on the recovery of such demand.

14.4 While proposing a portion of tax arrears to be kept alive for future recovery, the Zonal Committee should mention the assets against which such amount has been proposed to be kept alive. The CIT should ensure that the market value as per the Departmental Valuer is (obtained by the AO/ JC/ Addl. CIT) reported to the Board.

14.5 In all cases of partial Write-off, the amount which has been written off should also be mentioned in the remarks column of the demand and collection register so that if at a subsequent date, some recoveries become possible in a case, the amount written off earlier is not lost sight of.

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14.6 In a case where the tax arrears have been written off partially with the approval of the Board, the balance demand to be kept alive for future recovery may be written off, partially or fully subsequently, if found irrecoverable.

15. Register of Irrecoverable Demand and Submission of Statistical Returns

15.1 The AO is required to keep a register of irrecoverable demands (Proforma as per Annexure -VIII). On the basis of information contained in the register, a quarterly statement regarding the amount written off by the DCIT/Addl. CIT/AOs as per proforma given in Annexure-IX should be sent to the CIT by the 15^{th} of the month following the end of a quarter.

15.2 An annual statement regarding remission or abandonment of claims to revenue should be furnished by all Commissioners of Income-tax to the Director of Inspection (RS&PR) by 30 June as per proforma (Annexure-X) A half yearly report as per Annexure-XI showing progress of recovery of the amount kept alive in cases of partial Write-off should also be furnished by all the Commissioners to the CBDT.

16. Computerisation and Write-off of Arrears

The ITBA module shall deal with this aspect of systems functioning of demand entries recording, Write-off and monitoring aspect which does not forms a part of this elucidation.

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Annexure-I

F.NO.375/II/93-IT(B)

GOVERNMENT OF INDIA

M1N1STRY OF FINANCE

DEPARTMENT OF REVENUE

CENTRAL BOARD OF DIRECT TAXES

New Delhi, the 30th August, 1994

To

All Chief Commissioners of Income-tax/

Director General of Income-tax(Admn.)/

Director of Income-tax (Recovery), New Delhi.

Subject: Writ-off Proposals-Checklist of

Sir,

A comprehensive check list for Write-off proposals is enclosed. This should accompany all Write-off proposals which are forwarded by Chief Commissioners of Income-tax to the Director of Income-tax (Recovery) for thorough scrutiny, before the latter sends them to the Board, through DG (Admn), for further necessary action:

2. Reference may also please be made to the following instructions issued by the Board on the subject of write-off.

(i) Instruction No. 1560 dated 04/05/84 *(F. No. 385/61/93-IT(B)*

(ii) Instruction No. 1614 dated *26/04/85 (F. No.* 375/12/85-IT(B)

(iii) Instruction No. 1670 dated 05/12/85 *(F. No. 375/25/85-IT(B)*

(iv) Instruction No. 1740 dated 29/01/86 *(F. No. 375/35/83-IT(B)*

(v) Letter No. *375/I0/89-IT(B)* dated 19/06/89 (See App. I to V)

(vi) Instruction No. 1840 dated 15/03/90 *(F. No. 375/13/89-IT(B)*

3. The checklist can be used by Chief Commissioner of Income-tax, Director of Income-tax (Recovery) and the Board. Information against items 1 to 4 shall be furnished by Chief Commissioner of Income-tax's office. As regards items 5 to 21, Chief Commissioner of Income-tax may write Yes, No, not

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applicable or enclosed, under the column meant for him. Similarly, DIT(R) will indicate his agreement with Chief Commissioner of Income-tax's remarks by writing YES, OK, or in order in the column meant for him. In the last column Board's office will record its remarks. This will help them to decide at a glance whether the write-off proposal is in order for further processing.

It is obvious that in case the DIT(R) disagrees with some of the answers/points, made by Chief Commissioners of lncome tax, he would refer the mailer back to 'him for comments on the write-off proposal if DIT(R) agrees that the cases is fit for write-off he shall record his satisfaction in the following terms "Keeping in view all the facts and the circumstances of the case, I am of the opinion that is a fit case for the Write-off of the entire arrear demand of Rs.(Rupees) which is recommended for according approval by the Board". Proposals for write-off should be sent to the Board through DG (Admn.) who would add his comments/recommendation.

4. This may be brought to the notice of all Commissioners of Income-tax/ Addl.CIT/ Deputy Commissioner of Income-tax/ AOs/ TROs.

5. Kindly acknowledge receipt.

Yours faithfully

(Anjani Kumar)

Director (Budget)

Central Board of Direct Taxes

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CHECK LIST

1. Name and address of the assessee.
2. Commissioner of Income-tax charge.
3. Nature/Type of arrear demand.
   - (a) Assessment years involved.
   - (b) (i) Arrears of Income-tax.
     - (ii) Interest 220(2) etc.
     - (iii) penalty.
   - (c) (i) Arrears of Wealth Tax.
     - (ii) Interest.
     - (iii) penalty.
   - (d) Total amount of arrears.
4. Out of 3(d), amount proposed for Write-off:
5. Whether complete details of the arrear demand have been furnished yearwise?

   Remarks by CCIT office Remarks by DIT(R)'s office Remarks by Board's office.
6. Whether the minutes of the Zonal Committee are enclosed in original?
7. Whether the constitution of the Zonal Committee is in Board's Instruction No. 1840 (as amended from time to time).
8. Whether TRO's irrecoverability Certificate is enclosed in original, with his full signature and date?
9. Whether the TRO' has computed interest under Section 220(2), up to the end of the month, preceding the month in which the Zonal Committee held Its meeting and approved of the Write-off proposal?
10. Whether the detailed brief of the Assessing Officer/ TRO explaining all the facts the case is enclosed?
11. Whether a, comprehensive report regarding the action taken by the Deptt. To recover the arrear demand has been enclosed?
12. Whether Form B has been enclosed with complete answers/information given against each item and duly signed by the competent authority at the end?
13. Whether the Zonal Committee has given the usual certificate in its minutes in accordance with Board's Instruction No. 1560 dated 4.5.84?

14. Whether the assessee was committed to Civil prison as laid down in Board's Instruction No. 1670 dated 05/12/85 if not, reasons must be furnished?
15. If the assessee is still alive, what are his source of income/ livelihood? in case the assessee had Transferred his asset to his relatives etc. and the later are living in style, what efforts were made to recover the Arrears from them?
16. If the assese is/was a private company, whether action under Section 179(1) was taken to recover the arrears from its Directors? If not, reasons must be given.
17. If the assessee is/was also assessed to Wealth Tax, please furnish complete details about this assets, and the efforts made to recover the arrear demand from his wealth.
18. If the assessee has already died please furnish report of the action taken to confirm this fact (e.g. obtaining copy of death certificate issued by Municipal Corporation etc.).
19. If the assessee has already died, please state if the Estate Duty Return was filed by the legal heir-(s) (where-ever applicable) and the action taken in this behalf.
20. Whether action under Section 281B was called for, and taken in this case?
21. Whether "garnishee" proceedings were called for, and, taken in this case?

N.B. (1) There should be no discrepancy between the arrear demand certified to be irrecoverable by the TRO and the arrears recommended for write-off by the Zonal Committee.

(2) Item Nos. 14 to 21 may be combined with item no. 11 if it is considered necessary or convenient. The Zonal Committee should also comment upon these aspects of the case in its minutes.

Annexure-II

F. NO. 375/10/95-IT(B)

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

DEPARTMENT OF REVENUE

CENTRAL BOARD OF DIRECT TAXES

New Delhi, the 25th September, 1995

To

All Chief Commissioners of Income-tax,

All Commissioners of Income-tax

Subject: Stringent measures for recovery of outstanding demand and consideration of Write-off proposals – regarding.

Sir,

The Public Accounts Committee has expressed concern in their 1st Report (10th Lok Sabha) & 93rd Report (1994-95) over the pendency in disposal of tax recovery certificates and slackness in departmental action in dealing with habitual tax defaulters.

In this connection, attention is invited to Board's Instruction No. 1670 dated 05/12/85 regarding consideration of Write-off proposals. It is reiterated that more and more resort should be made to the following modes of recovery in accordance with the rules laid down:

(i) Attachment and sale of assessee's movable property.

(ii) Attachment and sale of assessee's immovable property.

(iii) Arrest of assessee and his detention in prison.

(iv) Appointing receiver for the management of the assessee's movable or immovable properties.

(v) In the case of tax evasion, recourse to the prosecution should also be considered.

The question of writing off of the arrear demand should be considered only when the amount remains irrecoverable inspite of the exercise of powers given under the Act.

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It should be impressed upon all the concerned officers that stringent deterrent measures should be taken to discipline the habitual tax defaulters. The PAC has observed that the evasion/avoidance is no less an offence than any other under the law of the land and should be dealt with accordingly with the seriousness it calls for. The mode of arrest and detention is a very effective deterrent instrument in the hands of habitual tax evaders and to bring down the arrears of tax. The Public Accounts Committee have stressed that the provisions of law relating to the aforesaid modes of tax recovery should be invoked in deserving cases. You are requested to ensure that the PAC's observations are borne in mind by all the officers working in your region.

Yours faithfully

Sd/-

(Anjani Kumar)

Director (Budget)

Copy forwarded to:

1. The Director of Income-tax (Recovery)
2. The Director of Income-tax (O&M Services)
3. The Director of Income-tax (RSP & PR)
4. The Director of Income-tax (Systems)
5. The Director of Income-tax (Vigilance)

Annexure-III

Instruction No. 1670

Consideration of Write-off Proposals

When an assessee is in default deemed to be default in making payment of tax, the Income-tax Officer forward to the Tax Recovery Officer a Tax Recovery Certificate and the TRO on receipt of such certificate shall proceed to recover from such assessee the amount specified therein by one or more of the following modes in accordance with the rules laid down in the IInd Schedule:

(a) Attachment and sale of assessee's movable property.

(b) Attachment and sale of assessee's Immovable property.

(c) Arrest of the assessee and his detention in prison.

(d) Appointing a receiver for the management of the assessee's movable or immovable properties.

2. It is thus imperative that all efforts should be made to recover the outstanding demand by exercising the power given in the Income-tax Act. The question of writing off the arrear demands would normally arise only when the amount remains irrecoverable in spite of the exercise of the powers given under the Act.

Recently, while considering the write-off proposal in a case the Finance Minister minuted as under:

1. When evasion was detected in books why was not prosecution launched? Who were the officers then concerned with the case?
2. If attachment was not yielding result recourse to civil prison should be resorted to.
3. Unless the recourse of civil prison is also exhausted we should not normally Write-off.

   It is therefore, impressed on all Commissioners of Income- Tax that recourse to committing the defaulter to civil prisons should be pursued vigorously wherever possible to the extent possible under the law. Unless this mode of recovery is also exhausted, it is not morally correct to term the outstanding demand as irrecoverable. The action taken in this regard may be brought out specifically in the. Minutes of the Zonal Committee which consider the proposal for Write-off if for any reason, this mode of recovery could not be resorted to in any particular case, the reason therefore may also be recorded in the said minutes. These instructions may be brought to the notice of all officers working under your charge.

(CBDT. F.NO.375/25/85-ITB dated 05/12/1985.)

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Annexure-IV

Instruction No,: 1560

Write-off-Recommendation of the PAC at Para 1.61 of its 157th Report (1982–83) Disclosure of Deffects in Rules or the Departmental Systems, Procedure etc, Resulting in Non-Recovery of Tax Demands.

The Public Accounts Committee in its recommendation at para 1.61 of its 157th Report (1982- 83) Seventh Lok Sabha has inter alia emphasised that before approving the write-off proposals it's should be carefully examined whether the case has disclosed any defects in departmental systems and procedures or in their actual implementation resulting in non-recovery of arrears.

2 As you know the exercise of the powers delegated to the subordinate authorities is subject to the satisfaction of the following conditions as provided in Note I and II of Section VII of the D.F.P.R. read with rule 13 thereof:

(a) The loss does not disclose a defect in rules or procedure the amendment of which requires the orders of the higher authority or Finance Ministry.

(b) There has not been any serious negligence on the part of any Government servant which may call for disciplinary action by a higher authority.

This has been already brought out in the introductory portion of the brochure on "Write-off" Copies of which have been supplied to you by the Board. While you may be keeping these provisions in mind in dealing with Write-off case, the Board desires that the finding in this respect should be specifically recorded in the minutes of Local Committees, Zonal Committees, etc.

(F. No. 385/83-1T(B) dated 04/05/1984 from Central Board of Direct Taxes.)

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Annexure-V

FORM–B Proposal for Write-off of irrecoverable demand in respect of …………………… Questionnaire

1. Full name and address of the assessee (with PAN No.) and Status.
2. Amount and nature of the outstanding demand which is proposed for write-off and for which assessment year – give details separately.
3. Are there any connected cases (e.g. firm and partners, company and its controlling persons, relatives having common or connected sources of income etc). If so, what is the present position in regard to recovery of tax in these cases.
4. What was the returned income, assessed income and tax demand in respect of the years referred to in item 2? (In this connection please mention the Section under which the assessment was completed and the date of service of notice of demand).
5. What is the nature and quantum of the main addition made in the assessment years under consideration?
6. Did the assessee contested these assessments in appeal, revision or reference? If so, with what results?
7. Where an order of rectification, appeal, revision, or reference resulting in increase or decrease of demand for any assessment year has been passed, has effect been given to it? If not, will the quantum shown in item 2 requires any consequential change?
8. Was the assessee granted instalments for payment of tax under Section 220(3) or postponement of tax under Section 220(6) in respect of the demand raised for these years? If so, to what extent did the assessee abide by these arrangements?
9. When was the last recovery made and how? (i.e. was the amount collected through coercive processes or was it paid voluntarily by the assessee?)
10. What were the steps taken for the recovery of the balance of demand from the date of last recovery? If coercive proceedings were taken, please give results achieved, in chronological order with dates?
11. Are there reasons to believe that the assessee is a benamidar of some other solvent persons? If so, kindly give particulars of such persons.
12. Are there any assets, whether transferred by the assessee to his close relations, benamidars, trust, etc. or acquired by them out of assessee's fund, which could be taken into account for the purpose of recovery proceedings?
13. What are the sources of the income of the assessee (or of his legal representatives and children) at present?

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14. What was the total value of the assessee's assets as at the end of the previous year for the last assessment year for which write-off is proposed? What is the explanation for the subsequent loss of assets or determination in their value (i.e. capital loss not allowed in IT assessments like loss in speculation business, heavy bad debts, normal household expenses and any extraordinary expenses etc.). Please analyse the loss of assets claimed, indicating the nature of each assets and offer comments on the acceptability of each losses and/or determination in the value of each asset.

15. Any other remarks.

Assessing Officer

Forwarded to the CIT with the following comments: ……..……………………..……………………..

……………………..…………………………………………………………………………………..…………..

JC/Addl. Commissioner

Commissioner's Comments:

1. Reg. Item 5 – Have the assessments been properly made; if not, is any action now possible or necessary?
2. Reg. Item 11 and 12 – Is it possible to effect recovery from any connected persons either by starting fresh assessment proceedings or through coercive processes for recovery (including suits in Civil Courts)?
3. Reg. 13 and 14 – Is the explanation acceptable, and are you satisfied that there are no substantial assets of the assessee from which recovery can be affected?
4. General Comments.

Commissioner of Income-tax

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Annexure-VI
Instruction. No. 14/2003

F.NO. 375/3/2002-IT (B)
GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
CENTRAL BOARD OF DIRECT TAXES
NEW DELHI

6th November 2003

To
All Chief Commissioner of Income-tax
And Directors Generals of Income-tax

Sir/ Madam,

Subject: Raising the Monetary Ceilings for Write-off and Reconstitution of Committees

In partial modification of earlier instructions on the subject, the Board have revised the prescribed ceilings for write-off of irrecoverable dues of Direct Taxes by the various Income-tax Authorities. At the same time, the Board have reviewed and modified the existing structure of the Committees for recommending write-off. The revised procedure in this regard would be as follows:

Regular Procedure

2. A three-tier structure of Committees (as against two at present) to consider and recommend write-off has been approved as under:

- Zonal Committee.
- Regional Committee.
- Local Committee.

2.1 Accordingly, the monetary ceilings with respect to the powers of various IT authorities to write-off irrecoverable dues have been enhanced and the level of authority whose administrative approval would be required for write-off has been re-defined. Further, the respective jurisdiction of the three Committees over write-off proposals has been re-delineated.

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2.2 The revised scheme for write-off under the Regular procedure is summarized in the following Table

Name of the Committee	Constitution	To be Notified by	Order of Write-off by	Monetary Ceilings for Write-off
Local Committee	3 officers of the level of Addl. CIT	CCIT	ITO/TRO	Demand upto Rs. 5,000/-
			DCIT/ ACIT	Demand over Rs. 5,000/- and upto Rs. 25,000/-
			Addl.CIT/JCIT	Demand over Rs. 25,000/- and upto Rs. 1 Lac
Sub-Zonal or Regional Committee	3 officers of the level of CIT	Cadre Controlling CCIT (under intimation to Board)	CIT Subject to report to the next higher authority	Demand over Rs. 1 Lakh and upto Rs. 10 Lacs
Zonal Committee	3 officers of the level of CCIT	CBDT	CCIT Subject to report to the next higher authority	Demand over Rs. 10 Lacs and Rs. 25 Lacs
			CCIT with the approval of Full Board	Demand over Rs. 25 Lacs and upto Rs. 50 Lacs
			CCIT with the approval of full Board and the Finance Minister	Demand over Rs. 50 Lacs

2.3 All other conditions and requirements under the Regular procedure would remain unchanged.

Adhoc Procedure

3. Under this procedure, the overall monetary ceiling has been raised from the present level of Rs. 2,000/- to Rs. 5,000/- Presently, irrecoverable demand exceeding Rs. 500/- requires issue of Irrevocability Certificate by the Tax Recovery Officer (TRO). Such Certificate will now be required only in cases of irrecoverable demand exceeding Rs. 2,000/-

3.1 All other conditions and requirements under the Ad- hoc Procedure would remain unchanged.

Summary Procedure

4. The monetary ceiling under this procedure has been raised from the present level of Rs. 25 to Rs. 1,000/-

4.1 All other conditions and requirements under the Summary Procedure would remain unchanged.

5. These instructions shall apply to irrecoverable dues under all Direct Tax enactments. It is reiterated that all procedure and conditions under the existing guidelines pertaining to write-off of irrecoverable demand, other than those mentioned herein, shall remain in force. All proposals to be sent to the Board and the Minister for Write-off shall continue to be routed through Directorate of Income-tax (Recovery) as per the existing guidelines.

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These Instructions will come into force immediately. Instructions regarding constitution of the various Committees are being issued separately.

Yours faithfully,

(Anand Jha)

Deputy Secretary (Budget)

Copy to:

1. The Chairman, Members and all other officers in CBDT of the rank of Under Secretary and above.
2. 100 copies of DIT (RSP & PR) for printing in the quarterly tax bulletin and for circulation as per their usual mailing list.
3. DIT (Recovery), DIT (System), DIT (DOMS), DIT (Vigilance) and DIT (IT).
4. The Controller and Auditor General of India (40 copies).

Deputy Secretary (Budget)

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Annexure-VII

FORM–A

Re: Petition for scaling down of arrear demand in the case of________________________

1. Full name and address of the assessee (with GIR No.and status).
2. What are the assessment year covered by the assessee's petition?
3. What is the nature and quantum of present outstanding demands for each of the assessment years referred to in item 2 separately?
4. What was the returned income, assessed income and a tax demand in respect of these years? (in this connection please mentioned the Section under the assessment and date of service of notice of demands).
5. What is the nature and quantum of the addition made in the assessment year under consideration?
6. Did the assessee contest those assessments in appeal, revision of reference? If so, with that results?
7. Where an order e.g. rectification, appeal, revision, reference resulting in increase or decrease of demand for any assessment year have been passed, has effect been given to it? If not, will the quantum shown in item 3 require any consequential change?
8. Was the assessee granted instalments for payment of tax under Section 220(3), postponement under Section 220(6) in respect of the demand raised for these years? If so, to what extent did the assessee abide by this arrangement?
9. When was the last recovery made and how? (i.e. was the amount collected through coercive process or was it paid voluntarily by the assessee?)
10. What were the steps taken for recovery of the balance of demand from the date of last recovery? If coercive proceedings were taken please give detail so the various steps taken and result achieved, in chronological order with dates.
11. Is the outstanding demand referred to in item 3 covered by a recovery certificates? If so, what action was taken and what result was achieved by the TRO to date? Has he certified that the outstanding demand is irrecoverable? If so, on what grounds?
12. Are there reasons to believe that the assessee is a benamidar of some other solvent person? If so, kindly give full particulars.
13. (a) What are the sources of income of the assessee at present?
    (b) Please state the position regarding the returned income, assessed income and demand raised with dates (if any) in respect of the assessment year for which this report is made and the three preceding assessment years.
    (c) Are there any demand outstanding in respect of these years and is any portion of this dispute?
14. Has the assessee filed an affidavit regarding assets and liabilities standing in the name of his wife and children? If not, the same should be obtained and examined.

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15. What is the nature and Clause of the assets disclosed by the assessee in his affidavit for purpose of settlement? If the value shown acceptable? If not, what is the fair value of these assets? Are the liabilities shown genuine? If not, give reasons.
16. Is the really satisfactory reconciliation between the income assessed and the assets now disclosed for the purpose of settlement?
17. Are there any assets other than those shown in the affidavits, whether transferred by the assessee to his close relations, benamidar trust etc., or acquired by them out of his funds, which could be taken into account for judging his capacity to pay tax?
18. What is the amount now offered by the assessee in full settlement and the terms offered by him in regard instalments, interest on outstanding balance and security for payments?
19. Any other remarks.

Assessing Officer

Forwarded to the Commissioner of Income-tax ____________for following comments:

Commissioner's Comments:

1. Re: Item 5 – Have the assessment been properly made; if not, is any action now possible. or necessary?
2. Re: Item 12 & 17 – Is it possible to effect recovery from any connected persons, either by starting fresh Assessment proceedings or through processes for recovery (including suits in Civil Courts)?
3. Re: Item13-16-Are you satisfied that the position stated here is correct? Are there no other substantial assets of the assessee from which recovery can be effected?
4. Re: Item 18 Are you satisfied that the amount and terms offered are reasonable?
5. General Comments:

Commissioner of Income-tax

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Annexure-VIII

Register of Irrecoverable Demand

S. No.	**Dr. & Cr. No. off the year of Write-off**	**Name & PAN of the assessee**	**Whether company or non-company case**	**Asst. Year**	**Nature of demand (i.e. tax, interest, penalty, etc.)**	**Amount of outstanding demand**
1	2	3	4	5	6	7
	Date of Creation of demand	**Amount written off (indicate year wise and against each of the outstanding demand and strike total at the end of each case)**	**Balance demand outstanding, if any, (in case of partial Write-off or scaling demand i.e. (7-9)**	**Order no. Date and the designation of the authority i.e. ITO/JCIT/ Addl.CIT/CIT passing order of Write-off**	**Reasons for writing off the demand, indicate by using appropriate indication I to V, of Appendix A given on the first page of the Register**	**Remarks (in partial Write-off cases or cases of scaling down of demand, indicate the steps taken of the balance demand and the amount recovered at six monthly intervals)**
	8	9	10	11	12	13

Annexure-IX

Proforma of the quarterly statement regarding the amounts written off by the Addl. CIT/DC/AC/ITOs referred to in the Board letter F.No. 385/85/75-IT(B) dated 31/07/1976

Name & address(if available)	**PAN OR GIR NO.**	**Amount written off (assessment year wise)**	**Steps in brief taken for recovery of the amount written off**	**Reasons in brief for writing off the amount**	**Remarks**
1	**2**	**3**	**4**	**5**	**6**

Where the amount is written off under the ad hoc procedure prescribed under Board's Instruction No. 929) (F.N. *375/2176*-ITB dated 04/03/1976), the address of the assessee may not be available. In such a case a note to the effect that the amount is written off under the ad hoc procedure may be given under the Remarks column.

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Annexure-X

STATEMENT

Remission or abandonment of claims to revenue

Annual Statement for the year 20....

Income-tax

	Companies	Non-Companies	Total
	No. Amount (Rs.)	No. Amount (Rs.)	No. Amount (Rs.)

I. (a) Assessee having died leaving behind no assets or have become insolvent

X X

(b) Companies which have gone into liquidation or are defunct.

X X

Total (a) and (b)

II. Assessees being Untraceable

III. Assessees having left India.

IV. Other reasons:

(1) Assessees who are alive but have no attachable assets.

X X

(2) Companies having no attachable assets.

(3) Amounts being petty etc.

(4) Amount written off as a result of scaling down.

Total of IV

V. Amount written off on ground of equity or as a matter of international courtesy.

GRAND TOTAL

N.B: Information in columns marked X would be Nil.

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Annexure-XI

PROFORMA

Half-yearly report for the period ending showing the progress of write-off of the amount kept alive in cases of partial write-off.

A. Cases in which a part of arrears was kept alive for future recoveries remaining outs standing as at the beginning of the year:

 (i) No. of cases.

 (ii) Amount kept alive.

B. Cases in which apart of arrears was kept alive for future recovery during the half year:

 No. of cases.

 Amount kept alive.

C. Total:

 (i) No. of cases.

 (ii) Amount.

D. Cases out of (C) above in which recoveries were made beyond of the half-year:

 No. of cases.

 Amount recovered.

E. Cases out of (C) above in which demands were written off upto the end of the half year:

 No. of cases.

 Amount written off.

F. Cases out of (C) above in which the demands are outstanding as at the end of half-year:

 (i) No. of cases.

 (ii) Amount outstanding.

G. Out of (F) above. names of the cases with outstanding:

 Demand of Rs. 50,000 and above in each case and the steps taken for recovery with the result achieved.

Commissioner of Income-tax

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Annexure-XII

F. No. 375/01/2015-IT(B)

Government of India/ भारत सरकार

Ministry of Finance/ वित्त मंत्रालय

Department of Revenue/ राजस्व विभाग

Central Board of Direct Taxes/ केंद्रीय प्रत्यक्षकर बोर्ड

****

North Block, New Delhi

10th August, 2017

OFFICE MEMORANDUM

Subject: Revision of Monetary Limit and Guidelines for Write-off of Low Value Arears of Demand

In partial modification of earlier Instruction No. 14/2003 dated 6th November, 2003 on the above subject, the undersigned is directed to say that the Board has revised the Ad-hoc Procedure for Write-off of irrecoverable dues of direct taxes, raised the monetary ceiling under Ad-hoc Procedure of Write-off and modified the conditions required to be satisfied for Write-off under Ad-hoc Procedure.

2. The Ad-hoc Procedure has been revised as under:

(i) The monetary ceiling for the ad hoc procedure of Write-off of irrecoverable arrear demand is raised to Rs. 10,000/-

(ii) The age of irrecoverable arrear demand is reduced to at least three years.

(iii) The irrecoverability certificate from TRO is no longer required, and

(iv) It has been prescribed that any information regarding the assessee should not be available in AIR or 26AS statements of at least 3 years and no return of income should have been filed for atleast 3 years for consideration of arrears demand to be written-off under Ad-hoc Procedure.

3. The Board has also reviewed the Summary Procedure for write-off of irrecoverable dues of direct taxes and decided to submit it in the revised Ad-hoc Procedure.

4. All other conditions and requirements under the Ad-hoc Procedure would remain unchanged.

(Sandeep Singh)

Under Secretary to the Govt. of India

Tele: 23094182

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To

All the Pr. Chief Commissioners of Income-tax/ Pr. Director Generals of Income-tax

Copy to:

1. The Chairman, CBDT and all the Members in CBDT.
2. The officers in CBDT of the rank of Under Secretary and above.
3. ADG (PR, P & P) for printing in the quarterly tax bulletin and for circulation as per their usual mailing list.
4. ADG (System), ADG (DOMS), ADG (Vigilance) and ADG (IT).
5. The Controller and Auditor General of India.
6. ADG (Recovery) with a request to update the Recovery Manual to reflect the revised guidelines.
7. Web manager, IRS online for uploading.

(Sandeep Singh)

Under Secretary to the Govt. of India

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Accounting Procedure

1. Overview

Direct taxes are collected all over the country through a network of authorised banks. Online Tax Accounting System (OLTAS) evolved from the earlier Tax Accounting System (TAS) application wherein Challans were manually compiled. OLTAS accepts the Tax credit and refund information originating from the banking system and routed through the Tax Information Network and makes it available for the Assessment Systems for processing of returns.

2. Accounting Procedure

The accounting procedure followed in Online Tax Accounting System (OLTAS) is given below:

3. Procedure for Acceptance of Taxes at the Receiving Branches

A taxpayer can pay direct taxes at any authorised branch of the authorised bank either in cash, direct debit to account or by a cheque/draft drawn on the same bank or another bank/branch at the same centre where the payment is made. The payment of tax by outstation cheques/drafts can also be made at any authorised bank, or through an electronic means of remittance to the authorized bank/ branch. For every payment there should be a challan in the prescribed format. The challan format is a single copy challan with the main challan at the top and the taxpayer's counterfoil at the bottom of the challan.

The receiving clerk/ teller of the receiving branch will have to checkup the following points while accepting the payment:

(a) Whether main portion of the challan and the taxpayer's counterfoil form have been filled in properly and the amount and major head of account to which the amount is to be accounted/ credited is correctly recorded therein.

(b) Whether details of the Permanent Account Number (PAN) **or** Tax Deduction Account Number (TAN), name and address of the taxpayer, assessment year and nature and type of payment are properly filled in. The amount should be written correctly both in words and figures.

(c) Whether the Permanent Account Number (PAN)/ Tax Deduction Account number (TAN) has been quoted in the challan at the prescribed place. under Section 139 A (5) (b) of the Income-tax Act, quoting of PAN is mandatory. Similarly, under Section 203A of the Act, quoting of TAN is mandatory. This number, as quoted by the taxpayer should be validated (checked to see whether it is in conformity with the valid PAN/TAN structure) and the designated banks accepting tax payment should ensure that the challan for payment are accepted only when a valid PAN is quoted in the challan. However, where the taxpayer indicates that he has already

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applied for allotment of PAN or TAN but has not yet been allotted the same, the tax payment challans may be accepted by the bank provided the tax payer indicates PAN/TAN application number in the challan. In such cases it should invariably be ensured that the full address of the taxpayer has been mentioned in the challan.

After scrutinizing the challan and satisfying himself that the amount of cash, cheque or draft tendered agrees with the amount shown in the challan, and also that the cheque is not post-dated/stale the receiving teller or counter-clerk of the branch will issue a paper token to the tenderer to facilitate delivery of the counterfoil receipt to him. In the case of challans deposited with cheque or draft drawn on other bank branches, the counterfoil receipt will be issued only on realization of the amount of the cheque or draft and hence the paper token should bear the date on which the same will be available.

3.1 Challans Tendered with Cash

A challan tendered with cash, if found in order after scrutiny, will be stamped 'CASH RECEIVED'. The bank will also stamp both the main portion and the taxpayer's counterfoil of the challan with a stamp mentioning the name of the bank & branch, the BSR code the branch (7 digits), date of deposit (DDMMYY) of the amount and unique serial number of the challan (5 digits). The stamp will be impressed on both the main portion as well as the taxpayer's counterfoil of the challan. Care must be taken to ensure that the impression of the receipt stamp is clear and legible.

An authorized official of the branch will sign in full the taxpayer's counterfoil of the challan and initial the main copy of the challan having received the amount. In the taxpayer's counterfoil, the amount received will be indicated in both words and figures. The receipted taxpayer's counterfoil will be returned to the tenderer and the main copy will thereafter be passed on for scrolling in the Receipt scroll.

3.2 Challans Tendered with Cheque/ Draft

A challan tendered with cheque/ draft will be branded with a 'double date stamp' to indicate the date of tender of the instrument as well as the date of realization thereof. It may be possible that some branches might be following the practice of branding the challans with an inward date stamp as soon as the challans are tendered over the counter. In that case the double date stamp may not be necessary. However, it will be ensured that the inward date stamp is invariably branded on both the main copy and the taxpayer's counterfoil of the challan.

The checking official will initially ensure that there is no difference between the amount of cheque/ draft and the amount recorded in the challan by the tenderer. The cheque/ draft will thereafter be sent for realization. Subsequently, on realization of the cheque/draft, the date of realization will be indicated on the double date stamp or in the space in the challan as the case may be. The bank will also stamp both the main and the taxpayer's counterfoil of the single copy challan with a stamp mentioning the name of the bank & branch, the BSR code of the branch (7 digits) date of deposit (DDMMYY) of the amount and unique serial number of the challan (5 digits). After signing the challan for having received the amount, the taxpayer's counterfoil will be returned to the tenderer against the surrender of the token.

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3.3 Numbering of Challans

Running serial number will be given for all the challans (both paid by cash and by cheque) for each day. It must be ensured that the serial number on each challan issued on a particular day should be unique to trace it subsequently. The bank must therefore ensure that the serial numbers given to the challans deposited with cash do not overlap with the serial numbers given to the challans against which cheques have been realised on that day.

Counterfoil of the challans tendered along with cash and cheque/draft payable at the same branch will be returned to the tenderer duly receipted at the counter. The challans tendered with cheques/ drafts drawn on a different branch of the same bank or any other bank situated at the same centre, the tax-payer's counterfoil will be returned duly receipted not later than the working day following the day fixed under the Rules of 'Local Bankers' Clearing House' for return of unpaid instruments of any day's clearing.

In case of challans tendered with cheque/ draft, the date of realization of the cheque will also be stamped on the main portion of the challan, which will be retained at the bank for onward transmission to Zonal Accounts Office (ZAO) along with the Receipt Scroll. Although as per the Income-tax Act the date of presentation of Cheque/ Demand Draft realized will be treated as date of payment of tax, the Cheque/ Demand Draft will be scrolled only after realization.

The main portion of the challan through which a cheque/ draft is deposited will, therefore, have two dates as under:

(i) **Date of Tender:** DDMMYY (in the rubber stamp acknowledgement).

(ii) **Date of Realization:** DDMMYY (at the place indicated in the challan).

In case of cash tender the 'Date of tender' and 'Date of realization' will be the same.

3.4 Preparation of Scrolls by the Collecting Branch

A running serial number will be given to all the challans received at a bank branch counter on each day against which cash payments have been made or cheques/ drafts have been realized on that date.

All the challan fields such as name and PAN, the serial number, date of deposit and BSR code of the branch are required to be captured when the challan is deposited by the tax payer at the bank counter. The data structure of the fields of the challan for which data has to be captured and transmitted will be as informed to the banks by the Income-tax Department. Permanent Account Number (PAN) and the name of the taxpayer will invariably be incorporated in the Receipt & Payment Scroll.

At the end of customer banking hours, the bank branch should identify all those challans against which payment has been received in cash for the day or for which payments by cheque/draft have been realised for the day. As the details of all these challans is already in the bank's computer system, the branch should generate a file containing all the challan data for which payments have been realised for that day and transmit it to its Nodal Branch for onward transmission to the Income-tax Department's TIN through the banks' Link Cell. However, the non- computerized/ non- networked authorized branches should ensure that data is transmitted from its nearest computerized/ networked branch to the Nodal Branch. It should be ensured that no challan for which payment has been realised on that day is left out. A running scroll serial number extending through a financial year (1st April to 31st

March) will be given to the records relating to each type of tax (major head) which are transmitted on a particular day. The complete data structure of records and the file which is to be transmitted by the bank to the Department will be in the format prescribed by the Income-tax Department. The collecting branch will in no case alter the online data file at its end after it has been transmitted to the Income-tax Department.

3.5 Treatment of Clearing Returns

The collecting branch should also identify all those challans against which instruments were returned unpaid. Such instruments along with related challan should be kept separately in the bank for taking further necessary action as deemed fit.

The collecting branch will also generate separate printouts of the scrolls in Form and summary in Form based on the type of tax (major head-wise) on a daily basis from the challan data on its computer which has been transmitted to the Income-tax Department. The same running serial number extending through a financial year (1st April to 31st March), which was given to the scrolls transmitted for the relevant day, prefixed by the appropriate abbreviation of the type of tax (major head) concerned, will be printed on the scroll. The collecting branch will in no case generate any printed scrolls or summary from data which is changed in any manner from the data earlier transmitted to the Department. Thus the scrolls generated by the branch will exactly match the scrolls generated by the RCC from the data transmitted to the Department's TIN on-line by the bank. Thereafter, the branch will prepare a set of computer printed summary and receipts scrolls and attach with each scroll the physical challans arranged in the same serial order in which they are entered in the scrolls. At the beginning of the next working day, the receiving branch will forward the same to the Nodal Branch for onward transmission to the ZAO.

3.6 Transmission of Error Records

In case of any error by the collecting bank branch in reporting the amount of payment made by a taxpayer or major head of payment, the bank will transmit the corrected information on-line to TIN through an error record, the format for which will be as prescribed by the Income-tax Department. Rectification of the errors in the amount and the head of account will also be reported to ZAO through 'Error Scroll" to be sent through Nodal branch. Only the amount of tax payment as reported by the bank to the TIN will be accepted by the Income-tax Department as the payment made by the taxpayer.

3.7 Procedure for Payment of Income-tax Refund Orders (ITROs)/ECS

Direct tax refund work is entrusted to only one branch of an authorized bank generally Reserve Bank of India, State Bank of India or its Associate Banks at an ITD centre/ a District. The Refund Orders will be presented to the branch by the taxpayer for transfer to his account with the same branch. Alternatively, it might be received through clearing. The specimen signatures of the officers of the Income-tax department who are authorized to draw refund orders will be sent to the paying branches concerned in advance by the Income-tax authorities. The specimen signature will be duly certified by an officer of the Income-tax Department whose specimen signature is already on record with the branch. Any change in the authorised official will be advised to the branch concerned immediately. The relieved officer will attest the specimen signature of the relieving officer. While passing the refund

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orders for payment, the passing official should exercise utmost care apart from the precautions usually exercised by the banks in connection with payment of Negotiable Instruments, the instructions issued by Controller General of Accounts as well as Reserve Bank from time to time. The payee is required to affix his signature in the space provided for 'Claimants signature' on the reverse of the Income-tax Refund Order (ITRO). The procedure relating to Refund Advices will continue as at present except that advices of paid ITROs and printed payment scrolls will no longer be sent by the bank to the Income-tax Department.

As in the case of receipts, refunds are required to be classified by the paying branch according to the type of tax under which the refunds are made. Separate major head wise payment records will be maintained in respect of payment of ITROs.

Direct tax refunds can also be credited directly to the taxpayer's bank account through Electronic Clearance Scheme (ECS) of RBI. In order to avail of this facility, the taxpayer gives a mandate by mentioning type of his bank account (Savings or Current), account number and bank branch code (9 digit) in his Return of Income. After processing of the taxpayer's Returns and determination of the refund by the Assessing Officer, all taxpayer's refunds (in which credit through ECS has been sought) in the jurisdiction of an RCC are automatically consolidated on the computer system at the RCC. All this refund data is downloaded, encrypted and copied onto a magnetic media (floppy or rewriteable CD) or transmitted electronically. This is sent by the RCC to the local ZAO as well as refund issuing branch of RBI or SBI. After validating the data in the file, the bank debits the Income-tax Department Account for the total amount of the refunds and thereafter issues instructions through clearing to the different local branches of the banks where the taxpayer's accounts are located to credit the taxpayer accounts with the amount intimated by the Department. This single debit to the Department's account appears in the payment (refund) data transmitted by the bank to the Income-tax Department for that day. In case any of these credits to the taxpayer's accounts are not effected due to reasons like closing of the account etc., the same is later accounted for by a separate minus debit entry for ECS Return in the Income-tax Department's account and is intimated to the Income-tax Department through the payment (refund) data transmitted for that particular day. The files in the electronic media (floppy or rewriteable CD etc.) are returned along with the computer printed payment (refund) scroll to the ZAO while the same data is transmitted online by the bank to the Income-tax Department through the Income-tax Department's Tax Information Network (TIN).

3.8 Preparation of Payment (Refund) Scrolls

The procedure for preparation of payment scrolls will be the same as the procedure applicable to receipts scrolls.

The scrolls will be made into set similar to the set relating to receipts except that instead of the challans, the paid Refund Orders will accompany the scrolls. The entire data regarding the paid refund vouchers will be transmitted electronically by the paying bank to the Link Cell for onward transmission to the Department's TIN while the physical scrolls with the paid Refund Order will be forwarded to the ZAO through the Nodal Branch. If the Nodal Branch is not locally situated, all the above documents (receipt/payment scrolls etc.) should invariably be sent by Registered Post.

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In the case of ECS Refunds, the data will be transmitted on-line to the Link Cell and subsequently to the Income-tax Department while the same ECS detail on electronic media will be sent to the local ZAO by Paying Bank through the *Nodal branch* 24.

3.9 Loss of Counterfoil by the Taxpayer

In the event of loss of receipted challan counterfoil by the depositors, the bank branches may, on receipt of a specific request in writing for issue of a certificate of credit from assessees, issue the same to the depositor based on their record after satisfying themselves about the Bona fides of the applicant in each case and may charge a nominal fee at its discretion. The certificate should mention the challan details i.e. amount, bank name and branch, BSR Code and Date of Deposit of cheque/cash, major head, challan serial number, date of realisation of cheque/date of deposit of cash and Collecting branch scroll number and date on which details of tax payment have been transmitted earlier.

4. Functions of Nodal Branch

Nodal Branch will be responsible for the prompt and accurate transmission, accounting of the collections/refunds reported to it daily by all the receiving branches under its jurisdiction (including its own receipts). It will also be responsible for prompt remittance of the collections of all the receiving branches linked to it (including its own collections) to the Government Account at RBI, CAS, Nagpur. It will also be responsible for reconciliation of figures with the ZAO. On receipt of on-line data regarding all the challans realised for a particular day from the Collecting Branches, the Nodal Branch will take the following action on day-to-day basis:

(a) It will collate the challan data on its computer system and transmit the data in the format prescribed by the Income-tax Department to its Link Cell for onward transmission to the Departments TIN on the same day after giving a common Nodal Branch scroll number and date to all the challan records being transmitted on that day.

(b) It will also generate a copy of the summary and main scroll based on the computer data in a floppy or other media (as informed by ZAO) and transmit it to the ZAO on the next working day.

(c) On receipt of the hard copy of the computer-generated Branch scrolls from the collecting branch, the Nodal branch will validate that these computer-generated branch scrolls exactly match the data transmitted earlier by the collecting branches. It will consolidate these computer printed Branch scrolls (with challans) received from all the branches including its own along with the main scroll by stitching the scrolls together Major head-wise. It will also generate a computer printout of the Major head-wise Main scrolls and Summary. It will then forward these (with challans) to the ZAO concerned on a daily basis.

(d) Second set of scroll prepared in the same manner without challans as discussed at (c) above will be retained by the Nodal branch for its record.

(e) The Nodal branch will also similarly generate computer printed separate main scrolls for payments (i.e. refunds), and forward them along with the paid ITROs to the ZAO. It will also forward ECS refund details on electronic media to the local ZAO. The refund data (in respect of paper ITROs and ECS refund) will be transmitted on-line by the Nodal Branch to

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TIN through the Link Cell. It will retain the advice/advices of the paid ITROs. During the first 15 days in April every year, the nodal branches will transmit and prepare two separate sets of scrolls – one normal scroll pertaining to April transactions and the other one pertaining to March transactions (which means scrolls of cheques/ drafts/ ITROs tendered and cleared upto 31st March by receiving branches and sent to the nodal branch subsequent to 31st March but before 15th April) - these will be scrolled by nodal branch as March residual account. The nodal branches will intimate the link cell at Nagpur for inclusion of these transactions as March transactions. The nodal branches will send another scroll for April transactions prominently indicating the month of account. Any cheque/draft tendered on or before 31st March and realised on or after 1st April will be treated as part of the April transactions. However, in light of the instruction that data for all challans for which payment has been realised on a given day should be transmitted online to the Income-tax Department on the same day, separate March residual scroll should only be needed in exceptional cases.

(f) The nodal branch will pass on the consolidated amount accounted by it to its Link Cell on day-to-day basis.

4.1 Crediting the Tax Collection to Government Account

The Nodal Branch acts as a pooling centre for all the receiving branches coming under its control and it is responsible for reporting of the transactions (along with all the related documents i.e. Challans and scrolls) to the ZAO. It is also responsible for transmitting the challan data for all these transactions to its Link Cell at Nagpur for onward online transmission to the Income-tax Department as well as for crediting the amount collected to Reserve Bank of India (Central Accounts Section or CAS), Nagpur.

The Nodal Branch will prepare a daily memo and send it on a daily basis to its Link Cell at Nagpur (GAD, Mumbai in case of SBI) which in turn will make a daily settlement with RBI, CAS, Nagpur. The Link Cell of banks at Nagpur will consolidate the challan data received from the Nodal Branch for transmission to the Department's Tax Information Network (TIN) and will also monitor the daily receipts and check the accuracy of the daily memos received from the Nodal Branches. The Link Cell will then transmit the daily memos to CAS, RBI, Nagpur.

The Nodal Branches of the banks will carry out monthly reconciliation with ZAOs of the amount settled by them with their Link Cell at Nagpur. On the basis of their records the ZAOs will verify the statements received from the Nodal Branches both major head-wise and Nodal Bank-wise. In case of any discrepancy, the Nodal Branch will carry out the corrections immediately and adjust the difference in the amount already credited/ debited to the CBDT's account through its Link Cell at Nagpur under information to the ZAO.

For the purpose of final reconciliation of the transactions with ZAOs and the Link Cell, the CAS, RBI, Nagpur will generate a monthly statement and furnish the same to ZAO and the Link Cell of the banks. RBI, CAS, Nagpur will furnish by 20th of the following month, a monthly analysis indicating major head-wise receipts/ refunds etc. to the CCA, CBDT.

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4.2 Payment of Interest on Delayed Transfer of Tax Collections

The tax collections effected by the designated branches of the authorized banks have to be credited to the Government Account, promptly on day-to-day basis. The maximum number of days allowed for crediting tax collections to Government Account at CAS, Nagpur is as under:

(a) T+3 working days for all banks except private sector banks.

(b) T+3 days for private sector banks and IDBI Ltd.

If there is any delay beyond the period prescribed above, the banks are liable to be charged interest for delayed period. The interest for delayed remittance as mentioned above is to be quantified and collected from the defaulting bank by the ZAOs. The rate of interest to be charged is Bank Rate as prevailing (which is generally notified biannually on May 1 and November 1) plus 2% or as decided by Reserve Bank in consultation with CGA from time to time.

4.3 Accounting of "March" Transactions

Reserve Bank, Central Office, Mumbai will issue in the month of February each year special instructions to all banks collecting direct taxes regarding the procedure to be adopted in accounting the March transactions.

The Nodal banks will be receiving scrolls relating to March of the previous Financial Year in April of the current year. In order to account for the entire collections of March in the same financial year the Nodal banks have to follow the following procedure during the month of April:

The nodal banks have to prepare two sets of separate scrolls - one pertaining to March residual collections (payments realized from taxpayer's account before 31st March) and another for April transactions during the first 15 days in April. They should ensure that all the tax collections made by the receiving branches upto 31st March are accounted as **"March Residual Transactions"** and should not be mixed up with the transactions of April which fall in the financial year. The main scrolls for March transactions prepared from 1st to 15th April are to be distinctly marked as **"March Residual"**.

It may also be noted that all the cheques/ amount realized on or before 31st March should be treated as transactions relating to the current financial year and should be accounted for as such under the head **"March or March Residual Transactions"** in the current financial year.

While reporting to their Link Cell in Nagpur, the Nodal banks should send two sets of figures distinctly showing **March Residual** and **April Transactions** separately upto 15th April.

The date-wise monthly statements should also be prepared in two sets, one pertaining to **March Residual Transactions** and another relating to **April Transactions**.

Special Arrangements during the Month of March Every Year

The branches should follow the procedure explained in the earlier paragraphs meticulously and ensure that the collections made towards direct taxes are passed on promptly for credit to Government Account through the Nodal Branch/ Link Cell. However, during the second fortnight of March every year, wherever the receiving branches and Nodal branch are situated locally, a special messenger system

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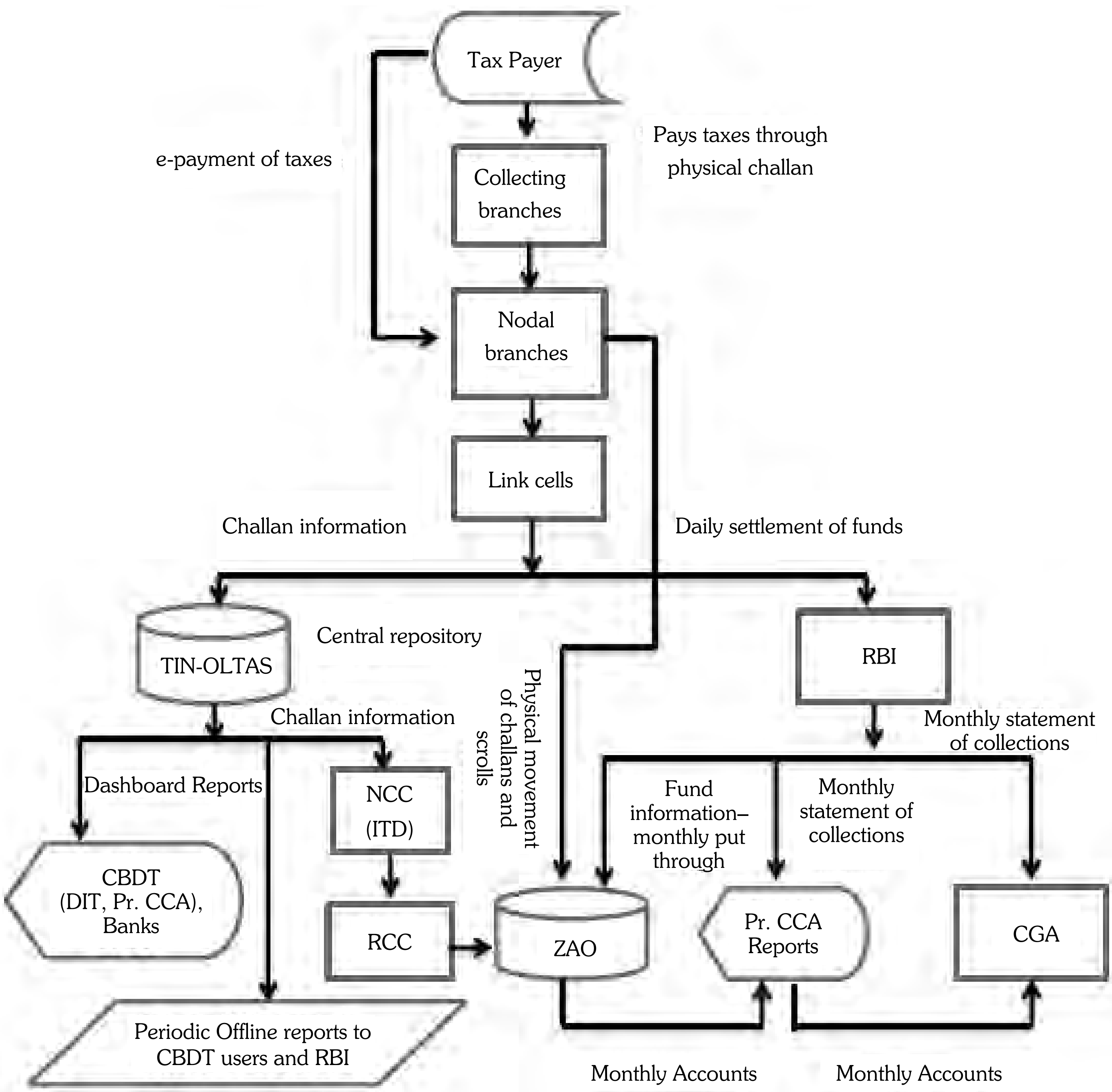
should be introduced by the receiving branches. All efforts may also be made to provide the collection figures on daily basis to the ZAO during the second fortnight of June, September and December every year, for onward transmission to the Government for monitoring, estimates etc.

5. Broad Information Flow

The challan information is uploaded by the Banks to TIN central system in electronic form.

The broad information flow is as under:



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6. OLTAS Dashboard

Data uploaded in TIN is stored in the central database. Challan information uploaded by banks to day 'T' is extracted on 'T+1' day on weekdays and 'T+2' days for challan records received on a day before Sundays and holidays. Based on the challan information received at TIN, dashboard reports are generated. These reports can be accessed by field formation users as well as CBDT users. The following are the reports available on the dashboard

(a) **Summary Report:** This report contains the summary of collection and refunds (Rs. In crores) as on date of report for each Major Head Code. On clicking the 'Gross Collections' which is hyperlinked, Major/Minor Head Code wise report will be displayed.

(b) **Historical Comparison:** This report contains comparison of the report FY with the previous FY and growth percentage thereof. On clicking the Gross Collections which is hyperlinked 'Minor Head Code' and 'Major Head Code' wise report is generated with report FY and previous FY and growth percentage thereof.

(c) **CC Wise Collection Report:** The data displayed under CC wise collection Report is on the basis of AO code of PAN/TAN and hierarchy mapping available in ITD system (i.e. AO to CIT, CIT to CCIT and CCIT to CCA). For TDS challans the "Nature of Payment-AO Master" maintained in ITD system is used to display collection for International.

(d) **CC Wise Collection Report (ZAO based):** The data displayed on the basis of ZAO is determined on the basis of ZAO code mentioned in the data uploaded by the banks in OLTAS.

6.1 Functions of Assessing Officer

The functions of Assessing Officer are as under:

Query Challans/ Refunds

User will have the option to search on the basis of:

(a) Basic Statistical Return (BSR) Code.

(b) Challan Sequence Number.

(c) Challan Deposit Date.

(d) Minor Head.

(e) Assessment Year.

(f) Amount Range.

(g) PAN/ TAN.

6.2 Following Details Related to Challan will be Shown to Users

(a) PAN.

(b) Name.

(c) Assessment Year.

(d) BSR Code.

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(e) Major Head.

(f) Challan Sequence Number.

(g) Minor Head.

(h) AO Code.

(i) Challan Deposit Date.

(j) Challan Amount.

(k) Link to View Details.

6.3 Claiming Suspense Challan

The steps involved in claiming suspense challan are:

(a) User will click on link to view challan details.

(b) User will click on Modify Button, if user wants to modify the challan.

(c) User can claim challan by populating PAN in suspense challan.

(d) System will display name of assessee of entered PAN from PAN Master to user for verification.

6.4 Modifications of PAN Owned Challans/ Refunds

User can request for change in AY, Major Head, Minor Head, PAN in PAN owned challans. To modify any challans details, approval workflow will be required. Screen will be available to Range and CIT for approval of PAN owned challan requests. Range and CIT can accept or reject modification of that challan requests. If request is accepted the data will be forwarded to ITR-CPC for processing and applying at their end.

6.5 Modifications of TAN Owned Challans/ Refunds

User can initiate a request to change PAN in TAN owned Challan CPC TDS can accept or reject the request raised by AO. If accepted CPC TDS will share the updated data, if rejected CPC TDS will share the reason for rejection and that will be shown to AO via screen.

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Prosecution

1. General Guidelines

(a) Chapter XXII of the Act lays down provisions regarding Offences and Prosecution.

(b) Prosecution is a criminal proceeding. Therefore, based upon evidence gathered, offence or crime, as defined in the relevant provision, has to be proved beyond reasonable doubt by the complainant.

(c) The nature of offence in a particular Section has to be clearly understood so that its commission can be proved. For instance, in order to invoke the provision under Section 276C(1), "attempt to evade tax" in itself is sufficient for prosecution and establishing actual 'evasion of tax' is not necessary, if attempt can be proved.

(d) Even though presumption of culpable state of mind is available under Section 278E, the offence under relevant provision has to be made out against the accused on facts of the case.

(e) In case a legal person i.e. Company, Firm, LLP, AOP, HUF etc. is to be prosecuted for an offence, every natural person, who was in-charge of or was responsible for the conduct of the affairs of that entity at the relevant time, shall be deemed to be guilty of the offence and be treated as co-accused in the complaint filed. The Income-tax Authority may carefully examine the facts and records (such as Financial Statements, Minutes of Board's meeting(s), Resolution(s) and other relevant documents etc.) to ascertain role of any Director, Partner, Member, Manager, Secretary or any other officer of the legal person; or Karta of HUF to apply provisions of Section 278B or, as the case may be Section 278C, for treating such person as co-accused. The necessary information and evidence with regard to the roles of such person shall be brought on record to derive a well-reasoned satisfaction. However, no such person can be punished, if he is able to prove that the offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence as provided in Sections 278B & 278C.

(f) In criminal proceedings, all documentary evidence has to be proved before the court, therefore, records and documents *in original* are required to be preserved for production before the court.

(g) As far as practicable, it may be ensured that all pages in a multi-page document like submissions, statement etc. are signed by the person duly authorized to do so. If the case has potential of prosecution, it is even better if the papers are signed by the assessee and not the Authorized Representative.

(h) Although no time limit has been prescribed in the Act for initiation of prosecution, it is desirable that proceeding is initiated and complaint filed at the earliest once a prosecutable offence is detected. Unreasonable delay may weaken the case and the original and important records, evidences may get misplaced/lost with passage of time.

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(i) The entire work relating to prosecution should be done through the Prosecution Module in ITBA, once it is fully functional. This module provides facility for all actions like submission of proposal, issue of notice, sanction order under Section 279(1), uploading of complaint filed and tracking of subsequent actions.

(j) In respect of existing prosecution cases, the necessary particulars are to be filled up and scanned documents should be uploaded in the Module.

(k) If the defaulter is a public servant referred to in Section 197 of the Code of Criminal Procedure, 1973 (Cr.P.C) and the default is related to discharge of his official duties, then as required under that Section, the AO should seek approval of State Government or Central Government as the case may be. The AO should follow up for expediting the required sanction of the Central Government or the State Government, as the case may be.

(l) Prosecution under the Act cannot be initiated except with previous sanction of the Principal Commissioner or Commissioner which also means Principal Director or Director of Income-tax as per Section 2(16) of the Act. (*for the purpose of the chapter, the term "Commissioner", herein below has been used generically to refer to all the above authorities)*

(m) Although there is no statutory requirement for giving opportunity of being heard to the person against whom prosecution proceeding is contemplated, however, such an opportunity should be given by the Commissioner intimating him of the proposed action and calling for accused's version on facts in respect of offences mentioned in the notice and any other offences committed, which he may offer to disclose (in view of the fact that for second/ subsequent offence, higher punishment is prescribed and compounding is prohibited). This will, inter alia, facilitate verification of correctness of facts as well as ascertaining intention of the accused to have the offence compounded.

(n) There is no mandatory requirement of obtaining opinion of the counsel before granting sanction under Section 279(1). Only if there is any doubt as to whether facts of a case justify initiation of prosecution, the Commissioner may obtain opinion of a prosecution counsel considered appropriate by him. Such opinion is only for assisting the Commissioner and neither binding nor the sole deciding factor to grant sanction for prosecution.

(o) A case of an Individual shall not ordinarily be considered for initiating prosecution for any offence, if the individual concerned has attained the age of 70 years at the time of commission of the offence. However, if such individual has played active role in commission of offence, this Clause shall not apply.

(p) While proposing prosecution for any offence, care should be taken to include in the proposal, notice, sanction order and complaint, all the provisions of punishable offences that may apply in particular facts and circumstances. For example, along with Section 276C(1), Section 277 shall also apply, if return was filed; or for non-payment of TDS/TCS Section 276C(2) may also apply along with 276B or 276BB. In the case of Company or HUF, it is necessary to invariably invoke, Section 278B or, as the case may be, Section 278C.

(q) Entries in records and documents in the custody of the Income-tax Department are admissible evidence in the prosecution proceedings.

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(r) For companies in liquidation (Section 178 of the Act) there is a special provision under Section 276A for prosecution of liquidator for failure to comply with Section 178(1) and 178(3) etc.

(s) Prosecution launched under IPC cannot be compounded. It can however, be withdrawn.

(t) Non-filing of return itself is an offence, since the law has cast a duty to file voluntary return under Section 139(1) of the Act, where the assessee has taxable income. Where no such return was filed voluntarily within time the argument that there was no wilful failure cannot be accepted unless the assessee is able to rebut the presumption of culpable state of mind.

(u) The best-judgment assessment under Section 144 of the Act does not nullify the duty to file return under Section 139(1) of the Act. The legal obligation to file a return is not washed out by the assessment. The argument that no prosecution could be instituted till the culmination of assessment proceedings cannot be accepted, when no return is filed within the prescribed time limit for filing return.

(v) Prosecution under Section 276CC of the Act is maintainable in the case of non-filing of voluntary return within time and non-compliance of statutory notices would further justify the proceedings. In the case of the firm, the argument that the firm's accounts were not finalised as an explanation for not having filed individual returns, is also not acceptable. The fact that the assessment was a best-judgment one would also not make a difference.

(w) The mere fact that appeal proceedings against assessment were pending, need not await finality for purposes of prosecution. In fact, such a view has been taken in *P. R. Metrani v. CIT (2006) 287 ITR 209 (SC)* besides *Ravinder Singh v. State of Haryana (1975) 3 SCC 742* and *Standard Chartered Bank v. Directorate of Enforcement (2006) 130 Comp Cas 341 (SC)*. The argument for reconsidering the decision on the subject in *Prakash Nath Khanna v. CIT (2004) 266 ITR 1 (SC)* was not found acceptable. In fact, it was this decision, which was followed by the High Court for dismissal of the appeals by the accused.

(x) As regards the presumption of culpable mental state, it is merely a rule as regards burden of proof. Though the presumption would require existence of *mens rea* with burden on the accused to prove the absence of the same and that too beyond reasonable doubt, the accused would be satisfying the law, if he proves the circumstances which prevented him from filing returns as per Section 139(1) or in response to notice under Section 142 or 148 of the Act. This clarification, no doubt, lightens the burden of the assessee, since even in the absence of presumption; it is the explanation for not having complied with law that would decide the ultimate outcome of the prosecution.

(y) Section 276CC mandates that an offence is committed on non-filing of the return of income in contravention to provisions of Section 139(1) or in response to notice under Section 142(1) or 148 or 153A of the Act and it is totally unrelated to the pendency of the assessment proceedings except for the second part of offence where for determination of period of sentence of the offence is involved. Accordingly, the Revenue may resort to the best judgement assessment or otherwise rely upon past year income to determine the extent of the breach. In this context, reference may be made to the decision of Hon'ble Supreme Court in case of *Sasi Enterprises v. Asstt. CIT (2014) 361 ITR 163*.

(z) If an assessee does not submit the return of income in time as stipulated under Section 139(1), he is liable to pay interest under Section 234A or fee under Section 234F of the Act.

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However, the Act also provides for prosecution proceedings under Section 276CC in case of non-filing or late filing of Income-tax return in addition to the levy of interest, fee etc. In other words, mere payment of interest, fee or penalty could not absolve criminal liability of the assessee as held by Hon'ble Apex Court and Madras High Court in cases of *N.A. Mulbary Bros. vs. CIT (1964) 51ITR 295* and *DOT vs. M. Sundaram (7010) 322 ITR 196* respectively. Hon'ble Supreme Court in case of *T.S. Balaiah vs. ITO (1969) 72 ITR 787* as held that prosecution itself could be both under the Income-tax Act and under the Indian Penal Code as the principle of double jeopardy was held inapplicable.

(aa) Hon'ble Supreme Court in case of *K.C. Builders vs. ACIT (2004) 265 ITR 562* following its earlier decision in case of *G.L. Didwania vs ITO (1997) 224 ITR 687* has held that where penalty is found inexigible prosecution cannot survive and has also rejected the contention of the revenue that penalty and prosecution proceedings are independent of each other. However, Hon'ble Punjab and Haryana High Court in the case of *ITO vs. Mukesh Kumar (2002) 254 ITR 409* has pointed out that trial court is not bound by the penalty order. Keeping in view the above legal principle, the Assessing Officer and their supervisors must ensure proper drafting of a legally sustainable penalty orders of the Act so that prosecution complaints filed by them survive before trial court. It is pertinent to mention here that prosecution complaint should not be solely based on penalty order but must contain all the ingredients as stipulated under Section 276CC of the Act.

(ab) When a penalty is deleted on technical ground, the merit of evidence of concealment or evasion or under-reporting or mis-reporting is not examined then in such cases prosecution under Section 276C has to be examined on the merits and prosecution should be initiated if the facts so warrant.

(ac) Commission or omission of certain acts, constitute offence both under the Income-tax Act as well as under the Indian Penal Code(IPC for short). However, under the Income-tax Act 'culpable mental state on part of the accused' can be presumed by the department as per Section 278E thereof. Thus, onus gets shifted to the accused to prove that he did not have such mental state. Such presumption is not available under the IPC. Therefore, it is desirable that where specific provisions under the Act are available in respect of an offence, proceeding should preferably be initiated under those provisions of the Act.

(ad) When an offence punishable under the IPC has been committed by any person and there is no provision for prosecution of such offence available under the Act, the prosecution under the IPC may be considered. In such cases, administrative approval of the Principal Commissioner/ Commissioner or Principal Director/Director shall be obtained before instituting complaint in the appropriate court. However, this Clause shall not bar filing of an FIR in cases involving offences such as obstruction to duty or physical assault, where previous sanction may not be possible due to urgency of the matter. In such cased, an intimation should be given to the Commissioner at the earliest.

(ae) Notwithstanding anything contained hereinabove, the Commissioner of Income-tax may initiate proceedings for prosecution in any case deemed fit, keeping in view the nature and magnitude of the offence.

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2. Prosecutable Offences under Income-tax Act, 1961

Section	Nature of Default	Punishment
1	2	3
275A	**Contravention of order made under Section 132(1) (Second Proviso) or 132(3)** in case of search and seizure	Up to 2 years (RI)
275B	**Failure to afford necessary facility to authorized officer to inspect books of account** or other documents as required under Section 132(1)(*iib*)	Up to 2 years (RI)
276	Removal, concealment, transfer or delivery of property to thwart tax recovery	Up to 2 years (RI)
276A	**Failure to comply with provisions of Section 178(1) and (3)** – reg. company in liquidation	6 months to 2 years (RI)
276AB	**Failure to comply with provisions of Sections 269UC, 269UE and 269UL** reg. purchase of properties by Government	6 months to 2 years (RI)
276B	**Failure to pay to credit of Central Government** (*i*) **tax deducted at source** under Chapter XVII-B (non-cognizable offence under Section 279A), or (*ii*) **tax payable under Section 115-O(2)** or second proviso to Section 194B	3 months to 7 years (RI)
276BB	**Failure to pay to the credit of Central Govt the tax collected a source** under Section 206C	3 months to 7 years (RI)
276C(1)	**Wilful attempt to evade tax, penalty or interest or under-reporting of income**-	
	(*a*) where tax which would have been evaded exceeds Rs. 25 lakh	6 months to 7 years (RI)
	(*b*) in other case	3 months to 2 years (RI)
276C(2)	Wilful attempt to evade payment of any tax, penalty or interest	3 months to 2 years (RI)
276CC	**Wilful failure to furnish** returns of fringe benefits under Section 115WD/ 115WH or **return of income under Section 139(1) or in response to notice under Section 142(1)(*i*) or Section 148 or Section 153A -**	
	(*a*) where tax sought to be evaded exceeds Rs. 25 lakh	6 months to 7 years (RI)
	(*b*) in other cases	3 months to 2 years (RI)
276CCC	**Wilful failure to furnish in due time return** of total income required to be furnished by notice under Section **158BC(*a*)**	3 months to 3 years
276D	Wilful failure to produce accounts and documents under Section 142(1) or to comply with a notice under Section 142(2A)	Up to 1 year (RI)
277	False statement in verification or delivery of false account or statement etc.	
	(*a*) where tax which would have been evaded exceeds Rs. 25 lakh	6 months to 7 years (RI)
	(*b*) in other case	3 months to 2 years (RI)
277A	Falsification of books of account or document, etc., to enable any other person to evade any tax, penalty or interest chargeable/leviable under the Act	3 months to 2 years (RI)
278	Abetment of false return, account, statement or declaration relating to any income or fringe benefits chargeable to tax (non-cognizable offence under Section 279A)	
	(*a*) where tax, penalty or interest which would have been evaded exceeds Rs. 25 lakh	6 months to 7 years (RI)
	(*b*) in other case	3 months to 2 years (RI)
278A	**Second and subsequent offences** under Section 276B, 276C(1), 276CC, 277 or 278	6 months to 7 years (RI)

3. Offences under IPC

3.1 Chapter X of IPC: Contempt of the Lawful Authority of Public Servants

Prosecution can be initiated under various provisions of this chapter, under following circumstances:

(a) When a person absconds to avoid service of summons, notice or order (S.172) (AO/TRO/ ADIT/ ITI)

(b) When a person intentionally prevents service of summons etc.; prevents lawful affixing of notices etc.; intentionally removes any such summons etc. from any place where it was lawfully affixed; intentionally prevents the lawful making of any proclamation etc.; (Section 173) (AO/TRO/ ADIT/ ITI)

(c) When a person intentionally omits to attend at a certain place and time in response to summons or notice issued (Section 174, Section 174A r.w.s. 82(4) of the Cr. PC) (AO/ ADIT/ TRO).

(d) When a person legally bound to produce or deliver up any document or electronic record intentionally omits to do so, (Section 175) (AO/ ADIT/ TRO).

(e) When a person intentionally omits to give any notice or furnish information which he was legally bound to give or furnish on any subject to any public servant (Section 176) (AO/ ADIT/ TRO).

(f) When a person intentionally furnishes false information (Section 177) (AO/ ADIT).

(g) When a person refuses to bind himself by an oath or affirmation (Section 178); and refuses to answer any question when bound by oath to do so (Section 179) (AO/ TRO/ ADIT).

(h) When a person refuses to sign any statement made by him when required to do so (Section 180) (AO/ TRO/ ADIT).

(i) When a person intentionally makes a false statement under oath (Section 181) (AO/ TRO/ADIT).

(j) When a person gives false information to a public servant (Section 182). This is of special importance to information supplied by informants in the Investigation Wing. (ADIT/ AO/TRO).

(k) When a person offers resistance to taking of any property by the lawful authority of a public servant (Section 183) (ADIT/ AO/ TRO/ AA); and sale of such property (Section 184) (AA/TRO).

(l) When a person bids for or purchases property on behalf of legally incapacitated person (Section 185) (TRO/ AA).

(m) When a person voluntarily obstructs any public servant in discharge of public service (Section 186) (ADIT/ TRO/ AO/ ITI etc.).

(n) When a person bound by law to render or furnish assistance to any public servant in execution of any public duty intentionally omits to do so (Section 187). This may be of special importance to the Investigation Wing in case of witnesses. (ADIT/ Authorized Officer).

(o) When a person knowing that by an order promulgated by a public servant is directed to abstain from a certain act or take certain property in his possession or management, disobeys such order (S.188). This may be of special important in cases of attachment orders by the

Assessing Officers and prohibitory orders by the authorized officers. For the latter purpose Section 275A of the Income-tax Act is also applicable (ADIT/ AO/ TRO).

(p) When a person holds out any threat of any injury to a public servant or his agent (Section 189 & 190). (All officers and officials).

3.2 Chapter XI of IPC: False Evidence and Offences Against Public Justice

Prosecution can be initiated under various provisions of this chapter, under following circumstances:

(a) When a person legally bound by oath or by an express provision of law to state the truth fails to do so (Section 191) (ADIT/ AO/ TRO).

(b) When one causes any circumstance to exist or makes any false entry in any book or record or electronic record, or makes any document or electronic record containing a false statement), intending that such circumstance, false entry or false statement may appear in evidence in a judicial proceeding, or in a proceeding taken by law before a public servant as such, or before an arbitrator, and that such circumstance, false entry or false statement so appearing in evidence, may cause any person who in such proceeding is to form an opinion upon the evidence, to entertain an erroneous opinion touching any point material to the result of such proceeding, is said "to fabricate false evidence." (Section 192).

(c) Similar provisions are also there from Section 193 to Section 196 covering different situations of giving or fabricating false evidences. Sections 193 and 196 of IPC have been referred to in Section 136 of the Act. (Authorities before whom such offences take place.)

(d) When a person who issues, signs or uses any false certificate making it out to be a true and genuine certificate (Section 197 and 198). (For example any certificate issued by any person/ authority in relation to say claim of deduction under Chapter VIA etc.) (ADIT/ AO/ TRO).

(e) When a person makes a false statement, which is receivable by law as evidence and using as true such statement knowing it to be false (Section 199 and 200). Example false affidavits, false declaration or false statement made by assessee/ related persons or witness. (ADIT/ AO/ TRO).

(f) When a person causes disappearance of any evidence or gives false information to screen offender (Section 201); intentional omission to give information of offence by person bound to inform (Section 202), For example false tax audit report; giving false information in respect of offence committed (Section 203); destruction of document or electronic record to prevent its production as evidence (Section 204); false personation (Section 205); fraudulent removal or concealment or transfer of property/ acceptance, receipt or claim to prevent its seizure (Section 206 and 207); (AO/ ADIT/ TRO/ ITI).

(g) When a person intentionally insults or interrupts to public servant sitting in judicial proceeding (Section 228). This Section has been referred to in Section 136 of the Act. (Authorities before whom such offence take place).

3.3 Chapter XVI of IPC: Offences Affecting the Human Body

When a person voluntarily causes hurt or grievous hurt or deters/prevents any public servant from discharging his duties (Section 333). (All officers and officials).

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3.4 Chapter XVII of IPC: Offences Against Property

When a person entrusted with property, or with any dominion over property, dishonestly misappropriates or converts to his own use that property, or dishonestly uses or disposes of that property in violation of any direction of law prescribing the mode in which such trust is to be discharged, or of any legal contract, express or implied, which he has made touching the discharge of such trust, or wilfully suffers any other person so to do, commits "criminal breach of trust" (S.405). (Authorities before whom such offence take place.)

4. Mandatory Cases to be Examined for Prosecution

4.1 The following category of cases shall be mandatorily examined for prosecution at the earliest under relevant provisions, irrespective of monetary limit:

(i) The offence that involves major fraud or scam or misappropriation of government funds or public property.

(ii) The cases where it is proved that a person has enabled others in large-scale tax evasion such as through shell companies or by providing accommodation entries in any other manner as mandated in Section 277A.

(iii) Cases in which additions have been made on account of detection of undisclosed assets outside India including undisclosed foreign bank accounts.

(iv) The cases where the accused is linked to any anti-national/terrorist activity and case is being investigated by CBI, Police, Enforcement Directorate or any other Law Enforcing Agency.

4.2 The examining of a case for prosecution does not necessarily mean filing of Prosecution complaint in the court, the decision regarding which needs to be taken by the Commissioner, after considering entire facts and circumstances of the case, during proceedings under Section 279(1) of the Act. The examining of a case ends with either filing of prosecution complaint in the court, or compounding the offence under Section 279(2), or taking a decision that the case is not fit for prosecution. ***The terms "examined" and "examining" refer to and include all actions leading to either filing of prosecution complaint in the court, or compounding the offence under Section 279(2), or taking a decision that the case is not fit for prosecution.***

5. Priority Cases for Prosecution

The following cases may be examined on the priority basis depending on the facts and circumstances of such cases:

(a) Cases where the assessee has filed Settlement application but is not eligible for immunity from prosecution under the following conditions:

- (i) Where the settlement application has been rejected or not admitted by ITSC, particularly on account of lack of true and full disclosure.
- (ii) Where the ITSC has not granted immunity from prosecution.
- (iii) Where immunity from prosecution stands withdrawn in terms of Section 245H(1A).
- (iv) Where ITSC has withdrawn immunity from prosecution under Section 245H(2).

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(b) Cases where penalty under Section 270A or 271(1)(c) or 271AAA or 271AAB of the Act has been confirmed by CIT(A) or ITAT, are fit for prosecution under this provision, as confirmation of penalty establishes tax evasion and consequently, the attempt thereof.

(c) Cases where the amount sought to be evaded is more than the limit specified for stricter punishment in respect of offences in Chapter XXII of the Act, should be prioritized.

(d) In respect of the following offences, the punishment does not depend on any tax amount evaded. Therefore, these may be examined irrespective of the tax effect, on a case to case basis:

  (i) Offence under Section 275A for contravention of order made under Section 132(3).

  (ii) Offence under Section 275B for failure to comply with the provisions of Section 132(1)(iib).

  (iii) Offence under Section 276 for removal, concealment, transfer or delivery of property to thwart recovery of tax.

  (iv) Offence under Section 276A for failure to comply with the provisions of sub-Section (1) and (3) of Section 178 of the Act.

  (v) Offence under Section 277A for falsification of books of account or documents.

(e) Cases of outstanding demand, confirmed at any appellate stage, has financial capacity to pay such demand; where no stay or instalments have been granted by any Authority; and no stay application is pending before any Authority.

(f) The cases which are identified from time to time as defaulters under different Sections by the Directorate of Systems based on the criteria approved by CBDT.

6. Offences and Prosecutions under IPC

The Income-tax authorities may come across circumstances where initiation of prosecution under various provisions of other statutes including those of IPC may be more appropriate. Details of some of the offences relevant to the department contained in Chapters X, XI, XVI and XVII of IPC are given in Para 3 above.

7. Special Provisions Relating to Section 136

Section 136: Proceedings before Income-tax Authorities to be Judicial Proceedings

Any proceeding under this Act before an Income-tax Authority shall be deemed to be judicial proceeding within the meaning of Sections 193 and 228 and for the purposes of Section 196 of the Indian Penal Code (45 of 1860) and every Income-tax Authority shall be deemed to be a Civil Court for the purposes of Section 195, but not for the purposes of Chapter XXVI of the Code of Criminal Procedure, 1973 (2 of 1974).

8. Immunity from Prosecution

8.1 Certain provisions relating to immunity from prosecution are as under:

(a) The Income-tax Settlement Commission (ITSC) has power to grant immunity from prosecution and penalty under the Act under Section 245H. These provisions are, however, subject to certain conditions such as full and true disclosure of income by the assessee and also disclosure of the manner in which such income has been derived. The ITSC however cannot grant immunity in cases where prosecution proceedings have been instituted prior to the receipt of application under Section 245C.

(b) Under sub-Section 1 of Section 245H, the ITSC earlier had the power to grant immunity from prosecution for offence under the Indian Penal Code (45 of 1860) or under any other Central Act for the time being in force". However, w.e.f. 01/06/2007, the Act has been amended whereby the ITSC can no more grant immunity for offences under the IPC, or any other Central Act except under Income-tax Act and Wealth Tax Act.

(c) Immunity from prosecution was also granted under VDIS 1997, KVSS and for Special Bearer Bond 1981, IDS-2016, PMGKY-2016.

(d) For obtaining the evidence of any person directly or indirectly concerned in or privy to the concealment of income/evasion of payment of tax, the Central Government has been vested with powers to tender immunity from prosecution under the Act or under I.P.C or under any other Central Act under Section 291(1) of the Act. Under sub-Section (3) of Section 291 the Central Government has also been given power to withdraw such immunity. For granting immunity and withdrawing the same some conditions have been prescribed in the said Section.

8.2 Under Section 292A of the Act, nothing contained in Section 360 of the Code of Criminal Procedure, 1973 (2 of 1974), or in the Probation of Offenders Act, 1958 (20 of 1958), shall apply to a person convicted of an offence under the Act (Income-tax Act) unless that person is under eighteen years of age.

8.3 There is a bar under Section 293 of bringing any suit in any civil court against any order made under the Act. It has also been provided that "no prosecution, suit or other proceeding shall lie against the Government or any officer of the Government for anything in good faith done or intended to be done under this Act."

8.4 Under Section 270AA of the Act, the AO may grant immunity from imposition of penalty under Section 270A and initiation of proceedings under Section 276C or Section 276CC in admitted cases subject to Fulfilment of conditions specified under Section 270AA itself.

9. Proceedings before Income-tax Authorities to be Judicial Proceedings

9.1 Any proceeding under this Act before an Income-tax Authority shall be deemed to be judicial proceeding within the meaning of Sections 193 and 228 and for the purposes of Section 196 of the Indian Penal Code (45 of 1860) and every Income-tax Authority shall be deemed to be a Civil Court for the purposes of Section 195, but not for the purposes of Chapter XXVI of the Code of Criminal Procedure, 1973 (2 of 1974).

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Broadly it means that:

(a) Proceedings before Income-tax Authorities are deemed to be 'judicial proceedings'.

(b) Commission of offences under Section 193, 228 and 196 IPC before Income-tax Authorities tantamount to commission of offences in a judicial proceeding.

(c) In this regard, Income-tax Authorities are deemed to be 'civil courts' for the purpose of Section 195 of Cr. PC but not for the purpose of Chapter XXVI of Cr. PC That is to say, if such offences are committed before Income-tax Authorities in judicial proceedings, they are Civil Courts for the purpose of launching prosecution under Section 195 Cr. PC

(d) Section 195 of Cr. PC deals with 'Prosecution for contempt of lawful authority of public servants, for offences against public justice and for offences relating to documents given in evidence.' Chapter XXVI of Cr. PC, comprising Sections 340 to 351, deals with 'Provisions as to offences affecting the administration of justice' and is applicable for Criminal Courts.

(e) The relevant provisions for Section 136 of the Act are Section 195(1)(b)(i) and Section 195(3) of the Cr. PC for 'civil courts'.

(f) Hence, Income-tax Authorities, acting under these Sections, have to file a complaint before the competent judicial authority. It is not necessary to file a police complaint. Since they are not declared to be 'criminal courts', they cannot punish the persons accused of such offences, but have to file complaint in a court of law.

(g) In case of such offences committed before CIT/ CIT(A), the complaint has to be filed by the CIT/ CIT(A) concerned or by 'some other public servant to whom he is administratively sub-ordinate' (Section 195(1)(a) of Cr. PC).

(h) In the absence of this Section, the Departmental Authorities would have had to (a) file a police complaint, or (b) file a complaint in the Appropriate Court like any other complainant in which case the complainant is to be examined on oath by the Magistrate before admission of the complaint.

Similar provisions occur under Section 245L for Income-tax Settlement Commission, under Section 245U(2) for Authority for Advance Ruling and under Section 255(6) for ITAT.

9.2 The examining of a case for prosecution does not necessarily mean filing of Prosecution complaint in the court, the decision regarding which needs to be taken by the Commissioner, after considering entire facts and circumstances of the case, during proceedings under Section 279(1) of the Act. The term examining/ examined refers to and include all actions leading to:

(a) filing of prosecution complaint in the court, or

(b) compounding the offence under Section 279(2) before or after filing of the complaint with court, or

(c) taking a decision that the case is not fit for prosecution.

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10. Field Authorities Responsible for Identification and Institution of Prosecution Proceedings

10.1 Investigation Directorates

(a) The Officers of Investigation Directorate (i.e. DDIT/ ADIT/ ITO (Inv.)in-charge) conducting search shall be responsible for examining cases for prosecution and initiating proceedings under Sections 275A (Contravention of order made under sub Section 3 of Section 132) and 275B (Failure to comply with provisions of Clause (iib) of sub Section (1) of Section 132) of the Act.

(b) Based upon the evidence collected during Search/Survey, he/she shall also be responsible for identification of potential cases as well as for filing complaints for offences under Sections 276C(1) (particularly cases covered by the *Explanation* to the said Section), 277, 277A, 278 etc. wherever ingredients of those Sections are duly satisfied. In other cases, they should pass on specific information along-with the evidences for necessary action by the Central/ Assessment Charges.

10.2 Directorate of Intelligence & Criminal Investigation

The Officers of Directorate of Intelligence & Criminal Investigation shall be responsible for examining of cases for prosecution under Sections 277, 277A and 278 of the Act for furnishing false statement of financial transaction or reportable account under Section 285BA of the Act. Further during survey operations, cases may come to light where offences under Section 276C(1) or any other provision of the Act have been committed.

10.3 Assessment Including Central Charges & CIT(A)

(a) The Assessing Officer concerned shall primarily be the authority responsible for identification of all potential cases for prosecution under various provisions of Chapter XXII of the Act including Sections 276A, 276C(1), 276C(2), 276CC, 276D, 277, 277A and 278.

(b) There is greater scope of identifying potential cases for prosecution under Section 276C(1), 276C(2), 276CC, 276D, 277, 277A, 278 etc. in Central Charges having jurisdiction over search and seizure cases.

(c) Even though, the responsibility for identification of potential cases under Section 276B & 276BB rests with TDS/International Taxation charges, other AO may also come across such defaults. Upon such identification, they shall intimate the jurisdictional TDS charges at the earliest.

(d) Investigation in potential cases shall be taken to logical conclusion with a view to institute prosecution proceedings at the earliest.

(e) Where completion of assessment is considered necessary to strengthen the evidence etc, for initiating prosecution proceedings, assessment proceedings shall be completed expeditiously.

(f) If any offence is noticed by the CIT(A) during the appellate proceedings or by the Pr. Chief Commissioner, Chief Commissioner, Pr. Director General, Director General, Commissioner during the revision or any other proceeding, the concerned CIT(A) or the Commissioner or any other Income-tax Authority, as the case may be, may direct the jurisdictional AO to examine the case for prosecution under the appropriate Sections.

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(g) If any Income-tax Authority, during any proceeding before him/her, notices that an offence under chapter XXII of the Act has been committed by a person on whom he/she does not have jurisdiction, he/she will pass on the information, through his/her Controlling Officer, in the form of a self-contained report to the Commissioner having jurisdiction over the case immediately upon noticing such offence.

(h) There is no bar on initiating prosecution proceedings by the AO either before the commencement of assessment proceedings or during the pendency of assessment proceedings or after the completion of assessment proceedings.

11. Proposal for Seeking Previous Sanction

(a) No prosecution complaint under the Act can be filed without previous sanction from Commissioner under Section 279(1) of the Act. The authority proposing the prosecution (such officer referred to as Complainant Officer or CO for short) should examine the records to bring the facts in a self-contained proposal for sanction under Section 279(1) of the Act.

(b) As far as possible, the proposal should be submitted on ITBA Module, so that notice under Section 279(1), order etc may be generated through ITBA Module.

(c) The CO should submit the proposal for each assessment year and each offence separately. However, one proposal may include more than one offence for the same assessment year in case the facts are inextricably linked. For example, if attempt to evade tax under Section 276C(1) is detected based on the return of income filed and duly verified as per Section 140 of the Act, then offence under Section 277 of the Act is also invariably committed and in such cases the proposal for prosecution may include both the Sections.

(d) For preparing the proposals of prosecution in the cases of Company/Firm/LLP/AOP/HUF etc. natural persons who are in-charge of affairs of those entities can also be proceeded against in accordance of provisions of Section 278B and 278C. For careful selection of co-accused certain basic details about roles of various persons in conducting affairs of legal persons are required.

(e) For each proposal entered in ITBA, a unique prosecution ID shall be generated for identification of case. The same ID shall continue for entire period till the case is closed by way of dropping, compounding before filing complaint or on disposal by court.

The Range/Unit Head on receipt of Form A in ITBA shall examine the proposal received offline also. It is the responsibility of Range/Unit Head to ensure that the prosecution proposal is proper and complete in all respects. If there is any deficiency, he/she should send it back to the AO for removing the deficiency and re-submit the proposal at the earliest. He/she shall forward the complete proposal after duly checking the same to the Commissioner on ITBA as well as in the offline mode.

12. Sanction under Section 279(1)

(a) The Commissioner shall examine the proposal received and if *prima facie* case for prosecution is made out, he/she should issue show cause notice to all proposed accused and co-accused to ascertain the facts contained in the proposal from all proposed accused and co-accused within a reasonable time. The Commissioner may also seek any additional facts/documents/

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information as he/she deems fit. The show cause notice should be drafted in such a manner that it enables him to take a fair and judicious decision for granting sanction under Section 279(1) in the case of accused as well as each of the proposed co-accused, if any.

(b) If there are more than one accused or co-accused in case of company, firm, HUF etc, the show cause notice seeking above clarification should be sent to all the accused or co-accused. The Commissioner shall examine the proposal received and if *prima facie* case for prosecution is made out, he may seek clarification with regard to the facts contained in the proposal from all proposed accused and co-accused within a reasonable time. He may also seek any additional facts/documents/information as he deems fit.

(c) After receiving reply or expiry of time granted, the Commissioner may consider whether prosecutable offence on part of accused(s)/co-accused(s) is made out on facts gathered.

(d) If Commissioner is satisfied of ingredients of the offence, he may grant, previous sanction under Section 279(1) of the Act through a speaking order duly recording facts of the case and evidences relevant thereto. The application of mind and fairness of decision should reflect in the order. If applicable, the provisions of Section 278AA should be kept in mind before giving any sanction under Section 279(1).

(e) If on consideration of facts and reply of accused or co-accused, the Commissioner is in doubt whether prosecutable offence is made out, he may seek opinion of Special Public Prosecutor regarding fitness of case for prosecution. Such opinion is only for assisting the Commissioner and is neither binding nor the sole deciding factor to grant sanction for prosecution.

(f) It shall be ensured that sanction order contains names of all accused and co-accused, Assessment year and correct Sections under which offences were committed, role(s) of each co-accused, reasons for sanction of prosecution under relevant provisions for which sanction is granted, keeping in view the provisions of Section 278B/278C of the Act in case of Company, Firm, HUF etc.

(g) Separate sanction order should be passed for each complaint.

(h) While considering a case of second and subsequent offence as mentioned under Section 278A of the Act, the Commissioner should incorporate particulars of earlier offence while according sanction under Section 279(1).

(i) Where the Commissioner, after considering reply of accused or otherwise, is of the opinion that the case is not fit for prosecution, he may record the reasons for his conclusion and communicate the decision not granting sanction to the authority who submitted proposal for prosecution.

(j) The activity of generation of show cause letter and passing the order under Section 279(1) of the Act should be done on ITBA as far as possible. In case the Commissioner has issued the show cause notice/sanction order offline the same should be uploaded on ITBA to have proper tracking and record of prosecution proceedings.

(k) Prosecution should not ordinarily be initiated against a person who has attained the age of 70 years at the time the offence was committed. However, if such individual has played active role in commission of offence, this Clause shall not apply.

13. Preparation of Complaint

(a) The Commissioner shall forward copy of sanction order to the CO for record and as many additional copies as are required to be filed in the court with complaint as per rules of the court. One copy of the order under Section 279(1) shall also be sent to the Nodal Officer in prosecution cell, responsible for record and monitoring of prosecution matters, if the prosecution cell is functional.

(b) On receipt of previous sanction under Section 279(1), the CO shall send all relevant documents to Special Public Prosecutor (SPP for short) for drafting of the complaint. The CO shall vet the draft prepared by SPP and correctness of facts and figures in the complaint shall be the responsibility of CO. In complex cases the CO may involve Unit/Range Head in vetting the draft complaint.

(c) Complaint should bring out clearly the facts regarding commission of the alleged offence and Fulfilment of ingredients as provided in the Act, chronology of events leading to the commission of offence(s), evidence collected during investigation etc. The correct names and complete addresses of the accused and co-accused person(s), if any, should be mentioned to prevent delay in service of summons/warrant etc, by the court.

(d) The complaint should incorporate the reasons recorded in the sanction under Section 279(1) and the Section(s) under which the prosecution proceedings are initiated. The provisions of Section 278E may suitably be incorporated in the complaint to strengthen the case.

(e) If the offence is committed by a company/Firm etc. or HUF, role(s) of persons as mentioned in Section 278B or 278C of the Act has to be discussed in the complaint and the name of such persons, against whom sanction has been accorded under Section 279(1), should be included as co-accused.

(f) In case the offence is second or subsequent (in terms of Section 278A), this fact should be incorporated in the complaint.

(g) In case, any prosecution proceeding is pending for similar offence or it has been compounded, these facts may also be incorporated in the complaint.

(h) The complaint should be duly signed and verified by the CO.

(i) The following documents are normally required to be annexed to the complaint:

- (i) Sanction order under Section 279(1) in original.
- (ii) List of documentary evidences including depositions, submissions etc. to prove the offence.
- (iii) List of witnesses on which departmental case depends.
- (iv) Any other documents required as per procedure of the court.

14. Filing of Complaint

The CO should ensure that:

(a) The complaint is filed in the court of jurisdiction.

(b) The relevant documents are attached.

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(c) The complaint is signed by CO concerned.

(d) The particulars of complaint number and date of filing are intimated to the sanctioning authority and the **Nodal Officer in Prosecution Cell**.

(e) As soon as the complaint is filed the complaint number should be entered on the ITBA. Office copy of complaint (with complaint number) duly signed by the CO should be scanned and uploaded on the ITBA.

15. Safe Custody of Documents

(a) The original documents and other evidence, based on which the offence is sought to be proved, should be kept in the personal safe custody of the CO. In the case of transfer/ decentralization of case, the documents should be duly handed over and mentioned in the handing over note. It would be desirable to keep scanned images in soft form and print out may be used for day to day work.

(b) In order to ensure evidentiary value of document, it is necessary that the relevant documents are identified and maintained, inter alia, as per the requirements of provisions of Indian Evidence Act.

(c) In case of digital evidence, necessary precautions to be taken as per the provisions of the Information Technology Act, 2000 and Indian Evidence Act, 1872 along with the detailed guidelines provided in Digital Evidence Investigation Manual, 2014.

16. Compounding Application before Filing of Complaint

(a) Where the person(s) proposed to be proceeded against submits that he/she would opt for compounding of the offence, the Commissioner may ask such person to submit evidence of filing the compounding application within reasonable time. The filing of complaint should not be delayed beyond a reasonable period on such grounds.

(b) In a case where the compounding application has been filed, the Commissioner should keep the proposal for prosecution pending till a decision is taken on the compounding application. In such cases, the competent authority should dispose off the compounding application expeditiously.

(c) Where the compounding of offence is rejected by the competent authority during the pendency of proposal for sanction under Section 279(1), the Commissioner should proceed with the proposal for sanction under Section 279(1) without any delay.

(d) Where sanction under Section 279(1) is given before receipt of the compounding application, the filing of the complaint should not be delayed.

17. Procedure after Filing Complaint

(a) The filing of complaint in court is merely the beginning of the prosecution process. The ultimate objective is to secure conviction of the accused. Therefore, regular follow up of complaint cases in court and coordination with Prosecution Counsel to ensure timely attendance of witness(es) and production of evidences is key to achieve the objective.

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(b) For this purpose, a “Prosecution Cell” (PC) may be created in the office of Pr. CCIT with an officer of the rank **not less than** Addl. CIT working as Nodal Officer under the overall supervision of CIT (Judicial). For other stations, the work of PC can be assigned to officers/ officials as deemed appropriate by respective CCIT having jurisdiction over the station. The PC will monitor the progress of prosecution cases and Coordinate with Prosecution Counsel, field officers and the Court for ensuring proper representation before the Court.

(c) The Prosecution Cell shall keep track of prosecution proceedings in the court. They should collect the cause list showing fixation of date for hearing and take necessary steps to ensure proper and timely representation before the court.

(d) The Inspector(s) shall remain present through the hearings and note down the requirements of each case in consultation with the Prosecution Counsel representing the case.

(e) Timely intimation to the CO and witnesses for ensuring evidence in the court to preclude unnecessary adjournments is necessary.

(f) The record of the specific reasons for adjournments such as non-availability of officers on the day fixed for trial, non-availability of witness, non-availability of prosecution counsel or adjournment sought by the accused should be maintained. This record will also be helpful at the time of sanctioning bills of prosecution counsels vis-a-vis effective hearings. Record of proceedings may also be available online and in such cases the same may be downloaded from the court website for record.

(g) The Prosecution Cell/CO/AO should keep in touch with the prosecution counsel.

(h) The Prosecution Cell should keep track of the stay granted by the Higher Courts, if any, and advise the field authorities to take necessary steps to get the same vacated.

18. Time Lines for Institution of Proceedings

18.1 Section 468 of Criminal Procedure Code specifically excludes offences committed under various provisions of the Act from the purview of limitation. The Act also does not provide any time limit for instituting prosecution for any offence under Chapter XXII. It is, however, desirable that the prosecution in deserving cases is instituted at the earliest once the offence is detected. The efforts should be made to complete the entire process beginning from the submission of proposal **by the CO** up to the grant of sanction under Section 279(1) of the Act within three months. Once the sanction under Section 279(1) has been accorded, the institution of complaint should be done as soon as possible.

18.2 In the case of offence under Section 275A and under Section 275B, the investigating authority concerned should submit the proposal for sanction under Section 279(1) of the Act before the Pr. Director of Income-tax (Inv.) incorporating the facts, chronology of events, the list of evidences and witnesses in a self-explanatory form as soon as the offence comes to his notice. In such cases, the decision regarding sanction under Section 279(1) is to be conveyed by the Pr. Director concerned, as far as possible, within 15 days of receipt of the proposal from investigating authority and wherever such sanction has been accorded, prosecution should be instituted as soon as possible.

18.3 Wherever the Department is not satisfied with the order of the Trial Court, appeal in the deserving cases is required to be filed by the CO in Sessions Court within 60 days with the approval of Commissioner.

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18.4 Thereafter, if the Department is not satisfied with the order of the Sessions Court, appeal in the deserving cases is required to be filed by the incumbent officer holding the office of the CO, in the High Court within 90 days with approval of Pr. CCIT/CCIT/Pr. DGIT/DGIT.

18.5 For any appeal against any order of High Court, the existing time line and procedure for filing Appeal/SLP in the Supreme Court should be followed.

19. Withdrawal of Prosecutions

19.1 There is no specific provision under the Act regarding withdrawal of prosecution proceedings already instituted. However, in a summons case, as per Section 257 of Cr.PC, complainant may request the court's permission to withdraw the prosecution complaint on justified grounds, at any time before the final order is passed by the court. Such withdrawal of complaint shall not be requested without prior administrative approval of the CCIT or DGIT. The Commissioner shall submit proposal to the CCIT/DGIT concerned, who after recording reasons for doing so, may approve withdrawal of the complaint.

19.2 In a warrant case, where it is found that the prosecution instituted under the provisions of Act and/or IPC needs to be withdrawn in view of the change in circumstances (due to appellate orders or otherwise), the proposal for withdrawal shall be submitted to the Board for seeking the approval of the Central Government as required under Section 321 of Cr.PC.

19.3 In either case, after receiving approval of CCIT/DGIT/Central Government, the Commissioner shall authorize the CO to approach the court through the prosecution counsel to withdraw the prosecution complaint. A report of all such cases where withdrawal of prosecution has been approved shall be sent to the Board on monthly basis.

19.4 Section 279(2) of the Act confers the power of compounding the offence even after institution of complaint in court. In case an offence has been compounded after filing of the complaint, a copy of the compounding order under Section 279(2) shall be produced before the Trial Court through the Prosecution Counsel seeking courts permission for withdrawal of the complaint.

20. Reporting Mechanism

Till the time an alternative system of reporting is prescribed under ITBA or otherwise, the present system of monthly and quarterly progress report on prosecution will continue with additional information regarding compliance in terms of time line suggested, with a view of ensure timely identification, examining, filing and follow up of prosecution. The Pr CCIT, through the Prosecution Cell, if functional, or otherwise **will be the** repository of all data regarding prosecution in his charge.

The timelines given in this Chapter do not provide limitation period but they serve the purpose of expediting the prosecution proposals.

21. Compounding Provision

21.1 Guidelines issued by the Board vide F. No. 285/08/2014-IT (Inv.V)/147 dated 14/06/2019, shall come into effect from 17/06/2019 and shall be applicable to all applications for compounding received on or after the aforesaid date. The applications received before 17/06/2019 shall continue to be dealt with in accordance with the Guidelines of the Board issued vide F. No. 285/35/2013 IT(Inv.V)/108 dated 23/12/2014.

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21.2 Section 279(2) of the Act provides that any offence under Chapter XXII of the Act may, either, before or after the institution of proceedings, be compounded by the Pr. CCIT/CCIT/Pr. DGIT/DGIT. As per Section 2(15A) and 2(21) of the Act, Chief Commissioner of Income-tax includes Principal Chief Commissioner of Income-tax, and Director General of Income-tax includes Principal Director General of Income-tax. These Guidelines are issued in exercise of power under Section 119 of the Act read with explanation below sub-Section (3) of Section 279 of the Act.

22. Compounding is Not a Matter of Right

Compounding of offences is not a matter of right. However, offences may be compounded by the competent authority on satisfaction of the eligibility conditions prescribed in these guidelines keeping in view factors such as conduct of the person, the nature and magnitude of the offence in the context of the facts and circumstances of each case.

23. Applicability of these Guidelines to Prosecutions under IPC

Prosecution instituted under Indian Penal Code ('IPC'), if any, cannot be compounded. However, Section 321 of Criminal Procedure Code, 1973, provides for withdrawal of such prosecution. In case the prosecution complaint filed under the provisions of both Income-tax Act and the IPC are based on the same facts and the complaint under the Income-tax Act is compounded, then the process of withdrawal of the complaint under the IPC may be initiated by the competent authority.

24. Classification of Offences

24.1 The offences under Chapter-XXII of the Act are classified into two parts (Category 'A' and Category 'B') for the limited purpose of compounding of offences.

24.1.1 Category 'A'

Offences punishable under the following Sections are included in Category 'A'

Sl. No.	Section	Description/Heading of Section
1.	276	(Prior to 01/04/1976) - Failure to make payment or deliver returns or statements or allow inspection.
2.	276B	(Prior to 01/04/1989) - Failure to deduct or pay tax
3.	276B	(w.e.f. 01/04/1989 and up-to 30/05/1997)- Failure to pay tax deducted at source under Chapter XVII-B
4.	276B	Failure to pay tax deducted at source under chapter XVII-B or tax payable under Section 115-O or 2nd proviso the Section194B to the credit of the Central Government (w.e.f. 01/06/1997)
5.	276BB	Failure to pay the tax collected at source
6.	276CC	Failure to furnish return of Income
7.	276CCC	Failure to furnish returns of income in search cases in block assessment scheme
8.	276DD	(Prior to 01/04/1989) - Failure to comply with the provisions of Section 269SS
9.	276E	(Prior to 01/04/1989) - Failure to comply with the provisions of Section 269T
10.	277	False statement in verification etc. with reference to Category 'A' offences
11.	278	Abetment of false return etc. with reference to Category 'A' offences

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24.1.2 Category 'B'

Offences punishable under the following Sections are included in Category 'B'

Sl. No.	Section	Description/ Heading of Section
1.	276A	Failure to comply with the provision of Sections 178 (1) and 178 (3)
2.	276AA	(prior to 01/10/1986)- Failure to comply with the provisions of Section 269 AB or Section 269 I.
3.	276AB	Failure to comply with the provisions of Sections 269UC, 269UE and 269UL
4.	276C(1)	Willful attempt to evade tax, etc.
5.	276C(2)	Willful attempt to evade payment of taxes, etc.
6.	276D	Failure to produce accounts and documents
7.	277	False statement in verification etc. with reference to Category 'B' offences
8.	277A	Falsification of books of account or documents, etc.
9.	278	Abetment of false return, etc. with reference to Category 'B' offences

24.1.3 Offences under Sections 275A, 275B and 276 of the Act Will Not be Compounded

25. Eligibility Conditions for Compounding

All the following conditions should be satisfied for considering compounding of an offence:

(a) An application is made to the Pr. CCIT/CCIT/Pr. DGIT/DGIT having jurisdiction over the case for compounding of the offence(s) in the prescribed format in the form of an affidavit on a stamp paper of Rs.100/-.

(b) The compounding application may be filed suo-moto at any time after the offence(s) is committed irrespective of whether it comes to the notice of the Department or not. However, no application of compounding can be filed after the end of 12 months from the end of the month in which prosecution complaint, if any, has been filed in the court of law in respect of the offence for which compounding is sought.

(c) The person has paid the outstanding tax, interest (including interest under Section 220 of the Act), penalty and any other sum due, relating to the offence for which compounding has been sought before making the application. However, if any related demand is found outstanding on verification by the Department, the same should be intimated to the applicant and if such demand including interest under Section 220 is paid within 30 days of the intimation by the Department, then the compounding application would be deemed to be valid.

(d) The person undertakes to pay the compounding charges determined in accordance with these guidelines by the Pr. CCIT/CCIT/Pr. DGIT/DGIT concerned.

(e) The person undertakes to withdraw appeals, if any, related to the offence(s) sought to be compounded. In case such appeal has mixed grounds, one or more of which may not be related to the offence(s) under consideration, an undertaking shall be given for withdrawal of such grounds as are related to the offence to be compounded.

(f) Any application for compounding of offence under Section 276B/276BB of the IT Act by an applicant for any period for a particular TAN should cover all defaults constituting offence under Section 276B/276BB in respect of that TAN for such period.

26. Offences Normally Not to be Compounded

The following offences are generally not to be compounded:

(a) Category 'A' offence on more than three occasions. However, in exceptional circumstances compounding requested in more than three occasions can be considered only on the approval of the Committee referred to in Para 28 below.

(b) Category 'B' offence other than the first offence(s) for the purpose of these guidelines.

(c) Offences committed by a person for which he was convicted by a court of law under Direct Taxes laws.

(d) Any offence in respect of which, the compounding application has already been rejected, except in the cases where benefit of rectification is available in these guidelines.

(e) The cases of a person as main accused where it is proved that he has enabled others in tax evasion such as, through entities used to launder money or generate bogus invoices of sale/purchase without actual business, or by providing accommodation entries in any other manner as prescribed in Section 277A of the Act.

(f) Offences committed by a person who, as a result of investigation conducted by any Central or State Agency and as per information available with the Pr. CCIT/CCIT/Pr. DGIT/DGIT concerned, has been found involved, in any manner, in anti-national/terrorist activity.

(g) Offences committed by a person who, was convicted by a court of law for an offence under any law, other than the Direct Taxes laws, for which the prescribed punishment was imprisonment for two years or more, with or without fine and which has a bearing on the offence sought to be compounded.

(h) Offences committed by a person which, as per information available with the Pr. CCIT/CCIT/Pr. DGIT/DGIT concerned, have a bearing on a case under investigation (at any stage including enquiry, filing of FIR/complaint) by Enforcement Directorate, CBI, Lokpal, Lokayukta or any other Central or State Agency.

(i) Offences committed by a person whose application for 'plea-bargaining' under Chapter XXI-A of 'Code of Criminal Procedure' in respect of any offence is pending in a Court or where a Court has recorded that a 'mutually satisfactory disposition of such an application is not worked out' and such offence has bearing on offence sought to be compounded.

(j) Any offence which has bearing on an offence relating to undisclosed foreign bank account/assets in any manner.

(k) Any offence which has bearing on any offence under the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015.

(l) Any offence which has bearing on any offence under the Benami Transactions (Prohibition) Act, 1988.

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(m) Any other offence, which the Pr. CCIT/ CCIT/Pr. DGIT/ DGIT concerned considers not fit for compounding in view of factors such as conduct of the Person, nature and magnitude of the offence.

27. Notwithstanding Anything Contained in these Guidelines, the Finance Minister may Relax Restrictions in Para 26 above for Compounding of an Offence in a Deserving Case, on Consideration of a Report from the Board on the Petition of an Applicant

28. Authority Competent to Compound an Offence

28.1 The Pr. CCIT/ CCIT/ Pr. DGIT/ DGIT having jurisdiction over the person, seeking compounding of an offence, is the competent authority for compounding of all Category 'A' and Category 'B' offences. However, an order in case of an application for compounding of an offence, involving compounding charges in excess of Rs.10,00,000/- (Rupees Ten Lakhs) shall be passed by the Pr. CCIT/ CCIT/ Pr. DGIT/ DGIT concerned only on the prior approval of a Committee comprising of 3 officers of the Region concerned, namely (i) Pr. CCIT/ CCIT/ Pr. DGIT/ DGIT having jurisdiction over the case and two other Officers of the rank of Pr. CCIT/ CCIT constituted by the Pr. CCIT of the Region. In case such officers are not available within the Region, a suitable Officer of the rank of CCIT from any nearby region may be co-opted as Member by the Pr. CCIT.

28.2 If a deductor has committed an offence under Section 276B/276BB of the Act for non-payment of TDS in respect of both Resident and non-resident deductees and therefore the jurisdiction over such deductor lies with more than one Pr. CCIT/ CCIT/Pr. DGIT/ DGIT, then the Pr. CCIT/ CCIT/Pr. DGIT/ DGIT in whose jurisdiction compounding application has been filed will be the competent authority. However, he shall compound the offence only on the approval of Committee comprising of 3 Officers of the rank of CCIT from among the CCIT/ DGIT/Pr. CCIT/ Pr. DGIT having jurisdiction over the applicant, constituted by the Pr. CCIT of the region.

28.3 In case an applicant having more than one TAN lying in the jurisdiction of 2 or more Pr. CCIT/ CCIT/ Pr. DGIT/ DGIT wants to file compounding application in respect of offences committed under Section 276B/ 276BB in respect of 2 or more TANs falling in the jurisdiction of two or more Pr. CCIT/ CCIT/ Pr. DGIT/ DGIT, the application shall be filed before the Pr. CCIT/ CCIT having jurisdiction over the TAN of the region in which PAN jurisdiction of the applicant is falling. Such Pr. CCIT/ CCIT having jurisdiction over such TAN will be treated as competent authority. For such cases the Committee will be constituted by the Pr. CCIT in whose region jurisdiction over PAN lies and will also be comprising of 3 members including competent authority. The report from all jurisdictional authorities concerned from different offender TANs shall be called by the competent authority.

28.4 The Competent authority will act as the Member Secretary and convene the meeting, as well as maintain the records.

29. Compounding Procedure

(a) On receipt of the application for compounding, the report on the same shall be obtained from the Assessing Officer/Assistant or Deputy Director concerned who shall submit it promptly along-with duly filled in check-list to the authority competent to compound, through proper channel.

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(b) The competent authority shall duly consider and dispose of every application for compounding through a speaking order in the suggested format either by rejecting or by intimating the compounding charges payable. Such order may be passed within 6 months from the end of the month of its receipt (excluding the time for payment of the compounding charges) as far as possible.

(c) Where compounding application is found to be acceptable, the competent authority shall intimate the amount of compounding charges to the applicant, requiring him to pay the same within one month from the end of the month of receipt of such intimation. On written request of applicant for further extension of time under exceptional circumstances, the Pr. CCIT/ CCIT/ Pr. DGIT/ DGIT may extend this period by three months. Extension beyond three months shall not be permissible except with the previous approval in writing of the Committee defined in Para 28 of this chapter. However, no extension beyond 12 months from the end of month in which intimation of compounding charges was given to the applicant shall be given except with the previous approval of Member (Inv.), CBDT on a proposal of the competent authority concerned.

(d) Whenever the compounding charges are paid beyond one month from the end of month in which it was intimated to the applicant, if extended by the competent authority, he shall have to pay additional compounding charge at the rate of 2% per month or part of the month on the unpaid amount of compounding charges upto three months and 3% if the competent authority has extended the payment period beyond three months.

(e) The competent authority shall pass the compounding order within one month from the end of the month of payment of compounding charges. Where compounding charge is not deposited within the time allowed, the compounding application shall be rejected after giving the applicant an opportunity of being heard only in relation to compounding charges payable.

(f) The order of acceptance/rejection of application of compounding shall be brought to the notice of the Court, where the prosecution complaint was filed/or the complaint is pending, immediately through prosecution counsel in all cases where prosecution proceedings have been instituted.

(g) Normally any offence in respect of which the compounding application has been rejected is not considered for compounding as per Para 26.1 (d). However, if any compounding application has been rejected solely on account of late payment of compounding charges or shortfall in payment of compounding charges and if such shortfall is for some Bona fide mistakes or on some other technical grounds, such compounding order can be rectified at the written request of applicant provided the payment of compounding charge was made before rejection or time allowed by the Competent Authority whichever is applicable. A decision to rectify such order can be taken by the Committee as per Para 28 after considering various facts and circumstances of the case. However, the applicant will be required to pay interest as per Clause (d) of this Para, on the unpaid compounding charges from the due date of payment as per original intimation of compounding along with the shortfall in compounding charges.

(h) The timelines mentioned for processing the compounding applications prescribed in these guidelines are administrative and indicative for work management and do not prescribe a limitation period for disposal of the compounding application.

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(i) Wherever the facility to perform any function relating to processing of any compounding application is available on ITBA, such function should be performed on ITBA.

Note: Please refer Circular of the Board F. No. 285/08/2014-IT(Inv.V)/147 dated 14/06/2019 for detailed Guidelines.

ITBA–Prosecution Instructions (Phase-1 & 2)

ITBA-Prosecution Instruction No.1

आयकर निदेशालय (पद्धति)
DIRECTORATE OF INCOME TAX (SYSTEM)
ए आर ए सेंटर, भू-तल, ई-2 झंडेवालान एक्स
ARA Center, Ground Floor, E-2, Jhandewalan Extension,
नई दिल्ली - 110055, **New Delhi – 110055**

सत्यमेव जयते

F.No. System/ITBA/Instruction/Prosecution/2016-17/ **Dated: 08/03/2017**

To

All Principal Chief Commissioners of Income-tax/ CCsIT (By Name)

All Principal Director Generals of Income-tax/ DGsIT (Inv.) (By Name)

All Principal Commissioners of Income-tax/CsIT/CsIT(CO) (By Name)

All Principal Directors of Income-tax/DsIT(Inv.) (By Name)

Subject: Launch of Income Tax Business Application (ITBA) – Prosecution Module (Phase 1) – Reg.

Sir/Madam,

This is in reference to the subject mentioned above. The Prosecution Module (Phase 1) of ITBA has been rolled out on 03/03/2017. The Prosecution Module (Phase 1) provides the entire workflow for prosecution starting from initiation of prosecution proposal, issuing show-cause notice and authorisation u/s 279(1) of the I. T. Act, 1961 and recording details of proceedings in Court. Similar functionality is provided for offences under the W. T. Act, 1957. The process flow for compounding of offence and grant and withdrawal of immunity u/s 278AB of the I. T. Act, 1961 shall be provided in the next phase.

2. The Prosecution Module of ITBA can be accessed by entering the following URL in the browser:http://itba.incometax.gov.in

The path for Prosecution module is: ITBA Portal →Login → Modules → Prosecution.

3. Following functionalities have been provided in the Prosecution Module:

a. **Initiation of Prosecution Proposal –** A user can initiate prosecution proposal for relevant sections of the I. T. Act/ W. T. Act. The proposal can be initiated by the AO/ TRO/ Range Head/ PCIT/ CIT(Appeals)/ PDIT/Addl.DIT/JDIT/ DDIT/

ITBA-Prosecution Instruction No.1

ADIT/ ITO (Inv.) depending upon their powers as per law. The proposal can be initiated for relevant sections under the I. T. Act/ W. T. Act along with relevant sections of IPC or any other statute entered by the user. There is facility for further submission of the proposal by the Range Head/ Addl.DIT/JDIT (Inv.) to the PCIT/ PDIT (Inv.) along with his comments if the proposal has been initiated by a lower authority.

The facility to initiate prosecution proposals relating to TDS provisions has not been provided in ITBA and shall be provided in CPC – TDS.

b. **Proceedings under section 279(1) -** Once a proposal reaches PCIT/ PDIT, he has facility to issue show-cause notice u/s 279(1) of the I. T. Act (or section 35-I(1) of the W. T. Act), record hearing in pursuance of notice(s) and issue authorisation u/s 279(1) of the I. T. Act. In case there are multiple accused in a case, separate notices have to be issued to each accused but a single authorisation is to be issued u/s 279(1).

c. **Record Court Proceedings** – Once authorisation u/s 279(1) has been issued, pendency is created for the officer who initiated the proposal for recording details of complaint filed in Court. He can also record details of hearings in Court and judgement passed by the Court. There is also a facility to record details of proceedings in appellate Court in case further appeal has been filed by the Department or the accused.

d. **MIS Reports-**

   i. There is facility for viewing and generating various MIS in respect of Prosecution Module. The users can view various reports relating to their charge. The MIS is accessible through Prosecution Home Page.
   The path for the same is Prosecution → MIS Reports

4. Relevant users will need their individual name based department email IDs and RSA tokens. The username and passwords have already been communicated to their respective email ID and if not, they can obtain the same through local RCCs. The log-in to the system will be through the username and password along with the RSA token over the Taxnet nodes.

ITBA-Prosecution Instruction No.1

5. Users on Windows XP system are advised to download the Chrome (version 43) or Firefox (version 36) browser (if unavailable) from **ITBA Portal → Download Pre-Requisities** to access the new ITBA application.

6. Training material including user manual, help content and frequently asked questions (FAQs) are available on the Prosecution Module Home Page and on **ITBA Portal → Online Training on ITBA.** Users can refer these in case of any issues.

7. Users are advised to contact helpdesk in case of any issues in respect of the ITBA.

   a. URL of helpdesk - http://itbahelpdesk.incometax.net
   b. Help desk number – 0120-2811200
   c. Email ID – helpdesk messaging@incometax.gov.in
   d. Help desk Timings – 8.30 A.M. – 7.30 P.M. (Monday to Friday)

Yours faithfully,

(Ramesh Krishnamurthi)
Addl.DGIT(S)-III, New Delhi

For any clarifications/difficulties user may be advised to contact helpdesk of ITBA.

Copy to:

1. The P.P.S to Member(L&C),Member(Inv.),Member(IT),Member(Rev.), Member(A&J)& Member(P&V),CBDT for information.
2. The P.S. to Pr.DGIT(S) for information.
3. The Web Manager, for www.irsofficersonline.gov.in website.
4. The CIT (CPC TDS) with a request to develop prosecution module for TDS defaults in TRACES application

(Ramesh Krishnamurthi)
Addl.DGIT(S)-III, New Delhi

ITBA-Prosecution Instruction No.2

आयकर निदेशालय (पद्धति)

DIRECTORATE OF INCOME TAX (SYSTEM)

ए आर ए सेंटर, भू-तल, ई-2 झंडेवालान एक्स

ARA Center, Ground Floor, E-2, Jhandewalan Extension,

नई दिल्ली - 110055, **New Delhi – 110055**

F.No. System/ITBA/Instruction/Prosecution/2017-18 **Dated: 26.05.2017**

To,

All Principal Chief Commissioners of Income-tax/ CCsIT (By Name)

All Principal Director Generals of Income-tax/ DGsIT (By Name)

All Principal Directors of Income-tax/DsIT (By Name)

All Principal Commissioner of Income-tax/CsIT/CsIT(Admn., CO and TPS) (By Name)

Subject: Launch of Income Tax Business Application (ITBA) – Prosecution Module (Phase 2) – Reg.

Sir/Madam,

This is in reference to the subject mentioned above. Phase 1 of the Prosecution Module of ITBA was rolled out on 03.03.2017 in which facility to initiate prosecution proposal, issue authorisation u/s 279(1) and recording Court proceedings was provided. The functionality for Compounding Proceedings and Grant/ Withdraw Immunity has now been rolled out in Phase 2 with effect from 23.05.2017.

2. The Prosecution Module of ITBA can be accessed by entering the following URL in the browser: http://itba.incometax.gov.in
   The path for entering Prosecution module is:
   ITBA Portal →Login → Modules → Prosecution.

3. The following additional functionalities have been made available in Phase 2 of Prosecution Module of ITBA:
   (i) Compounding:
      a. Functionality to initiate compounding proceedings on receipt of application from the assessee and passing the compounding order u/s 279(2) of the I.T Act and 35-I(2) of the W.T Act has been provided in ITBA. The users for this

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functionality are CCIT/ DGIT, Hqrs. of CCIT/ DGIT and their staff. The user needs to select the Prosecution ID on which the compounding proceedings has to be initiated. The Prosecution ID relates to the workitem for a prosecution proceeding initiated earlier in relation to which the assessee has filed application for compounding. If the prosecution proceedings are not initiated for that case, user can select "Not Applicable" and continue.
The path for the initiating compounding proceedings is:
Prosecution → Initiate Compounding

b. For a prosecution proceeding initiated manually, the user can record the details of the said proceedings through 'Manual to System' option provided in the screen 'Initiate Prosecution Proposal'. This will generate the prosecution ID of such manual proceedings and then the user can go to 'Initiate Compounding' screen and initiate compounding proceedings.

c. The user can enter the entire details of the compounding application in the 'Initiate Compounding' screen and submit. After initiating compounding proceedings, a workitem for Compounding is created. The user can go to the workitem and record his decision on the application. If the application is approved, the user has to enter the Compounding Fee, Prosecution Establishment Expenses and Litigation Expenses in the relevant fields. After this, the user can generate Intimation Letter for informing the assessee that his application has been approved subject to payment of Compounding Charges specified in the letter. A template for such Intimation Letters has been provided in the System.

d. Once the assessee pays Compounding Charges, the CCIT/ DGIT can generate Compounding Order u/s 279(2) of the I. T. Act/ 35-I(2) of the W. T. Act. The user can also pass order for rejection of the application for compounding in the Module. There is a template for both approval and rejection order in the Module as specified in the Board's Instruction dated 23.12.2014 on the subject.

(ii) Grant/ Withdrawal of Immunity:

a. A facility to grant immunity u/s 278AB(3) of the I.T Act/ 35GA(3) of the W.T Act and to withdraw the immunity granted earlier u/s 278AB (4)/(5) of the I. T. Act/ 35GA (4)/ (5) of the W.T Act has been provided. The users for this functionality are PCIT/ CIT and their Hqrs. officers and staff.

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ITBA-Prosecution Instruction No.2

The path for initiating Immunity proceedings is:
Prosecution → Grant Immunity

b. After Immunity proceedings are initiated, the PCIT can go to the relevant Workitem and record his decision on the application of the assessee. The PCIT can generate order for grant of immunity or rejection of the application of the assessee, depending upon his decision.

c. The users have also been provided a facility to withdraw immunity by passing an order u/s 278AB(5) of I.T Act/ 35GA(5) of W.T Act. The users can also withdraw the immunity by issuing letter if the immunity stands withdrawn under the provisions of section 278AB(4) of I.T Act/ 35GA(4) of W.T Act.
The path for the same is:
Prosecution → Withdraw Immunity

d. MIS Reports-

There is a facility for viewing and generating various MIS in respect of Prosecution Module. Relevant users will be able to view various reports. The MIS is accessible through Prosecution Home Page.

The path for viewing MIS is:
Prosecution → MIS Reports

4. Relevant users will need their individual name based department email IDs and RSA tokens. The username and passwords are communicated on their respective email ID. The log-in to the system will be through the username and password (sent on individual email ID) along with the RSA token over the Taxnet nodes. Users are advised to contact their respective RCC Admin for name based department email ID.

5. Users on Windows XP system are advised to download the Chrome (version 43) or Firefox (version 36) browser (if unavailable) from **ITBA Portal → Download Pre-Requisities** to access the new ITBA application.

6. Training material including user manual, help content and frequently asked questions (FAQs) are available on the Prosecution Module Home Page and on **ITBA Portal → Online Training on ITBA.** Users can refer these in case of any issues.

ITBA-Prosecution Instruction No.2

7. Users are advised to contact helpdesk in case of any issues in respect of the ITBA.

   a. URL of helpdesk - http://itbahelpdesk.incometax.net
   b. Help desk number – 0120-2811200
   c. Email ID – helpdesk_messaging@incometax.gov.in
   d. Help desk Timings – 8.30 A.M. – 7.30 P.M. (Monday to Friday)

Yours faithfully,

(Ramesh Krishnamurthi)
Addl.DGIT(S)-III, New Delhi

Copy to:

1. The P.P.S to the Chairman, Member(L&C),Member(Inv.),Member(IT),Member(Rev.), Member(A&J)& Member(P&V),CBDT for information.
2. The P.S. to Pr.DGIT(S) for information.
3. The Web Manager, for www.irsofficersonline.gov.in website

(Ramesh Krishnamurthi)

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Authority for Advance Rulings

1. Introduction

The scheme of advance rulings was introduced by the Finance Act, 1993, Chapter XIX-B of the Income-tax Act ('the Act"), which deals with advance rulings, came into force with effect from 01/06/1993. Under the scheme, as now enacted, the power of giving advance rulings has been entrusted to an independent adjudicatory body. The procedure prescribed is simple, inexpensive, expeditious and authoritative.

Accordingly, a high level body headed by Chairman, who has been a Judge of the Supreme Court (or the Chief Justice of a High Court or for at least seven years a Judge of a High Court) in the Principal Bench of the Authority and the Vice Chairman, who has been Judge of a High Court in the NCR Bench and Mumbai Bench of the Authority have been setup. The Authority is empowered to issue rulings which are binding both on the Income-tax Department and the applicant.

2. The Concept of Advance Ruling: 'Advance Ruling' means written opinion or authoritative decision by an Authority empowered to render it with regard to the tax consequences of a transaction or proposed transaction or an assessment in regard thereto. It has been defined in Section 245N(a) of the Income-tax Act, 1961 as amended from time to time. Under Section 245N, a ruling can be obtained by an applicant who:

(a) is a non-resident referred to in sub-Clause (i) of (a) of Section 245N of the Act.

(b) is a resident referred to in sub-Clause (ii) of Clause (a) of Section 245N of the Act.

(c) is a resident referred to in sub-Clause (ii) of Clause (a) of Section 245N of the Act falling within any such class or category of persons as the Central Government may, by notification in the Official Gazette specify.

(d) is a resident falling which any such class or category of persons as the Central Government may, by notification in the Official Gazette specify in this behalf.

(e) is referred to in sub-Clause (iv) of Clause (a) of Section 245N of the Act.

3. The Composition of the Authority: The Authority and its Benches Consist of:

(a) Chairman and two Members for Principal Bench. One Revenue Member from the Indian Revenue Service who is, or is qualified to be, a Member of the Board; a law Member from the Indian Legal Service, who is, or is qualified to be, an Additional Secretary to the Government of India (on the date of occurrence of vacancy).

(b) Vice-Chairman, who is, or has been or is qualified to be a Judge of a High Court and two Members for NCR Bench. One Revenue Member from the Indian Revenue Service who is,

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or is qualified to be, a Member of the Board; a law Member from the Indian Legal Service, who is, or is qualified to be, an Additional Secretary to the Government of India (on the date of occurrence of vacancy).

(c) Vice-Chairman, who is, or has been or is qualified to be a Judge of a High Court and two Members for Mumbai Bench. One Revenue Member from the Indian Revenue Service who is, or is qualified to be, a Member of the Board; a law Member from the Indian Legal Service, who is, or is qualified to be, an Additional Secretary to the Government of India (on the date of occurrence of vacancy).

The salaries and allowances payable to the Chairman and Vice-Chairman shall be governed by the Authority for Advance Rulings (Terms and Conditions of Service and Salaries and Allowances of Chairman, Vice-Chairman and Members) Rules, 2016.

The Authority has thus been constituted to function as an objective and independent quasi-judicial tribunal not bound or affected by the Revenue Department's views on any issue.

3.1 The Functions of Authority: The Chairman/ Vice Chairman and two Members of the Authority of the respective Benches function as a collective body in disposing of the applications before them. However, Section 245P makes it clear that the Authority can be constituted with less than three members also. Thus, if one or two members are not able to join on account of a vacancy, leave or retirement, the Authority would not become non-functional. Section 245P also takes care of any situation when some one may seek to question the functioning of the Authority on the ground of some technical defect.

Under the procedure rules, an application cannot be disposed of by only one member. The presence of the Chairman/ Vice-Chairman is also an essential requirement of the procedure. This ensures that the experience and expertise of the Supreme Court Judge/ Judge of a High Court is always available to the Authority. In the case of difference of opinion among the members, the majority view shall prevail. However, where the Chairman/ Vice–Chairman and another member hear a case and are divided in their opinion, the opinion of the Chairman prevails.

3.2 The Powers of the Authority

(a) Section 245U deals with the powers of the Authority. Sub-Section(1) provides that for the purpose of exercising its powers, the Authority shall have all the powers of a civil court under the Code of Civil Procedure, 1908 (5 of 1908) as stipulated in Section 131 of the Act.

(b) Section 245R empowers the Authority to frame rules to regulate its own procedure in all matters arising out of the exercise of its powers under the Act. In accordance with the powers vested in the Authority vide this Section, the Authority for Advance Rulings (Procedure) Rules, 1996 have been promulgated and the same have been notified in the Gazette of India on 18th of September, 1996. These rules of procedure have been referred to in this chapter, wherever appropriate.

3.3 The Secretariat of the Authority: Section 245-O empowers the Central Government to provide the Authority with such officers and staff as may be necessary for the efficient exercise of statutory powers. The head of the establishment of the Authority is its Secretary. He is of the rank of a Commissioner of Income-tax. He is assisted by two Deputy Secretaries of the rank of Additional or Joint Commissioners of Income-tax. These officers look after the administration of the Authority in all respects and their powers and duties are set out in detail in the relevant rules.

4. Who can Seek Advance Ruling: The advance ruling under the Income-tax Act could be sought by:

(a) is a non-resident referred to in sub-Clause (i) of (a) of Section 245N of the Act; or

(b) is a resident referred to in sub-Clause (ii) of Clause (a) of Section 245N of the Act; or

(c) is a resident referred to in sub-Clause (ii) of Clause (a) of Section 245N of the Act falling within any such class or category of persons as the Central Government may, by notification in the Official Gazette specify; or

(d) is a resident falling which any such class or category of persons as the Central Government may, by notification in the Official Gazette specify in this behalf; or

(e) is referred to in sub-Clause(iv) of Clause (a) of Section 245N of the Act.

4.1 Salient Features

(a) Available only for Income-tax:

The procedure of advance ruling is available under the Income-tax Act, 1961 as well as Customs Act, 1962.

(b) Must relate to a transaction entered into or proposed to be entered into by the applicant:

The advance ruling is to be given on questions specified in relation to such a transaction by the applicant.

(c) Questions on which ruling can be sought:

(i) Even though the word used in the definition is the word “question”, it is clear that the applicant can raise more than one question in one application. This has been made amply clear by Column No. 8 of the form of application for obtaining an advance ruling (Form No. 34C); Column No. 7 of the form of application obtaining an advance ruling (Form No. 34D); Column No. 6 of the form of application obtaining an advance ruling (Form No. 34DA); and Column No. 7 of the form of application obtaining an advance ruling (Form No. 34E) of Income-tax Rules, 1962.

(ii) Though the word “question” is unqualified, it is only proper to read it as a reference to questions of law or fact, pertaining to the Income-tax liability of the applicant qua the transaction undertaken or proposed to be undertaken by him.

(iii) The question may be on points of law as well as on fact; therefore, mixed questions of law and fact can also be included in the application. The questions should be so drafted that each question is capable of a brief answer. This may need breaking-up of complex questions into two or more simple questions.

(iv) The questions should arise out of the statement of facts given with the application. No ruling will be given on a purely hypothetical question. No question not specified in the application can be urged. Normally a question is not allowed to be amended but in deserving cases the Authority may allow amendment of one or more questions.

(v) Subject to the limitations to be presently referred to, the question may relate to any aspect of the applicant’s liability including international aspects and aspects governed by double tax agreements. The questions may even cover aspects of allied laws that may

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have a bearing on tax liability such as the law of contracts, the law of trusts and the like, but the question must have a direct bearing, on and nexus with the interpretation of the Indian Income-tax Act.

4.2 Questions Precluded: Under Section 245R, certain restrictions have been imposed on the admissibility of an application, if the question concerned is pending before other authorities. According to it, the authority shall not allow an application where the question raised is already pending before any Income-tax Authority or Appellate Tribunal (except in the case of a resident applicant falling in sub-Clause (iii) of Clause(b) of Section 245N) or any court**;** Further, the authority shall not allow the application where the question raised in it:

(a) involves determination of fair market value of any property.

(b) it relates to a transaction or issue which is designed *prima facie* for the avoidance of Income-tax (except in the case of a resident applicant falling in sub-Clause (iii) of Clause (b) of Section 245N or in the case of an application falling in sub-Clause (iii (a) of Clause (b) of Section 245N of the Act.

5. Procedure of Application for Advance Ruling: An applicant desirous of obtaining an advance ruling should apply to the Authority in the prescribed form stating the question on which the ruling is sought. The application has to be made in quadruplicate in Form Nos:

34C	:	applicable for a non-resident applicant
34D	:	applicable for a resident having transactions with a non-resident.
34DA	:	applicable for resident applicant in relation to a transaction undertaken or proposed to be undertaken by him
34E	:	applicable for notified categories of residents (at present the notified category comprises only a public sector company)
Every	:	application in the Form as applicable shall be accompanied by the proof of payment of fees as specified below:

Category of Applicant	**Category of Case**	**Fee**
(1)	(2)	(3)
An applicant referred to in sub-Clauses (i) or (ii) or (ii)(a) of Clause (b) of Section 245N	Amount of one or more transactions, entered into or proposed to be undertaken, in respect of which ruling is sought does not exceed Rs. 100 crore.	Rs. 2 lacs.
	Amount of one or more transactions, entered into or proposed to be undertaken, in respect of which ruling is sought exceeds Rs. 100 crore but does not exceed Rs. 300 crore.	Rs. 5 lacs
	Amount of one or more transactions, entered into or proposed to be undertaken, in respect of which ruling is sought exceed Rs. 300 crore	Rs. 10 lacs.
Any other applicant	In all cases	Rs. 10,000

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5.1 Procedure on Receipt of Application: On receipt of an application, one copy is forwarded to the Commissioner having jurisdiction over the case of the applicant and, if considered necessary by the Authority, relevant records are also obtained from him. In cases where the applicants are not existing assessees, sometimes it becomes difficult to determine as to which Commissioner would have jurisdiction over the case of the applicant. In such cases, the Central Board of Direct Taxes (CBDT) is requested under rule 13(1) of the Procedure Rules to designate a Commissioner in respect of an applicant within two weeks. The Commissioner is also called upon to offer his comments on the contents of the application under rule 13(2) of the Procedure Rules which are considered by the Authority along with the statement of facts and submissions of the applicant. Section 245R(2) provides that the Authority may, after examining the application and the records called for, either 'allow' or 'reject' the application. The word 'allow' has been used as synonymous with 'admit'. In other words, after examining the records, the Authority either admits or rejects the application. In case the Authority decides to admit the application, it is empowered to collect or receive additional material. It will examine all the material thus made available to it before pronouncing a ruling on the application. In appropriate cases, the Authority may call upon any person to supply such material as it may consider necessary to assist the Authority in arriving at a decision, under Rule-16 of the Procedure Rules.

5.2 Hearing when Necessary: The Authority may not hear the applicant (or the Commissioner) if it is satisfied that it can dispose of the application in favour of the applicant. However, if the applicant desires that he should be heard, an opportunity has to be provided to him to put forward his case. The Authority is not obliged to hear the Commissioner but, in fairness, will do so, if requested. The applicant can appear in person or by his authorized representative. The authorised representative should file a document authorising him to appear and also explain the nature of his authority. The document should be signed by the applicant as well as the authorised representative. The Commissioner too can either be heard in person or through his authorised representative. The hearings are not open to the public.

5.3 Role of the Commissioner of Income-tax: In a normal case, the Commissioner having jurisdiction over the matter before the Authority or in a special case, the Commissioner designated by the CBDT to represent the Income-tax Department becomes a party before the Authority. He has the following responsibilities:

(a) The Commissioner must ensure that the question raised before the Authority does not pertain to precluded categories. He must particularly; ensure that the matter is not pending before other authorities.

(b) He may authorise a person in writing to appear, plead and act for him in any proceedings before the Authority under Rule-2(e) of the Procedure Rules. Hence, a Special Counsel can be appointed, if so required.

(c) In the event of any additional facts being presented before the Authority, the Commissioner has a right to insist that he should get an opportunity to rebut or comment on such additional facts.

(d) The Commissioner can inspect the records under Rule-22 of Procedure Rules.

(e) He is entitled to a copy of the certified ruling.

(f) He and officers subordinate to him are subject to the ruling given in the case of the applicant and the transaction.

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6. Effects of Advance Ruling: The effect of the ruling is, understandably, stated to be limited to the parties appeared before the Authority and the transaction in relation to which the ruling was given. This is because the ruling was rendered on a set of facts before the Authority and cannot be of general application. It may, however, be stated that the Authority generally follows the ruling in other cases on materially similar facts and, most certainly in other cases raising the same question of law. However, if the Commissioner of Income-tax represents to the Authority that the advance ruling has been obtained by fraud or misrepresentation of facts, under Section 245T, the Authority may treat its earlier ruling as void. It is, therefore, incumbent on the Commissioner to examine the facts of each case carefully to try and ensure that nobody obtains an advance ruling by fraud or misrepresentation.

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Income-tax Settlement Commission

1. The Settlement Commission was setup in 1976, on the recommendations of the Justice Wanchoo Committee Report, through introduction of Chapter-XIXA of the IT Act 1961.

2. Salient Features

Some of unique features characterizing its functioning at present are:

(a) Assumes exclusive jurisdiction over the case from date of application.

(b) Functions independently of the IT Department as a neutral mediator. It settles disputes relating to tax liability totally and finally.

(c) It is empowered to grant immunity from prosecution for any offence committed under the direct tax laws. It is also competent to grant immunity from imposition of any penalty under the Income-tax and Wealth Tax Acts.

(d) The orders of the Commission are final and are subject to only judicial review in terms of Articles 136 and 226 of the Constitution of India.

(e) Expeditious dispute resolution as the proceedings before the Commission are to be finalised within 18 months from application.

(f) In camera proceedings & attendance of proceedings by any unconnected person is with permission of Commission only.

(g) Decisions are case specific and are not judicial precedents to be quoted in other cases.

3. Organisational Structure

Presently apart from the Principal Bench there are six other benches: two at Delhi, two at Mumbai and one each at Kolkata and Chennai. Each bench is headed by Chairman or Vice-Chairman and has two more Members. Each bench is assisted by Secretary and DIT(Inv.) and department is represented by CIT(DR) before Commission.

3.1 Chairman

The Chairman is a statutory Authority under the Income-tax and Wealth Tax Acts. He is the administrative head of the Settlement Commission. His main functions are as under:

(a) Technical

(i) He is the Presiding Officer of the Principal Bench and decides Settlement applications along with other Members of the Bench.

(ii) He may authorise the Vice-Chairman or other Members appointed to a Bench to discharge also the functions of the Vice-Chairman or other Member of any other Bench.

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(iii) He assigns jurisdiction to different Benches of the Commission.

(iv) He transfers cases from one Bench to another Bench.

(v) In case of difference of opinion among the Members of a Bench, he may either hear the case himself or he may refer the case for hearing to another Member.

(vi) He may, for the disposal of a particular case, constitute a Special Bench consisting of more than three Members.

(b) Administrative

(i) He is the Head of Department for the entire Commission.

(ii) He ensures efficient and effective functioning of the Commission.

(iii) He exercises financial control.

(iv) He is the reviewing officer for Annual Confidential Reports (ACRs) of the Secretaries and the Directors of Investigation of all the Benches and of the Addl./ Joint Directors of Investigation and the Administrative officer of the Principal Bench.

(v) He sanctions leave to Vice-Chairmen and Members of all the Benches. He also sanctions leave to the Secretary and Director of Investigation working in the Principal Bench of the Settlement Commission.

(vi) He is the appointing authority for all Group 'B' posts in the Settlement Commission.

3.2 Vice-Chairman

(a) The Vice-Chairman is the Presiding Officer of the Additional Bench and decides the settlement applications along with other Members of the Bench.

(b) He is over-all in charge for the efficient and effective functioning of the Additional Bench.

3.3 Members

(a) The Members hear and decide settlement applications along with the Chairman/ Vice-Chairman.

(b) The senior most Member acts as the Presiding Officer of the Bench in the absence of Chairman/ Vice Chairman.

3.4 Secretary

The Secretary is an authority under the Income-tax Settlement Commission (Procedure) Rules, 1997 and the Wealth Tax Settlement Commission (Procedure) Rules, 1997. He performs both technical and administrative functions. His main functions are as under:

(a) Technical

(i) Scrutinises all settlement applications received to ensure that these fulfill all the requirements laid down under the IT and W.T. Acts and Rules.

(ii) Assists the Commission, if so directed, in the hearing of the Settlement applications under Section 245D(1) of the Income-tax Act and under Section 22D(1) of the Wealth Tax Act.

(iii) Assists the Commission in dealing with miscellaneous applications relating to recovery of taxes, grant of instalments etc.

(iv) Assists the Commission in all technical matters.

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(b) Administrative (Pr. Bench Secretary only)

(i) He looks after the entire administrative and financial matters of the Bench that has been delegated to him by the Chairman.

(ii) He is the Appointing and Disciplinary Authority for all Group "C" posts in the Settlement Commission in relation to the Bench where he is working.

(iii) He exercises financial powers of the Head of the Department (with some exceptions) as delegated to him by Department of Revenue vide F. No. 21/5/94-Ad.IC dated 14/02/1994, F. No. 21735/96-Ad.IC dated 23/12/1996 and the order of the Chairman, ITSC vide F. No. A-36013/1/87-SC dated 14/01/1998.

(iv) He supervises the work of the AO/ Superintendent and is the reporting/ reviewing officer for the AO, Superintendent.

3.5. Director of Investigation

The Director of Investigation is over-all-in-charge of the work of Addl. Directors/ Jt. Directors and assists the Commission in passing orders under Section 245 D(4) of the Income-tax Act and 22 D(4) of the Wealth Tax Act. His main functions are as under:

(a) To scrutinize the Annexures and Statements of Facts received along with the Settlement application.

(b) To examine and verify the correctness of the contents of Rule 9 and other Reports of the Commissioner.

(c) To examine the relevant records of the Commissioner and of the Commission.

(d) In appropriate cases, if it is found to be expedient and necessary, the Bench may, by an order, direct the Director of Investigation to conduct verification on specific matters in specific cases.

(e) To assist the Commission in the hearing and finalization of cases under Section 245D(4) of the Income-tax Act and 22D(4) of the Wealth Tax Act.

(f) To supervise the work of Addl. DsI/ JDsI and guide them in preparing their reports and ensure timely submission of the reports of the CsIT & Addl. DsI/JDsI.

3.6 Additional/ Joint Director of Investigation

The Additional/ Joint Directors of Investigation (Addl. DI/JDI in short) make enquiries on behalf of the Commission and verify the correctness of the facts stated in the statements of fact & annexures accompanying the settlement applications. They prepare reports regarding the facts of a case, issues to be settled, etc. These reports are submitted to the Commission through the Director of Investigation.

3.7 Role and Responsibility of CIT(DR)

CIT(DR) represents the Pr. Commissioner of Income-tax before the Settlement Commission and presents the views of the Income-tax Department. He is not an officer of the Settlement Commission but of the Income-tax Department. He, however, assists the Commission in the performance of its statutory functions. Both at the validity as well as the settlement stage, he projects the departmental point of view. It is, therefore, essential for the Assessing Officer to brief and assist him on the facts of the case before hand and also at the time of hearing.

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4. The Powers of Settlement Commission

(a) The Settlement Commission has all the powers of Income-tax Authorities in respect of proceedings pending before it.

(b) The ITSC exercises exclusive jurisdiction over the case from the date on which the application is made before it.

(c) It has inherent jurisdiction to rectify any mistake apparent from records either suo-moto or on application filed by the assessee or Pr. CIT. However, it does not have the power to review its own order if the matter raised by the applicant has been properly considered and a decision has been taken thereon.

(d) The Commission has the power to grant immunity from prosecution and penalty under Section 245H of the IT Act.

(e) It has also the power to order provisional attachment under Section 245DD of IT Act to protect the interest of revenue. The Pr. CIT concerned may make use of this power in appropriate cases by making appropriate reference to the Commission during the settlement proceedings.

(f) It may send a case back to the AO if the assessee does not cooperate in the proceedings or refuse to grant the terms of settlement in a case where such terms of settlement cannot be arrived at or the disclosure is "not true & full" or manner of earning undisclosed income has not been disclosed properly.

5. Process of Settlement of Cases

5.1 Filing of Application before Settlement Commission

Any assessee desirous of settling his cases has to make an application in Form 34B under Section 245C of the Income-tax Act, 1961. On filing such application, the Commission gets exclusive jurisdiction over the case for the years filed before it.

5.2 Stages of Proceedings before the Commission are as under

(a) Stage 1: Admission of application under Section 245D(1)

(b) Stage 2: Validation of application under Section 245D2(C)

(c) Stage 3: Investigation under Section 245D(3) (if required)

(d) Stage 4: Final settlement under Section 245D(4)

(e) Stage 5: Rectification under Section 245D(6B) (if required)

5.3 Salient Features of Provision under Section 245D(1)—Admission

(a) Commission to issue notice to the applicant within 7 days of receipt of application.

(b) To pass order under Section 245D(1) within 14 days from date of application, otherwise it will be deemed to be allowed.

(c) Only applicant is heard at this stage.

(d) The application is checked w.r.t. following points:

  (i) All particulars in the prescribed format in the specified manner have been filed in application.

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(ii) Full payment of taxes & interest is made on income disclosed before the Commission.

(iii) Whether the case is pending before AO for the assessment years in settlement Application.

(iv) Payment of Filing Fees to ITSC.

(v) Fulfilment of criteria of minimum additional income required to be declared by the Specified & Related persons.

(vi) Filling of all columns of Form 34B.

(vii) Intimation to AO has been made before filing the Application.

(viii) The manner of earning undisclosed income has been properly disclosed in the application.

(ix) A "True & Full Disclosure" of undisclosed income has been made.

(e) If the application is not allowed at this stage, the applicant can make a fresh application by filing fresh application after removal of the pointed defects.

5.4 Salient Features of Proceedings under Section 245D(2C)—Validity

(a) Commission calls for report from Pr. CIT within 30 days from filing application.

(b) Pr. CIT is to send the report within 30 days of receipt of communication. If not ITSC can allow the case to be proceeded further without giving further opportunity to the CIT.

(c) Where report is sent in prescribed time by Pr. CIT, ITSC is to pass an order within 15 days of receipt of report of Pr. CIT.

(d) Order to be passed on Validity/invalidity of application after hearing Pr. CIT & applicant.

(e) If the application is held to be "not invalid" by the Commission, it moves to next stage.

(f) If application declared invalid at this stage, the applicant cannot make a fresh application under Section 245C.

5.5 Provision under Section 245D(3) Enquiry/ Investigation

(a) The copy of order of application held "not invalid" is sent to Pr. CIT and his report is called U/R 9 within 45 days or the time as extended by the Commission.

(b) After receipt of Rule 9 report, it is forwarded to the applicant for comments U/R 9A within 15 days or the time as extended by the Commission.

(c) After receipt of the report of applicant U/R 9A, it is sent to Pr. CIT for counter comments.

(d) The Pr. CIT can ask for "specific enquiries" either in Rule 9 report or through separate request while sending Rule 9 report or in counter comments to Rule 9A report.

(e) ITSC requisitions the records of the case from Pr. CIT & examines them before granting any enquiry/investigation to the Pr. CIT. If ITSC feels further enquiry/investigation is required, it may ask Pr. CIT to carry it out & furnish the report.

(f) The applicant is given opportunity of being heard before an order under Section 245D(3) granting enquiry/investigation to Pr. CIT on specific points is passed by the Commission.

(g) Orders to be passed in writing by the commission defining the scope of enquiries/investigation.

(h) The Pr. CIT is allowed statuary 90 days period for furnishing this report.

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5.6 Provision under Section 245D(4)—Final Order

(a) After examining all the documents and hearing both the sides, the final order is passed settling the application within 18 months from end of month of filing application.

(b) The terms of settlement are to be clearly given in the order:

(i) Demand by way of tax, penalty & interest.

(ii) The manner of payment of any additional demand raised by Commission.

(iii) All other matters to make the settlement effective.

(c) In a case where the Commission does not find is feasible to provide for terms of settlement the proceedings stand abated.

(d) An order under Section 245D(4) provides that the settlement shall be void if found subsequently to be obtained by fraud or misrepresentation (245D (6)).

(e) If no order passed, the application will abate & AO will have jurisdiction over the case (245 HA).

5.7 Rectification of Order under Section 245D(6B)

(a) Application for rectification can be filed by Pr. CIT or applicant within 6 months from end of month of passing of order under Section 245D(4) by Commission.

(b) A mistake apparent from records only can be rectified.

(c) Opportunity of being heard to both the parties must be given before making a rectification of it results in modifying the liability of the applicant.

5.8 Effect of Abatement

(a) If an application is abated the AO will have jurisdiction over the case (245 HA).

(b) The IT authority shall dispose of the case as if no application under Section 245C(1) has been filed.

(c) AO can use all the material & information available with ITSC including results of any inquiry/ investigation.

(d) Exclusion of period from date of application under Section 245C to the "specified date" for the purpose of time limit under Section 149/153/153B/154/155/158BE/231 of IT Act.

5.9 Further Section 245HAA, Sec. 245 I, Sec. 245 K, Sec. 245 L are also related to other peculiar powers/jurisdiction of Settlement Commission.

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32 SFT Compliance Management & Compliance Management of FATCA & CRS Data

1. The Directorate of Intelligence & Criminal Investigation

There has been a paradigm shift in the Direct Tax Administration in the last few years in the country. Promotion of voluntary compliance through non-intrusive tax administration and strengthening the mechanism for effective tax deterrence are the corner-stones of the present tax policy. Achievement of these objectives is possible only by way of collection, collation, verification and dissemination of enormous volume of vital information about financial transactions flowing to the Department.

2. Background

In 1975, the Income-tax Department created the Central Information Branch (CIB) for strengthening tax data-base. Initially, CIB operated under the supervision of DGsIT (Investigation). This was later brought under the Directorate of Income-tax (Intelligence) in June 2007. As the world was changing very fast and India became increasingly integrated with foreign economies, restrictions became more liberal for the movement of people. The capital was flowing in and out of the country, new issues of tax evasion cropped up. However, there is an increasing pressure on financial institutions, tax heavens and the **recalcitrant** countries from all over the world to conform to new norms regarding exchange of information and greater transparency by the financial institutions. In response to this changing scenario, in August 2011, a new directorate named as **Directorate of Income-tax (Intelligence & Criminal Investigation)** was setup under a DGIT, under the overall control of Member (Inv) CBDT, which included the erstwhile intelligence setup and CIB setup.

3. Organisational Set-up of the Directorate of I&CI

Notification No 29/2011, Dated: May 30, 2011 read with Notification No.042/2011 dated 19th August 2011, read with vide CBDT Notification No.77/2014, Dated: December 10, 2014, provide for 18 Directors of Income-tax (I&CI) at Kochi, Chennai, Bangalore, Hyderabad, Nagpur, Pune, Mumbai, Ahmedabad, Bhopal, Bhubaneswar, Kolkata, Guwahati, Patna, Lucknow, Kanpur, Jaipur, Chandigarh and Delhi and one DIT (I&CI)(Administration) in the office of the DGIT (I&CI), Delhi.

3.1 CBDT Notification No.77/2014, Dated: December 10, 2014, the office of DGIT (I&CI) was created to oversee and supervise the function of the Directorate and all the 19 Directors were given for their respective territorial jurisdictions:

(a) All powers & functions under Section 132 of the Income-tax Act, 1961 (43 of 1961) and corresponding provisions of Chapter XXI (Penalties imposable), Chapter XXII (Offences and Prosecutions) and other provisions incidental thereto of the said Act.

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(b) All powers and functions related to and in connection with collection, collation, verification and dissemination of information under the Income-tax Act, 1961 (43 of 1961), including Sections 131, 133, 133A, 133B, 134, 135, 285BA, and corresponding provisions of Chapter XXI (Penalties imposable), Chapter XXII (Offences and Prosecutions) and other provisions incidental thereto of the said Act.

3.2 Each I&CI unit at the DIT level in the field has one Addl/Joint DIT, two or three DD/ADIT and requisite number of ITOs based on the specified region, and number of ITIs who assist the officers in their performance of necessary functions. The station wise details are as under:

S. No.	DITs/ JDIT at	ADIT/DDIT at	ITOs at
1.	Kochi	Kochi	Kochi, Trivandrum, Alapuzha, Kottayam, Thrissur, Kozikode
2.	Chennai	Chennai	Chennai, Madurai, Salem, Trichy, Coimbatore
3.	Bengaluru	Bengaluru	Bengaluru, Mysore, Mangalore, Hubli, Panaji, Gulbarga, Belgaum
4.	Hyderabad	Hyderabad	Hyderabad, Guntur, Tirupati
5.	Nagpur	Nagpur	Nagpur
6.	Pune	Pune	Pune, Nasik, Aurangabad, Kolhapur, Thane, Kalyan
7.	Mumbai	Mumbai	Mumbai
8.	Ahmedabad	Ahmedabad, Surat	Ahmedabad, Surat, Baroda, Bharuch, Rajkot, Jamnagar
9.	Bhopal	Bhopal, Indore, Raipur	Bhopal, Indore, Raipur, Jabalpur, Gwalior
10.	Bhubanewsar	Bhubaneswar	Bhubaneswar, Balasore, Cuttack, Rourkela, Sambalpur,
11.	Kolkata	Kolkata	Kolkata, Siliguri, Durgapur
12.	Guwahati	Guwahati	Guwahati, Dibrugarh, Silchar, Agartala
13.	Patna	Patna, Ranchi	Patna, Ranchi, Jamshedpur, Dhanbad, Bhagalpur, Muzaffarpur
14.	Lucknow	Lucknow, Allahabad	Lucknow, Allahabad, Gorakhpur, Varanasi, Bareilly
15.	Kanpur	Kanpur, Noida	Kanpur, Ghaziabad, Agra, Dehradun, Aligarh, Meerut
16.	Jaipur	Jaipur, Alwar	Jaipur, Jodhpur, Udaipur, Kota
17.	Chandigarh – JDIT also at Panchkula & Gurgaon	Chandigarh	Chandigarh, Jammu, Amritsar, Ludhiana, Solan, Karnal
18.	Delhi	Delhi	Delhi
19.	DIT(I&CI)(Administration)	Delhi	Delhi

4. SFT Filing and Monitoring

4.1 In the recent past, there have been many initiatives for strengthening the mechanism and organized collection of information from specified sources online in form of ***"Statement of Financial Transactions (SFT)"***. 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 IT Rules, 1962, related to the filing of SFT by various entities. Since, it is essential that complete and correct filing of the SFTs be ensured, therefore, running of outreach porgrammes and educating filers are core compliance management functions of Directorate of I&CI. Further, the Directorate undertakes Special Pilot Projects to identify

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areas of tax gap, verification of non-PAN data and the processing of the FATCA/CRS/AEOI Inbound data forwarded to the Directorate.

4.2 Online Uploading of SFT by Third Party Reporting Entity

Under the Annual Information Return (AIR) Scheme, which was introduced in 2003-04, specific entities are required to report some specific transactions to ITD. In 2016, Section 285BA of the IT Act was amended and requires specified reporting persons to furnish three types of statements:

(a) Statement for Financial Transactions (SFT) in Form 61A (Rule 114E).

(b) Statement of Reportable Accounts (SRA) in Form 61B (Rule 114F to 114H).

(c) Statement of Non-PAN Transactions in Form 61 (Rule 114D).

The transaction types under SFT in Form 61A are as under:

(a) SFT- 001: Purchase of bank drafts or pay orders in cash.

(b) SFT- 002: Purchase of pre-paid instruments in cash.

(c) SFT- 003: Cash deposit in current account.

(d) SFT- 004: Cash deposit in account other than current account.

(e) SFT- 005: Time deposit.

(f) SFT- 006: Payment for credit card.

(g) SFT- 007: Purchase of debentures.

(h) SFT- 008: Purchase of shares.

(i) SFT- 009: Buy back of shares.

(j) SFT- 010: Purchase of mutual fund unit.

(k) SFT- 011: Purchase of foreign currency.

(l) SFT- 012: Purchase or sale of immovable property.

(m) SFT- 013: Cash payment for goods and services.

(n) SFT- 014: Cash deposits during specified period (9th Nov to 30th Dec, 2016).

Form 61A has two parts, Part A & Part (X). Part X could be B, C or D depending on the SFT type. Part A contains statement level information is common to all transaction types. The other three parts relate to report level information which has to be reported in one of the following parts (depending on the transaction type):

(a) Part B (Person Based Reporting).

(b) Part C (Account Based Reporting).

(c) Part D (Immovable Property Transaction Reporting).

Aggregation rule needs to be applied for specified transaction types to identify transactions/persons/accounts which are reportable. The aggregation rule is applicable for all transaction types except SFT-012 (Purchase or sale of immovable property) and SFT- 013 (Cash payment for goods and services).

4.3 Capacity Building of Reporting Entities

The Directorate of Systems of ITD released the following resources to assist the reporting entities in complying with their third-party obligations.

Systems Notification	Notification issued by the Directorate of Systems specifying the procedures, data structures and standards for ensuring secured capture and transmission of data, evolving and implementing appropriate security, archival and retrieval policies
Portal User Guide	User Guide to explain steps in registration and upload of Statement
Report Generation Utility	Java utility to assist the filer in preparation of Statement in XML file
Report Generation Utility User Guide	User Guide to explain steps in using the Java utility to assist the filer in preparation of Statement in XML file
Quick Reference Guide	One-page document with steps for preparation and upload of Statement
Training tool kit	Tool kit containing presentation and related resources used for training and capacity building
Schema (For Developers)	XSD file which contains the schema in which Statement needs to be prepared and submitted

Directorate of Intelligence and Criminal Investigation (I&CI) of ITD conducts regular outreach and training programs for the capacity building of reporting entities. Meetings of Information Technology Working Group (ITWG) on Financial Sector Reporting are also held with the principal officers to discuss technical aspects related to third party reporting.

4.4 Online Portals

The reporting person/entity is required to use e-filing portal (https://incometaxindiaefiling.gov.in) for the following:

(a) First Time (New) Registration of Reporting Entity and Generation of Income-tax Department Reporting Entity Identification Number (ITDREIN).

(b) First Time (New) Registration of designated Director and Principal Officer.

(c) Submission of SFT Preliminary Response without Registration of Reporting Entity.

(d) Manage details of Principal Officer.

From August 2017, a dedicated Reporting Portal (https://report.insight.gov.in) was rolled out under Project Insight. The reporting portal has been designed as an integrated portal for all third-party reporting activities.

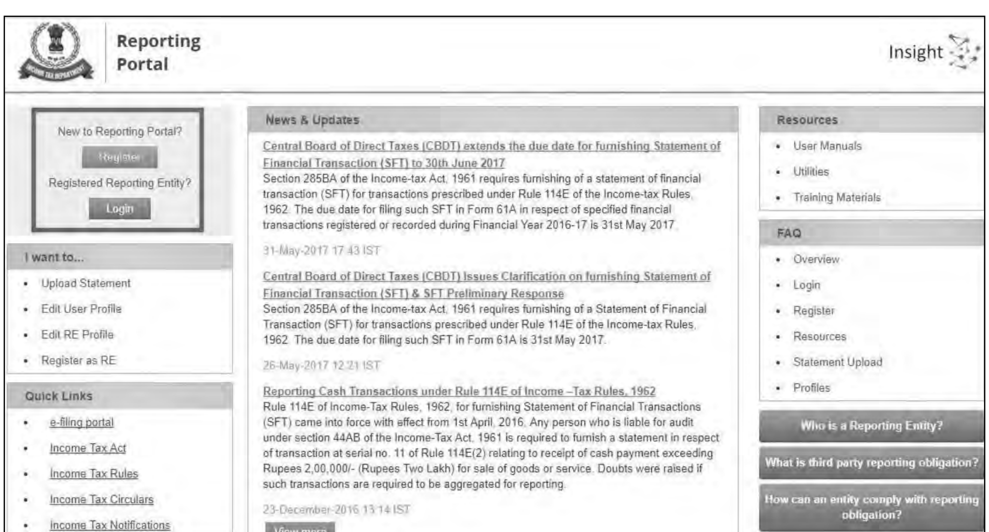

Figure 1: Home Page of the New Reporting Portal (Project Insight)

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The reporting portal provides enhancements (over e-filing portal) in following aspects:

(a) Data encryption during statement upload for enhanced security of Data.

(b) Seamless data processing & generation of data quality monitoring reports.

(c) Seamless information exchange with reporting entities.

(d) Comprehensive resources module for capacity building.

(e) Integrated & Comprehensive reporting entity compliance management.

(f) Dedicated helpdesk support.

(g) Download XML Schema and Utility.

(h) Submission of original and correction statement.

The schematic overview of key functionalities related to third party reporting is as under:

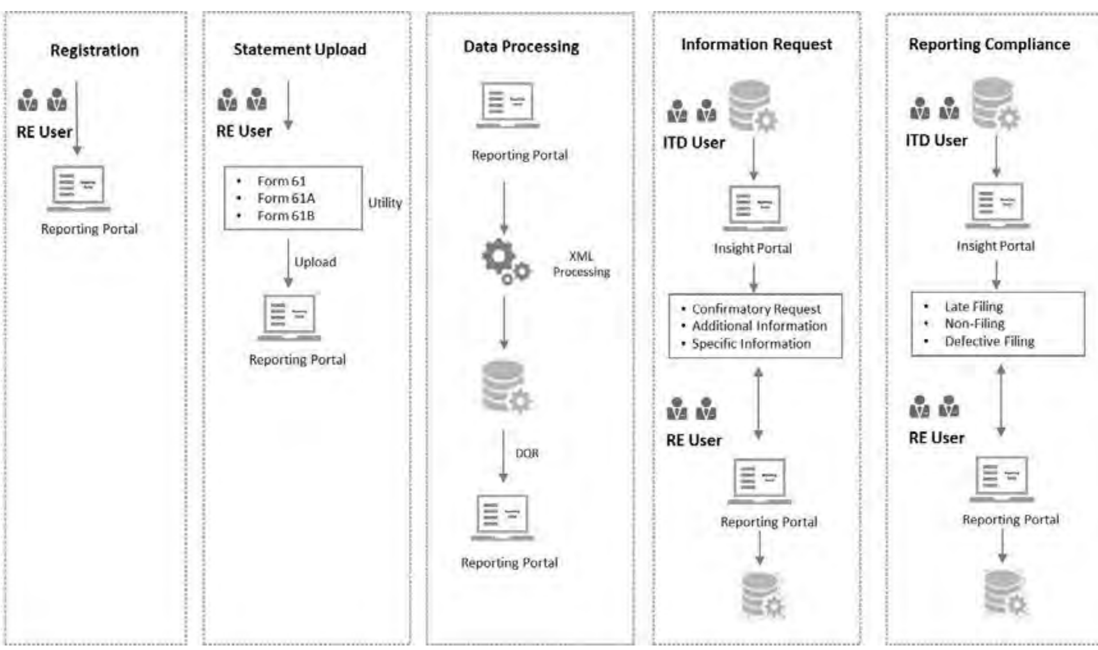

Figure 2: Key Functionalities Related to Third Party Reporting (Project Insight)

4.4.1 Data Quality Management

The effectiveness of utilisation of third-party reporting relies heavily on the quality of the data. Data errors and defects not only result in defects and errors during data analysis but also increase the compliance cost for a taxpayer. The utility provided by the Department allows the user to validate the information and identify errors before submission.

Two levels of validations–Manifest validation & File level validations are done at the upload stage. Manifest level validation is done to ascertain that the correct file is being uploaded by the authorized entity to upload. File level validation consists of Digital signature validation, virus scan & Schema level validation. Only files which pass Manifest & File level validation are accepted. Record level validation is done on accepted files for identification of data quality errors. The errors have been classified as defects and exceptions.

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(a) **Defects:** Defects can either be Statement level defects or Report level defects. Statement Defects are those which render the Statement (Part A) defective. Such Statements will be rejected and the reporting entity needs to resubmit the statement. Report defects are those which render a particular report(s) (Part B/C/D) as defective in the statement. A statement may have multiple reports and only reports with defects would be rejected. The reporting entity needs to correct and submit the reports again in the corrected statement.

(b) **Exceptions:** Exceptions do not result in the statement/report being rejected. The exceptions should be reviewed by the reporting person/entities and if any information is available, the reporting entity may provide the information.

(c) ITD is developing a framework to strengthen the data foundation through data management processes using advanced analytics. Algorithms are being developed to assess the quality of data and identify the sources of error in the data. The data quality issues would be communicated to the reporting entities in a Data Quality Report (DQR). The feedback loop enables the reporting entities to improve their internal data management process which improves the data quality over time.

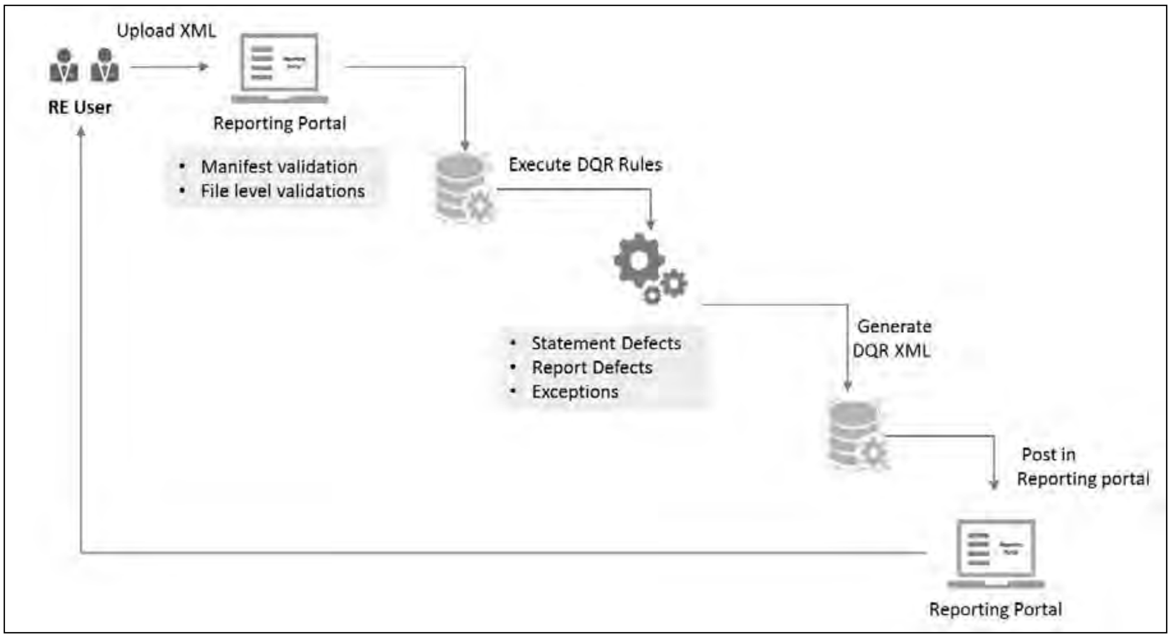

Figure 3: Data Quality Management Framework (Project Insight)

4.4.2 Reporting Compliance Management

Reporting Compliance Management facilitates the monitoring and management of reporting entities (third party information providers) for their obligations under the IT Act. Reporting compliance management focuses on following aspects:

(a) Registration of Reporting Entities

(b) Filing of required Forms (61, 61A, 61B).

(c) Data completeness (e.g. whether aggregation rule has been implemented)

(d) Data accuracy (e.g. whether submitted data has defects)

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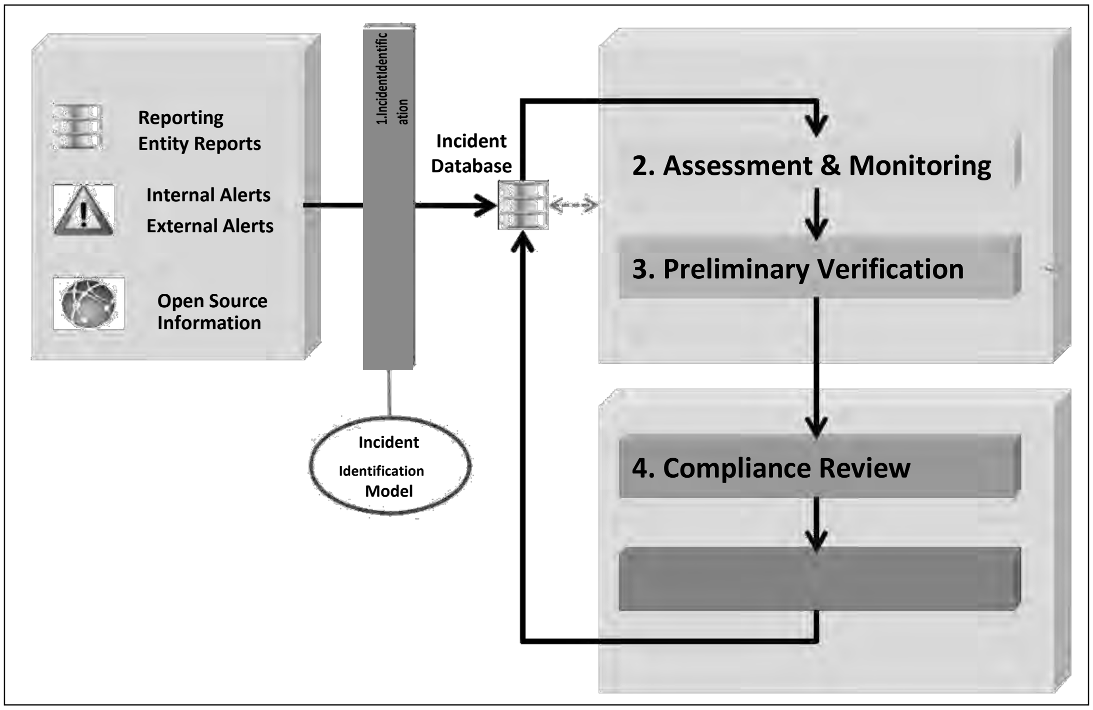

Figure 4: Reporting Entity Compliance Management Framwork (Project Insight)

(e) Incident Identification: Incidents of non-compliance will be identified using the submitted reports, internal/external alerts and open source information on the basis of scenarios enabled in the incident identification model.

(f) Assessment and Monitoring: The identified incidents would be aggregated for an entity and the degree of non-compliance by the reporting entity will be assessed. Cases for preliminary verification will be identified based on such assessment.

(g) Preliminary Verification: Reporting entities which are selected for preliminary verification would be required to provide additional information. Cases for comprehensive compliance review will be identified based on assessment of additional information submitted by the reporting entity during preliminary verification.

(h) Compliance Review: The compliance review aims at a detailed review of the reporting entity from compliance point of view. Separate strategy and verification method for different areas of compliance will be adopted.

(i) Imposition of Sanction: Based on the results of compliance review, the Department may impose sanctions on the reporting entities. This entire exercise aims at regular monitoring of the reporting entities to improve compliance and quality of the information received.

4.5 Exchange of Information with Domestic and International Partners

Effective collaboration and data exchange with other agencies is critical to improving compliance. The exchange with domestic data exchange partners is enabled under Section 138 of the IT Act and operationalized under a Memorandum of understanding (MOU). The MOU contains information to be exchanged, frequency of exchange, governance structure, data safeguards and confidentiality requirements.

The collaboration and data exchange with international counterparts have been significantly enhanced on account of following measures:

- Tax treaties (Double Taxation Avoidance Agreements, Tax Information Exchange Agreements, Multilateral Convention for Mutual Administrative Assistance in Tax Matters etc.) with a number of countries/jurisdictions for exchange of information for tax purposes.
- Information sharing arrangement with USA under its Foreign Account Tax Compliance Act (FATCA) entered into on 9th July 2015 and exchange of information under FATCA has started from 30th September 2015.
- Joining a group of 48 countries as early adopters to the new global standards on automatic exchange of information (which would enable the tax authorities to receive information about taxpayers hiding their money in offshore financial centres and tax havens through multi-layered entities with non-transparent ownership, on an automatic basis) from 2017.
- Introduction of country-by-country reporting requirement in respect of international group to address issues relating to base erosion and profit shifting (under Section 286 of the Income-tax Act, 1961).

4.6 Handling Non-PAN Data

In respect of transactions mentioned in rule 114B, an entity is required to obtain PAN of the transacting party. In case transacting party does not have a PAN, Form 60 is to be filled by transacting party. Earlier Form 60 was submitted in manual form to the Department. From 2016, the handling of non-PAN data was strengthened by taking following measures:

(a) Online submission of Form 61 (containing the particulars of Form 60)

(b) Quoting of Form 60/61 Acknowledgement No. at the time of filling Form 61A

The process for handling of non-PAN data is being significantly enhanced under Project Insight by adopting following measures:

(a) Follow-up with identified reporting entities for submission of revised data with PAN

(b) Clustering of non-PAN Data using data analytics

(c) Roll-out of new online facility for PAN population by transacting party

(d) Dissemination of data using online platform based on pin code mapping

5. Duties and Responsibilities

In addition to the duties and responsibilities assigned under the Income-tax and other acts administered by CBDT, notifications, circulars, instructions of CBDT, directions of DGIT, the specific significant work of Director, JDIT, ADIT, ITO of I&CI Directorate are enlisted hereunder.

5.1 Director

(a) Analyse and plan the strategy for achievement of Central Action Plan Targets and setting up periodical Targets.

(b) Preparation of Master List of filers of SFT and RA in coordination with the Directorate of Systems.

(c) Ensuring that SFT verification surveys are conducted to verify correctness and completeness of SFT filed.

(d) Initiate, supervise and approve verification of Non-PAN, Special Pilot Project, FATCA, CRS and other financial transaction data. The work of verification initiates and concludes only with the approval of DIT. Deciding whether the matter be referred to the field for undertaking action for assessment of undisclosed income, action under Prohibition of Benami Property Transactions Act, Black Money Act etc. or whether to close the verification as the explanation of the assessee is found to be satisfactory or to direct for further verification. Ensuring maintenance of secrecy and security of FATCA, CRS and other data.

(e) Ensuring that Penalty and Prosecution proceeding are undertaken in suitable cases.

(f) Outreach Programmes – Conducting, planning of content, target audience, venue and capacity building and training of officers in conducting such programmes.

(g) Special Pilot Project – Identifying issues and designing the project for deepening and widening of tax base – specific to the region and also with a national perspective, seeking approval of the project from DGIT/CBDT, act as lead DITs of the project, forwarding the data collected to the concerned DITs, obtain report of verification done of such data and submission of annual report of the project by the 31st May of the following year.

(h) Monthly DO – Submission by 6th of following month highlighting the achievements during the month and correctly furnishing statistical proforma of the DO.

(i) Devise a mechanism for movement of files. Inspection of records maintained by the officers working under him.

(j) Allocation of Work amongst JDIT, ADIT, ITO, Inspector and others. Management of funds and infrastructural resources for efficient working of the office.

(k) Motivating, educating and providing leadership to officers and officials working under in her/his charge. Grievance redressal of the Public and staff.

5.2 Joint/ Addl. Director

(a) Plan and allocate the work assigned in discussion with the Director.

(b) Monitor & satisfy her/him with the **quality of verification work** being carried out by the DDIT and ITO, before sending the file for approval of the Director.

(c) Outreach - Conducting, planning of content, target audience, venue and capacity building and training of officers in conducting such programmes in consultation with the Director.

(d) Ensuring that SFT verification surveys are conducted to verify correctness and completeness of SFT filed by authorising and supervising surveys in consultation with **Director.**

(e) Perform statutory function of initiating and imposing penalty under Sections 271FA and 271FAA.

(f) Processing cases for launching prosecutions.

(g) Preparation of Master List in consultation with Directors and with the help of ADIT, ITO, ITI.

(h) Conducting verification of FATCA and CRS cases.

(i) Motivating, educating and providing leadership to officers and officials working under her/him.

(j) Referring cases for levy of penalty and prosecution to JDIT in suitable cases.

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5.3 DDIT/ ADIT/ ITO

(a) Verification of Non-PAN, Special Pilot Project and other financial transaction data assigned to him by the Director/JDIT in accordance with the SOP.

(b) Follow up with Field officers for obtaining the feedback in respect of actionable reports sent to the field

(c) Maintenance of Verification Registers.

(d) Conducting/ assisting in the SFT/ RA verification survey and outreach programme.

(e) Preparation of Master List in consultation with Directors and JDIT with the help of ITI. Identifying potential filers and pursuing with existing filers for timely filing of return.

(f) Motivating, educating and providing leadership to officers and officials working under her/ him.

6. Verification of Non-PAN, Special Project, FATCA, CRS, AEOI Data etc. are extremely important activities undertaken by the Directorate. The Standard Operating Procedure (SOP), as approved by CBDT, for verification is required to be strictly followed.

6.1 CBDT Approved SOP is Reproduced Hereunder

Objective	The objective of verification of Non-PAN/ Invalid PAN cases by the officers of the DGIT (I&CI) is widening and/or deepening of tax base in terms of number of new assessees added/additional tax collected.
Purpose of verification	(i) To verify the source of Investment/ funds and taxability of the same. Any claim of loan, gift from close relatives or claim of agricultural income should be verified and a finding may be given. (ii) To verify as to whether the income shown in the ITR is commensurate with the investments made. (iii) To verify as to whether any taxable income/ capital gains arising out of the high value transaction being verified has remained undisclosed to the Department. (iv) PAN, if obtained in any level of verification, should be uploaded/ populated in the ITD System.
First level of verification	(i) In the first level of verification, notice under Section 133(6) should be issued to confront the person concerned with the information available with the Department and seek explanation with supporting evidence. In cases where PAN was not found at the stage of selection, the purpose of the notice under Section 133(6) is also to find PAN of such entities. (ii) At this stage there could be three possibilities: (a) Where reply is received and explanation is found to be satisfactory and supported by evidence. (b) Where reply is received but explanation is not found to be satisfactory/not backed with adequate evidence. (c) No reply is filed. (iii) In case of (a)of para ii above, a closure report mentioning the findings in the case should be submitted to the Addl. DIT/ Jt.DIT and the verification may be closed with the approval of DIT after populating the PAN. In case of (b), second level of verification should be carried out. In case of (c), it may first be ascertained whether the notice has been duly served. If notice remains un-served in view of incorrect address, proper verification has to be carried out to ascertain the correct address through ITDMS/ any other means to get the notice served. In such cases where notice remains un-served, physical verification may be done through Inspectors and, if thereafter the party remains untraceable and no forwarding address is also available, the case may be closed with the approval of the DIT concerned.

Table (Contd.)...

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Second level of verification	(i) In the second level of verification, proceedings under Section 131 of the Income-tax Act, 1961, may be resorted to undertake a more detailed enquiry in cases where – (a) The notice has been served & the party has not responded even after 02 reminders, or (b) The reply received is not found to be satisfactory. (ii) If the reply received is found to be satisfactory, and backed with evidence, the case may be closed with the approval of DIT. (iii) Where the reply received is not satisfactory, the case is to be considered for third level of verification.
Third level of verification	(i) The third level of verification shall be conducted primarily in cases-: (a) Where it appears that the transacting party has wilfully or deliberately not responded to the notices/ reminders seeking information. (b) Where the officer feels, with evidence, that the transacting party has suppressed the information which it is supposed to file. (c) Where the results of second level of verification indicate large-scale irregularities and non-disclosure of taxable income/capital gains. (ii) In such cases, a proposal should be put up to the Addl.DIT/Jt.DIT by the concerned officer for conducting inquiry/survey under Section 133A. (iii) The findings of the above inquiry/survey under Section 133A should be submitted in the form a self-contained report to DIT through the Addl.DIT/Jt.DIT, and a copy forwarded to DGIT(I&CI), New Delhi.
Timeline	Verification should be completed within 3 months of assigning the case for verification.
Reporting	(i) Findings of first/second/third level of verifications must be put up in the form of self-contained report to Addl. DIT/Jt.DIT, who will put up the same with his comments to the DIT for final acceptance/further directions, if any. (ii) Where the findings of first/second/third level of verification is adverse and requires action under Section 142(1)/143(2)/147 by the AO, the findings along with evidence collected during verification process must be forwarded to the field authorities as follows: (a) In PAN cases, the results of enquiry along with evidence collected must be forwarded to jurisdictional Pr. CIT/ CIT. In non-PAN/ Invalid PAN cases, the report should be sent to field Pr. CIT/ CIT having territorial jurisdiction over the case, depending on the address.
Feedback	While sending the report to the field authorities, a feedback should be requested for in the format regarding action taken on the verification report, within 2 months of dissemination of report as mentioned above.
Monitoring	(i) A Separate register is to be maintained by all the officers of DGIT(I&CI), who are assigned verification work. (ii) The details of the verification work must be reported through monthly DO by each officer. (iii) Quarterly report is to be sent by all DsIT to the DGIT(I&CI) for reporting to the CBDT.

6.2 Steps for Verification

In order to standardize the whole process of verification, Officers (ITO/ DDIT/ JDIT) of the Directorate (I&CI) are required to follow process, detailed hereunder.

6.2.1 Non-PAN Data General

(a) DIT (I&CI)'s mandate is intelligence gathering and for that ITOs/ DDIT are required to ask for details from transacting parties and carry out necessary verification/ enquiry.

(b) For **Non-PAN AIR/ SFT Data for verification** & **PAN population**, efforts should be to assign cases of **all transactions** pertaining to **that specific transacting party**/ both transacting parties with the **same ITO/ DDIT**.

(c) **Unique Reference No** to be generated for these transactions to be referred in all correspondences which will help in proper tracking. For example Reference No. will be **DIT(I&CI)/AIR-SFT Verification-FY2017-18/1…./ITO-…./2018-19/date……………..**

(d) Formal approval is to be given to call for relevant details **under Section 133(6)** of the Act pertaining to both the transacting parties of the assigned cases for verification. Pursuant to this, **ITOs/ DDsIT** are duly authorized to ask for requisite details under Section 133(6) of the Act from both the transacting parties.

(e) Sample questionnaires pertaining to Sale Deed enquiry, cash/bank deposits, Vehicle purchase/ High Value transaction/Insurance premium surrender, **benami transaction** etc may be prepared.

6.2.2 Immovable Property Cases Verification

(a) With regard to land registry, other details e.g. distance from urban settlement/ Municipal/ Local bodies' Boundary limit can be downloaded from **www.google.com.** Whether **agricultural land** is irrigated or not, for that, Jurisdictional Tehsildar may be requested to provide the report. Apart from this, other details are also available in the Registered Sale Deed which needs proper analysis.

(b) On receipt of Registered Sale Deed, ITO/ DDIT should try to retrieve the bank/ cheque details available therein and ask for bank statement/ cheque payment details preferably through email from the bank itself.

(c) **DLC Rate details of various region and urban colonies**, relevant details for **FY** can be downloaded from official site of IG (Stamps & Registration) of the region.

(d) All transaction should invariably be examined from the angle of **Benami Transaction Act** also. In such case, all documentary evidences & sworn statement etc.) and duly filed in **Annexure-III** of the said Act should form a part of the report to the Designated Initiating Officers (IO) of the **BPU** for which a **prior approval of Jurisdictional DIT (I&CI)** must be taken without any further delay.

6.2.3 Report of the Verification

After conducting necessary enquiry, ITO/ DDIT is required to prepare a **final Report which should invariably contain** following details as under:

(a) Transaction and transacting parties' details.

(b) Modes of payment/receipt

(c) Capital gain/ income arising out of the said transaction offered for taxation or not?

(d) Investment made from disclosed sources or undisclosed sources and they are verifiable from the IT Return & bank statement?

(e) Income-tax Return filed by the transacting parties for the year and prior to current year showing particulars of income.

(f) Whether is it a case of evasion of tax on capital gain or income/ undisclosed investment for which reference is required to be made to the Jurisdictional CIT.

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(g) Transacting parties have made proper compliance to explain the transaction or not?

(h) What is the limitation date for taking remedial measures if any by the AO?

(i) Whether 360 Degree Profiling in this case has been done or not? If yes, the same should also form a part of the report.

(j) In the Final Report to the AO, Officers(ITOs/DDsIT) **should not make any recommendation** for action **under Section 147** of the Act. The language in the Final Report should be **"on the basis of evidences gathered so for, it is seen that capital gain arising out of this transaction not offered for tax in the year/documentary evidences pertaining to claim under Section 54F not provided/ complete particulars of computation of capital gain not given/ investment remained unverifiable and undisclosed/ income arising out of this remained undisclosed and untaxed…therefore, AO is required to take remedial measures as deemed fit."** (strike off unrelated portion). All documentary evidences in original, properly indexed should form a part of the said report.

(k) The Final Report submission subsequent to verification process has to be completed within **90 days**. For further extension in submission of final report in the specific case has to be sought by giving proper reasoning.

(l) Final report along with all evidences gathered will be sent under the signature of **DIT(I&CI)/ Addl./ Joint DIT** to the **Jurisdictional Pr. CIT/ CIT with a copy to Jurisdictional CCIT/ DGIT** as the case may be. For time barring/ limitation matters, proper care should be taken so that final report should reach the AO concerned at **least 90 days prior limitation date**.

6.2.4 Suggested/Sample questionnaires for purchase/sale of immovable property verification, cash deposits in Bank are given hereunder.

6.2.4.1 Purchase/ Sale of Immovable Property Verification

(a) Buyer's Case: *Land* (# <u>*Please substitute " land" with residential property/ commercial property*</u>.)

"…………Sub: Calling for information under Section 133(6) of the Income-tax Act,1961 in your case for the A Y ……….relevant to F Y ………………. – matter regarding

Please refer to the above

(2) *Income-tax Department is in possession of information that you had purchased ………. # land or residential/commercial property situated at Khasra No. ………. at Gram ……………., Tehsil ……………, Distt. …………. on …………. For Rs. ……….. Accordingly, You are required to furnish the following documents in support of your investment made in the aforementioned property:*

(i) *Please clarify whether the aforementioned property has been purchased by you as single owner or jointly with others. In case property has been purchased in joint ownership, please provide complete particulars of other joint owners specifying their ratio of ownership, name, complete address and PAN (if any). Please give a brief note in this regard.*

(ii) *Please provide a brief note about the aforementioned property (whether agricultural/ non-agricultural or residential or commercial property) and its location.*

(iii) *If you have purchased this property under Power of Attorney, please provide relevant particulars.*

(iv) *Furnish copy of registered purchase deed dated …………………. along with copy of* ***Jamabandi/ Girdhavari*** *report (in case of land).*

(v) *Please give a brief note about the nature of your business carried out during the year.*

(vi) *If you are assessed to tax, please quote your PAN along-with return of income filed for the A Y ………………..*

(vii) *Please also provide a copy of computation sheet appended along with the return of income filed.*

(viii) *Please furnish a copy of P&L A/c and B/S for the AY…………..*

(ix) *Please provide details of purchase consideration paid to the seller and modes of payment thereof. Please provide particulars in following tabular form:*

Total Purchase Consideration Paid (Amount in Rs.)	Name and Complete Address of Seller/ Sellers to Whom Payments Were Made by You	Modes of Payment (Cheque/ Cash)	Cheque No Bank A/c No Bank Branch Address	Nature of Property (Agricultural Land/ Non-agricultural Land)

(x) ***(a)*** *In order to justify your contention of disclosed source, please furnish a copy of bank statement for the account of the period …………..………………….. maintained by you.* ***(b)*** *Furnish source of investment made in the property in support of your claim along with documentary evidences.*
(c) *If you have taken unsecured loan, please provide copy of loan confirmation duly authenticated and signed with their complete address and PAN.*

(xi) *If you have entered into any agreement* ***(Vikray Ikrarnama)*** *if any, please provide a copy of that agreement and details of* ***advance payment*** *made to the sellers if any and modes of advance payment thereof.*

3. ***The above information is called for under Section 133(6) of the Income-tax Act, 1961 and non-compliance of the same, may result in levy of penalty under Section 272A(2)(c) for Rs. 100 per day.***
4. *This issue with the prior approval of the* ***Director of Income-tax (Intelligence and Criminal Investigation)****, ……………*
5. *You are hereby requested to furnish the information in connection with the above transaction either personally or through authorized representative* ***by «Date_» in Room No……….(address) You can also send advance copy of your reply by email at …………………"***

 # Please substitute " land" with residential property/ commercial property and strike off irrelevant portion.

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b. **Seller's case:** ***Land*** (# *<u>Please substitute " land" with residential property/ commercial property in your letter</u>*)

"…………Sub: Calling for information under Section 133(6) of the Income-tax Act, 1961 in your case for the A Y ……….. relevant to F Y ………………. – matter regarding–

Please refer to the above

(2) *Income-tax Department is in possession of information that you had sold ……….. # land/ residential house/ commercial house situated at Khasra No. ……….. at Gram ……………., Tehsil ……………, Distt. ………… on ………… For Rs. ……….. Accordingly, You are required to furnish the following documents in support of aforementioned property sold:*

Total Sale Consideration Received (Amount in Rs.)	Name and Complete Address of Buyer/ Buyers from Whom Payments were Received by you	Modes of Payment (Cheque/ Cash)	Cheque No Bank A/c No Bank Branch where Amount Deposited & its Address	Nature of Property (Agricultural Land/ Non-agricultural Land or Commercial/ Residential Property)

(i) *Are you single owner of the aforementioned property or jointly held with others? Please clarify. In case of joint ownership, please provide complete name, address, PAN (If any) and their ratio of ownership/ holdings.*

(ii) *Furnish copy of **Registered Sale deed** dated ……………..…………………. along with copy of Jamabandi/ Girdhavari report(in case of land).*

(iii) *Please provide a brief note about the aforementioned property (whether agricultural land or non-agricultural land or commercial/residential property) and its location.*

(iv) *If you have sold this property under Power of Attorney, please provide their complete particulars.*

(v) *Please give a brief note about the nature of your business carried out during the year.*

(vi) *If you are assessed to tax, please quote your PAN along-with return of income filed for the A Y ……………..…………..*

(vii) *Please also provide a copy of computation sheet appended along with the return of income filed.*

(viii) ***(a)*** *Is there any gain arising out of this transaction and whether you have offered that Capital Gain (Long Term/ Short Term Capital Gain) for taxation?*

(b) *Please provide detailed computation of capital gain along with documentary evidences in support of your claim of deduction. e.g. purchase consideration paid for that property, details of cost of improvement if any, loan taken for its purchase and payments made thereof.*

(c) *If you have claimed any deduction under Section 54F of the Act on transfer of capital asset in case of investment made residential house, please provide documentary evidences in support of your claim as well as copy of bank statement evidencing such investment.*

(ix) *Please furnish a copy of* ***P&L A/c*** *and* ***B/S*** *for the AY .... along-with all schedules and annexure. Please provide complete break up (along with reconciliation)of land held as stock in trade or as investment. In case land is held as stock in trade, please provide a complete ledger a/c in this regard.*

(x) *If during the year you are engaged in land dealing, please provide a copy of ledger sheet pertaining to aforementioned transaction along with supporting documents.*

(xi) *Please provide details of sale consideration received from the buyer/s and modes of payment thereof. Please provide full particulars in following tabular form:*

(xii) ***(a)*** *Please provide a brief note about your source of fund for purchasing the said property.*

(b) *In order to justify your contention of disclosed source of fund, please furnish a copy of bank statement for the bank account of the period ……………..……. maintained by you, from which payments have been made.*

(c) *Furnish source of investment made in the property in support of your claim along with documentary evidences. If you have taken unsecured loan, please provide copy of loan confirmation duly authenticated and signed with their complete address and PAN.*

(xiii) *If you have entered into any agreement* ***(Vikray Ikrarnama)*** *with the buyer/s if any, please provide a copy of that agreement and details of* ***advance payment*** *made to you by the buyer/s if any and modes of advance receipts thereof.*

3. ***The above information is called for under Section 133(6) of the Income-tax Act, 1961 and non-compliance of the same, may result in levy of penalty under Section 272A(2)(c) for Rs. 100 per day.***
4. *This issue with the prior approval of the* ***Director of Income-tax (Intelligence and Criminal Investigation), …..………….***
5. *You are hereby requested to furnish the information in connection with the above transaction either personally or through authorized representative* ***by «Date_» in Room No……….. (address) You can also send advance copy of your reply by email at ……….. ….”***

 # Please substitute " land" with residential property/ commercial property and strike off irrelevant portion.

6.2.4.2 Sample Questionnaire: Cash Deposits in Bank

"…………Sub: Cash deposit made by you during the Financial Year ………. Relevant to AY ……… Verification of Transactions under Section 133(6) of the IT Act 1961 – Regarding

The Income-tax Department is in possession of information that you have made cash deposits amounting to Rs…… in your bank during the Financial Year ……….. relevant to AY…………….

2. *In this connection, it is requested that the following information is required to be submitted to the undersigned by …………….. positively:*

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(a) ***(i)*** *Please submit a brief note on your business activity and the sources of your income for F.Y. ……….. **(ii)** Are you assessed to tax, if yes please quote your PAN **(iii)** submit a copy of the income-tax return, computation of income, balance sheet, profit & loss account and Tax audit report (if applicable) for the year. **(iv)** please provide complete details of cash in hand in immediate preceding year and in support of your claim please provide a copy of P&L A/c and B/S for the immediate preceding FY. **(v)** Please specify whether **in past** you have also made **such cash deposits to your bank a/c,** if yes please provide complete details along with documentary evidences.*

(b) *Please provide a copy of bank book, cash book and ledger pertaining to that specific period and also for the entire FY.*

(c) *Please provide complete details of your bank a/c e.g. **(i)** Bank a/c No and nature of bank a/c savings/ Current/ OD etc **(ii)** Name of Bank Branch and its complete address **(iii)** copy of bank statement pertaining to that period of FY ……..… relevant to AY..……….*

(d) ***(i)*** *Please give a brief note on nature of business & how such cash has been generated. **(ii)** Please also explain why sec **69A** of the Act should not be applied in your case. **(iii)** To substantiate your claim of cash deposit, please provide supporting documentary evidences.*

3. *The above information is called for under Section 133(6) of the Income-tax Act, 1961 and non-compliance of the same, may result in levy of penalty under Section 272A(2)(c) for Rs. 100 per day.*
4. *This issues with the prior approval of the **Director of Income-tax (Intelligence and Criminal Investigation), ……………………..***
5. *You are hereby requested to furnish the information in connection with the above transaction either personally or through authorized representative **by «Date_» in Room No ……….. You can also send advance copy of your reply by email on ………………"***

6.2.4.3 Verification of FATCA, CRS Data

Sample Questionnaire:

"Sub: FATCA/CRS Transaction: Verification under Section 133(6) of the IT Act 1961

***(F.Y …………)– Regarding*.**

1. *The Income-tax Department is in possession of FATCA information that you have income generated from your assets parked overseas in form of ………amounting to $. …….. and during the Financial Year ………..*
2. *In this connection, it is requested that the following information is required to be submitted to the undersigned by …………….. positively:*

   (a) *Details of your residential status as per Income-tax Act 1961 in above calendar year and relevant to FY …….. Please provide a copy of your passport to substantiate your claim.*

   (b) *A detailed note as to how the amount of $……….. received on account of Dividend/Interest/ others from foreign institutions/companies/organisations by you, during calendar year…… is offered for taxation to the relevant Tax Authorities.*

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(c) *If you have filed a Return for the relevant AY you are requested to submit a copy of ITR for the relevant period along with copy of TDS Certificate issued by the US Authorities.*

(d) *Whether the aforesaid amount has been declared as income in the above returns.*

(e) *Whether schedule FA (Financial Assets) was filled up in the return of income for the relevant financial years.*

(f) *In case, the above amount has been treated to be not taxable in India, reason for the same with supporting documents may be furnished.*

(g) *You are also requested to furnish the details of source of investment along with supporting evidences.*

3. ***The above information is called for under Section 133(6) of the Income-tax Act, 1961 and non-compliance of the same, may result in levy of penalty under Section 272A(2)(c) for Rs. 100 per day.***
4. *This issue with the prior approval of the* ***Director of Income-tax (Intelligence and Criminal Investigation), ...***
5. *You are hereby requested to furnish the information in connection with the above transaction either personally or through authorized representative* ***by «Date_» in Room No..........(address) You can also send advance copy of your reply by email on ...."***

7. Registers to be Maintained by ITO, ADIT, JDIT, DIT in their Computers in the Directorate of I&CI.

(a) Verification Register (VR)

Verification of Non-PAN, Demonetization, FATCA, Special Project, AEOI, CRS and other cases.

Name of ITO/DDIT/JDIT/DIT

Cell No.

Official email.

1. Non-PAN Cases

S. No.	Name, PAN, Address	Date of Receipt of Information	Date of Issue of Notices under Section 133(6), 131 etc.	Details of Verification – Issues Referred in Actionable Intelligence Report/ Reasons for Closure of the Case	Name of Office of AO, Range, PCIT, CCIT – Date of Sending Actionable Intelligence Report	Total Undisclosed Income detected	Details of Feedback Received from the Field – Amount of Income Added, Tax Collected, Penalty Levy, Prosecution Launched etc.
1.							

Table Contd...

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...Table Contd

FATCA Cases							
S. No.	**Name, PAN, Address**	**Date of Receipt of Information**	**Date of Issue of Notices under Section 133(6), 131 etc.**	**Details of Verification – Issues Referred in Actionable Intelligence Report/ Reasons for Closure of the Case**	**Name of Office of AO, Range, PCIT, CCIT – Date of Sending Actionable Intelligence Report**	**Total Undisclosed Income detected**	**Details of Feedback Received from the Field – Amount of Income Added, Tax Collected, Penalty Levy, Prosecution Launched etc.**
1.							
Special Project–Name of Special Project (Project wise Data to be Maintained–Numbering 3A, 3B etc)							
S. No.	**Name, PAN, Address**	**Date of Receipt of Information**	**Date of Issue of Notices under Section 133(6), 131 etc.**	**Details of Verification – Issues Referred in Actionable Intelligence Report/ Reasons for Closure of the Case**	**Name of Office of AO, Range, PCIT, CCIT – Date of Sending Actionable Intelligence Report**	**Total Undisclosed Income detected**	**Details of Feedback Received from the Field – Amount of Income Added, Tax Collected, Penalty Levy, Prosecution Launched etc.**

1. **AEOI/CRS Cases**

S. No.	Name, PAN, Address	Date of Receipt of Information	Date of Issue of Notices under Section 133(6), 131 etc.	Details of Verification – Issues Referred in Actionable Intelligence Report/ Reasons for Closure of the Case	Name of office of AO, Range, PCIT, CCIT – Date of Sending Actionable Intelligence Report	Total Undisclosed Income detected	Details of Feedback Received from the Field – Amount of Income Added, Tax Collected, Penalty Levy, Prosecution Launched etc.
1.							

2. **Other Cases**

S. No.	Name, PAN, Address	Date of Receipt of Information	Date of Issue of Notices under Section 133(6), 131 etc.	Details of Verification – Issues Referred in Actionable Intelligence Report/ Reasons for Closure of the Case	Name of Office of AO, Range, PCIT, CCIT – Date of Sending Actionable Intelligence Report	Total Undisclosed Income detected	Details of Feedback Received from the Field – Amount of Income Added, Tax Collected, Penalty Levy, Prosecution Launched etc.
1.							

8. Penalty & Prosecution for Default in SFT

Penalty under Section 271FA and 271FAA of the Act and Prosecution under Sections 277 and 277A for non-compliance in the form of non-filing, late filing or defective filing of SFT are provided in the Income-tax Act, to create deterrence and enforce compliance for complete, correct and timely filing of SFT. These penalties are to be initiated & levied by DsIT(I&CI) or Addl./Jt. DsIT(I&CI).

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8.1 Penalty provisions under Section 271FA & 271FAA of the Income-tax Act, 1961 w.e.f. 01/04/18 are as below:

(a) For delayed filing of SFT, where notice under Section 285BA(5) is not issued - Rs. 500/- per day of delay,

(b) For period for which SFT is delayed, beyond the date of issue of notice under Section 285BA(5) Rs. 1000/- per day (beginning from the day immediately following the day on which the time specified in such notice for furnishing the return expires)

(c) For furnishing inaccurate statement of a reportable account – Rs. 50,000/-

8.2 Prosecution can be launched under Section 277 for false statement in verification etc and 277A is for falsification of books of account or documents etc wilfully and with intent to enable any other person to evade any tax or interest or penalty chargeable under Income-tax Act. **The Explanation to Section 277A provides that it shall not be necessary to prove that the second person has actually evaded any tax etc.**

9. Special Pilot Projects

The Directorate of I&CI is uniquely placed to critically observe the different sectors of growth in the economy as also discover the new methodologies deployed by taxpayers to dodge payment of taxes. For deepening and widening the tax base, every year the Directorate undertakes special pilot projects with approval from DGIT to identify potential areas of tax evasion. Each such project is headed by a particular DIT(designated as Lead DIT).

The mandate of each of the Lead DIT is to:

(a) Gather and collect data from the designated source in respect of the Special Project assigned, covering the jurisdiction of all the DsIT (I&CI)

(b) Collate, sort and analyse the data pertaining to respective Special Projects and subsequently disseminate the data to other DsIT for carrying out further/similar investigation and

(c) Select cases from information gathered with respect to each Special Project and conduct verification.

(d) Follow up on the investigation done by other DsIT in case of the Special Project and report to DG.

10. FATCA & CRS

In 2010, USA enacted a law known as “Foreign Account Tax Compliance Act” (FATCA) with the objective of tackling tax evasion through obtaining information in respect of offshore financial accounts maintained by USA residents and citizens. The provisions of FATCA essentially provide for 30% withholding tax on US source payments made to Foreign Financial Institutions unless they enter into an agreement with the Internal Revenue Service (US IRS) to provide information about accounts held with them by USA persons or entities (firms/companies/trusts) controlled by USA persons. Since domestic laws of sovereign countries (including India) may not permit sharing of client confidential information by FIs directly with USA, USA has entered into Inter-Governmental Agreement (IGA) with various countries. The IGA between India and USA was signed on 9th July, 2015. It provides that the Indian FIs will provide necessary information to the Indian Tax Authorities, which will then be transmitted to USA periodically. Under the IGA, USA will also provide substantial information about Indians having financial assets in USA.

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10.1 To combat the problem of offshore tax evasion and avoidance and stashing of unaccounted money abroad requiring cooperation amongst tax authorities, the G20 and OECD countries working together developed a Common Reporting Standard (CRS) on Automatic Exchange of Information (AEOI). The CRS on AEOI was presented to G20 Leaders in Brisbane on 16th November, 2014. The Hon'ble Prime Minister of India, speaking on the occasion, supported the new global standard as it would be instrumental in getting information about unaccounted money hoarded abroad and in its eventual repatriation. The CRS on AEOI requires the financial institutions of the "source" jurisdiction to collect and report information to their tax authorities about account holders "resident" in other countries, such information having to be transmitted "automatically' on yearly basis. The information to be exchanged relates not only to individuals but also to shell companies and trusts having beneficial ownership or interest in the "resident" countries. Further, the reporting needs to be done for a wide range of financial products, by a wide variety of financial institutions including banks, depository institutions, collective investment vehicles and insurance companies.

10.2 The following Financial Institution defined in Rule 114F are required to report:

(a) Custodial Institutions.

(b) Depository Institutions.

(c) Investment Entities.

(d) Specified Insurance Companies.

10.2.1 They have to Report following information in respect of persons who are Foreign residents:

(a) The name, address, taxpayer identification number (assigned to the account holder by the country or territory of his residence for tax purposes) and date and place of birth (in the case of an individual) of each reportable person, that is an account holder of the account.

(b) In the case of any entity which is an account holder and which, after application of due diligence procedures prescribed in rule 114H, is identified as having one or more controlling persons that is a reportable person,(i) the name and address of the entity, taxpayer identification number assigned to the entity by the country or territory of its residence; and (ii) the name, address, date and place of birth of each such controlling person and taxpayer identification number assigned to such controlling person by the country or territory of his residence.

(c) The account number (or functional equivalent in the absence of an account number).

(d) The account balance or value (including, in the case of a cash value insurance contract or annuity contract, the cash value or surrender value) at the end of relevant calendar year or, if the account was closed during such year, immediately before closure

(e) In the case of any Custodial Account: (a) the total gross amount of interest, the total gross amount of dividends, and the total gross amount of other income generated with respect to the assets held in the account during the calendar year and (b) the total gross proceeds from the sale or redemption of property paid or credited to the account during the calendar year

(f) In the case of any Depository Account, the total gross amount of interest paid or credited to the account during the calendar year or other appropriate reporting period.

(g) In the case of any account not described above the total gross amount paid or credited to the Account Holder with respect to the account during the calendar year or including the aggregate amount of any redemption payments made to the Account Holder during the calendar year.

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10.2.2 Under the AEOI(CRS)/FATCA, India is also recipient of the information mentioned above in respect of Indian Residents who receive Income abroad. This Data is assigned after Risk Assessment to the Directorate of I&CI. These cases are required to be verified and actionable cases are provided to the assessment Units for taking action under the "Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act 2015"

The Directorate being the Nodal Agency is also entrusted with the task of identifying and enrolling the prospective entities, who are reporting entities and ensuring that all registered entities file their statement in Form 61B by the due date of May 31, of each Calendar year.

10.3 Compliance Review of Form 61B

The Compliance Review of filing form 61B has to be carried out in accordance with the SOP approved by the CBDT vide letter dated 26/07/2017.

10.3.1 Compliance Function Prior to Filing of Form 61B

Rule 114F, 114G and 114H provide statutory requirement to the filers to file relevant information in compliance to FATCA. Under the existing Rules 114F-114H, the Financial Institutions (FIs) are required to submit a report in Form 61B in respect of reportable accounts in accordance with the Rules. The Rules also lay out mechanisms for due diligence to be made by the FIs in determining the reportable persons and accounts. Rule 114G requires a financial institution to register with the Income-tax Department for purpose of reporting compliance under FATCA/CRS. After registration, the FIs can file the notified Form 61B indicating the reportable accounts. Nodal DIT(DIT Delhi) seeks information from sources like SEBI, RBI, Depositories, IRDA etc to identify entities required to register for FATCA/CRS compliance. The master list is constantly updated. A list of the registered entities is provided by the Directorate of Systems to the Nodal DIT on an updated basis through a system enabled portal on ITBA. Entities who have not registered are advised by the Nodal DIT/jurisdictional DIT to register. The Directorate of Systems also provides the information (through a dedicated portal) about those registered FIs who have not filed a NIL report or a non NIL report by 30th June for statements filed on or before 31st May. Electronic communications are then made with these entities for removal of deficiencies. To ensure proper compliance regarding complete and correct information, Guidance/outreach programs are conducted in co-ordination with FT & TR Division, Systems Directorate to sensitise FIs regarding their obligations under the FATCA/CRS Reporting System.

10.3.2 Compliance Function Post-Filing of Form 61B

For the post filing review, the Directorate of Systems provides the details of accounts filed in part A and Part B of the report segregated on the basis of PAN jurisdictions of the FI to the Directorate of I & CI. The DIT then selects 10% of the FIs in its jurisdiction on the basis of volume of accounts reported, a comparative study of the ratio of the total number of accounts maintained by the institution and the accounts reported or any other indicator which is found useful for preliminary verification. As far as possible, FIs of each category namely Depository Institution, Custodial Institution, Investment Entity and Specified Insurance Company are picked up for preliminary verification. A proforma in standard format including information indicators, due diligence time frames, total number of accounts present, compliance to due diligence procedures, determination of accounts, self-certification process, compliance to specific record maintenance should be forwarded to the selected FIs for the purpose

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of review. Thereafter, a risk-based assessment for picking up cases for detailed compliance review inspection is to be carried out after detailed scrutiny of the information provided in the proforma. Detailed inspection and spot verification is also required to be carried out in selected cases. The DIT is to submit complete inspection report in such cases. On the basis of verification, outcome in actionable cases are reported to the field for further action besides recommending penalty under Section 43 of Black Money Act and prosecution etc.

11. Feedback of Actionable Intelligence Report(AIR) from the Field

The verification process leads to detection of undisclosed income in large number of cases. The details of the information along with original documents and statements recorded under Section 131 etc in the course of verification and the feedback form is required to be forwarded to the concerned Pr. CIT. Copy of the letter must be sent to Range Head and Pr. CIT.

11.1 The DITs are required to prepare a list of AIR sent by ITO/ADIT/JDIT(I&CI) half yearly with respect to each Pr. CIT and send the list to the Pr. CsIT asking them to furnish the ATR.

11.2. The list is to be prepared in the following format:

S. No.	Name/ PAN & Date of Sending AIR	Name, Mobile No., Fax No. & e-mail of the AO	Name, Mobile No., Fax no. & e-mail of the Range Head/ Pr. CIT/CCIT	Summary of AIR	Summary of ATR–Whether Notices for Assessment Issued/ Assessment Made/ Undisclosed Income Added on the Basis of AIR/ Penalty Imposed/ Prosecution Launched/ Action by BPU Taken etc.
To be Filled by I&CI					To be Filled by AO, Range Head, Pr. CIT
Benami Property					
FATCA					
CRS					
269ST/271DA Cases					
Non-PAN Immovable Property Cases					
Non-PAN Other Cases					
Demonetization					
Special Pilot Project(Separate for each project)					
Others					

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11.3 The ITO/ADIT/JDIT should coordinate with the AO/officers of BPU/Black Money Act and the DIT to coordinate with the Pr. CIT for obtaining ATR.

11.4 The DITs should conduct Quarterly meeting with the CCIT to ensure that the required action is taken on the AIR and action taken report is sent to the Directorate by the AO, Range Head, Pr. CIT.

12. Central Action Plan

The CBDT makes quarterly action plan for the first quarter of the year followed by Central Action Plan for the financial year. The Key result areas to be achieved are clearly prescribed along with the timelines to achieve the results. The officer of the Directorate is required to read, discuss and understand the key result areas of the CAP and diligently works towards achievement of Central Action Plan Target.

13. Annual Conference and 'Train the Trainers' Conference are two significant conferences to discuss and deliberate on the strategies for achieving the key result areas specified in the CAP and also towards achieving excellence.

14. A Comprehensive **Manual** of the Directorate is published in print as well as in e-form. The officers of the Department should constantly study and follow the Manual along with the **Income-tax Act** and Rules to update themselves. It is pertinent to note that the relevant Section of the Income-tax Act relating to Directorate is quite limited– **285BA** (Most significant), 271FA, 271FAA, 277 and 277A. The other provisions relevant to I&CI working are Sections 131, 133, 133A, 134, 135 etc. Similarly, Rules **114B** to Rule 114H pertain to the working of the Directorate. The most significant are Rules **114B** and **114E**.

15. Monthly DO

The ITO and ADIT must send monthly DO to the JDIT highlighting the significant achievements of the months along with data in the statistical proforma as prescribed. The JDIT must send monthly DO to DIT, and the DIT to the DGIT before 6^{th} of following month indicating significant achievements as per key result area of CAP, details of quality verification and SFT verification survey cases along with correct details in the statistical proforma.

16. Need for Effective Communication amongst the Officers of the Directorate

WhatsApp, official email, cell phone, telephone etc must be effectively utilised for faster and effective communication amongst officers of the Directorate. Fast and effective communication is being achieved through WhatsApp Group. The DsIT provide information of success during SFT verification survey, outreach etc. which motivates fellow DITs and enhances the self-esteem of the group. Each DIT should make WhatsApp group of their officers for faster and effective communication.

17. Training

Large number of officers and officials of the Income-tax Department are not aware about the legal provisions of the Income-tax Act, Rules, Procedures pertaining to the Directorate of I&CI, even about the nature and significance of the Directorate. Once they are posted in the Directorate, they must be provided effective training at the earliest. The DITs and JDITs should be provided training during Train

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the Trainers (Annual) programme of the Directorate. The DsIT and JDsIT should coordinate with respective RTIs to train ACIT, ITO and ITI and ensure proper and quick training about verification of cases conducting SFT verification survey, conducting outreach etc.

18. Outreach Programmes

Spreading awareness about correct complete and timely filing of SFT amongst reporting entities needs to be achieved by conducting regular outreach and training programme for capacity building of the reporting entities. The resources made available from Directorate of Systems should be utilised for the same.

19. The Portal of Project Insight of the Department contains utilities for I&CI offices to monitor SFT Compliance. It enables officers to monitor potential filers, registration status, activity status, statement level monitoring, PAN/TAN query & reporting, taxpayers profile. The officers should constantly visit the portal for above referred monitoring purpose through Department taxnet at https://insight.gov.in.

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Valuation Cell

1. Introduction

The Valuation Cell is the official valuation machinery of the Income-tax Department. It has been entrusted with the task of valuation of immovable properties and plant and machineries.

1.1 The Valuation Cell in its present form was set-up in the year 1972. This was as a result of the amendments made in the Wealth Tax Act, 1957 by the Taxation Laws (Amendment) Act, 1972, with a view to strengthening the functioning of the administrative setup of the Valuation Wing, which was then functioning under the Board. The Taxation Laws (Amendment) Act, 1972 also inserted provisions in the Wealth Tax Act, 1957, Gift Tax Act, 1958 and the Income-tax Act, 1961 for references to Valuation Officers for valuation of assets.[1]

2. Organisation and Jurisdiction

2.1 The Valuation Cell comprises four categories of Valuation Officers, *viz.*, Chief Engineer (Valuation), District Valuation Officers/Additional Commissioners (Valuation), Valuation Officers/Deputy/Joint Commissioners (Valuation) and Assistant Valuation Officers/Income-tax Officers (Valuation).They are appointed by the Central Public Works Department and are assisted by officials of various categories in the performance of their functions.[2]

2.2 Chief Engineer (Valuation)[3], exercise general supervision over the work of District Valuation Officer, Valuation Officer and Assistant Valuation Officer and issuing general guidelines time to time. However, they do not directly undertake valuation work.

2.3 The Valuation Officers, namely, District Valuation Officer[4], Valuation Officer[5] and Assistant Valuation Officer[6] undertake valuation work and discharge their functions within geographical jurisdiction as annexed herewith. Sub-rule (3) of Rule 3A of the Wealth Tax Rules[7] laid down the functions and quasi-judicial power of Valuation Officers regarding the valuation of immovable properties i.e. buildings, lands or rights in lands or buildings and plant & machinery.

2.4 Valuation of plant and machinery is made by the Valuation Officer (Valuation Plant & Machinery).

3. Functions of the Valuation Cell

3.1 The Valuation Cell entrusted to determine the Fair Market Value or investment made by assessee in the sale/purchase or construction of Immovable properties i.e. land, building and plant & machinery as are referred by the Income-tax Authorities.

Such valuations fall in the following categories:

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(a) Valuation made by a Valuation Officer on the basis of a statutory reference under Section 16A(1) of the Wealth Tax Act, 1957 or Section 15(6) of the Gift-tax Act, 1958 or Section 55A of the Income-tax Act, 1961. This is legally binding on the authority making the reference.

(b) Valuation of advisory nature made by the Valuation Officer. This is in the nature of expert opinion.

3.2 The Valuation Cell is also required to perform certain functions in matters relating to departmental representation before the Commissioner of Income-tax (Appeals) and the Income-tax Appellate Tribunal.

4. Statutory Reference under Section 16A of the Wealth Tax Act, 1957 to the Valuation Officer

4.1 The Assessing Officer can make a reference under Section 16A(1) of the Wealth Tax Act, 1957 to a Valuation Officer for valuation of an asset if certain statutory conditions are fulfilled. The valuation made by the Valuation Officer under Section 16A(1) is legally binding on the Assessing Officer. In so far as the valuation of the asset in question is concerned, the Assessing Officer is required to complete the assessment in conformity with the estimate of the Valuation Officer.

4.2 The value of any asset, other than cash, for the purpose of the Wealth Tax Act is its value as on the valuation date, determined in the manner laid down in the Schedule III[8]. Schedule III of the Wealth Tax Act, 1957 contains a number of rules laying down the methods for determination of value of various assets. There are, however, certain assets in respect of which no specific method for valuation has been laid down in Schedule-III. For valuation of such assets, Schedule-III itself provides that the value of such asset shall be estimated to be the price which, in the opinion of the Assessing Officer, it would fetch if sold in the open market on the valuation date.

4.3 It is not open to the Assessing Officer to deviate from the method for valuation of an asset laid down in Schedule-III, except in situations where this Schedule itself permits such a deviation. For example, Rule 3 of the Schedule lays down the method for valuation of a building or land appurtenant thereto or a part thereof. The Assessing Officer is, however, not required to follow the method laid down in the aforesaid Rule 3 if at least one of the exceptional circumstances mentioned in Rule 8 exists in a case. These circumstances are: (1) where having regard to the facts and circumstances of the case, the Assessing Officer, with the previous approval of the Additional/Joint Commissioner of Income-tax, is of the opinion that it is not practicable to apply the provisions of Rule 3 to the case; (2) where the difference between the unbuilt area and the specified area exceeds 20% of the aggregate area; and (3) where the property is constructed on a leasehold land and the lease expires within a period not exceeding fifteen years from the relevant valuation date and the lease deed does not give an option to the lessee for the renewal of the lease. If any of these exceptional circumstances exists, the market value of the property, will be determined in accordance with rule 20 and not rule 3 of the Schedule.

4.4 As per Section 16A, the Assessing Officer may refer the valuation of any asset to a Valuation Officer where for the purposes of making an assessment, the market value of the asset is to be determined under the provisions of Section 7 read with either the Wealth Tax Rules or the rules contained in Schedule III to the Act.[9]

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4.5 It follows from a combined reading of Sections 7 and 16A that a reference to the Valuation Officer under Section 16A can be made only in respect of an asset where in accordance with rules in schedule III, market value is to be considered for making of the assessment. Such a reference to Valuation Officer shall be mandatory if the case is covered by Section 16A(1). It would not be open to the Assessing Officer to decide the question of valuation on his own in such cases.[10]

4.6 In case of assets where rules in schedule III do not require taking of market value for making an assessment, there is no question of making of any reference to the Valuation Officer under Section 16A. Their value is to be computed as per the relevant rule in schedule III.[11]

4.7 The following important points relating to reference to Valuation Officers for valuation of immovable properties merit a brief mention:

(a) Rule 3 of Schedule-III lays down a specific method for valuation of building or land appurtenant thereto or a part thereof. It is not open to the Assessing Officer to deviate from this rule unless one of the exceptional circumstances mentioned in Rule 8 exists in a case. If none of the exceptional circumstances mentioned in Rule 8 of Schedule III exist in a case, no reference under Section 16A of the Wealth Tax Act, 1957 can be made to the Valuation Officer. In such a situation the Assessing Officer is bound to determine the value of the property in the manner laid down in the said Rule 3. However, if any one or more of the exceptional circumstances mentioned in Clauses (a), (b) or (c) of Rule 8 of Schedule III exist in a case and the conditions mentioned in Section 16A (1) of the Wealth Tax Act, 1957 are also fulfilled, the Assessing Officer is required to refer the property for valuation to the Valuation Officer.

(b) The validity of a reference under Section 16A of the Wealth Tax Act, 1957 depends upon the satisfaction of certain statutory conditions. Therefore, before making a reference to the Valuation Officer under Section 16A(1), the Assessing Officer should record a satisfaction note, stating clearly as to how the relevant statutory conditions are fulfilled. The note should also give reasons for making the reference under Section 16A.

(c) Where for deviating from the specific method for valuation of an asset laid down in Schedule-III, prior approval of a higher Wealth Tax authority is required[12], the Assessing Officer should ensure that, before making such deviation, a suitable reference is made to the concerned higher authority and his approval obtained. Also, where the provisions of Rule 8(a) of Schedule III have been invoked with the prior approval of the Additional/Joint Commissioner, the Assessing Officer should clearly mention this fact in the reference to the Valuation Officer. In case the circumstances mentioned in sub-rule (b) or (c) of Rule 8 are applicable this fact should also be clearly indicated in such reference. In case the Valuation Officer receives a reference under Section 16A (1) of the Wealth Tax Act, 1957, from an Assessing Officer which does not contain the aforesaid information, the Valuation Officer should seek a clarification from the Assessing Officer before proceeding further with the reference.

(d) All liable cases should be referred to the Valuation Cell. A register of references for valuation to the Valuation Cells should be maintained by the officer concerned and this should be periodically checked by - the range Addl./Joint Commissioner and a certificate sent to the Commissioner.[13]

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(e) The range Joint/Additional Commissioners and Assessing Officers should ensure that all the references are sent to the Valuation Cell well before the limitation dates of the relevant assessments. It should be ensured that the references are well spread out throughout the year and that bulk of the references are not made in the last quarter of the financial year.[14]

(f) Assessing Officers should make references under Section 16A in respect of those assessment years only in respect of which assessment proceedings may be pending before them. Otherwise, a reference to the Valuation Cell can be made only on a non-statutory basis only.[15]

5. Proceedings before the Valuation Officer

Sub-Sections (2) to (5) of Section 16A lay down the procedure which the Valuation Officer is required to follow when a reference under sub-Section (1) of Section 16A of the Wealth Tax Act, 1957 is made to him. Where he is of opinion that the value of the asset has been correctly declared in the return made by the assessee, he is required to pass an order to that effect under Section 16A(3). In other situations, an order under Section 16A(5) is required to be passed. The Valuation Officer can rectify any mistake apparent from the record in an order passed by him. This can be done only within a period of four years from the date of the order sought to be amended.[16]

6. Powers of the Valuation Officer under the Wealth Tax Act, 1957

Sections 37 and 38A of the Wealth Tax Act, 1957 enumerate the powers available to the Valuation Officer under the Wealth Tax Act, 1957.

7. Statutory Reference under Section 15(6) of the Gift Tax Act, 1958 to the Valuation Officer

7.1 The Assessing Officer can make a reference under Section 15(6) of the Gift-tax Act, 1958 to the Valuation Officer for valuation of an asset if certain statutory conditions are fulfilled. The valuation made by the latter, on a reference under Section 15(6), is legally binding on the Assessing Officer. The Assessing Officer is required to complete the assessment in conformity with the estimate of the Valuation Officer. Where any such reference is made, certain provisions of the Wealth Tax Act, 1957 relating to the powers of the Valuation Officer would apply mutatis mutandis in relation to such reference as they would to a reference under Section 16A(1) of the Wealth Tax Act, 1957. Significantly, the Assessing Officer may refer the valuation of any property to the Valuation Officer where under Section 6 read with Schedule II of the Gift-tax Act, 1958, the fair market value of any property transferred by way of gifts is to be taken into account in the assessment[17].

7.2 The points made at para 4.7 supra, in so far as these are relevant to the procedures, etc. under the Gift Tax Act, 1958 should also be kept in view by the concerned authorities.

7.3 The provisions of the Gift-tax Act, 1958 have ceased to apply in respect of any gift made on or after the 1st October, 1998.

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8. Statutory Reference under Section 55A of the Income-tax Act, 1961 to the Valuation Officer

8.1 Section 55 A of the Income-tax Act, enables the Assessing Officer to refer the valuation of a capital asset to a Valuation Officer with a view to ascertaining its fair market value for the purposes of Chapter-IV of the Income-tax Act, 1961 (computation of income from capital gains), if the conditions mentioned in Clause (a) or Clause (b) of this Section are fulfilled. The valuation made by the Valuation Officer under Section 55A is legally binding on the Assessing Officer. Where any such reference is made, certain provisions of the Wealth Tax Act, 1957 relating to the powers of the Valuation Officer would apply mutatis mutandis to such references as though they were references under Section 16A(1) of the Wealth Tax Act, 1957.

8.2 The points made at para 4.7 supra in so far as these are relevant to procedures under the Income-tax Act, 1961, should also be kept in view.

9. Reference under Section 50C of the Income-tax Act, 1961 to the Valuation Officer

Section 50C of the Income-tax Act, enables the Assessing Officer to refer the valuation of the capital asset to a Valuation Officer and where any such reference is made, the provisions of sub-Sections (2), (3), (4), (5) and (6) of Section 16A, Clause (i) of sub-Section (1) and sub-Section (6) and (7) of Section 23A, Act, 1957 shall, with necessary modifications, apply in relation to such reference as they apply in relation to a reference made by the Assessing Officer under sub-Section (1) of Section 16A of that Act.

10. Reference to the Valuation Officer for Making Valuations of Advisory Nature

10.1 An Income-tax Authority can make a reference to a Valuation Officer for making valuation of an advisory nature in a situation not specifically covered by any statutory provision. Some such situations are:

(a) There can be situations where an Income-tax Authority needs technical advice of a Valuation Officer for estimating the cost of construction of an immovable property or its fair market value, as on the date of the purchase, to check whether the person has made any undisclosed or unexplained investment in its acquisition. The Income-tax Authorities specified in sub-Sections (1) and (1A) of Section 131 of the Income-tax Act, 1961 can make a reference for valuation to a Valuation Officer by invoking the powers vested in them under Section 131(1)(d) of the Act.

(b) Where an immovable property is ordered to be sold under rule 52 (1) of Schedule II of the Act, the Tax Recovery Officer is required to make a proclamation of the intended sale. One piece of information that is required to be given in the proclamation of the intended sale relates to reserve price, if any, below which the property may not be sold. The Tax Recovery Officer can seek an advisory valuation report from the Valuation Officer for this purpose.

(c) Technical advice of a Valuation Officer on the value of an immovable property could also be useful to the Tax Recovery Officer in a situation, where he has to decide as to which of the immovable properties of the defaulter should be attached or sold under Schedule II of the Income-tax Act, 1961 so as to recover the amount specified in the certificate. Such technical advice may also be relevant when he has to decide whether the entire attached immovable property or only a part thereof should be ordered to be sold under sub-rule (1) of rule 52 of Schedule-II of the Act, or equally when the defaulter approaches him with a request for granting of time for payment of a demand or its stay and offers an immovable property as security.

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10.2 The following important points relating to references to Valuation Cell for valuation of immovable properties merit a brief mention:

(a) Before making a reference to the Valuation Officer for a valuation report of advisory nature, the Income-tax Authority making the reference should record a satisfaction note, stating clearly the reasons for making the reference and the objective sought to be achieved.

(b) Where the reference has been made by invoking any statutory power (e.g., Section 131(1)(d) of the Income-tax Act, 1961), this fact should be clearly mentioned both in the satisfaction note and, in the reference, - letter to the Valuation Officer.

(c) The information about the date on which the assessment/proceedings for which the valuation is required will get barred by limitation of time should also be clearly mentioned in the reference-letter to the Valuation Officer.

(d) The range Joint/Additional Commissioners and Assessing Officers should ensure that all the references are sent to the Valuation Cell well before the limitation dates for the relevant assessments.

10.3 When the report of the Valuation Officer is not binding, it is necessary that the assessee/ affected person is confronted with its contents before it is utilised against him. The Assessing Officer should allow him a reasonable opportunity of being heard in the matter and consider his objections, against the valuation report, in accordance with the law.

11. Form for Reference to the Valuation Officer

The prescribed forms have been annexed herewith for making references to the Valuation Officers.

12. Time Limit for Submission of Valuation Report by the Valuation Officer

No statutory time-limit has been laid down for finalizing valuation reports or orders. The Board has, however, issued instructions to the effect that the Chief Engineer (Valuation) should ensure that overall the Valuation Officers should finalize their reports in 120 days in non-Wealth Tax and 180 days in Wealth Tax cases from the date of receipt of the reference. If valuation reports are delayed beyond this period, the Chief Engineers should send a pendency list with reasons for delay along with his monthly reports to the Chief Commissioner concerned.[18]

13. Role of the Valuation Officer in Appellate Proceedings

13.1 If the valuation of any asset is objected to in an appeal to the Commissioner (Appeals) or the Income-tax Appellate Tribunal, the appellate authority concerned:

(a) In a case where such valuation has been made by a Valuation Officer under Section 16A of the Wealth Tax Act, 1957 or Section 15(6) of the Gift Tax Act, 1958 or Section 55A of the Income-tax Act, 1961, give such Valuation Officer an opportunity of being heard.

(b) In any other case, on a request being made in this behalf by the Assessing Officer, give an opportunity of being heard to any Valuation Officer nominated for the purpose by the Assessing Officer.

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13.2 The Commissioner (Appeals) may also ask the Valuation Officer to make further inquiries.

13.3 The following important points pertaining to the role of the Valuation Officers in appellate proceedings and utilization of their expertise in such proceedings merit a brief mention:

(a) The Board has issued instructions to the effect that Valuation Officers should defend the valuation reports and argue the case on behalf of the department before the appellate authorities. For this purpose, Commissioners should ensure their attendance whenever these cases come up for hearing before an appellate authority.[19] The Assessing Officers should ensure that Valuation Officers are provided with a copy of grounds of appeal and other papers in such cases sufficiently in advance of the date of hearing. This would enable them to prepare themselves and effectively present their view points before the appellate authority.[20]

(b) A copy of the appellate order of a CIT(Appeals)/ITAT involving a question of valuation should invariably be sent to the Valuation Cell. The Chief Engineer should ensure that the Valuation Officer sends his comments on such appellate orders in time to the Assessing Officer so as to enable the latter to incorporate the same in the scrutiny report on these cases. Joint/ Additional Commissioners and Assessing Officers must also ensure that in these cases, no scrutiny reports are sent without obtaining the comments of the concerned Valuation Officer.

(c) The Chief Engineer (Valuation) should also periodically prepare a brief of common errors committed by Valuation Officers as noticed from his study of the appellate orders. This should be circulated amongst all Valuation Officers, along with suggestions to avoid recurrence of mistakes.[21]

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[1] See Section 12A of the Wealth Tax Act, 1957 (Appointment of Valuation Officers) and Rule 3A of the Wealth Tax Rules (Jurisdiction of Valuation Officers). The statutory provisions relating to appointment, jurisdiction and powers of Valuation Officers appear in the Wealth Tax Act, 1957. For the purposes of valuation under the Gift Tax Act, 1958 and Section 55A of the Income-tax Act, 1961, the expression "Valuation Officer" has the same meaning as in Section 2(r) of the Wealth Tax Act, 1957[2]. See sub-Sections (1) and (2) of Section 12A of the Wealth Tax Act.

[2] See sub-Sections (1) and (2) of Section 12A of the Wealth Tax Act, 1957.

[3] Posts manned by Chief Engineer(Civil), CPWD.

[4] Posts manned by Superintending Engineer (Civil), CPWD.

[5] Posts manned by Executive Engineer (Civil), CPWD.

[6] Posts manned by Assistant Engineer (Civil), CPWD.

[7] This distribution of functions is based on certain monetary limits.

[8] See Section 7 of the Wealth Tax Act, 1957.

[9] See Section 16A of the Wealth Tax Act, 1957.

[10] Board's Instruction No: 1905, dated 09/12/1992.

[11] ibid.

[12] For example, see rule 8(a) of Schedule III of the Wealth Tax Act, 1957.

[13] Board's letter F. No. 326/50/78-WT, dated 30/06/1979.

[14] Board's Instruction No: 1885.

[15] Board's Instruction No 1537, dated 18/11/1983.

[16] See Section 35 of the Wealth Tax Act, 1957.

[17] See Section 15(6) of the Gift Tax Act, 1958 for the other conditions on satisfaction of which a reference for valuation of an asset can be made to the Valuation Officer.

[18] ibid.

[19] Board's Instruction No. 1885 dated 11/07/1991.

[20] Board's Instruction 21.

[21] ibid.

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Proforma for Making Reference to the Valuation Officer to Estimate Cost of Investment in Immovable Property under Section 142A of Income-tax Act, 1961

From:

Assessing Officer

………………………………………………..

………………………………………………..

To

D.V.O./V.O./A.V.O.

Income-tax Department,

Sub: Estimation of value of investment made by ……………………………… for the construction of ……………………………………at ……………………………….….. issue of commission under Section 131(i)(d) of Income-tax Act 1961.

Sir,

Shri/ Smt.…………………………………………… Address …………………………………..……

………………………………………………………………………………………………………..…..

year(s) …………………………………………..........…… has in respect of the property known as ………………………………...……...…declared the cost of construction at Rs. ………………………………….……………………………........……… with year wise expenditure and other details as under:

1. Year wise Expenditure

Financial Year	Expenditure
(a) …………………………………………………	…………………………………………………
(b) …………………………………………………	…………………………………………………
(c) …………………………………………………	
(d) …………………………………………………	
(e) …………………………………………………	

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Other Details

(a) Name and complete address of the assessee. (Phone/ Mobile no.)

(b) Name and complete address of Chartered Accountant or lawyer or accountable person dealing with the case if any (Phone/ Mobile no.).

(c) Description of the assets/property giving exact location of the property and the extent of assessee's share in the asset/property.

(d) Whether valuation of plant & machinery is also required or whether a separate reference has been made directly to VO (P&M) or the same is attached with this reference.

(e) Date for which valuation is required.

(f) Value estimated by the registered valuer if any (Regd. Valuer's report to be sent with reference)

2. In order to elucidate the correction of the cost of construction, I require and authorise you under Section 142 A of the IT Act, 1961 to inspect the property and to make such investigation and seek clarifications and material from assessee and other concerned necessary, and take such measures as are deemed fit to determine the true and correct cost of construction of the said property. You are hereby requested to send your valuation report to me urgently and preferably by ....

3. This may please be treated as Commission issued to you under the aforesaid Section of the Income-tax Act 1961.

4. The assessment is likely to get time barred by ---

Yours faithfully,

Assessing Officer

Dated:

Copy forwarded to Shri/Smt. (Assessee) for information and extending assistance and cooperation in the matter.

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Proforma for Making Reference to the Valuation Officer to Estimate Cost of Investment in Immovable Property under Section 50CA of Income-tax Act, 1961

From:

Assessing Officer

………………………………………………..

………………………………………………..

To

D.V.O./V.O./A.V.O.

Income-tax Department,

Sub: Reference to Valuation Officer for determination of Fair Market Value of immovable property under Section 50C/56(2)(vii)(b)(ii) of Income-tax Act,1961 in the case of ………………….................................

Sir,

The under mentioned case is hereby referred to you for determination of the fair market value of the asset on the relevant date as indicated below:

S. No.	Particulars	
1.	Name of the assessee with complete postal address along with telephone no., if available.	
2.	Name and address of the Chartered Accountant or Advocate or authorised representative, dealing with the case. (give telephone no., if available).	
3.	Address of the property stating exact location of property and extent of assessee's share in the property.	
4.	Sale deed/s and relevant drawings of the property/ies under reference, if available.	
5.	Whether valuation of Plant & Machinery is also required.	
6.	Whether separate reference has been made directly to VO(P&M) or the name is attached with this reference.	
7.	Fair market Value of the property returned by the assessee.	
8.	Section and Act under which reference is made.	

Table (Contd.)...

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...Table (Contd.)

S. No.	Particulars	
9.	Date for which valuation is required.	
10.	FMV worked out by the regd. Govt. Valuer (Copy of Valuation report is enclosed).	
11.	The assessment is likely to be time barred on (indicate the date) for the Assessment year.	

Yours faithfully,

Assessing Officer

Dated:

Copy forwarded to Shri/Smt. (Assessee) for information and extending assistance and cooperation in the matter.

Proforma for Making Reference to the Valuation Officer to Estimate Cost of Investment in Immovable Property under Section 55A of Income-tax Act, 1961

From:

Assessing Officer

………………………………………………..

………………………………………………..

To

D.V.O./V.O./A.V.O.

Income-tax Department,

Sub: Reference to Valuation Officer for determination of Fair Market Value of immovable property under Section SSA of Income-tax Act, 1961 in the case of ………………..

Sir,

The under mentioned case is hereby referred to you for determination of the fair market value of the asset on the relevant date as indicated below:

S. No.	Particulars	
1.	Name of the assessee with complete postal address along with telephone no., if available.	
2.	Name and address of the Chartered Accountant or Advocate or authorised representative, dealing with the case. (give telephone no., if available).	
3.	Address of the property stating exact location of property and extent of assessee's share in the property.	
4.	Sale deed/s and relevant drawings of the property/ies under reference, if available.	
5.	Whether valuation of Plant & Machinery is also required.	
6.	Whether separate reference has been made directly to VO(P&M) or the name is attached with this reference.	
7.	Fair market Value of the property returned by the assessee.	
8.	Section and Act under which reference is made.	
9.	Date for which valuation is required.	

Table (Contd.)...

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...Table (Contd.)

S. No.	Particulars	
10.	FMV worked out by the regd. Govt. Valuer (Copy of Valuation report is enclosed).	
11.	The assessment is likely to be time barred on (indicate the date) for the Assessment year.	

Yours faithfully,

Assessing Officer

Dated:

Copy forwarded to Shri/Smt. (Assessee) for information and extending assistance and cooperation in the matter.

Geographical Jurisdiction of Additional Commissioner (Valuation)

Under Jurisdiction of Chief Engineer (Valuation), NR

1. District Valuation Officer, Delhi, Valuation Cell, IT Department, 11th Floor, Rohit House, 3 Tolstoy Marg, New Delhi– 110 001.

   Delhi, Western U.P. (Gautam Buddha Nagar, Ghaziabad, Hapur, Baghpat, Bulandshahr, Meerut, Muzaffarnagar, Shamli, Moradabad, Saharanpur), Garhwal region of Uttarakhand (Haridwar, Dehradun, Tehri Garhwal, Uttarkashi, Chamoli, Pauri).
2. District Valuation Officer, Kanpur, Valuation Cell, IT Department, 15/96, Civil Lines, Kanpur– 208 801.

   Whole State– Bihar and Jharkhand, Whole states of U.P. except areas under Valuation Delhi and Valuation Agra.
3. District Valuation Officer, Jaipur, Valuation Cell, IT Department, Income-tax Colony, Malviya Nagar, Jaipur– 302017.

   Whole State– Rajasthan and Farrukhanad, Etawah, Etah, Agra, Mathura, Aligarh, Mainpuri, Jhansi, Lalitpur, Jalaun, Ferozabad of U.P. States, Gurugram, Rohtak, Bhiwani of Haryana States.
4. District Valuation Officer, Chandigarh, SCO No. 45, Sector–31D, Chandigarh– 160017.

   Whole State– Punjab and Part of Haryana, Himachal Pardesh, Jammu & Kashmir and U.T. of Chandigarh.
5. District Valuation Officer, Bhopal, Valuation Cell, IT Department, Qtr No. 4, 5 & 6, Type-III, Income-tax Colony, Kotra, Sultanabad, Bhopal– 462003.

   Whole State– Madhya Pardesh, Chhattisgarh, and North Maharashtra (Vidharva & Part of Marathawarah region).
6. District Valuation Officer, Kolkata, Valuation Cell, IT Department, 54 Rafi Ahmed Kidwai Road, Kolkata– 700 016.

   Whole State– West Bengal, Orissa, Sikkim, Assam, Arunachal Pardesh, Nagaland, Mainpur, Mizoram, Tripura, Meghalaya and U.T. of Andaman & Nicobar Islands.
7. District Valuation Officer, Ahmedabad, Valuation Cell, IT Department, 4th Floor, Nature View Building, Navrangpura, Off Ashram Road, Ahmedabad – 380009.

   Whole State – Gujarat, U.T. of Diu & Daman, U.T. of Dadar Nagarhaveli & Silvasa.

Under Jurisdiction of Chief Engineer (Valuation), SR

8. District Valuation Officer, Chennai, Valuation Cell, IT Department, V Floor, Kannamai Building, 611 Anna Salai, Chennai–600006:

   Whole state– Tamil Nadu, Kerala and Union Territory of Puducherry
9. District Valuation Officer, Hyderabad, Valuation Cell, IT Department, 3RD Fl., 301 Aayakar Bhawan, Basheer Bagh, Hyderabad– 500 004.

   Whole State– Andhra Pradesh and Telengana.
10. District Valuation Officer, Bangalore, Valuation Cell, IT Department, Income-tax Colony, 4th Fl. 'C' Wing, Kendriya Sadan, Koramangala, Bangalore– 560 034.

    Whole State– Karnataka and Goa.
11. District Valuation Officer, Mumbai, Valuation Cell, IT Department, Piramal Chambers, 2nd Floor, Parel, Lalbaug, Mumbai – 400 012.

    Whole Districts of Maharashtra except areas under jurisdiction of Valuation Bhopal.

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Internal Audit

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1. Introduction

Internal Audit was introduced in the Income-tax Department in the year 1954 with the objective of providing a second check over the arithmetical accuracy in the computation of income and determination of tax. Since 1960, the scope of Internal Audit became co-terminus with Revenue Audit (renamed Receipt Audit in 1973). In the year 2001, Chain Audit System was put in place wherein the task of auditing the work of AO was allotted to another AO. The Internal Audit system of the Income-tax Department was revamped in 2007 by way of Instruction No. 3 of 2007. Further, the role of supervisory authority was specified by supplementary Instruction No. 15 of 2013. The working of Internal Audit setup has been reviewed, in the light of observation of the C & AG audit report on Performance Assessment of Internal Audit setup of the Department conducted in the year 2015. Income-tax Business Application (ITBA) has been rolled out w.e.f. 28/08/2017 and assessment and other ancillary works are required to be done on ITBA platform. Accordingly, the CBDT in supersession of all existing instructions on audit, has issued **Instruction No. 6 of 2017, dated 21/07/2017. Directorate of Income-tax (Systems) has issued ITBA - Audit Module – Instruction No. 01, dated 29/08/2017; ITBA Instruction No. 02, dated 18/10/2017; ITBA – Audit Module– Instruction No. 3, dated 14/11/2017 and ITBA – Audit Module – Instruction No. 4, dated 23/04/2018** for the working of Audit Module in ITBA.

1.1 The objectives of Internal Audit is to detect the mistakes and errors committed during the work of assessment and recovery of demand by AOs and TROs, so that prompt and appropriate remedial actions could be taken to retrieve the loss caused to revenue or to allow relief to the assessee in case of over assessment/overcharge. Internal Audit is also a mechanism for prevention of mistakes having both deterrent as well as reformative effect. The ultimate aim is to ensure that proper procedures and laws have been followed, improving quality of assessments, so as to prevent detections of mistakes by the 'Receipt Audit' and thereby improve the working of the Department.

1.2 The scope of Internal Audit has been continuously enlarged and it has been made coterminous with that of Receipt Audit. Broadly, the scope of Internal Audit is to verify the following:

(a) The arithmetical inaccuracy.

(b) Non-application or wrong application of relevant legal provisions.

(c) Orders passed, not in conformity with the binding judicial pronouncements/precedence.

(d) Order passed, not in conformity with Circulars & Instructions issued by CBDT.

However, it is clarified that in cases being selected by Computer Aided Scrutiny Selection (CASS) for 'limited scrutiny', scope of audit shall also be confined to the issues for which limited scrutiny was made.

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1.3 The Audit Party should not raise vague and ambiguous objections and it must give cogent reasons in the Audit memo while pointing out mistakes.

2. Audit Setup

2.1 As per the Office Memorandum No. HRD/AD/802/3/2017-18/736, dated 03/05/2017, issued by ADG(HRD)-1, CBDT, New Delhi, the Directorate of Audit has been brought under administrative control of Pr. Director General of Income-tax (L&R). The Inspections work has also been shifted from ADG (Exam) to ADG (Audit) and the post of ADG (Audit) has been re-designated as ADG (Audit & Inspections).

2.2 There is an Internal Audit setup for each region under the direct supervision and control of the Pr. CCIT. The audit structure is headed by a CIT (Audit) in each Pr. CCIT Region. However, in the metro charges of Delhi, Mumbai, Kolkata and Chennai, there are two CsIT (Audit). The CIT (Audit) has the headquarters at the same station as that of the Pr. CCIT. Each CIT (Audit) has one JCIT (Audit). Each JCIT (Audit) has one SAP (Special Audit Party) headed by ACIT(Audit) and as many IAPs (Internal Audit Party) headed by ITO (Audit), as mentioned in Cadre Restructuring Plan, 2013. Apart from audit of cases, the JCIT (Audit) will supervise the work of SAPs and IAPs assigned for audit. There are 22 CsIT (Audit) in the Internal Audit set-up in the country.

2.3 In case of Assessment Units of International Taxation, Transfer Pricing, Central Charges, Exemptions etc., stationed in the territorial jurisdiction of a Pr. CCIT/CIT (Audit), which is different from the jurisdiction of the Pr. CCIT/CIT (Audit), where the controlling PCIT of such AOs is stationed, the responsibility for Internal Audit of all such assessment units will be of the local CIT (Audit), related to the Pr. CCIT, in whose territorial jurisdiction, the AOs are located.

2.4 For the purpose of control and settlement of Internal Audit Objections raised in cases mentioned in above para, the local IAPs, JCIT (Audit) and CIT (Audit) would be treated as Audit Officers in ITBA Audit Module. However, the settlement of such objections will be between the concerned PCIT having the administrative control over such assessment units and the CIT (Audit), located in the different territorial jurisdiction.

3. Role of Various Income-tax Authorities

Under the new Internal Audit System, various authorities have been assigned well defined roles for effective functioning and management of Internal Audit in the Department. The roles of different authorities are summarized as under:

A. Audit Setup

ADG (Audit & Inspections)

The Directorate of Income-tax (Audit & Inspections) acts as the field arm of the CBDT in respect of the Internal Audit functions of the Department. The functions of the ADG (Audit & Inspections) are:

(a) To propose National Action Plan Targets for Internal Audit Wing, both for Internal and Receipt Audit, for consideration of the CBDT, for its inclusion in the Annual Central Action Plan.

(b) To review factors for determination of 'Audit Potential Index' (**API**) every year in March and suggest changes, as deemed appropriate, with the approval of the CBDT, in the computation of API.

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(c) To monitor the functioning and performance of the Internal Audit setup of the Department and act as coordinating agency for all CsIT (Audit) and also monitor the progress of settlement of Internal Audit objections.

(d) To carry out review and inspection of Internal Audit setup of any region with the approval of the Pr. DGIT (L&R) and submit report to the Pr. DGIT (L&R) within a fortnight thereafter.

(e) To compile and classify the common/repeated errors noticed during the audit, as reported by the CsIT(Audit), for circulation to the field officers.

(f) To periodically review the monetary limits for classifications of major and minor objections.

(g) To prepare list of auditable cases in respect of the order for which it is not possible to apply API, like International Taxation, Exemption, Transfer Pricing, TDS, TRO, etc. and decide the appropriate criteria.

(h) To monitor uniformity and improvement in training programs to be conducted by different CsIT (Audit).

(i) To prepare the updated 'Check Sheet' for Internal Audit, for subsequent incorporation in the software and to revise/update and circulate to the Pr. CCsIT and CsIT (Audit).

(j) To devise necessary reporting mechanism and prescribing MIS as required, with the approval of the Member (A&J), CBDT, New Delhi.

(k) To prepare Annual Report of Internal Audit functions of the Department, incorporating the highlights gathered through Inspections and Performance Audit and submission of the Annual Report to the CBDT by 30th June every year.

CIT (Audit)

(a) shall ensure effective functioning of the Internal Audit Wing to achieve targets as per stipulated norms.

(b) shall have administrative control over JCIT (Audit), SAP and IAPs and will review their work regularly.

(c) can change the target and norms for JCIT (Audit), SAP and IAPs according to the availability of manpower and workload with the approval of the Pr. CCIT concerned. The CIT (Audit) shall also ensure that the annual workload is evenly distributed amongst Audit Parties throughout the year.

(d) shall generate list of auditable cases through ITBA periodically and assign the cases for audit to Audit Parties.

(e) shall decide the TDS cases to be audited within the overall target of Audit Parties.

(f) shall request the RCC concerned to assign the functions of Audit Officers to the corresponding auditor-TPO/TRO, after issue of orders for Chain Audit as per Para 5.8 and 5.9 of the Instruction No. 6 of 2017.

(g) shall prepare the list of auditable cases of Transfer Pricing and TRO, if required.

(h) shall prioritize the work of Internal Audit of different Special Ranges/ Circles/ Wards in accordance with the Plan/ Calendar of C&AG with the stated objective of conduct of Internal Audit before the Receipt audit is taken up.

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(i) shall Coordinate with the PCIT for timely production of records/registers to the Internal Audit teams within schedule time frame and smooth conduct of audit and settlement of Internal Objections.

(j) shall ensure reclassifications of all pending objections, as on the date of issue of Instruction No. 6 of 2017, into 'Major and Minor' and uploading the same in ITBA system.

(k) shall settle the Major Audit objections on his own with the secretarial assistance of officers and his headquarters, if required.

(l) shall take measures to the effect that a uniform stand is taken by the officers in the Region on any particular issue.

(m) shall periodically devise suitable training programs in consultation with the Pr. CCIT for the officers and staff engaged in the audit work through DTRTI or otherwise in the form of workshops/seminars.

(n) shall prepare a list of common/repeated errors noticed in the audit proceedings in two quarters in April and October of every year and submit the same to the ADG (Audit & Inspections).

(o) shall continue to maintain registers in formats, as prescribed in existing Instructions, till the time Audit Module in ITBA system is fully functional.

(p) shall prepare and send the necessary reports and statistics in existing proforma to the CBDT/ Directorate till the time Audit Module in ITBA is fully functional.

(q) shall maintain ledger card in respect of mistakes committed by the particular officer as per existing system, till the time Audit Module in ITBA is fully functional.

Once the Audit Module in ITBA is fully functional, above functions from para (o) to (q) will be available on ITBA.

JCIT (Audit)

(a) shall have dual role of an auditor and supervisory authority.

(b) shall audit the cases assigned by the CIT (Audit) in the role of an auditor.

(c) shall supervise and ensure effective functioning of the SAP and IAPs under his administrative control.

(d) shall assist CIT (Audit) in ensuring proper maintenance of prescribed registers and timely submission of reports and statistics as per existing guidelines till the time Audit Module in ITBA is fully functional.

(e) shall help the CIT(Audit) in ensuring reclassifications of all pending objections on the date of issue of Instruction No. 6 of 2017, into 'Major and Minor' and uploading the same in ITBA system.

(f) shall ensure that the norms of Internal Audit are followed and properly implemented.

(g) shall ensure that the targets of Internal Audit are achieved.

(h) shall settle Minor Audit Objections.

Audit Party

(a) shall be headed by the JCIT (Audit), the ACIT(Audit) and the ITO(Audit) in respect of cases assigned to them.

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(b) shall complete the audit work as assigned by the CIT (Audit).

(c) shall assist CIT (Audit) and JCIT (Audit) in ensuring proper maintenance of prescribed registers and timely submission of reports and statistics as per existing guidelines till the time Audit Module in ITBA is fully functional.

(d) shall ensure that the norms of Internal Audit are followed.

(e) shall ensure that the targets of Internal Audit are achieved.

(f) shall submit the report as and when required by the CIT(Audit) and JCIT(Audit).

B. Field Setup

Pr. CCIT

(a) shall provide the necessary manpower and infrastructure to the Audit Wing.

(b) shall post experienced officers and officials for effective functioning and performance of the Internal Audit Wing.

(c) shall ensure that the norms for Internal Audit are followed/implemented and targets, thereof, are achieved.

(d) shall put in place a separate system of chain audit for the TROs.

(e) shall review the progress of settlement of Internal Audit Objections in the CCIT Regions under his administrative control, on quarterly basis and shall submit a report within ***15 days*** of each quarterly review to the Member (A&J), CBDT, New Delhi.

(f) shall ensure that the necessary reports and statistics for his region are sent to the CBDT/ Directorates.

CCIT/ DGIT

(a) shall ensure that Internal Audit is conducted timely and audit objections are settled within stipulated period.

(b) shall decide whether the audit objection raised by the Internal Audit Party is acceptable, in cases where there is difference of opinion between PCIT and CIT (Audit).

(c) Pr. CCIT (International Tax)/ CCIT (International Tax) shall put in place a system of chain audit of one TPO by another TPO, preferably of another CIT (TP) charge or at least of another Range.

PCIT

(a) shall extend all cooperation to the CIT (Audit) in conduct of audit and expeditious settlement of audit objections.

(b) shall examine Major Audit Objection and decide whether the same is acceptable and take necessary steps to settle the same.

(c) may call for explanation of Officer and officials concerned.

(d) In appropriate cases, where major audit objection has been accepted.

(e) In other cases, where audit objection has been accepted and no remedial action was taken and also in cases, where the remedial action has been delayed beyond prescribed time stipulated in the Instruction No. 6 of 2017, causing irretrievable loss of revenue.

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(f) shall maintain ledger card in respect of mistakes committed by a particular officer as per system in existence prior to Instruction No. 6 of 2017 till the time Audit Module in ITBA system is fully functional.

(g) shall continue to submit MIS reports as per existing guidelines till the time Audit Module in ITBA becomes functional.

Range Head/ JCIT (Special Range)

(a) shall ensure that records requisitioned by the Audit Party are made available expeditiously and the cases selected for internal audit are audited by Internal Audit Party before relevant case records are given to Revenue Audit.

(b) shall ensure that the AOs or the JCIT (Special Range) himself maintain the relevant records & registers and submission of reports with regard to Internal audit objections as per existing guidelines till the time Audit Module becomes fully functional in ITBA.

(c) shall examine Minor Audit Objection and decide whether the same is acceptable and take necessary steps to settle the same.

(d) shall ensure that remedial action is taken within the prescribed time limits and facilitate prompt recovery of tax.

Assessing Officer (AO)

(a) shall make the assessment or other records available for audit on requisition from the Audit Party.

(b) shall ensure maintenance of relevant records & registers and submission of reports with regard to Internal Audit objections as per existing guidelines till the time Audit Module becomes fully functional in ITBA.

(c) shall examine the audit memo on its receipt and submit report to the Range Head (JCIT, Special Range as AO will submit report to PCIT) giving clear findings, whether the audit objection raised is acceptable and reasons thereof.

(d) shall examine the accepted objection (both Major and Minor) for taking appropriate remedial measures where PCIT has communicated his decision not to invoke jurisdiction under Section 263 of the Act.

4. Norms

4.1 In order that high risk cases, where likelihood of mistake is more, are taken up for audit, a universal criterion has been devised, taking into account various relevant factors. For this purpose, the generation of list by the ITBA for internal audit would be based on 'Audit Potential Index' (API), which shall be worked out as under:

API = Assessed Income + 2x (Exemptions + Deductions) + 4x Total Refund granted (*for the relevant assessment year*)

4.2 The exemptions and deductions referred to above shall be those under Chapter III, Chapter- VIA, Sections 32, 35 and 54 to 54H of the Act.

4.3 The ADG (Audit & Inspections) shall review factors for determination of API every year in March, as deemed appropriate, with the approval of the CBDT, for computation of API.

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4.4 The CBDT may prescribe different criteria for generation of list of auditable cases in respect of the orders for which it is not possible to apply API, like International Tax, Exemption, Transfer Pricing, TDS, TRO etc. based upon information available in ITBA, in addition to or in supersession of the API based criteria, depending upon the requirement from time to time.

5. Targets

5.1 There are three levels of Audit Party, namely JCIT (Audit), the SAP and IAP. The minimum points to be achieved by each JCIT, SAP and IAP per *annum* shall be as under:

Audit Party	Minimum Annual Target in Points
JCIT(Audit)	200
SAP	400
IAP	720

5.2 For the purpose of achievement of target, the points shall be computed as under-

(a)	Full scrutiny corporate case	:	1.2
(b)	Full scrutiny non-corporate case	:	1.0
(c)	Limited scrutiny corporate case	:	0.6
(d)	Limited scrutiny non-corporate case	:	0.5

5.3 The target mentioned above is only the minimum number of points to be accumulated and each Audit Party must make efforts to manage the work in such a way that maximum numbers of auditable case are audited.

5.4 The CIT (Audit) shall be competent to change the target for Audit Party keeping in view the availability of manpower and workload, subject to approval of the Pr. CCIT.

6. Audit Procedure

6.1 The list of auditable cases shall be generated through ITBA system. For this purpose, API shall be computed in all cases where assessment has been completed and the same shall be arranged in descending order.

6.2 A combined list for the Pr. CCIT region, in descending order of API, will be generated on periodic basis in ITBA system. The functionality of generation of auditable cases will be available from the menu 'List for Internal Audit cases' in ITBA system and the CsIT (Audit) and their Headquarters will be able to generate the list of the auditable cases.

6.3 The users in ITBA system have been provided filters to generate list of auditable cases from entire pool of assessment completed in a particular period for all the CCsIT/PCsIT assigned to a CIT (Audit). The same can also be generated individually for any particular CCIT/PCIT/JCIT/AO.

6.4 Out of the list of auditable cases so generated, the CIT (Audit) shall identify cases of different categories to be audited by JCIT (Audit), SAP and IAP every month and allocate the same to the Audit Party in ITBA system keeping in view the following factors:

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(a) Preference for audit is given to high risk cases.

(b) The target of minimum number of cases to be audited by the Audit Party has to be evenly distributed over the year.

(c) At least some cases from all assessment units (AOs) should be audited.

(d) In multi-station regions, cases from all stations are audited.

(e) The cases audited are a reasonable mix of corporate and non-corporate cases and also complete and limited scrutiny.

(f) Sectors of business that have more potential for audit during the relevant year should be preferred.

(g) Appropriate number of cases of International Tax, Exemption and TDS are subjected to audit.

(h) Any other factor that may increase the effectiveness of internal audit.

6.5 31st December being the time barring date for assessments, Internal Audit Parties may take up the work of audit of cases in the following manner:

(i) In the first quarter of the financial year, assessments made in previous financial year and current financial year.

(ii) In remaining quarters of the financial year, assessments made in current year.

If there is a change in time barring date for assessment, the work schedule above may be modified to complete the audit of assessments made till the time barring date by the end of next quarter.

6.6 After the CIT (Audit) assigns the cases to Audit Parties on ITBA, the cases assigned to them will be visible to respective Audit Parties, who can requisition records from AOs through ITBA system.

6.7 The AO shall be responsible to deliver the records to the Audit Party and the AOs can generate forwarding letter from the system. In search & seizure cases, if requisitioned, the Appraisal Report shall also be made available to the Audit Party. The AO shall record the reasons in ITBA system for non-production of any records requisitioned by the Audit Party and also mark a copy of the same to the PCIT.

6.8 The Audit Parties shall complete the audit work within stipulated time.

6.9 In the cases selected by Computer Aided Scrutiny Selection (CASS) for 'limited scrutiny', scope of audit shall be confined to the issues for which limited scrutiny was made.

6.10 The Audit Party can view/download the assessment orders through system, for the cases assigned to them. He can generate audit memo, if any, for the relevant cases and mark 'Audit complete' for the cases in which audit has been completed. The Audit Party shall categorize the objections raised, depending upon the issue raised, into:

(i) Factual.

(ii) Legal question.

(iii) Mixed issues.

6.11 Since the ITBA system will assign a Unique Identification Number (UIN) to each Audit Memo, separate Audit Memo shall be issued for each mistake detected in an order. The Audit Parties should, therefore, ensure that more than one objection is not incorporated in one Audit Memo.

6.12 The Audit Memo shall be in the format prescribed in the Instruction No. 6 of 2017 and the same shall be sent to the Office of the PCIT, with a copy to the JCIT, AO, CIT (Audit) and JCIT (Audit).

6.13 In a case where revenue effect is more than Rs. 1.00 crore, the Audit Memo shall be issued with approval of the JCIT (Audit) and in case where revenue effect is more than Rs. 10.00 crores, the same would be issued with approval of the CIT(Audit). The approvals shall be recorded in ITBA system.

6.14 The Auditor can generate forwarding letter through system for returning the records received.

6.15 The ITBA system will classify the Internal Audit Objections into 'Major' or 'Minor' on the basis of quantum of Revenue effect as prescribed in Instruction No. 6 of 2017 or as revised subsequently. The Revenue effect will include interest also. All pending objections, as on date of issue of the Instruction No. 6 of 2017, shall be reclassified into Major and Minor accordingly and uploaded in the ITBA system.

6.16 On receipt of Audit Memo, the AO shall examine the same and submit a report to the Range Head ***within 15 days***, specifying whether the audit objection is acceptable with reasons there for.

7. Examination of Objections

The procedure for dealing with the internal audit objections will be as under:

7.1 Major Audit Objections

In case of Major Audit objection:

(a) The PCIT, after considering the report of the AO, shall examine the objection and decide, ***within a month*** of receipt of Audit Objection, whether the same is acceptable.

(b) If the objection is accepted and PCIT is of the view that action under Section 263 is required as a remedial measure, he shall call for the records and proceed accordingly.

(c) In other accepted cases, not covered under (b) above, the PCIT shall communicate his decision of not invoking the provisions of Section 263 to the AO. In such cases, the AO shall independently examine the appropriate course of action to be taken in the light of facts of each case and take remedial action accordingly. In a case where an action under Section 154 is decided as the appropriate remedial action, prior approval of the Range Head shall be taken before initiating the proceedings. However, where the JCIT (Special Range) is the AO, he will take suitable action on his own.

(d) If the objection is not accepted by the PCIT, then he shall communicate the reasons for the same to the CIT (Audit). The CIT (Audit) shall decide the matter ***within one month*** and if the reply of PCIT is accepted, the objections will be settled as dropped. However, if the opinion of the PCIT is not acceptable to the CIT (Audit), the reasons for disagreement shall be communicated to the PCIT, ***within one month*** of the reply.

(e) Where the CIT (Audit) communicates the reasons for disagreement with the view of the PCIT, ***within 15 days*** the PCIT shall reconsider the reasons for disagreement and take remedial action if the objection is acceptable. If the audit objection is not acceptable, even after reconsideration, then the PCIT shall within said period, refer the case to the CCIT along with the reasons for not accepting the audit objections for final decision.

(f) The CCIT shall consider both the views and communicate his decision ***within 15 days***. If the CCIT agrees with the view of the Auditor, then remedial action shall be taken.

(g) The CIT (Audit) should settle the objection on his own, with the secretarial assistance of officers of his headquarters, if required.

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7.2 Minor Audit Objection

In case of Minor Audit Objection:

(a) The Range Head, after considering the report of the AO, or the JCIT (Special Range) himself, shall examine the objection and communicate its acceptance or otherwise to the JCIT (Audit), ***within a month*** of receipt of Audit objection.

(b) Where Minor Audit objection is accepted:

(i) and the Range Head is of the view that the remedial measure requires action under Section 263 of the Act, he shall refer the matter to the PCIT. If PCIT decides to invoke provisions of Section 263, he shall call for the records and proceed accordingly or otherwise communicate his decision of not invoking the provisions of Section 263 to the AO.

(ii) and the Range Head has decided not to refer the matter to the PCIT, the Range Head shall intimate the AO regarding the same. In such cases, or where the PCIT has communicated his decision of not invoking the provisions of Section 263, the AO will take appropriate remedial action as per his independent application of mind on the facts of each case. In a case where an action under Section 154 is decided as the appropriate remedial action, prior approval of the Range Head shall be taken before initiating the proceedings. However, where the JCIT (Special Range) is the AO, he will take suitable action on his own.

(c) Where the Minor Audit objection is not accepted:

(i) The JCIT (Audit) shall consider the reply of the Range Head and if the same is acceptable, the objections will be settled as dropped and the decision shall be communicated to the Range Head ***within one month*** of receipt of his reply. However, if the opinion of the Range Head is not acceptable to the JCIT (Audit), the reasons for disagreement would be communicated to the Range Head ***within one month*** of receipt of his reply.

(ii) Where the JCIT (Audit) communicates the reasons of disagreement with the view of the Range Head, the Range Head shall consider the reasons given by the JCIT (Audit) ***within 15 days*** of its receipt and if he agrees with the same and accepts the audit objections then the JCIT (Audit) shall be communicated accordingly and remedial action shall be taken.

(iii) If the Range Head still does not agree with the reasons of JCIT (Audit) then he shall refer the matter to the PCIT, ***within 15 days*** from the date of receipt of disagreement note from the JCIT(Audit).

(iv) In a case referred to him as above, the PCIT shall consider the reasons given by the Range Head and if the same is not acceptable to him, then the audit objection shall be accepted and the remedial action shall be taken.

(v) Where PCIT agrees with the view of the Range Head, he shall take up the matter with the CIT (Audit), ***within 15 days*** and the objections will be treated as settled, if the CIT (Audit) agrees with the PCIT. Else, CIT (Audit) will send the matter back to PCIT ***within 15 days*** along with the reasons for his disagreement. If the PCIT, on consideration of the reasoning of CIT (Audit), is still of the view that the objection is not acceptable, he shall refer the matter to the CCIT ***within 15 days***.

(vi) The CCIT shall consider both the views and communicate his decision ***within 15 days***. If the CCIT agrees with the view of the Auditor, then remedial action shall be taken.

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8. Remedial Action

(a) In respect of an accepted Major Internal Audit objection, if the PCIT is of the view that remedial action required is revision under Section 263, he shall call for the records and proceed accordingly. Otherwise, he shall communicate his decision not to invoke Section 263 to the AO.

(b) In respect of an accepted Minor Internal Audit objection, if the Range Head is of the view that the matter may require examination by the PCIT for invoking jurisdiction under Section 263, he shall refer the matter accordingly and the procedure as in (i) above shall follow.

(c) In cases where the PCIT has decided not to invoke jurisdiction under Section 263, or the Range Head has decided not to refer the matter to PCIT, the AO shall examine the issue and take suitable action as per his independent application of mind on the facts of each case.

(d) In case the AO decides to choose Section 154 as the appropriate remedial measure in (iii) above, he shall initiate the action with the approval of the Range head. However, where the JCIT(Special Range) is the AO, he will take suitable action on his own.

(e) The remedial action in cases of accepted objection must be initiated ***within three months*** of receipt of such objections and concluded ***within six months*** of initiation of the proceeding as per Act.

9. Settlement of Objection

(a) The accepted major internal audit objection shall be settled by the CIT (Audit) once the required remedial action has been completed in the case and demand notice issued.

(b) The accepted minor audit objection shall be settled by the JCIT (Audit) once the required remedial action has been completed in the case and demand notice issued.

The entire process of acceptance/non-acceptance of objections and remedial actions as well as their settlement has been provided in ITBA system and the same shall be complied with.

{*for the purpose of this Chapter, "Range Head" includes "JCIT (Special Range)"*}

10. Registers

(a) The records of audit work i.e. the Audit Memo, all subsequent communications and its settlement etc. with dates shall be available in ITBA system. The required information like pendency & settlement of Major & Minor Internal Audit objections can be generated as MIS from ITBA system.

(b) However, till the time Audit Module in ITBA system is fully functional, the registers in the format as prescribed in the existing Instructions shall continue to be maintained.

11. Reporting System

(a) All works, including correspondence regarding audit, shall be done through ITBA system. The statistical and other reports, as may be required, can be generated from the ITBA system itself. However, for monitoring and control following standard MIS reports are prescribed:

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(i) Statistical report, to ascertain progress, in respect of number of audit objections raised, settled, pending etc. in the format as per **Annexure-A**.

(ii) List of pending audit objections with particulars, as may be required, can be generated in the format as per **Annexure-B**.

(b) The CIT (Audit) shall be able to generate MIS report as per **Annexure-A** for his jurisdiction or for each Audit Party, namely JCIT, SAP or IAP. The Pr. CCIT shall be able to generate similar MIS report for his region or for each CIT (Audit), PCIT/CIT, as may be required. The ADG (Audit & Inspections) shall be able to generate similar MIS report for all or any of the Pr. CCIT or CCIT or PCIT or any CIT (Audit) in India.

(c) The CCIT/PCIT can generate MIS report as per **Annexure-A** for his region/charge with break-up for each Range/AO. They can also generate list of all pending audit objections as per **Annexure-C** of the Instruction for their region/charge or any Range/AO in his jurisdiction.

(d) The ADG (Audit & Inspections) may, with the approval of Member (A&J), specify any other periodic MIS that is required to be generated through ITBA.

(e) Till the time, Audit Module in ITBA becomes functional, the reports as per existing guidelines shall continue to be sent.

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Annexure-A

Monthly Report of Pendency of Objections

Report for the: (PCCIT/ CCIT/ DGIT/ PCIT/ CIT (Audit)) *drop down*

Status as on : (normally as on last day of the previous month/ any specific date)

Part-I: Major Internal Audit Objections

No. of Objections Pending as on 1.4.20.....	Revenue Effect of Objections in Column (1)	Received During the Month	Received Up to the End of Month	Settled During the Month	Settled Up to the End of Month	Pending at the End of Month (1+4–6)	Revenue Effect of Objections in Col (7)	Replies Sent but Pending	Objections (not Accepted) out of (6)	Revenue Effect in Respect of Column (10)	Objections that are Accepted Out of (6)	Revenue Effect in Respect of Column (12)
1	2	3	4	5	6	7	8	9	10	11	12	13

Break up for the authorities below should be available till basic unit i.e. AO, IAP etc.

Part-II – Major Internal Audit Objections

No. of Objections Pending as on 1.4.20.....	Revenue Effect of Objections in Column (1)	Received During the Month	Received Up to the End of Month	Settled During the Month	Settled Up to the End of Month	Pending at the End of Month (1+4–6)	Revenue Effect of Objections in Col (7)	Replies Sent but Pending	Objections (not Accepted) out of (6)	Revenue Effect in Respect of Column (10)	Objections that are Accepted Out of (6)	Revenue Effect in Respect of Column (12)
1	2	3	4	5	6	7	8	9	10	11	12	13

Break up for the authorities below should be available till basic unit i.e. AO, IAP etc.

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Annexure-B

List of Pending Audit Objections

Report for the: (PCCIT/ CCIT/ DGIT/ PCIT/ CIT (Audit)) *drop down*

Status as on: (normally as on last day of the previous month/ any specific date)

Part-I: Major Internal Audit Objections

S. No.	Unique Audit Objection Number	Date of Raising of Objection	Name of the Assessee	PAN	Status of Assessee	Spl Range/Circle/ Ward	Assessment Year	Date of Order Under Audit	Issue in Objection in Brief (Column 15 of Annexure-A)
1	2	3	4	5	6	7	8	9	10

Section(s) Involved (Column 14 of Annexure-A)	Category of Objection -Factual/ Legal/ Mixed	Revenue Effect as per Audit Memo	Accepted or not Accepted	If Accepted, Nature of Remedial Action	Last Date for Initiation of Action under Section 263/147/154 etc.	Date of Order of Remedial Action	Actual Revenue Effect as per Remedial Action
11	12	13	14	15	16	17	18

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Revenue Audit

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1. Introduction

1.1 Public accountability is fundamental to every democratic set-up and the performance of every Department administering tax laws or spending public money and the same is constantly under the vigilant eyes of C&AG. The report of C&AG is laid before the Parliament and discussed by the Public Accounts Committee (PAC). Under article 149 of the Constitution of India and under the Comptroller & Auditor General of India's (Duties, Powers and Conditions of Service) Act, 1971, the Comptroller & Auditor General of India (C&AG) audits receipts from various direct taxes. The C&AG, in 2007, passed the "Regulations on Audit and Accounts, 2007", in pursuance to Section 23 of the C&AG's DPC Act. These Regulations apply to the officers and staff of the Indian Audit and Accounts Department (IA&AD) and all Ministries and Departments of the Government of Union, States and Union Territories as well as bodies, authorities and enterprises, to which the audit or accounts jurisdictions of the C&AG extend.

1.2 The Instruction No. 9 of 2006 dated 07/11/2006, as supplemented by Instruction No. 16 of 2013, dealt with Receipt Audit. Inspite of a comprehensive instruction with well-defined role & responsibilities of various authorities, the pendency of outstanding objections had not abated. Further, indiscriminate remedial measures resulted in frivolous litigations causing undue hardship to tax payers. The CBDT has reviewed entire workflow to handle receipt audit objections with twin objectives of quick conclusion of remedial action in cases of accepted audit objections & to avoid remedial action as precautionary measure where objections are not acceptable.

1.3 With the launch of Income-tax Business Application (ITBA), the work flow would be monitored by supervisory authorities on system. This would instill accountability at every level in field formation. The perpetual problem of reconciliation of pendency will be resolved with launch of a web-based portal by the office of the C&AG and in due course of time, the interface of ITBA would also be linked with C&AG's portal for complete work flow automation. With technological assistance of ITBA and C&AG portal in place, Standard Operating Procedure (SOP) will stand aligned to workflow in ITBA, with defined roles and responsibilities of each functionary in the hierarchy. Accordingly, the CBDT in supersession of all existing instructions on this subject has issued **Instruction No. 7 of 2017, dated** 21/07/2017, which provides the procedures to deal with Receipt Audit objections.

2. Objective and Scope

2.1 The main objective of Receipt Audit is to satisfy itself that the Income-tax Department has provided sufficient checks and safeguards against errors and frauds and that the procedures prescribed are followed to give effect to the requirements of law.

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2.2 An important function of Receipt Audit is to see that adequate regulations and procedures have been framed by the Department to effectively check the accuracy of assessment, issue of refund, collection of taxes and to satisfy itself that such regulations and procedures are being followed.

2.3 Consistent with these objectives and to judge the effectiveness of assessment procedures, Receipt Audit would, inter-alia scrutinize individual cases and satisfy itself that the procedures of the Department adequately provide for and secure:

(a) Collection and utilization of data necessary for the computation of the demand or refunds under the law.

(b) Prompt raising of the demand on tax-payers in the manner required by law.

(c) Regular accounting of demands, collections and refunds.

(d) Correct accounting and allocation of collections and their credit to the Consolidated Fund.

(e) Proper safeguards exist to ensure that there is no willful omission or negligence to levy or collect taxes, or issue refunds.

(f) Claims on taxpayers are pursued with due diligence and are not abandoned or reduced except with adequate justification and proper authority.

(g) Double refunds, fraudulent or forged refund orders, or other losses of revenue through fraud, default, or mistakes are promptly brought to light and investigated.

2.4 Receipt Audit may see if mandatory provisions of law have been properly applied. However, the discretionary powers statutorily vested in AO would not be called in question unless Audit is able to show that such power is consistently used in a way, which prima-facie, appears to be inappropriate or improper.

2.5 Audit may also point out omissions on the part of an officer to tax income disclosed by an assessee or decided upon by the officer to be taxed but not actually included in the computation. Similarly, Receipt Audit will point out if a deduction is allowed for an item which is patently includible for tax purposes. Checking the arithmetical accuracy of assessment orders and tax computations would always be open to Audit.

2.6 Audit would also see that the interpretation of law is not contrary to any binding decision of a Jurisdictional High Court or the Supreme Court.

2.7 Orders of Write-off will be scrutinized to see, if they are passed by the Competent Authority after satisfying himself about the irrecoverability of the amount and following the prescribed Rules or Statutory provisions.

2.8 Receipt Audit would also check whether arrears of tax are correctly carried forward from year to year.

2.9 Receipt Audit will also see cases earlier checked by the Internal Audit to verify the effectiveness of Department's Internal Audit.

2.10 Receipt Audit will also point out cases of over assessment, since over assessments also constitute an irregularity and departure from the plain provisions of law.

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3. Organisational Structure of Direct Tax Wing of C&AG

The audit of receipts and refunds of Income-tax is conducted by 9 Central Audit Offices headed by Director General/Principal Director of Audit (Central), with their 8 Branch Offices (BOs). In Direct Taxes Wing of C&AG Headquarters, the Director General (Direct Taxes)/Principal Director (Direct Taxes) under the supervision of Dy. Comptroller & Auditor General (Central Revenue Audit) looks after audit output and coordinates with the CBDT and Public Accounts Committee (PAC) relating to audit of Direct Taxes.

4. Function of Direct Tax (DT) Wing of C&AG

4.1 Prepares strategic plan and identifies key areas of topics/issues to be covered under Performance Audit (PA) in each Annual Audit Plan (AAP).

4.2 Prescribes/ revise the monetary limits for paras of Local Audit Report (LAR) and Draft Paras (DPs) and power of settlement of Audit Observations by different authorities.

4.3 Conducts Entry and Exit conference with the Ministry and finalize the Audit reports.

4.4 Processes DPs and approved DPs are issued to the Ministry for their views/comments.

4.5 Submits the Compliance Audit report for approval of C&AG and after consolidation the printed copies of audit reports duly countersigned by the C&AG are placed in the Parliament.

4.6 Processes the Action Taken Notes (ATNs) and monitors pending ATNs with the CBDT/Monitoring Cell and PAC wing of C&AG Head Quarter.

4.7 Memorandums of Important Points (MIPs) are prepared in respect of Performance Audit Report and DPs selected by PAC for detailed examination.

4.8 The power to settle Audit Observations included in Audit Reports rests with PAC which normally takes advice of DT wing.

5. Role of Various Income-tax Authorities

Under the Receipt Audit System, various authorities have been assigned well defined roles for effective handling of objections. The roles of different authorities are as under:

A. Audit Setup

ADG (Audit & Inspections)

(a) shall monitor progress of settlement of Receipt Audit Objections.

(b) shall act as coordinating agency for the various CsIT (Audit) to promote uniformity of views on the same issue.

(c) shall take up the matter with the Headquarter office of C&AG, where the Receipt Audit Objections remains unresolved at field level.

(d) shall compile the mistakes detected by the Receipt Audit, as reported by the CsIT (Audit), in cases where Internal Audit was already done, for circulation to the field officers and also to the Internal Audit Officers.

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(e) shall prepare the Action Taken Notes (ATNs) in respect of draft paras and submit the same to CBDT for further action.

CIT (Audit)

(a) shall coordinate with PCIT, Receipt Audit authorities and ADG (Audit & Inspections) in respect of Receipt Audit objections.

(b) shall ensure that the Internal Audit of those assessment units is carried out on priority before Receipt Audit, where program of compliance audit by the Local Audit Party (LAP) has been received.

(c) shall attend the Inter-departmental meeting held by the PCIT with the Director General of Audit or Principal Director of Audit (Central) to resolve the cases of disagreement and play an active role in maintaining consistent approach on a particular issue.

(d) may call for explanation of Internal Audit Officer, in appropriate cases of accepted Major Receipt Audit objection, where the same was raised, subsequent to internal audit and the Internal Audit Officer had failed to raise such objection and may take suitable action as deemed fit.

(e) shall submit a list of mistakes detected by the Receipt Audit, in cases where Internal Audit was already done, to the ADG (Audit & Inspections) in April and October every year.

(f) shall maintain ledger card in respect of mistakes committed by the particular officer as per existing system, till Audit Module in ITBA is fully functional.

(g) shall maintain records and registers in the format prescribed in the existing Instructions, till the time Audit Module in ITBA is fully functional.

(h) shall prepare and send necessary reports and statistics in existing proforma to the CBDT/ Directorate, till the time Audit Module in ITBA is fully functional.

Once the Audit Module in ITBA is fully functional, above functions from para (f) to (h) will be available on ITBA.

JCIT (Audit)

(a) shall assist the CIT (Audit) in ensuring proper maintenance of prescribed registers and timely submission of reports and statistics as per existing guidelines, till the time Audit Module in ITBA is fully functional.

(b) shall ensure that the Internal Audit of those assessment units is carried out on priority before Receipt Audit, where program of compliance audit by the Local Audit Party (LAP) has been received.

(c) shall attend, if directed by the CIT(Audit), the Inter-departmental meeting held by the PCIT with the Director General of Audit or Principal Director of Audit (Central) to resolve the cases of disagreement and assist the CIT(Audit) in maintaining consistent approach on a particular issue.

(d) shall ensure that wherever explanations have been called for by the CIT(Audit) of Internal Audit Officer, the same is submitted expeditiously along with his comments.

(e) shall assist the CIT(Audit) in maintaining Ledger card in respect of mistakes committed by the Internal Audit Officer as per Instructions in existence prior to Instruction No. 7 of 2017, till the time Audit Module in ITBA is fully functional.

(f) shall maintain records and registers in the format prescribed in the existing Instructions, till the time Audit Module in ITBA is fully functional.

(g) shall prepare and send necessary reports and statistics in existing proforma to the CBDT/ Directorate, till the time Audit Module in ITBA is fully functional.

B. Field Setup

Pr. CCIT

(a) shall review the progress of settlement of Receipt Audit objections in the CCIT Regions under him on quarterly basis and take necessary steps to achieve Action Plan targets.

(b) shall submit quarterly review report to the Member (A&J), CBDT, within a fortnight from the end of each quarter.

(c) shall ensure timely submission of reports and statistics for his region to the CBDT/Directorates.

CCIT/ DGIT

(a) shall monitor the progress of settlement of Receipt Audit objections pending in the PCIT charges under him and take necessary steps to achieve the Action Plan targets.

(b) shall furnish comments in ITBA system in the Proforma as prescribed in Instruction No. 7 of 2017, in respect of each Draft Para, within 6 weeks of its receipt to enable the CBDT to submit reply to the C&AG.

(c) shall also upload report in Proforma as prescribed in the said Instruction in case the Draft Para relates to an objection that has been accepted.

PCIT

(a) shall inform the program of compliance audit by the Local Audit Party (LAP) to the CIT(Audit) to ensure that the Internal Audit of those assessment units is carried out on priority.

(b) shall extend all cooperation to the LAP, in conduct of audit and expeditious settlement of audit objections.

(c) shall examine the reasons submitted by the AO for not producing any case records requisitioned by the LAP and ensure that such records are invariably produced at the next audit cycle.

(d) shall examine and decide whether the Receipt Audit objection is acceptable or not, after calling for report, if needed, from the AO and Range Head and take prompt action for settlement thereof.

(e) shall invite the CIT (Audit) for the inter-departmental meeting with DGA or PDA.

(f) shall examine Statement of Facts (SOF) proposing to include an objection as draft para in audit report and submit the required reports.

(g) may call for explanation of the officers and officials concerned:

(i) In appropriate cases where major audit objection has been accepted.

(ii) In other cases, where audit objection has been accepted and no remedial action was taken and also in cases, where the remedial action has been delayed beyond prescribed time stipulated in the Instruction No. 7 of 2017, causing irretrievable loss of revenue.

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(h) The Receipt Audit objection shall not be classified into 'Major & Minor', on the basis of revenue effect involved. The Part IIA of LAR includes the Major Audit objections and Part IIB of LAR includes Minor Audit objections, as per norms of C&AG and the objections shall be classified accordingly. The PCIT shall ensure reclassifications of pending objections as on date of issue of Instruction No. 7 of 2017, into 'Major and Minor' and upload the same in ITBA system.

(i) shall continue to submit reports as per existing guidelines, till the time Audit Module in ITBA becomes fully functional.

(ii) shall ensure that correspondence with C&AG, if received in physical form, is entered in the system by the authority concerned, till the time Audit Module in ITBA becomes fully functional.

Range Head/ JCIT (Special Range)

(a) shall ensure that records requisitioned by the LAP are made available expeditiously.

(b) shall communicate the reasons submitted by the AO to the PCIT for not producing any case records requisitioned by the LAP and ensure that such records are invariably produced at the next audit cycle.

(c) shall assist the PCIT in reclassifications of the pending Receipt Audit objections as on the date of issue of Instruction No. 7 of 2017, into "Major and Minor" and uploading the same in ITBA system.

(d) shall ensure that the AOs maintain the relevant records & register and submit reports with regard to Receipt Audit objections as per existing guidelines, till the time Audit Module in ITBA becomes fully functional. However, the above functions shall be performed by the JCIT (Special Range) himself as an AO.

(e) shall extend all cooperation to the LAP, in conduct of audit and expeditious settlement of audit objections.

(f) shall submit report to the PCIT, if called for, whether the Receipt Audit objection is acceptable.

(g) shall assist the PCIT in examining Statement of Facts (SOF) proposing to include an objection as draft para in audit report and submit the required reports.

(h) shall ensure that wherever explanations have been called for by the PCIT of AO/Officials, the same is submitted expeditiously along with his comments.

(i) shall continue to submit reports as per existing guidelines, till the time Audit Module in ITBA becomes fully functional.

(j) shall ensure that correspondence with C&AG, if received in physical form, is entered in the system by the authority concerned, till the time Audit Module in ITBA becomes fully functional.

Assessing Officer (AO)/ JCIT (Special Range)

(a) shall make the assessment and other records available for audit on requisition from the LAP and keep a record of the same. If it is not possible to make available any particular record requisitioned, the AO shall communicate the reasons to the LAP in writing with the prior approval of PCIT and ensure that such records are invariably produced at the next audit cycle.

(b) shall request the LAP at the beginning of audit cycle, to furnish Audit Memo on daily basis as soon as the mistake is observed.

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(c) shall reply to the Half Margin Note expeditiously.

(d) shall ensure maintenance of relevant records & register and submit reports with regard to Receipt Audit objections as per existing guidelines, till the time Audit Module in ITBA becomes fully functional.

(e) shall assist the JCIT in reclassifications of the pending Receipt Audit objections, as on the date of issue of Instruction No. 7 of 2017, into "Major and Minor" and uploading the same in ITBA system.

(f) shall extend all cooperation to the LAP, in conduct of audit and expeditious settlement of audit objections.

(g) shall submit report to the PCIT, if called for, whether the Receipt Audit objection is acceptable.

(h) shall assist the JCIT in examining Statement of Facts (SOF) proposing to include an objection as draft para in audit report and submit the required reports.

(i) shall ensure that correspondence with C&AG, if received in physical form, is entered in the system by the authority concerned, till the time Audit Module in ITBA becomes fully functional.

6. Audit Procedure

6.1 Audit Procedure Followed by C&AG Office

6.1.1 The field offices of C&AG carry out normal audit of assessments which is referred to as 'compliance audit'. Further, audit of non-assessment areas including, inter alia expenditure, is also covered in compliance audit to review the compliance of various instructions/directions of CBDT. It also undertakes study of systemic issues like implementation of any provision or functioning of any segment of the department called 'performance audit' to see that the stated objectives are being achieved.

6.1.2 The audit team called LAP is generally headed by one Sr. Audit Officer/Audit Officer, visits different assessment units for the purpose of compliance audit. The LAP initially conducts 'Entry Conference' wherein audit methodology is explained and AO's co-operation is sought in furnishing statistical data, records and replies to pending observations of earlier cycle etc.

6.1.3 The mistakes detected by LAP in the audit process is intimated to the AO in the form of an Audit Memo (normally called Half Margin Note) and his initial response to the query is sought.

6.1.4 After the audit of the circle/ward is over, the LAP holds Exit Conference with the AO, wherein summary of audit conducted is discussed and AO's confirmation is sought to the effect that points included in audit objections were not pointed out by Internal Audit Unit and no other action such as issue of notice under Section 148 or 154 was taken before the issue of Audit Query. It is also confirmed that the interim replies to the audit queries given by AO have been incorporated in the audit report.

6.1.5 Within about a month of completion of audit, a Local Audit Report (LAR) is forwarded by the Group Officer concerned, dealing with Audit of Direct Taxes in the Office of the Director General of Audit or Principal Director of Audit (Central) {referred to as 'officer concerned of the C&AG' in this manual} to the AO with a copy to the PCIT and CIT (Audit) containing audit observations in respect of errors noticed. The LAR has various parts as under:

Part-IA	General information– Introduction (assessment unit, LAP and dates of audit), Administration, Selection, Jurisdiction
Part-IB	List of outstanding audit observations
Part-IC	Review Note and Settlement of outstanding paragraphs
Part-II	Current Audit Observations–Section-A Corporate-tax, Section-B Income-tax, Section-C Wealth Tax, Section-D Fringe Benefit tax, Section-E Other Misc taxes (each Section for Part IIA, IIB & III)
Part-IIA	Major Audit Observations above prescribed limits applicable to different categories (Sections A, B, C, D etc) (different limits in metro, non-metro, corporate, non-corporate etc.)
Part-IIB	Minor Audit Observations in the prescribed limits applicable to different categories (Sections A, B, C, D etc)
Part-III	Other Audit Observations–NMV (No Monetary Value) paras
Part-IV	List of cases not produced to audit
Part-V	Disclaimer Certificate

6.1.6 As per C&AG Audit Manual, in case the AO accepts the audit objections, rectifies the mistakes and recovers the amount involved, the Audit Memo needs to be treated as settled and such cases should not form part of the LAR.

6.1.7 The objections are settled after considering the replies sent by the PCIT. The C&AG prepares an Audit Report in respect of Direct Tax, which contains illustrative cases to support their conclusion regarding loss of Revenue due to mistakes in making assessments. These illustrative cases are taken from LARs based on quantum of loss of revenue, even if objections are not accepted by the department.

6.1.8 As a first step towards conversion of audit objection to "Draft Para", the Director (ITRA) sends particulars of objections to the PCIT through a 'Statement of Fact' (SOF). After incorporating the response to the SOF, if any, from the PCIT, cases selected for inclusion in the Audit report are sent to the CBDT for comment. On receipt of Draft Paras from the office of the C&AG, the A&J division of the CBDT, calls for report from the PCIT in the prescribed Proforma to prepare its response to the Draft Paras.

6.1.9 The Audit Report of C&AG for each financial year is presented to the Parliament which is examined by Public Accounts Committee. The response of the CBDT is also presented before the PAC.

6.2 Audit Procedure to be Followed by Income-tax Department

6.2.1 The PCIT shall inform the CIT (Audit), the program of Compliance Audit to be conducted by the LAP to ensure that the Internal Audit of those assessment units is carried out on priority.

6.2.2 The AO shall supply the assessment and other records, as requisitioned by the LAP, keeping proper records thereof. If it is not possible to make available any particular record requisitioned, AO shall communicate the reasons for the same to the LAP in writing with prior approval of the PCIT and such records shall invariably be produced at the next audit cycle.

6.2.3 At the beginning of the audit cycle, AO should request the LAP to furnish Audit Memo on daily basis, as soon as the mistake is observed, rather than handing over all such memos on the last day of the audit period.

6.2.3.1 If the objection is not categorized by the LAP, the AO shall categorize the objections raised as:

(a) Factual mistake.

(b) Legal issue.

(c) Mixed issue.

6.2.3.2 The AO shall reply to the Half Margin Note (HMN), in all cases as follows:

(a) In Case of Factual Objection:

(i) If mistake pointed out by the audit is found to be correct, the AO shall initiate appropriate remedial action **within 5 days** and inform the LAP accordingly.

(ii) If facts in objection are not found correct, the AO shall give reply to the Audit specifying correct facts.

(b) In Case of Legal Issue/ Mixed Issue:

(i) The AO shall specify as to whether or not, the factual aspect of the objection is correct and convey the correct facts relating to the same to the LAP.

(ii) For the legal question raised as such or in case of mixed issue, the AO may intimate to the LAP that the reply would follow after due examination of the matter.

6.3 The AO shall send a status report to the PCIT as regards mistakes involving legal question/mixed issue, so that a view may be prepared for response on receipt of LAR.

6.4 On receipt of LAR, till the time the process of receiving LAR through systems commences, the AO shall enter all the objections in LAR in 'Revenue Audit' Module in ITBA in the columns prescribed in the Instruction No. 7 of 2017. The functionality for recording LAR will be available from 'Record LAR Screen'. The AO should also attach a copy of the LAR and submit the work item to the Range Head to provide his comments on the audit objections. The AO shall create separate work item for each para in a LAR even if those relate to the same order.

6.5 The PCIT shall, after calling for report from AO and the Range Head, if needed, take a decision, whether the objection is acceptable and communicate the same to the officer concerned of the C&AG.

6.6 In a case, where audit objection is accepted.

(a) the PCIT shall decide, whether the order requires revision under Section 263 as remedial action. If yes, he shall call for the records and proceed to initiate action under Section 263.

(b) if the PCIT decides that the remedial action under Section 263 of the Act is not warranted, he shall communicate the same to the AO. In such cases, the AO shall independently examine the appropriate course of action to be taken in the light of facts of each case and take remedial action accordingly. In a case where an action under Section 154 is decided as the appropriate remedial action, prior approval of the Range Head shall be taken before initiating the proceedings. However, where the JCIT (Special Range) is the AO, he shall take suitable action on his own.

(c) The remedial action in case of accepted audit objection shall be initiated within ***three months*** and shall be completed within further period of ***six months*** from the date of initiation.

(d) The objection shall be treated as settled once the intimation of completion of remedial action and issue of demand notice is given to the officer concerned of the C&AG.

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6.7 In a Case, where Audit Objection is Not Accepted

(a) The PCIT shall send a reply, within ***two months*** of receiving LAR, to the officer concerned of the C&AG specifying the reasons for not accepting the objections. A copy of the reply shall also be marked to the CIT (Audit). Where the view of the PCIT is accepted, the objection will be settled as dropped and no further action would be required.

(b) Where the view of the PCIT is not accepted and a rejoinder is received from the officer concerned of the C&AG with reasons for disagreement, the PCIT shall get the contents of rejoinder entered in ITBA system and he shall consider the objection in the light of rejoinder. If the PCIT agrees with the views of the Receipt Audit, remedial action will be taken.

(c) Where the PCIT is still of the view that the objection is not acceptable or where there is no response to the PCIT's replies from the Receipt Audit even after lapse of ***two months***, he shall take up such cases in inter-departmental meeting with the Director General of Audit or Principal Director of Audit (Central).

(d) In the inter-departmental meeting, where the CIT (Audit) shall also be invited, efforts will be made to resolve the difference of opinion and arrive at common view, as far as possible. Detailed 'Minutes of Meeting' shall be recorded and sent to all concerned. If the PCIT agrees with the view of the Receipt Audit, remedial action will be taken. However, no remedial action shall be initiated in respect of objections still not accepted by the PCIT.

(e) Where the objection remains unresolved, the outcome of inter-departmental meeting, as per minutes recorded, shall be entered in ITBA system by the PCIT. In such cases the ADG (Audit & Inspections) shall generate summary of objections as per Instruction No. 7 of 2017.

(f) The ADG (Audit & Inspections), acting on behalf of the CBDT, shall hold meeting with the Principal Director of Audit (Direct Taxes) in the Headquarters of C&AG to discuss the objections remaining unresolved at the field level. For this purpose, the ADG (Audit & Inspections) may constitute a team of officers, as deemed appropriate, including CIT (A&J), CBDT and officers from Directorate of L&R, so that latest judicial position on a legal issue may be brought to the notice of the officers of the C&AG. Minutes of the meeting shall be recorded and sent to all concerned. However, no remedial action shall be initiated, if the objection raised by C&AG is not accepted by the Department.

6.8 Where statement of facts (SOF) proposing to include an objection as draft para in audit report is received, the PCIT shall examine the issue (irrespective of whether or not, the audit objection was accepted) from factual and legal perspective and send appropriate reply including status of appeal, etc. to the Receipt Audit within a ***fortnight***.

6.9 The PCIT shall upload particulars and the CCIT shall furnish comments in ITBA system in Proforma-A as prescribed in Instruction No. 7 of 2017, in respect of each Draft Para, within ***6 weeks*** from its receipt, to enable the CBDT to submit the reply to the C&AG. In case the Draft Para relates to an objection that has been accepted, report in Proforma-B as prescribed in the said Instruction shall

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also be similarly uploaded. A copy of the report shall be marked to the ADG (Audit & Inspections) for preparation of Action Taken Note (ATN).

6.10 After receiving the Audit Report presented to the Parliament, the ADG (Audit & Inspections) shall give the concluding shape to the ATNs on Audit Paras and send the same to the CBDT, through the Pr. DGIT(L&R) for submission to the C&AG after necessary vetting and consideration in the CBDT.

6.11 The entire work flow of audit shall be done in ITBA system.

7. Following procedure has been laid down to exercise an effective control with regard to timely and appropriate remedial action in respect of Receipt Audit objections:

(a) if the PCIT is of the view that a remedial action requires revision under Section 263, he shall call for the records and proceed accordingly. Otherwise, he shall communicate his decision not to invoke Section 263 to the AO.

(b) in a case where the PCIT has decided not to invoke jurisdiction under Section 263, the AO shall examine the issue and take suitable action as per his independent application of mind on the facts of the case.

(c) in case the AO decides to choose rectification under Section 154, as appropriate remedial measure in (b) above, he shall initiate the action with the approval of the Range Head. However, where the JCIT (Special Range) is the AO, he will take suitable action on his own.

(d) The remedial action shall be initiated within ***three months*** and concluded within further period of ***six months*** of initiation of the proceedings.

8. Appeal to ITAT in Cases Involving Audit Objection

Adverse order of the first Appellate Authority relating to Receipt Audit objection accepted by the Department should be contested on merits irrespective of the tax effect.

{for the purpose of Chapter 7 & 8, "AO" includes "Jt./Addl. CIT (Special Range)"}

9. Records

9.1 The records of audit work i.e. the LAR, all subsequent communications and its settlement etc., with dates, shall be available in ITBA system. The required information like pendency & settlement of Major & Minor Receipt Audit objections can be generated from ITBA system as MIS.

9.2 However, till the time Audit Module in ITBA system is fully functional, the registers in the format as prescribed in the existing Instructions shall continue to be maintained.

10. Reporting System

10.1 All the works including correspondence regarding Receipt Audit, shall be done through ITBA system. The statistical and other reports, as may be required, shall be generated from the ITBA system itself. However, for monitoring and control following standard MIS reports are prescribed:

(a) Statistical report, to ascertain progress, in respect of number of audit objections raised, settled, pending etc. in the format given in **Annexure-A.**

(b) List of pending audit objections with particulars as may be required as prescribed in **Annexure-B**.

10.2 The CIT(Audit) shall be able to generate MIS report in Annexure-A for his jurisdiction or for each PCIT charge. The Pr. CCIT shall be able to generate similar MIS report for his region or for each CIT (Audit), PCIT/CIT. The ADG (Audit & Inspections) shall be able to generate similar MIS report for all or any of the Pr. CCIT or CCIT or PCIT or any CIT (Audit) in India.

10.3 The PCIT shall be able to generate, MIS report in **Annexure-A** for his region/charge with break-up for each Range/AO. They can also generate list of all pending audit objections as per Annexure-6 of the said Instruction for their region/charge or any Range/ AO in his jurisdiction.

10.4 The ADG (Audit & Inspections) may, with the approval of Member (A&J), specify any other periodic MIS that is required to be generated through ITBA.

10.5 Till the time Audit Module in ITBA becomes functional, the reports as per existing guidelines shall continue to be sent.

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Annexure-A

Monthly Report of Pendency of Objections

Report for the: (PCCIT/ CCIT/ DGIT/ PCIT/ CIT (Audit)) *drop down*

Status as on : (normally as on last day of the previous month/ any specific date)

Part-I – Major Revenue Audit Objections

No. of Objections Pending as on 1.4.20.....	Revenue Effect	Received During the Month	Received Up to the End of Month	Settled During the Month	Settled Up to the End of Month	Pending at the End of Month (1+4–6)	Revenue Effect of Objections in Col (7)	Replies Sent but Pending	Objections (not Accepted) out of (4)	Revenue Effect in Respect of Column (9)	Objections that are Accepted Out of (3)	Revenue Effect in Respect of Column (12)
1	2	3	4	5	6	7	8	9	10	11	12	13

Break up for the authorities below should be available till basic unit i.e. AO, IAP etc.

Part-II – Minor Revenue Audit Objections

No. of Objections Pending as on 1.4.20.....	Revenue Effect	Received During the Month	Received Up to the End of Month	Settled During the Month	Settled Up to the End of Month	Pending at the End of Month (1+4–6)	Revenue Effect of Objections in Col (7)	Replies Sent but Pending	Objections (not Accepted) out of (4)	Revenue Effect in Respect of Column (9)	Objections that are Accepted Out of (3)	Revenue Effect in Respect of Column (12)
1	2	3	4	5	6	7	8	9	10	11	12	13

Break up for the authorities below should be available till basic unit i.e. AO, IAP etc.

Annexure-B

List of Pending Audit Objections

Report for the : (PCCIT/ CCIT/ DGIT/ PCIT/ CIT (Audit)) *drop down*
Status as on : (normally as on last day of the previous month/ any specific date)

Part-I: Major Revenue Audit Objections

S. No.	Unique Audit Objection Number	Date of Raising of Objection	Name of the Assessee	PAN	Status of Assessee	Spl Range/ Circle/ Ward	AY	Date of Order Under Audit	LAR Reference	Gist of Objection in Brief
1	2	3	4	5	6	7	8	9	10	11

Section(s) Involved	Category of Objection -Factual/ Legal/ Mixed	Revenue Effect as per Audit Memo	Whether seen by Internal Audit, if not Reasons	Accepted or not Accepted	If not Accepted Gist of Reasons	Date of Sending Reply to ITRA	If accepted, Nature of Remedial Action	Last Date for Initiation of Action under Section 263/147/154 etc.	Date of Order of Remedial Action	Actual Revenue Effect as per Remedial Action
12	13	14	15	16	17	18	19	20	21	22

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Inspections

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1. Brief History

Subsequent to cadre restructuring of Income-tax Department, Inspections were introduced in 2002. Its focus was on inspection of functioning of a Range in two selected fortnights, which included inspection of a few selected assessments made by the Assessing Officers of the Range. Under this system of Inspection, the Inspecting Officer was also required to comment on selected assessment orders. As this was resulting in a duplication of the review function, it has been decided to do away with the requirement to give comments on selected assessment orders as part of the annual Inspections. That system of Inspection could not fulfil its desired objectives. In view of these factors CBDT has decided to make a clear distinction between the objectives and the contents of the Annual Inspections and Reviews. Therefore, CBDT had introduced new system of Reviews and Inspections, which are governed by Instruction No. 15 &16 of 2008, dated 04/11/2008 respectively.

2. Inspections

2.1 Presently, Inspections involve an annual comprehensive inspection of the concerned office, wherein the Inspecting Officer examines and comments on the overall functioning of the offices of CsIT(A), Range Heads and Assessing Officers in the light of various Government Instructions in general and CBDT Instructions in particular.

2.2 During these Inspections the work done in the preceding financial year will be examined by the Inspecting Officer (IO) in a comprehensive manner with a view to bring out the strengths and weaknesses of the work practices being followed in that office with a view to strengthen the administrative machinery. The IO will also highlight achievements and shortcomings of the officers concerned in the key areas of their work.

2.3 These Inspections should be conducted with reference to the prescribed proforma containing a set of questions covering various areas of work being conducted in that office. The IO should examine the records and other material needed to answer these questions and give a balanced narrative answer to the same. He may also give separate comments on any other issue of importance that comes to his notice.

2.4 The Inspecting Officers may plan the Inspection work so that Inspection of at least one office is carried out in every quarter and the entire Inspection work is completed by the end of the financial year and all inspection reports should be sent to the ADG (Audit & Inspections), New Delhi by 15th of April of the following financial year.

2.5 Where an IO is holding an additional charge, he will also be responsible for conducting Inspections in respect of the additional charge also.

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2.6 Inspections under New System

(a) Assessing Officers: Inspection of the office of DCIT/ ACIT and that of the Additional CsIT/ JCsIT will be carried out by the concerned Administrative Commissioner. The offices of ITOs and TROs working in a Range will be inspected by the concerned Range head i.e. the Additional Commissioner or Joint Commissioner.

(b) Range Office: The Inspection of the Range office headed by an Additional Commissioner or Joint Commissioner will be carried out by the concerned Administrative Commissioner.

(c) CIT(Appeals): Inspection of the office of CIT(Appeals) will be carried out by the concerned Chief Commissioner of Income-tax/DGIT(Inv.).

(d) CIT (Audit), CIT(TDS), CIT(CO): Inspection of these offices will be carried out by the concerned Chief commissioner of Income-tax.

(e) ITO (Hqrs.), ITO (Judicial), DDO: Inspection of these offices will be carried out by the concerned Controlling Officers.

2.7 Number of Inspections to be Carried Out during the Year

The CBDT has decided the norms and number of Inspections to be carried out during a financial year in the following manner:

Inspecting Officer	Offices to be Inspected
Chief Commissioner	All CIT(Appeals) working in his Region
Commissioner	One Range head and two DCsIT/ ACsIT of his charge
Additional/Joint Commissioner	Two Income-tax Officers of the Range

2.8 Inspections by the Chief Commissioners of Income-tax

During a Financial Year, Inspections of the each Office of CIT(Appeals) will be carried out by the concerned Chief Commissioner of Income-tax/Director General of Income-tax (Investigation) for the work done in the preceding financial year.

The IO will essentially inspect the following issues while inspecting the Offices of the CsIT(A) and should also give his guidance and support in formulation of quality appellate orders:

(a) Maintenance of register, like Inward Register, Appeal Register, Disposal Register, Dispatch Register, Penalty Register etc. and

(b) Maintenance of records, handling and filing of papers and

(c) Workload (opening pendency+new appeals received), disposal and closing pendency of appeals and

(d) Control exercise done by the officer in respect of fixation of appeals and

(e) Control exercise done by the officer in respect of disposal of high demand appeals and old appeals and

(f) Whether the procedural requirements were adopted in disposal of appeals, such as.

(g) proper opportunity of being heard to AO/Appellant.

(h) admitting of new evidence in accordance with Rule 46A.

(i) passing orders within 7 days of last hearing and to point out, where such delays are over 15 days.

(j) Any 10 high demand appeal orders at random to identify the quality of appeal orders and give comments; whether issues arising for consideration have been properly identified; arguments of both parties have been properly discussed and rival evidence analysed.

The format of Inspections report is available at **Annexure–A**.

Period of Inspections: During the financial year for the work done in the preceding financial year.

The Inspections report should be sent to the ADG (Audit & Inspections), New Delhi at least by 15th April of the following financial year.

2.9 Inspections by Pr. Commissioner of Income-tax

The Pr. Commissioner of Income-tax will inspect the office of:

(a) One Range Office headed by Addl.CIT/JCIT and.

(b) Two Assessing Officers working in Circles, headed by DCsIT/ACsIT and that of Ranges headed by Addl. CIT/JCIT, every year.

Period of Inspections: During the financial year for the work done in the preceding financial year.

(I) Inspections of Range Office

While inspecting the Range Office, the IO will list out remedial/follow up action to be taken in respect of deficiencies/shortcomings noted in the inspections. The IO will essentially inspect the following issues while inspecting the Range Office and will also deliver his guidance and support to strengthening the smooth functioning of a Range Office:

(a) Maintenance of register like Inward Register, Reference Register under Section 144A, Appeal Register, Refund Register, Stay of Demand Petition Register, Penalty Register Audit Register, Grievance Register, Audit Objection Registers - major and minor, TEP control register/folder etc.

(b) Maintenance of records and note sheets, linking - handling and filing of papers.

(c) Control exercise of the officer in respect of timely and expeditious processing of returns and timely issue of refund.

(d) Control exercise of the officer in respect of selection of scrutiny cases by utilising information coming from different sources.

(e) Dealing the cases coming for under Section 144A and monitoring of high income or complex cases and issue guidance & support in formulation of quality assessment.

(f) Control exercise of the officer in respect of:

(i) Judicial work-timely receiving of scrutiny reports and filing of further appeals.

(ii) Timely redressal of Grievances.

(iii) Monitoring of Budget targets & 100 Advance tax cases of range.

(iv) Monitoring of recovery of arrear & current demand.

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(v) Monitoring of replies to audit paras and remedial actions to audit objections.

(vi) Follow up action on TEPs.

(vii) Maintenance of record for Surveys conducted in the range and steps taken to ensure recovery of surrendered amount.

(viii) Handling of other Administrative matters.

The format of Inspections report is available at **Annexure-B**.

The Inspections report should be sent to the ADG (Audit & Inspections), New Delhi at least by 15th April of the following financial year.

(II) Inspections of Assessing Officer's Circles headed by DCsIT/ ACsIT

While inspecting the Assessing officer of the level of DCsIT/ACsIT working in Circles, the IO will list out remedial/follow up action to be taken in respect of deficiencies/shortcomings noted in the inspections. The IO will essentially inspect the following issues while inspecting the circles and will also deliver his guidance and support to strengthening the smooth functioning a circle:

(a) Maintenance of register.

(b) Maintenance of records, handling and filing of papers.

(c) Performance of the officer in respect of processing of returns, issuance of refunds and service of demand notices properly and in timely manner.

(d) Utilization of CIB & AIR information and following up of guidelines issued by the Board in respect of selection of scrutiny cases.

(e) Whether large income cases have been completed after giving proper show cause notices.

(f) Controlled exercised of the officer in respect of Rectification applications, timely submission of Central Scrutiny reports with regard to Judicial work, efforts in achieving the Budget targets, Grievance Redressal, Advance tax monitoring, replies to Audit objections in timely manner, monitoring &collection of arrear & current demand cases, timely action taken in TEPs, survey cases and handling of other Administrative matters.

The format of Inspections report is available at **Annexure–C**.

The Inspections reports should be sent to the ADG (Audit & Inspections), New Delhi at least by 15th April of the following financial year.

2.10 Inspections by Addl. Commissioner of Income-tax/ JCIT

The Addl. CIT/ JCIT will inspect 2 offices of Assessing Officers working in his Range in a Ward, headed by Income-tax Officer, every year.

Period of Inspections: During the financial year for the work done in the preceding financial year.

Inspection of the office of an Assessing Officer of the level of Income-tax Officer working in a Ward, the IO will follow the strategies as laid down in sub para II of para 2.9 above, to inspect a Circle.

The format of Inspections report is available at **Annexure–C.**

The Inspections reports should at least be sent to the ADG (Audit & Inspections), New Delhi at least by 15th April of the following financial year.

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2.11 Requirements of a Good Inspection Work

There are number of areas which are sensitive in nature from the point of view of the department and the taxpayer. While inspecting the Offices of the CsIT(A), Range Heads & Assessing Officers and preparing/finalizing the Inspection Report, the IO should focus on the following aspects:

(a) Maintenance of records and the routine procedural aspects like whether filing of papers is done systematically, issue of various kinds of notices, etc.

(b) Timely issue and service of notices relating to advance tax or regular assessments, especially when high demands are involved.

(c) Completing statutory actions within the specified time limits-such as issue of notices, completion of assessments, penalty proceedings, recovery proceedings etc.

(d) Suitable action on audit paras.

(e) Proper handling of important and sensitive cases.

(f) Completion of assessments without any inconvenience to the tax-payers or harassment of the assessees.

(g) Timely Issue of refunds.

(h) Granting interest when refunds are unduly delayed.

(i) Giving prompt effect to appellate and revision orders.

(j) Timely disposal of applications under Section 154.

(k) Granting instalments for payment in genuine cases.

(l) In the matter of reporting the figures regarding the arrears and collection should be correctly furnished.

(m) Avoidance of situations, like coercive action for recovery without verification of actual demand due, failure to give due credit for taxes already paid before recourse to recovery proceedings or issue of revenue recovery certificates where tax has already been paid.

2.12 It should always be kept in mind that inspection is meant mainly for diagnosing and treating the ailment that affect a particular unit in the field. The main purpose of the inspection is not to find fault with the officer or to punish him. Inspections should instead be considered as an important bureaucratic tool for control, development and improvement. If these aspects are kept in view and the mechanism of inspections is wielded skillfully, judiciously and effectively, it will go a long way to benefit the Department, as well as the concerned officers.

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Annexure-A

Inspection Report

(To be used for inspection of CIT {Appeals})

1. General Information

1. Officer under inspection.
2. Brief description of jurisdiction.
3. Period covered by last inspection.
4. Period covered by present inspection.
5. Particular of Officers working in the Charge during the period under Inspection.

Sr. No.	Name	Period
1.		
2.		
3.		
4.		

6. Name and designation of the Controlling Officer.

2. Details of Inspection Work

2.1 Maintenance of Registers

S. No.	Name of the Register	Whether Complete in all Respect	Quality of Maintenance of Register	Remarks
1.	Inward Register			
2.	Appeal Register			
3.	Disposal Register			
4.	Dispatch Register			
5.	Penalty Register			

2.2 Maintenance of Records

Comments on this part of the work should include–condition of records, linking of papers e.g. appeal memos, report of AOs, Notices, adjournment applications, papers books, appellate orders, rectification applications, tribunal orders, etc. with relevant records; page numbering; maintenance of order/ note sheets, recording of issue of notices, etc.

2.3 Appeal Work

2.3.1 Statistical Particular of Pendency and Disposal of Appeals

Opening Pendency	New Appeals Received	Total Workload	No. of Appeals Disposal	Closing Pendency
Workload of High Demand Appeals	**Disposal of High Demand Appeals**	**Workload of Old Appeals**	**Disposal of Old Appeals**	**Closing Pendency of High Demand Appeals**

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2.3.2 Control Exercised by the Officer in Respect of Fixation of Appeal

(a) Is fixation of appeals being done after issue of from to the AOs?

(b) Is the initial fixation of priority appeals and other appeals in separate Chronological order?

(c) Are fixation notices being issued giving sufficient time to appellant and the AO?

(d) Is the number of appeals being listed too large or too small?

(e) Is weekly list being displayed on the Notice Board?

2.3.3 Control Exercised by the Officer in Respect of Disposal of High Demand Appeals/ Old Appeals

(a) Are high demand appeals and old appeals listed for hearing on priority basis?

(b) Are these appeals heard in an expeditious manner?

(c) Number of such appeals which were disposed after six months or which remained pending for more than six months.

	No. of High Demand Appeals	No. of Old Appeals
Disposal after more than 6 months		
Pending for more than 6 months		

2.3.4 Observance of Procedural Requirements in Disposal of Appeals

(a) Has proper opportunity been given to the AO/ appellant?

(b) Has requirement of Rule 46A been observed before admitting new evidence? If not give a list of cases where this has not been done.

(c) Has proper control been maintained on grant of adjournments?

(d) Has the appeal orders passed/ issued within 7 days of last hearing? If not the number of cases where such delays are of over 15 days.

Delay	15–30 Days	1–3 Months	Over 3 Months
No. of appeal order			

2.3.5 Framing of Quality Appeal Orders

Please identify any ten orders in high demand appeal at random and state whether:

(a) The issues arising for consideration have been properly identified in the appeal orders.

(b) The arguments of both parties have been properly discussed and rival evidence analyzed.

(c) Proper reasons have been given in support of the finding recorded.

2.3.6 Guidance and Support Provided in Formulation of Assessments

Please state whether appeal orders passed show that:

(a) The assessed income has been enhanced in any cases.

(b) The finding of the AO has been strengthened with new arguments or evidence or caselaw.

3. Over-All Observations of the Inspecting Offiecer

Please give comments on:

(a) Steps taken by the officer to dispose high demand appeals.

(b) Output of the officer with reference to other key result area of action plan.

(c) Handling of establishment matters.

(d) Adequacy of resources and facilities with particular emphasis on quality.

(e) Over-all environment of the office.

4. Comments of the Officer Being Inspected on the Observations of Inspecting Officer

5. Counter Comments of the Inspecting Officer

The Inspecting Officer should list out remedial/ follow up actions taken in respect of the deficiencies/ shortcomings noted in the inspection.

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Annexure-B

Inspection Report

(To be used for inspection of Ranges)

1. General Information

1. Officer under inspection.
2. Brief description of jurisdiction.
3. Period covered by last inspection.
4. Period covered by present inspection.
5. Particular of Officers working in the Charge during the period under Inspection.

S. No.	Name	Period
1.		
2.		
3.		
4.		

6. Name and designation of the Controlling Officer.
7. Region of the CCIT.

2. Details of Inspection

2.1 Maintenance of Registers

S. No.	Name of the Register	Whether Complete in all Respect	Quality of Maintenance of Register	Remarks
1.	Inward Register			
2.	Register of reference under Section 144A			
3.	Register of references for approval of refunds			
4.	Stay petitions			
5.	Penalty Register			

2.2 Maintenance of Records

Comments on this part of work should include–condition of record room, linking of papers e.g. Grievance applications, stay applications, batches of appellate orders etc. with relevant records, reference for penalty, maintenance of order/note sheets, recording of issue notices, easy, retrievability, etc.

2.3 Assessment Work

2.3.1 Control Exercised by the Officer in Respect of Processing of Returns

(a) Please state the manner in which the Officer has exercised control over timely and expeditious processing of return and refund claims, and whether it is satisfactory?

(b) Whether approval for issue of refund has been given in a proper, methodical and timely manner and this is verifiable from the records maintained?

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2.3.2 Control Exercised by the Officer in Respect of Selection of Cases for Scrutiny

Whether the officer has contributed in proper selection of cases for scrutiny by utilising information coming to him from different sources e.g. AIR, CIB, files for approval of Refunds, audit objections, appeal orders etc.?

2.3.3 Guidance and Support Provided in Formulation of Quality

(a) Whether cases coming for decision under Section 144A have been properly dealt with?

(b) Whether assessments in high income cases or complex cases of the range have been properly identified and monitored? Please give comments on quality of monitoring

2.3.4 Control Exercised by the Officer in Respect of Judicial Work

(a) Is a register maintained for entering batches of orders received from appellate authorities and whether it is up to date and maintained in a regular manner?

(b) Has the officer ensured that scrutiny report on adverse appeal orders of CIT (Appeals)/ ITAT/ High Court are received in reasonable time, and meaningful comments are offered for proper decision making?

(c) Whether proper control has been exercised to ensure that further appeals filed in time in cases where the appeal orders are not accepted?

(List out appellate orders received during any one month and give following information).

S. No.	PAN	Name	Date of Receipt of Appellate Order	Date of Forwarding Scrutiny Report	Date of Filling Further Appeal	Reason for Delay, if any
1.						
2.						

2.3.5 Grievance Redressal

(a) Has a register been maintained in respect of the grievance petitions received by the officer?

(b) Whether timely steps been taken to redress the grievance?

(c) Were any cases noticed in which grievance remained pending without any action for a long period?

(d) List out all the petitions pending for more than three months received from other authorities and received directly-

S. No.	PAN	Name	Nature of Grievance	Date(s) of Receipt	Date of Final Report
1.					
2.					

2.4 Steps Taken by the Officer to Achieve Net Collection

(a) Please give particular of budget target and net collection of the range for last 3 years.

(b) Please give comments as to whether the officer has properly monitored advance tax collection in top 100 cases of the range?

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(c) Has the officer taken effective steps to monitor recovery of net collectible arrear demand? Please give particular of net collectible arrear demand at the beginning and end of the year and cash collection made out of it.

(d) Please give comments whether arrear dossier cases and of top 50 arrear demand cases of the range have been properly and effectively monitored?

(e) Has a register for stay of demand petitions been kept and does it reflect timely disposal of such stay petitions?

(f) Please give comments on the steps taken by the officer to monitor collection out of current demand, including any steps taken to enforce collection or secure current demand.

2.5 Audit

2.5.1 Receipt Audit

(a) Are register for major receipt and internal audit objections properly maintained?

(b) Have replies to audit paras been sent in a timely manner?

(c) Whether remedial action has been monitored in the cases inspected?

(List out the Major Receipt Audit Objections received during the quarter to be specified by the Directorate)

S. No.	PAN	Name	Date of Receipt	Date(s) of Reply	Remedial Action Taken/ Revenue Effect
1.					
2.					

2.5.2 Internal Audit

(List out the Major Internal Audit Objections received during the quarter to be specified by the Directorate)

S. No.	PAN	Name	Date of Receipt	Date(s) of Reply	Remedial Action Taken/ Revenue Effect
1.					
2.					

3. Observations of the Inspecting Officer

3.1 Survey Cases

(a) Whether a register maintained for survey cases? Has proper record been maintained in respect of surveys conducted in the Range?

(b) Has the officer been taking steps to ensure the recovery of any amounts surrendered during the surveys?

(c) Has timely steps been taken to complete the assessments in survey cases?

3.2 Tax Evasion Petitions

(a) Has any record in the form of a control register/ folder been kept in respect of the tax evasion petitions received?

(b) Whether all petitions received till date are found entered in the register?

(c) Whether follow up action found has been taken on the evasion petitions entered in the register?

3.3 Other Matters–Give Comments on

(a) Handling of establishment matters.

(b) Adequacy of resources and facilities with particular emphasis on quality.

(c) Over-all environment of the office.

4. Comments of the Officer Being Inspected on the Observations of Inspecting Officer

5. Counter Comments of the Inspecting Officer

The Inspecting Officer should list out remedial/ follow up action taken in respect of the deficiencies/ shortcoming noted in the inspection.

6. Overall Comments of the Reviewing Officer

Annexure-C

Inspection Report

(To be used for inspection of Assessing Officers/ Units)

1. General Information

1. Officer under inspection :
2. Brief description of jurisdiction :
3. Period covered by last inspection :
4. Period covered by present inspection :
5. Particular of Officers holding the Post during the period under Inspection :

S. No.	Name	Period
1.		
2.		
2.		
4.		

6. Name and designation of the Controlling Officer :
7. Name of CIT Charge and Region of the CCIT :

2. Details of Inspection Work

2.1 Maintenance of Register

S. No.	Name of the Register	Whether Complete in all Respect	Quality of Maintenance of Register	Remarks
1.	Blue Book			
2.	Demand & Collection Registers (arrear & Current)			
3.	Appeal Register			
4.	Rectification Register			
5.	Audit Register			

2.2 Maintenance of Records

Comments on this part of the work should include–condition of record room, linking of papers e.g. rectification applications, stay applications, appellate orders etc. with relevant records, page numbering, maintenance of order/ note sheets, recording of issue of notices, easy irretrievability, etc.

2.3 Assessment Work

2.3.1 Functions Relating to Processing of Returns

The performance of the officer in the area of processing of returns should be commented upon with reference to following factors.

(a) Control of workload: whether the pendency of the return that have been processed or which are yet to be processed can be satisfactorily determined from the control register maintained for this purpose?

(b) Storage of returns: Are the unprocessed returns stored in an orderly manner in well identified lots?

(c) Order of processing: Are the returns processed in a systematic manner based on date/ month of processing?

(d) Issue of refunds: Whether the refund returns are marked in some manner to make them easily identifiable of priority processing if required.

(e) Are the refunds being issued in time, in chronological order and proper record of dispatch of refunds being maintained?

(f) Have the demand notices in cases in which processing has resulted in a demand been served properly in a timely manner?

2.3.2 Selection of Cases for Scrutiny

(a) Whether register of cases picked up for scrutiny through CASS and otherwise (manually) has been maintained and reflects the pendency correctly?

(b) Is there a satisfactory control mechanism to ensure that notices are issued in all the cases selected for scrutiny by CASS in time?

(c) Has the information from CIB and AIR been utilised for selection of cases?

(d) Are entries for cases reopened under Section 147 or under sec 263 reflected in the above register or a separate register/ list is maintained for that purpose.

2.3.3 Rectifications

(a) Is a rectification register: Maintained for entering the application received? Does it give a fair picture of the pending applications and applications that have been disposed of and the time taken for the disposal in a case?

(b) Have the rectification applications been disposed of in reasonable time?

(List out rectification applications received in the fortnight specified by the Directorate)

S. No.	PAN	Name	Date of Receipt of Application	Date(s) of Rectification Order/ Service	Reason for Delay, if any
1.					
2.					

2.3.4 Scrutiny Assessments

(a) Number of Scrutiny assessments completed.

(b) Net current demand raised in scrutiny assessments.

(c) Number of cases where additions of over Rs. 25 Lakh (Rs 1 Crore in Metro Regions) made.

(d) Whether large income cases have been completed after giving proper show cases cause notices.

(e) Whether demand notices have been served expeditiously.

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(List out scrutiny cases completed in December and give following information)

S. No.	PAN	Name	Date of Order	Date of Service	Reason for Delay, if any
1.					
2.					

2.3.5 Follow Up of Appellate Orders

(a) Is a register maintained for entering the orders received from the appellate authorities and whether it is up to date and maintained in a regular manner?

(b) Have the appeal effects been given in a reasonable time?

(List out appellate orders received during December and give following particulars)

S. No.	PAN	Name	Date of Receipt of Appellate Order	Date(s) of Order Giving Appeal Effect/ Service	Reason for Delay, if any
1.					
2.					

2.3.6 Grievance Redressal

(a) Has a register been maintained in respect of the grievance petitions received by the officer?

(b) Whether timely steps been taken to redress the grievance?

(c) Were any cases noticed in which grievance remained pending without any action for a long period?

(d) List out all the petitions pending for more than three months received from other authorities and received directly.

S. No.	PAN	Name	Nature of Grievance	Date(s) of Receipt	Date of Final Report
1.					
2.					
3.					

2.4 Budget Collection

(a) Please give particulars of Budget target and net collection of the range for last three years.

(b) Please give comments as to whether the officer has properly monitored advance tax collection in top 100 cases of the Range?

(c) Whether the arrear D & CR register has been maintained and adjustment of arrears with respect to payment of tax is reflected therein?

(d) Has the officer taken effective steps to ensure recovery of net collectible arrear demand? Please give particulars of net collectible arrear demand at the beginning and end of the year and cash collections made out of it.

(e) Please give comments whether arrear dossier cases and of top 50 arrear demand cases have been properly and effectively monitored?

(f) Is the current D&CR register maintained in an orderly manner and entries of all assessments completed entered therein?

(g) Please give comments on the steps taken by the officer to ensure collection out of current demand, including any steps taken to enforce collection or secure current demand.

(h) Has a register for stay of demand petitions been kept and does it reflect timely disposal of such stay petitions?

(i) Whether any record of provisional attachments made under Section 281B kept by the officer. Has the officer been taking steps to make provisional attachment in high demand cases after completing the assessments?

2.5 Audit

2.5.1 Receipt Audit

(a) Are register for major receipt and internal audit objections properly maintained?

(b) Have the replies to audit paras been sent in a timely manner?

(c) Whether remedial action has been taken in the cases inspected?

(List out Major Receipt Audit Objections with tax effect of Rs. 1 Crore and above and give following particulars).

S. No.	PAN	Name	Date of Receipt	Date(s) of Reply	Remedial Action Taken/ Revenue Effect
1.					
2.					

2.5.2 Internal Audit

(List out the Major Internal Audit Objections received during the quarter to be specified by the Directorate).

S. No.	PAN	Name	Date of Receipt	Date(s) of Reply	Remedial Action Taken/ Revenue Effect
1.					
2.					

3. Observations of the Inspecting Officer

3.1 Survey Cases

(a) Whether a register maintained for survey cases? Has proper record been maintained in respect of surveys conducted by the officer?

(b) Has the officer been taking steps to ensure the recovery of any amounts surrendered during the surveys?

(c) Has timely steps been taken to complete the assessments in survey cases?

3.2 Tax Evasion Petitions

(a) Has any record in the form of a control register/ folder been kept in respect of the tax petitions received?

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(b) Whether all petitions received till date are found entered in the register?

(c) Whether follow up action found has been taken on the tax evasion petitions entered in the register?

3.3 Utilisation of CIB/ AIR Information

3.4 Overall Observations–Give Comments on

(a) Handing of establishment matters.

(b) Adequacy of resources and facilities with particular emphasis on quality.

(c) Over-all environment of the office.

4. Comments of the Officer Being Inspected on the Observations of Inspecting Officer

5. Counter Comments of the Inspecting Officer

The Inspecting Officer should list out remedial/ follow up action taken in respect of the deficiencies/ shortcomings noted in the inspection.

6. Overall Comments of the Reviewing Officer

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Reviews

1. Brief Background/ History

Subsequent to cadre restructuring of Income-tax Department, Inspections were introduced in 2002. Its focus was on inspection of functioning of a Range in two selected fortnights, which included inspection of a few selected assessments made by the Assessing Officers of the Range. Under this system of Inspection, the Inspecting Officer was also required to comment on selected assessment orders.

As this was resulting in a duplication of the review function, it has been decided to do away with the requirement to give comments on selected assessment orders as part of the annual Inspections. That system of Inspection could not fulfil its desired objectives. In view of these factors CBDT has decided to make a clear distinction between the objectives and the contents of the Annual Inspections and Reviews. Therefore, CBDT had introduced new system of Reviews and Inspections, which are governed by Instruction No. 15&16 of 2008, dated 04/11/2008 respectively.

2. Reviews

2.1 The Review system entail examination of select assessment orders as part of inspection with appropriate comments thereon.

2.2 Reviews are an ongoing function of the supervisory officer for monitoring the quality of assessment work being done during the year by Assessing Officers (AOs) under their supervisory control.

2.3 As part of their Review report the Reporting Officer should give overall comments on the assessment work of the AO as seen from the assessment orders passed during the preceding quarter and record specific comments.

2.4 During these Reviews the Reviewing Officer (RO) should give specific comments on the overall quality of assessment work of the officer as evident from the assessments done during the quarter and record specific observations on a few selected cases. He should also comments on whether relevant Instructions of the Board, such as regarding selection of cases for scrutiny, utilisation of information in Audit Reports/AIR, etc. have been properly followed.

2.5 The ROs may plan their work in a manner that review in respect of all concerned officers takes place in every quarter. The number of reviews of the assessment work of various Assessing Officers will be done in following manner:

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Reviewing Officer	Review of Assessment Work of	Number of Assessments to be Reviewed in a Quarter
Commissioner	Additional Commissioners/ Joint Commissioners,	1
Commissioner	Deputy Commissioners and Assistant Commissioners	3
Additional/ Joint Commissioner	Income-tax Officers	3

2.6 The progress of the Review work is to be reported in the monthly DO letters in the following format:

Name of the Administrative Commissioner:			
S. No.	**No. of Assessments Reviewed During the Month**	**No. of Cases in which Remedial Action was Considered Necessary on the Basis of the Reviews**	**No. of Cases in which Remedial Action Taken**
1	2	3	4

2.7 Where an officer is holding an additional charge, he will be responsible for the Review work of the additional charge also.

2.8 Requirements of a Good Review Work

While reviewing the assessment work, the following aspects should be kept in mind by the RO:

2.8.1 While Selecting the Cases for Review of Assessment Work, the Following Types of Cases can be Taken Up

(a) Cases of search and seizure.

(b) Cases where prosecutions are contemplated or heavy penalties are imposed.

(c) Cases where heavy relief in assessments has been given by appellate authorities.

(d) Cases where major mistakes have been detected by audit parties.

(e) Cases where complaints relating to substantial tax evasion have been received.

(f) Cases where refunds of large amounts are granted.

(g) Cases of different categories of assessees namely, Individuals, HUFs, Firms, etc. should be considered.

2.8.2 While Carrying the Review Work, the RO should Focus on the Following Aspects

(a) That all issues arising for consideration in the relevant assessment have been considered,

(b) That the evidence required to examine these has been collected, rival arguments are analyzed in the assessment order and a fair and balanced finding recorded.

(c) Maintenance of records and the routine procedural aspects like whether filing of papers is done systematically, issue of various kinds of notices, etc.

(d) Whether necessary statements of account like Balance Sheet, Trading and Profit & Loss account etc. have been filed and necessary supporting accounts are called for. He should also see as to whether accounts have been examined properly, keeping in view comparable cases, the market situation etc.

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(e) Whether assessments are made in a routine manner or the officer has taken initiative to gather all relevant information through imaginative investigation.

(f) The capacity of the AO to deal with various legal points arising in the course of his work is another area, on which comments can be made by the Commissioner. The legal points that generally arise in assessment relate to status, admissibility or otherwise of expenditure, nature of receipts/whether on capital or revenue account, interpretation of provisions of direct tax laws and application of various judicial decisions.

(g) In the course of the reviews, not only the IT records, but also the other relevant records relating to the same assessee should be inspected, to get a clear picture of the proper utilisation of the material by the Assessing Officer

2.8.3 While Compiling the Review Report, the Following Points can be Kept in Mind

(a) The review report should not only mention the final date of report but also the period spent.

(b) The report should invariably contain details of the compliance with various points commented upon in the previous reviews reports.

(c) It may specifically be reported, whether, the officer is repeating the same mistakes, without making any effort to improve himself or remove deficiencies.

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Directorate of Infrastructure

1. Introduction

1.1 The Directorate of Infrastructure under the Central Board of Direct Taxes (CBDT), Department of Revenue, Ministry of Finance was created vide Gazette Notification dated 21st Nov. of 2005 under F.No.A-11013/9/2001-AD-VIII as one of the steps taken to focus on infrastructure development so as to keep pace with its growing need in light of manifold increase in number of taxpayers and paradigm shift of the department as a service department. The Directorate has been given mandate to function as a nodal authority for receiving, examining and processing of infrastructure related projects/proposals from the field authorities. In turn, the Directorate would place the projects/proposals before CBDT/ Ministry for approval as appropriate.

1.2 The tasks of the Directorate of Infrastructure among others include, examination and processing of proposals for purchase and disposal of land and building, construction and purchase of office and residence buildings, repair and maintenance of departmental buildings and securing approvals for such proposals; examination and consolidation of budget for purchase of land and buildings, construction and repair and maintenance of buildings; examination of proposals, for hiring of office and/or residence; framing and interpretation of rules regarding allotment of residential accommodation in the departmental pool of the Income-tax Department; etc. In a short period of time since it became functional, the Directorate of Infrastructure has provided impetus to development of infrastructure in the Income-tax Department. The positive impact is being felt by the members of the Department across India. In the course of processing infrastructure proposals, in the Directorate it was observed that infrastructure related proposals received from field formations were often premature, incomplete and not as per norms. Such proposals resulted in delays in examination, processing and final approvals. The Directorate of Infrastructure is acting as a facilitator between the field authorities and IFUnder Sectionanctioning authorities to ensure that any shortcomings in the proposals are rectified smoothly and expeditiously and the proposals are approved at the earliest.

2. Administrative Structure

2.1 The Directorate of Infrastructure comes under the Pr. Director General of Income-tax (Logistics). This Directorate is headed by Additional Director General of Income-tax. The work in the directorate is sub-divided between 4 units, each headed by a Joint/Additional Director who is assisted by Assistant/ Deputy Director of Income-tax/ITOs. Each of the 4 units look after the proposals emanating from the 4 regions i.e. East, West, North and South.

2.2 In addition to creation and maintenance of infrastructure related work, the Directorate also looks after the various work pertaining to initiatives taken by the Government of India or the Income-

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tax Department such as Sugamaya Bharat Abhiyan, Swachh Bharat, installation of LED lights. The Directorate is also involve in creation of records of available land with the Department, compilation of data regarding availability/shortage of office and residential space, digitalization of records, joint meeting with CBIC and other related organisations to expedite the projects and removal of bottlenecks.

2.3 The administrative structure and allocation of work within the Directorate is given below for ready reference:

Unit-I

(a) All matters related to North Zone.

(b) All administrative and financial matters.

(c) Common issues/Co-ordination work with all units.

(d) Compilation of RFD data as Nodal Agency for validation of shortage of office and residential space.

(e) Digitization of land.

(f) Compilation and reporting of cases of vacant land.

(g) Joint meeting with CBIC & other related departments/fields.

Unit-II

(a) All matters related to South Zone & NADT.

(b) E-Samiksha.

(c) Matters related to: (a) Operational Vehicle (b) SAP (c) Sugamaya Bharat Abhiyan (d) LED.

(d) Co-ordination of digitization of records in the Directorate of Infrastructure as per RFD.

(e) Co-ordination for implementation of Solar Panel.

Unit-III

(a) All matters related to West Zone.

(b) Compilation/Updation of Asset Register. Sanction register and implementation of Expenditure Management Commission – Recommendation of e-asset register etc.

(c) Compilation of Infrastructure Manual.

(d) Matters related to Parliamentary questions, VIP references, CP gram, RTI and miscellaneous reports.

(e) Compilation of top 15 cases monitored by Revenue Secretary.

Unit-IV

(a) All matters related to Ease Zone.

(b) Conversion of acquired properties.

(c) Maintenance of Directorate Website.

(d) 1% Incentive Scheme including laptops.

(e) Project Tarang.

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(f) Compilation and preparation of requirement of Budget (Expenditure) for the Capital projects handled by Directorate of Infrastructure. (R.E., B.E., Supplementary grants DDG etc.).

(g) Integrity Index Development Projects.

(h) Audit Work.

3. Mandate

The mandate of this Directorate is to act as a nodal agency on various matters some of which are listed below:

(a) Matters relating to construction/purchase and repair of office/residential building purchase of land, hiring of buildings.

(b) Purchase/replacement/hiring of vehicles, ACs, framing and interpretation of rules for residential Accommodation etc.

(c) Examination of Infrastructure Proposals from field.

(d) To seek approval of competent authorities for Infrastructure proposals received from the field.

4. Overview of the Function of Directorate in Respect of Infrastructure Proposals Received

4.1 The Directorate of infrastructure keeps receiving various proposals from the field relating to construction/purchase and repair of office/residential building purchase of land, hiring of buildings, rent revision, maintenance of buildings in use, purchase of furnishing and fixtures, DG sets etc.

4.2 Once the proposal is received from the field formation, the same is examine by this Directorate to see as to whether the proposal is mature and complete and whether the requirements for the consideration of the proposal meets the existing norms. If any shortcomings are noticed, clarifications are sought from the field formations and any deficiency/gaps in the proposal are plugged. Once the proposal is complete in all respects and all the mandated requirements are fulfilled, then the proposal is routed through Additional Director General (Expenditure Budget) to seek confirmation regarding availability of budget. After confirmation of the availability of budget, the proposal is put up for administrative approval and financial sanction from the competent authority.

4.3 In case any further query is raised by IFU or sanctioning authority, the same is communicated to the field formation for the reply. In case of any ambiguity or difficulty facing by field formations regarding reply to the query, the Directorate guides and facilitates a suitable reply in this regard. After obtaining the clarifications, the proposals are placed for consideration of higher authorities.

4.4 In cases where as per the prescribed monetary limit approval/appraisal is required from Secretary, Delegated Investment Board (DIB) and Public Investment Board (PIB), a presentation is made by the Directorate highlighting important features of the project, justification, financial implication, cost benefit analysis etc.

4.5 Once the approval is received from the competent authority the same is sent to Section AD.VIII of CBDT for issue of sanction order. On issue of sanction order, the same is communicated to the field formation.

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5. Other Important Works Carried Out by Directorate of Infrastructure

(a) Real-Time Monitoring of the Ongoing Construction Projects.

(b) Enhancement of Delegated Financial Powers.

(c) Periodic Co-Ordination Meeting Between CBDT & CBIC.

(d) Condemnation and Purchase of Vehicles.

(e) Led Installation.

(f) Installation of Grid Connected Rooftop Solar Panel.

(g) Revision of Allotment Rules.

(h) Revision of Retention of Accommodation Rules.

(i) Digitisation of Record.

(j) Office & Residential Space Data.

(k) Organisation of Seminars.

(l) Swachh Bharat Abhiyan.

(m) Digital Land Database.

(n) E-Asset Register.

(o) Project Tarang.

6. Financial Powers in Respect of Infrastructure Proposals

The first question faced by the field authorities, while initiating the proposal is regarding financial capacity to accord sanction to various projects. Since this is a matter of common interest, an overview regarding this is given as below.

6.1. Financial Powers of the Ministries/ Departments in Respect of Expenditure on Non-Plan Schemes/ Projects

(a) **Financial Power delegated to Chairman & Member, CBDT:** Proposals requiring sanction of expenditure beyond the delegated powers of HoD and up to Rs. 2 crores will be approved by the Member concerned. The Competent Authority for sanction of infrastructure proposals above Rs. 2 crore and up to Rs. 5 crore is Chairman, CBDT. The Authority has been delegated to Chairman, CBDT vide **O.M.15/6/2008-IFU-III** dated **6th June, 2008**. The Authority has been delegated to Member, CBDT vide **O.M. No.15/6/2008-IFU-III** dated 22nd September, 2008.

(b) Proposals requiring sanction of expenditure beyond the delegated power of Chairman, CBDT are to be submitted for approval of Competent Authority as specified vide O.M. No. 03/12/2016-Fin dated 11th August, 2016. The financial limits along with Appraising and Sanctioning Authority as laid down in the said OM are as follows:

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Scheme/ Project Appraisal		Scheme/ Project Approval	
Cost (Rs. Cr.)	**Appraisal by**	**Cost (Rs. Cr.)**	**Approval by**
Up to 100	The Financial Adviser	Up to 100	Secretary of the Administrative Department
>100 & up to 500	Standing Finance Committee (SFC)/ Delegated Investment Board (DIB) Chaired by Secretary of the Admn. Dept.	100 & up to 500	Minister-in-charge of the Administrative Department
>500	Expenditure Finance Committee (EFC)/ Public Investment Board (PIB) Chaired by the Expenditure Secretary, except departments/ schemes/projects for which special dispensation has been notified by the Competent Authority	>500 & up to 1000	Minister-in-charge of the Admn. Dept. and Finance Minister, except where special powers have been delegated by the Finance Ministry
		>1000	Cabinet/Committee of the Cabinet concerned with the subject

(i) Extract of Delegated Powers of Head of Department in Respect of Infrastructure Proposals:

The relevant extract of the O.M. dated **15 the September 2011** delegating financial powers to "HoD" in respect of infrastructure is as listed below:

S. No.	Item of Expenditure	Rules Applicable and Delegation of Financial Powers to HoDs of CBDT, CBEC and D/O Revenue
1.	Fixtures, furniture (purchase & repair)	Full Powers.
2.	Repair and maintenance work in buildings owned by the Department. (Minor Works)	Rs. 30 lakh. Provisions of GFR 2005 will apply.
3.	Provision of DG set	Rs. 15 lakh per annum per building for each HOD for purchase of DG (Diesel Generating) set, subject to GFRs 2005, Works Manual and guidelines for essential and non-essential loads for DG Sets.
4.	Original works (through CPWD) on Department land and buildings. (Only in cases where funds are provided by MOUD). The power will not be used for purchase of land/building.	Rs. 10 lakh in each case. Provisions of GFRs 2005 will apply. Government of India decision below Rule 10 of DFPRs on New Service/New Instrument of Service shall apply. All original works beyond Rs. 10 lakh require reporting to Parliament and beyond Rs. 50 lakhs, requires prior approval of Parliament. Budget provision should be available under the grant provided by MoUD.
5.	Hiring of office accommodation.	Rs. 3 lakh per month for 13 major Cities (A-1 and A) & Rs. 1.5 lakh per month for other cities. ***Note:*** These powers are subject to non-availability certificate from Directorate of Estates and/or CPWD, Fair Rent Certificate from CPWD, observance of GFRs 2005, admissibility. of space norms as prescribed and also subject to relevant instructions on this item issued from time to time. Any deviation from norms including acceptance of single offer, should be referred to the Ministry. Hiring should be recommended by a Hiring Committee duly constituted by the HoD.

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S. No.	Item of Expenditure	Rules Applicable and Delegation of Financial Powers to HoDs of CBDT, CBEC and D/O Revenue
6.	Outsourcing of services	Rs. 30 lakh per annum to the HoDs. Provisions of GFRs, 2005 in' this regard shall apply. It is to be ensured that there is no liability on Govt. towards permanent employment to the personnel engaged by the service providers. No outsourcing should be resorted: (i) to augment manpower against the abolished posts. (ii) meet the services like security and cleaning while the sanctioned strength in these cadres are already on roll and drawing regular salaries and allowances. (iii) to augment posts at Gr. 'C' and above level.
7.	Municipal rates and taxes	Full Powers.

The delegated financial power to Heads of Department (HoDs) of Department of Revenue (Hqrs.), CBDT issued by IFU vide O.M.15/6/2008-IFU.III dated 15/09/2011 has been revised in respect of a single item of expenditure 'Outsourcing of Services' **(Ref: S.No. 6 of the above table)** as per following:

"The enhanced delegated financial powers for 'Outsourcing of Services' to HoDs of CBDT, CBEC & Department of Revenue (Hqrs.) shall be Rs. 90 lakh per annum in respect of HoDs situated at four metro cities *viz.* Delhi, Mumbai, Chennai and Kolkata. For other HoDs apart from those situated at aforesaid four cities, the same shall be Rs. 60 lakh per annum"

The details of formats to be followed, checklists to be complied with, other procedural requirements have been dealt with in detail in the Manual on Infrastructure and may be referred to from there.

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Important Reports

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Reports received from various field formations are the main source of information for the Central Board of Direct Taxes and for the Government in assessing the performance of various segments of the Department. The information gathered from the reports is also instrumental in guiding the policy making. Normally the reports start from the primary field level officers i.e the Assessing Officers and end up with the respective Directorates.

The reports at the field level are mainly monthly/quarterly and these are consolidated by the respective Directorates on a monthly/quarterly basis and submitted to the Board. Some of the important reports are listed below:

A. Weekly Report ADG-TPS-II

Sl. No.	Name of the Report	Proforma as Per Report No.
1.	CPGRAM Status Report	**1**

B. Monthly Reports Field Offices

1.	CAP-I(Format available on I-Taxnet)	**2**
2.	CAP-II(Format available on I-Taxnet)	**3**
3.	Speedy Processing of Returns	**4**
4.	Monthly Survey Report	**5**
5.	Monthly DO	**6**
6.	Monthly Progress Report on Disposal of Appeals by CIT (Appeals)	**7**
7.	Monthly Progress Report on Prosecution	**8**
8.	Monthly Report Sent by CIT(DRs)	**9**
9.	Pendency Report of Revenue/Internal Audit Objections	**10**

C. Quarterly Reports

1.	Quarterly Progress Report -Part A & B	**11**
2.	RTI Report	**12**
3.	Hindi Timahi Pragati Report	**13**
4.	Quarterly Progress Report on Appeals/Writs & other matters before ITAT/HC/SC	**14**

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5.	Dossier Report (Format on I-Taxnet)	**15**
6.	Quarterly Progress Report on TRO's Work	**16**
7.	Quarterly Progress Report on Aggregation of Agricultural Income with Non-Agricultural Income	**17**
8.	Quarterly Progress Report on Write-off of Arrear Demand of Rs. 10,000/- and below	**18**
9.	Quarterly Prosecution Report	**19**
10.	Quarterly Survey Report	**20**
11.	Quarterly Report on Top 100 Advance Tax Payers	**21**
12.	Quarterly Report to be sent by CIT (DRs)	**22**

D. Annual Report

1.	Direct Taxes Administration of Compliance Audit Report of C&AG of India on Direct Taxes	**23**

E. Monthly Reports Sent by I&CI Wing

1.	Report on Compliance Management of SFT	**24**
2.	Report on Notices issued under Section 285BA (4) & (5)	**25**
3.	Report on Penalties imposed under Section 271FA & 271FAA	**26**
4.	Report on Benami Transactions identified	**27**
5.	Report on Verification of Non-PAN/Special Project/Demonetization/FATCA/ AEOI/CRS data	**28**
6.	Report on Outreach Programme	**29**

F. Monthly Reports Sent by Investigation Wing

1.	Monthly Report on Actions under the Black Money Act, 2015	**30**
2.	Monthly Report on Actions under the Benami Transactions (Prohibition) Act, 2016	**31**
3.	Quarterly Report on Rewards	**32**
4.	Two Hourly Report on Intimation regarding action under Section 132 of the IT Act, 1961	**33**
5.	Preliminary Search Report	**34**
6.	MIS Report from DGIT (Inv.)s	**35**
7.	Monthly Statistical Report from DGIT (Investigation)	**36**

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Report–1

CPGRAM Status Report

Name of Organisation	B/F as on ---------	Grievances Received	Grievances Disposed	Average Disposal Time (Days)		Pending 0 to 15 days	Pending 16 to 30 days	Pending 31 to 60 days	Pending 61 to 90 days	Pending 91 to 180 days	Pending 180 to 365 days	Pending More than 1 year
Central Board of Direct Taxes (Income Tax)			(%)		**Pendingas of now**	(Click here for list)	(Click here for list)	(Click here for list)	(Click here for list)	(Click here for list)	(Click here for list)	(Click here for list)
					Pending as on DD/MM/ YYYY	(Click here for list)	(Click here for list)	(Click here for list)	(Click here for list)	(Click here for list)	(Click here for list)	(Click here for list)
					Pendency Based on Diary Date	(Click here for list)	(Click here for list)	(Click here for list)	(Click here for list)	(Click here for list)	(Click here for list)	(Click here for list)

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Report–2

CAP-I Report

S. No.	**विवरण / Description**	**कोड Code**	**बकाया मांग Arrear**		**चालू मांग Current**		**कुल मांग Total**
			आयकर IT	नगिम कर CT	आयकर IT	नगिम कर CT	
1.	वर्ष की 1 अप्रैल को कुल मांग Demand as on 1st April of the year	**AD**	–	–	–	–	–
2.	1 अप्रैल से की गई मांग Demand raised from 1st April	**CD**	–	–	–	–	–
	(क) 1 अप्रैल से ई–रिटर्न प्रसंस्करण करते समय सीपीसी आईटीआर में सीपीसी मांग बढ़ी		–	–	–	–	–
	(a) CPC Demand raised in CPC ITR while Processing e-return from 1st April		–	–	–	–	–
	(ख) 1 अप्रैल से पूरी मांग (2 + 2 (क)) **(b) Total Demand Raised from 1st April (2 + 2 (a))**		–	–	–	–	–
3.	पूर्व में दिए गए कर केरूप में घटौती (–) Reduction by way of prepaid taxes (–)	**CA**	–	–	–	–	–
4.	स्थानांतरण / सत्यापन इत्यादि के कारण समायोजन के बाद माह के अंत तक कुल मांग Total Demand at the end of the month after adjustments on account of transfers/ verification etc.	**ADV**		–	–	–	–
5.	मांग जो अभी देय नहीं है (–) Demand not fallen due (–)	**NFD**	–	–	–	–	–
6.	नकद संग्रहण (–) Cash Collection (–)	**CCOL**	–	–	–	–	–
7.	घटौती Reduction due to		–	–	–	–	–
	(क) अपील के कारण / (a) Appeal Effect		–	–	–	–	–
	(ख) भूल सुधार के कारण / (b) Rectification		–	–	–	–	–
	(ग) अन्य कारणों से / (c) Others		–	–	–	–	–
	कुल कमी (क) से (ग) / Total Reduction ((a) to (c))		–	–	–	–	–
8.	माह के अंत तक संग्रहण के लिए कुल मांग Total Demand for Collection at the month end	**NOD**	–	–	–	–	–
	(क) कुल मांग (कॉलम संख्या 5 + 8)		–	–	–	–	–
	(a) Total Demand (Column no. 5 + 8)		–	–	–	–	–

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S. No.	विवरण / Description	कोड Code	बकाया मांग Arrear		चालू मांग Current		कुल मांग Total
			आयकर IT	निगम कर CT	आयकर IT	निगम कर CT	
	(ख) सीपीसी आईटीआर (एएसटी + मैनुअल डिमांड + सीपीसी) के अनुसार तिथि की कुल मांग		–	–	–	–	–
	(b) Total Demand as on date as per CPC ITR (AST+Manual Demand + CPC)		–	–	–	–	–
	(ग) अंतर (स्तंभ संख्या 8(क)–8(ख))		–	–	–	–	–
	(c) Difference between (Column no. 8(a)–8(b))		–	–	–	–	–
9.	मांग जिसकी वसूली कठिन है Demand difficult to recover		–	–	–	–	–
	(क) बट्टे खाते के लिए लंबित / (a) Pending Write-off	**PWO**	–	–	–	–	–
	(ख) निर्धारिती का पता लगाना कठिन है (उस सीमा तक जहां तक कि इसके वसूली को प्रभावित करने की संभवना है) (b) Assessees not traceable (to the extent it is likely to affect recovery)	**ANT**	–	–	–	–	–
	(ग) वसूली के लिए कोई परिसम्पति / अपर्याप्त परिसम्पति नहीं (अपर्याप्तता की सीमा तक) (c) No assets/ inadequate assets for recovery (to the extent of inadequacy)	**NAR**	–	–	–	–	–
	(घ) सुरक्षात्मक मांग / (d) Protective Demand	**PD**	–	–	–	–	–
	(ङ)ऐसे मामले जहां विभाग अपील हार चुका है, लेकिन मांग दूसरे वर्ष के लिए लम्बित है अथवा विभाग अगले वर्षों के लिए जारी रखना चाहता है (e) Cases where the Department has lost in appeal but the demand is outstanding for other years or is continuing to be raised to keep the issue alive as the Department is in further appeal	**DLA**	–	–	–	–	–
	(च) विशेष अदालत के अधीन अधिसूचित व्यक्ति (प्रतिभूति से संबंधित अपराधों पर मुकदमा चलाना अधिनियम, 1992 (f) Notified persons under the Special Court (Trial of offences relating to Securities Act, 1992)	**NP**	–	–	–	–	–
	(छ)एन.सी.एल.टी. के समक्ष आई.बी.सी.–2016 के अर्न्तगत लंबित केस / (g) Cases pending before NCLT under IBC–2016	**BB**	–	–	–	–	–
	(ज) कम्पनी जो बंद हो रही है (समापन पर है) (h) Companies in Liquidation	**CIL**	–	–	–	–	–

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			आयकर IT	नगिम कर CT	आयकर IT	नगिम कर CT	
	(झ) समझौता आयोग के समक्ष मामले (i) Cases before Settlement Commission	**BSC**	–	–	–	–	–
	(ञ) आयकर अपीलीय प्राधिकरण द्वारा / कोर्ट द्वारा रोकी गई मांग (j) Demand stayed by Courts/ITAT	**DSC**	–	–	–	–	–
	(ट) आयकर प्राधिकारियों द्वारा रोकी गई मांग (k) Demand stayed by I T Authorities	**DSIT**	–	–	–	–	
	(ठ) किस्तों से पूर्ति हो रही मांग केवल उस सीमा तक जो माह के दौरान वसूलीयोग्य नहीं है) (l) Demand covered by instalments (only to the extent not recoverable during the month)	**INST**	–	–	–	–	–
	(ड) मांग जिसकी वसूली इस कारण से नहीं की जा रही है कि निर्धारिती की रोकयाचिका आयकर प्राधिकारी के समक्ष विचार हेतु है (m) Demand, the recovery of which is not being pursued on account of assessee's stay petition pending consideration by I. T. Authorities.	**SP**	–	–	–	–	–
	(ढ) टीडीएस / प्रीपेड बेमेल कर (n) TDS/ Prepaid taxes mismatch	**TDS**	–	–	–	–	–
	(न) प्रवर्तनीय बैंक गारंटी केरूप में मानचित्र प्रक्रिया के अंतर्गत प्राप्त की मांग नहीं (o) Demand not enforceable as Bank Gurantees obtained under MAP process	**GRT**	–	–	–		
	(प) सुधार प्रविष्टियों का दोहराव के खाते पर लंबित (p) Rectification pending on account of duplication of entries	**DPL**					
	(फ)एसेट्स संयुक्तरूप से BIFR को छोड़कर अन्यएजेंसियों के साथ संलग्न (q) Assets jointly attached with other agencies except BIFR	**OAG**	–	–	–	–	–
	(र) संपत्तियों के अनुलग्नक के खिलाफ लंबित अपील (r) Appeal pending against attachment of properties	**PRP**	–	–	–	–	–

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S. No.	विवरण / Description	कोड Code	बकाया मांग Arrear		चालू मांग Current		कुल मांग Total
			आयकर IT	निगिम कर CT	आयकर IT	निगिम कर CT	
	(ल) कोई अन्य कारण (अलग अनुलग्नक में दिखायें) जिससे मांग वसूली के लिए बाधित हो रही है (s) Any other reasons (to be specified in a separate Annexure) for which the demand is considered difficult to recover	**OR**	–	–	–	–	–
	वसूली के लिए मुश्किल कुल मांग क से ल तक **Total Demand Difficult to Recover ((a) to (s))**	**DIFF**	–	–	–	–	–
10	शु, संग्रहणीय मांग: 8–9 Net Collectible Demand (8-9)	**NCOL**	–	–	–	–	–
11	विवादित मांग का विश्लेषण / Analysis of Disputed Demand:		–	–	–	–	–
	(क) आकयर आयुक्त (अपील) / (a) CIT (A)	**DCIT**	–	–	–	–	–
	(ख) आयकर अपीलीय प्राधिकरण / (b) ITAT	**DITAT**	–	–	–	–	–
	(ग) उच्च न्यायालय / सर्वोच्च न्यायालय (c) High Court/ Supreme Court	**DIC**	–	–	–	–	–
	(घ) आयकर प्राधिकारियों के समक्ष लम्बित परिशोधन / संशोधन / अधित्यजन कुल विवादित मांग (d) Rectification/ Revision/ Waiver pending before IT Authorities	**DID**	–	–	–	–	–
	कुल विवादित मांग / Total Disputed Demand	**TDD**	–	–	–	–	–
12	**कर राजस्व बढोतरी परंतु वसूली न करना (एफ.आर.बी.एन. अधिनियम)** **Tax revenues raised but not realized (FRBM Act)**		>1 yr and <=2 yrs	>2 yrs and <=5 yrs	>5 yrs and <=10 yrs	>10 yrs	Total
	020–विवादित निगम–कर 0020–Corporation Tax under Dispute		–	–	–	–	–
	021–विवादित आयकर 0021–Income-tax under Dispute		–	–	–	–	–
	विवादित मांग **Disputed Demand**		–	–	–	–	–
	020–विवादित निगम कर 0020–Corporation Tax not under Dispute		–	–	–	–	–
	021– विवादित आयकर 0021–Income-tax not under Dispute		–	–	–	–	–

Report 2 (Contd.)...

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...Report 2 (Contd.)

S. No.	**विवरण / Description**	**कोड Code**	**बकाया मांग Arrear**		**चालू मांग Current**		**कुल मांग Total**
			आयकर IT	निगम कर CT	आयकर IT	निगम कर CT	
	मांग जो विवाद के अतंर्गत नहीं है Demand not under Dispute		–	–	–	–	–
	020– विवादित निगम कर 0020–Corporation Tax not realized		–	–	–	–	–
	021– विवादित आयकर 0021–Income-tax not realized		–	–	–	–	–
	कुल राजस्व कर जो प्राप्त नहीं हुआ Total Tax Revenues not realized		–	–	–	–	–
13	*बकाया / चालू वर्ष के लिए नकद संग्रहण का लक्ष्य *Target of Cash Collection for Arrear/ Current Year	**TCC**	–	–	–	–	–
14	लक्ष्य अनुपात द्वारा संग्रहण % म (6 / 13) Collection by Target Ratio in % (6/13)	**CTR**	–	–	–	–	–
15	**शुद्ध संग्रहणयोग्य मांग केरूप में संग्रहण % में (6 / 10) Collection as of net collectible demand in % (6/10)**	**CNCD**	–	–	–	–	–
*TCC for Arrear Demand is calculated as 75% of item 10 + 20% of item 5 + 15% of item 9(k) + 15% of item 9(l) + 15% of item 9(m) + 5% of item 9(s) of arrear demand							
TCC for Current Demand is calculated as 20% of item 2 of current demand							
संलग्नकः मांग संग्रहण करने में कठिनाई के लिए अन्य कारणों का विवरण–9(ल) Annexure: Description of other reasons for demand difficult to collect -9(s)							

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Report–3

CAP II Report

1. Taxbase

Area of Activity	On 1st April - Brought Forward from Closing of March of Prev Year	On 1st day of the Month - Brought Forward from Closing of Prev Month (After Applying Corrections if any)	Variations During the Month on a/c of				On Last Day of the Month (ii) + (iii) + (iv) - (v) - (vi)	Corrections to be Applied to Closing of Prev Month (As per Remarks in ix)	Remarks (in Case of Correction based on Errors of Previous Months)
			New Assessees (+)	Transfer in (+)	Transfer Out (-)	Struck Off (-)			
	(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)
Assessees on Record									

2. Returns

Area of Activity	Returns Filed upto the End of the Month				Action Against Stop Filers upto the End of the Month		
	(a) By Existing Assessees	(b) By New Assessees	(c) Total (i) + (ii)	Out of (iii) Returns showing Income above Rs. 10 lacs	On A/C of Notices under Section 142(1)	on A/C of Notices under Section 148	Total (v) + (vi)
	(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)
a. Receipt of returns (on paper)							
b. Receipt of returns (in Electronic Form)							

3. Functions Relating to the Assessing Officers

(A) Functions other than Survey Work

Area of Activity	Brought forward as on 1st April from closing of March of prev year	Brought forward on first day of the month from closing of prev month (After applying corrections if any)	Transfer in/out/ struck off during the month (+/-)	Addition during the month	Disposal/ Reduction during the month	Disposal/ Reduction upto the end of the month (After applying corrections if any)	Balance carried forward = (ii)+(iii)+ (iv)-(v)	Critical Pendency*	Corrections to be applied to closing of prev month	Disposal/Reduction Corrections to be applied to the end of the month
	(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)

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(i) Processing of Returns									
(a) Paper Returns									
(b) e-Filed Returns									
(ii) Refunds									
(a) No. of Refunds under Section 143(1)									
(b) No. of Other Refunds									
(iii) Scrutiny Assessments-Company Cases									
(a) under Section 143(3)									
(b) under Section 143(3) r.w other Sections									
(c) Timebarring out of (a) & (b) above									
(iv) Scrutiny Assessments-Non-Company Cases									
(a) under Section 143(3)									
(b) under Section 143(3) r.w other Sections									
(c) Timebarring out of (a) & (b) above									
(v) Search Asessments									
(a) Search Asessments under Section 153A									
(b) Search Asessments under Section 153C									
(c) Other Search Asessments									
(vi) Grievances									
(vii) Rectification Applications									
(viii) Appeal Effects									
(a) Appeal Effects - CIT(A) order									
(b) Appeal Effects - ITAT order									
(c) Appeal Effects - HC/SC order									
(ix) Penalty Proceedings									
(a) Penalty Proceedings initiated under Section 271(1)(c)									

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(b) Other Penalty Proceedings initiated									
(x) Prosecutions									
(a) Prosecutions under Section 276C launched									
(b) Other Prosecution Cases launched									
(xi) Revenue Audit Objections									
(a) Revenue Audit - Major Objection (Arrear)									
(b) Revenue Audit - Major Objection (Current)									
(c) Revenue Audit - Draft Para									
(xii) Internal Audit Objection									
(a) Internal Audit - Major Objection (Arrear)									
(b) Internal Audit - Major Objection (Current)									

(xiii) Age-wise Breakup of Pendency of Refunds	**1–6 Months**	**6–12 Months**	**More than one Year**	**Total**
	(i)	(ii)	(iii)	(iv)
(a) Refunds under Section 143(1) (Reckoned from the month in which return is received Paper Return) (to be read as 1-9 months & 9-12 months)				
(b) Refunds under Section 143(1) (Reckoned from the month in which return is received e filed)				
(c) Other Refunds (Reckoned from the date on which the refund is determined)				

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	Appeals authorized brought forward as on 1st April - from closing of March of prev year	Brought forward on first day of the month - from closing of prev month(After applying corrections if any)	Transfer in/out/ struck off during the month (+/-)	Appeals authorized during the month	Appeals filed during the month	Appeals filed upto the end of the month(After applying corrections if any)	Balance carried forward (ii) + (iii) + (iv) - (v)	Critical Pendency*	Corrections to be applied to closing of prev month	Appeals Corrections to be applied to the end of the month
	(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
(xiv) Appeals to High Court under Section 260A										

(xv) Write-off of Arrear Demand	**No. of demands written off during the month**	**Amount (Rs. In lakhs)**	**No. of proposals submitted to local/regional/zonal committee(s) for write-off**		**Amount involved in such proposals (Rs. In lakhs)**	**No. of approvals received**			**No. of proposals submitted Corrections to be applied to the end of the month**	**Amount involved Corrections to be applied to the end of the month**	**No. of approvals received Corrections to be applied to the end of the month**
			During the Month	**Upto the end of the Month (After Applying Corrections if any)**	**During the Month**	**Upto the end of the Month (After Applying Corrections if any)**	**During the Month**	**Upto the end of the Month (After Applying Corrections if any)**			
	(i)	**(ii)**	**(iii)**	**(iv)**	**(v)**	**(vi)**	**(vii)**	**(viii)**	**(ix)**	**(x)**	**(xi)**
(i) Local Committee											
(ii) Regional Committee											
(iii) Zonal Committee											
(iv) Ad-hoc Write-off											
(v) Summary Write-off											
Total											

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3(B) Survey Work

Area of Activity	No. of surveys during the month	No. of surveys upto the end of the month (After applying corrections if any)	Corresponding period of last year (upto the end of the month)	Amount of undisclosed income detected (Rs. In lakhs)		Survey reports submitted		No. of surveys Corrections to be applied to the end of the month	Amount of undisclosed Corrections to be applied to the end of the month	Survey reports submitted Corrections to be applied to the end of the month
				During the Month	Upto the end of the Month (After Applying Corrections if any)	During the Month	Upto the end of the Month (After Applying Corrections if any)			
	(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
(i) Survey under Section 133 A(1)										
(a) Discrepancy in Cash found (Amount in lakhs)										
(b) Discrepancy in Stock found (Amount in lakhs)										
(c) Other Discrepancy noticed (Amount in lakhs)										
(ii) Survey under Section 133A(5)										

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Report–4

Speedy Processing of Returns and Issuance of Refunds For Month…

Charge	Returns for processing brought forward as 01.04.----	Returns received upto end of the month during the F.Y.	Total returns of processing	Number of returns in which refunds is due	Number of returns processed out of column (4)	Number of refunds issued out of column (5)	Number of refund encashed	No. of refunds pending	Amount involved (in crores)	Reasons for delay if any
1	2	3	4	5	6	7	8	9	10	11

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Report–5

Monthly Survey Report

Principal CCIT/DGIT(Inv)/DGIT(I&CI) Region: _________ Month: _________

Part–A: Statistical Report

Nature of Survey	Number of Survey During the Month	Number of Survey Upto the Month	Undisclosed Income Detected in Survey During the Month (Rs. in Lakh)	Undisclosed Income Detected in Survey up to the Month (Rs. in Lakh)
TDS/TCS survey				
Recovery survey				
Survey under Section 133A (5)				
Survey consequential to search & seizure under Section 132				
Other survey				

Part–B: Qualitative Report on TDS/ TCS Surveys

S. No.	Name of the Assessee	Date of Survey	Sector	TDS/ TCS Evasion Detected (Rs. in lakh)	Nature of Evasion (In Brief)
1.					

Part–C: Qualitative Report on Recovery Surveys

S. No.	Name of the Assessee	Date of Survey	Sector	Assets found (Rs. in Lakh)	Assets Attached, if any (Rs. in Lakh)	Demand Recovered Due to Survey, if any (Rs. in lakh)
1.						

Part–D: Qualitative Report on Survey Consequential to Search & Seizure under Section 132

S. No.	Name of the Assessee	Date of Survey	Sector	Date of Initiation of Search	Name of Group	Undisclosed Income Detected (Rs. in Lakh)	Whether Accommodation Entry Involved	Number of Shell Companies Identified, if Any
1.								

Part–E: Qualitative Report on Other Surveys under Section 133A(1)

S. No.	Name of the Assessee	Date of Survey	Sector	Undisclosed Income Detected (Rs. in Lakh)	Whether Accommodation Entry Involved	Number of Shell Companies Identified, if Any
1.						

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Part–F: Qualitative Report on Surveys under Section 133A(5)

S. No.	Name of the Assessee	Date of Survey	Sector	Undisclosed Income Detected (Rs. in Lakh)	Expenditure Detected (Rs. in Lakh)	Nature of Evasion in Brief
1.						

Part–G: Sectorwise Break-up

S. No.	Name of the Sector	Surveys Conducted During the Month				Surveys Conducted Up to the Month			
		Number	Unaccounted Income Detected	Proceedings Initiated in Consequence of Survey, if any	Tax Paid, if any, in Consequence of Survey, if any	Number	Unaccounted Income Detected	Proceedings Initiated in Consequence of Survey, if Any	Tax Paid, if Any, in Consequence of Survey, if Any
1.	Real Estate								
2.	Contractor								
3.	Manufacturing								
4.	Gems & Jewellery								
5.	Mining & Minerals								
6.	Healthcare								
7.	Education								
8.	Cooperative Bank								
9.	Cooperative Society								
10.	Trading								
11.	NBFC, Chit Fund, Financiers etc.								
12.	Professional								
13.	Government Departments								
14.	Others								

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Report–6

1. DO Letter for the Month of --------

(i) Processing of Returns

Charge	Pendency at the Beginning of the Month	Received During the Month	Processed during the Month	Pending at the End of the Month

(ii) Disposal of Scrutiny Assessments

Charge	Pendency at the Beginning of the Month	Scrutiny Assessment Completed During the Month	No. of Cases where Additions Above Rs. 25 Lakh Made	Net Current Demand Raised During the Month, if any

(iii) Budget Collection (Figures in Crores)

Charge	Annual Budget Target	Collection during the month	Progressive Collection

(iv) Collection/ Reduction of Arrear Demand (Figures in Crores)

Charge	Arrear demand as on ---------	Target for collection (Cash Collection)/ Reduction	Collection/Reduction during the month	Progressive Achievement against Target

(v) Collection Out of Current Demand (Figure in Crores)

Charge	Net Current Demand Raised upto the end of Last Month	Target for Collection out of Current Demand	Current/ Reduction out of Current Demand During the Month	Progressive Collection out of Current Demand	Reason for Shortfall if any

(vi) Pendency of Major Audit Paras/ Objection

(a) Revenue Audit

Charge	Pending at the Beginning of the Month	Received during the Month	Replies Sent During the Month	Settled during the Month	Pending at the End of the Month

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(b) Internal Audit

Charge	Pending at the Beginning of the Month	Received during the Month	Replies Sent During the Month	Settled During the Month	Pending at the End of the Month

(vii) Surveys

Charge	Conducted During the Month	Additional Income Disclosed/ Detected	Progressive Total of Surveys	Progressive Total of Surveys

(viii) Issue of Refunds

Charge	Pending at the Beginning of the Month	Added During the Month	Issued during the Month	Pending at the end of the Month

(ix) Launching of Prosecution

Charge	Annual Target	Number of Prosecutions Launched (Technical Offences)	Number of Prosecutions launched (Non-Technical Offences)

(x) Review of Assessment

Charge	Target at the Beginning of the Month	Progressive Target	Reviews Completed upto the End of the Month	Pending at the End of the Month

(xi) Disposal of Appeals by the CsIT (Appeal)

Charge	No. of Appeals Pending at the Beginning of the Month	No. of High Demand Appeal at the Beginning of the Month	Total Disposal of Appeals During the Month	No. of High Demand Appeals Disposed of During the Month	Progressive Disposal Till Date

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Report–7

Monthly Disposal Report of Commissioners of Income-tax (Appeals)

1	Financial Year:									
2	For the month of									
3	CCIT (A)/DGIT (Inv.) Charge:									
4	CIT (A) Charge:									
5	Name of CIT holding charge during the month:									
		B-1A	B-1B	B-2	B-3	B-4A	B-4B	Total	Search Cases Included in Earlier Columns	TP Cases Included in Earlier Columns
6	Workload of Appeals									
6.1	Opening Balance of pending appeals as on 1st April									
6.2	New appeals instituted upto end of the month									
6.3	Appeals transferred in/transferred out (net) upto the end of the month									
6.4	Total workload upto end of the month (item 6.1+6.2+6.3)									
7	Target of Disposal for the month									
8	Disposal during the month									
9	Progressive target of Disposal upto end of the month									
10	Progressive Disposal upto end of the month									
11	Balance Pendency of Appeals upto end of the month									
12	Amount disputed in Appeals (Rs. In Lakh)									
12.1	Total amount disputed in all Appeals at the beginning of the month (Rs. In Lakh)									
12.2	Total amount disputed in all Appeals at the end of the month (Rs. In Lakh)									
13	Nature of disposal of Appeals									
13.1	Partly confirmed/partly allowed									
13.2	Fully confirmed/appeals dismissed									
13.3	Fully allowed									
13.4	Others									
13.5	Total Disposal {items 13.1+13.2+13.3+13.4} = (should be same as item 8)									

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Report–8

Monthly Progress Report on Prosecution Work

S. No.	Particulars	No. of Complaints	No. of Cases
	Prosecution		
1.	**Prosecution pending with Courts as on 1st April.....**		
2.	**Fresh Prosecution launched upto the end of Month (a+b+c+d)**		
	(a) Concealment of Income		
	(b) late Filers/Non-filers		
	(c) Other offences		
	(d) Only IPC Offences		
3.	**Disposal upto the end of the Month (a+b+c)**		
	(a) Court Passes order of conviction		
	(b) Court passes order of acquittal		
	(c) Prosecution withdrawn due to		
	(1) Compounding		
	(2) Reasons other than compounding		
4.	**Prosecution pending with Courts at the end of Month (1+2-3)**		
5.	**Prosecution revived upto end of the Month due to appeals filed against the Court orders (a+b)**		
	(a) Acquittal Orders		
	(b) Convicted Orders		
6.	**Total prosecution pending with Courts at the end of Month (4+5)**		
	Potential Cases		
7.	**Potential Prosecution Cases identified upto the end of the Month (during Search/ Survey/ Scrutiny/ Other Enquiry)**		
8.	**No. of Prosecution Compounded before filing of complaint in the Court**		
	Compounding		
9.	**Compounding petitions pending as on 1st April.....**		
10.	**Compounding petitions received upto the end of the Month**		
11.	**Compounding petitions decided upto the end of the Month (a+b)**		
	(a) Compounding Rejected		
	(b) Compounding Accepted		
12.	**Compounding petitions pending upto the end of the Month For (9+10-11)**		
	(a) Pending for more than 6 Months		
	(b) Pending for 6 Months & less		

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Report–9

Monthly Report to be Sent by CIT (DRs), ITSC

S. No.	Name address & PAN of case	A.Ys.	Whether assesse's application admitted or not	Additional Income offered in the settlement application (Rs. Crore)	Additional Income determined as per order under Section 245D(4)	Main issues arising out of the orders passed by ITSC	Comments of CIT(DR) on acceptability of orders passed by ITSC including action recommended
1	2	3	4	5	6	7	8

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Report–10

Monthly Report of Pendency of Internal/ Revenue Audit Objections

Part-I: Major Internal Audit Objections

Annex. A

No. of Objections pending as on 1.4.20......	Revenue Effect of objections in Column (1)	Received during the month	Received up to the end of month	Settled up to the end of month	Settle up to the end of month	Pending at the end of the month (1-4-6)	Revenue effect of objection in Col (7)	Replies sent but pending	Objections (not accepted) out of (6)	Revenue effect in respect of Column (10)	Objections that are accepted out of (6)	Revenue effect in respect of Column (12)
1	2	3	4	5	6	7	8	9	10	11	12	13

Part-II: Minor Internal Audit Objections

No. of Objections pending as on 1.4.20......	Revenue Effect of objections in Column (1)	Received during the month	Received up to the end of month	Settled up to the end of month	Settled up to the end of month	Pending at the end of the month (1-4-6)	Revenue effect of objection in Col (7)	Replies sent but pending settlement	Objections (not accepted) out of(6)	Revenue effect in respect of Column (10)	Objections that are accepted out of (6)	Revenue effect in respect of Column (12)
1	2	3	4	5	6	7	8	9	10	11	12	13

Monthly Report of Pendency of Internal/Revenue Audit Objections

Part-I: Major Revenue Audit Objections

Annex. B

No. of Objections pending as on 1.4.20......	Revenue Effect	Received during the month	Received up to the end of month	Settled during the month	Settle up to the end of month	Pending at the end of the month (1-4-6)	Revenue effect of objection in Col (7)	Replies sent but pending settlement	Objections (not accepted) out of(4)	Revenue effect in respect of Column (9)	Objections that are accepted out of (3)	Revenue effect in respect of Column (12)
1	2	3	4	5	6	7	8	9	10	11	12	13

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Part-II: Minor Revenue Audit Objections

No. of Objections pending as on 1.4.20......	Revenue Effect	Received during the month	Received up to the end of month	Settled during the month	Settle up to the end of month	Pending at the end of the month (1-4-6)	Revenue effect of objection in Col (7)	Replies sent but pending settlement	Objections (not accepted) out of(4)	Revenue effect in respect of Column (9)	Objections that are accepted out of (3)	Revenue effect in respect of Column (12)
1	2	3	4	5	6	7	8	9	10	11	12	13

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Report–11

Quarterly Progress Report

((PART-A) Income-tax & Corporation Tax)

(Due on 20th of the month following the end of the quarter in the Board)											
Quarter	I	II	III	IV	Year						
CCIT Name:							**Details of Charges Covered**				
CCIT Address:							**Sr. No.**	**Name of Charges**	**Telephone No./Fax No.**		
							1				
Fax No.							2				
Telephone No.							3				
E-mail							4				
A											**A-1**

I	**Deployment of Officer**	**Sanctioned Strength**		**Working Strength**		**Man-days Spend on**		
		1	**2**	**1**	**2**	**1**	**2**	**3**
		Asstt. Duty	**N.A. Duty**	**Asstt. Duty**	**N.A. Duty**	**Duty in all**	**Asstt. Duty Alone**	**In Head Quarters**
	Additional Commissioners/ Jt. Commissioners/ Deputy Commissioner							
	Assistant/Dy. Commissioner							
	Income-tax Officer							

II	**Assessees on Record (Income-tax)**							**A-2**
		1	**2**	**3**	**4**	**5**	**6**	**7**
		Company	**Individual**	**HUF**	**Firms**	**Trust**	**Others**	**Grand Total (1 to 5)**
1.	No. of assessees on record as on 1st April 2018							
2.	Variation upto the quarter end due to transfer in/ transfer out/struck off (Add+ or -)							
3.	Addition upto the Quarter and Voluntary							
4.	Addition upto the Quarter end (under Section 115K)							
5.	Total (1+2+3+4)							

Table (Contd.)...

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6.	Ineffective assessees (Where proceeding need not be initiated)							
7.	Effective assessees(5-6)							
8.	Number of assessees out of 7 who have filed returns voluntarily upto quarter end							
9.	Balance(7-8)							
10.	Number where notices under Section 142(1) issued upto quarter end							

III	**Income Wise Analysis of Assessees at II-7**								**A-3**
		Company			**Non-Company**				
		1A	**1B**	**1C**	**2**	**3**	**4**	**5**	**6**
		Foreign Companies	**Public Sector Companies**	**Other Domestic Companies**	**Individual**	**HUF**	**Firm**	**Trust**	**Others**
1.	Category 'A' assesses								
2.	Category 'B' (Lower)assesses								
3.	Category 'B'(Higher) assesses								
4.	Category 'C' assesses								
5.	Category 'D' assesses								
6.	Total (1 to 5)								
7.	Assesses above the Income limit of Rs.25 lacs			0					

1.	Category 'A' assesses-Company assessments with Income/loss below Rs. 50,000/- and non-company assessments with Income/loss below Rs. 2 lacs.
2.	Category 'B' assesses(Lower Income Group)-Company assessments with Income/loss of Rs. 50,000/- and above but below Rs. 5 lacs and non-company assessments with Income/loss of Rs. 2 lacs but below Rs. 5 lacs.
3.	Category 'B' assesses(Higher Income Group)-Company and non-company assessments with Income/loss above Rs. 5 lacs and above but below Rs. 10 lacs.

Table (Contd.)...

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...Table (Contd.)

4.	Category 'C' assesses-Company and non-company assessments with Income/loss above Rs. 10 lacs and above.
5.	Category 'D' assesses-Search and Seizure assessments.
Definitions:	For purpose of A(III) Income/loss of assesse shall be the highest Income/loss returned/assessed till date.

IV	**Workload and Disposal of Income-tax Assessments**							**A-4**
I	**Progressive Workload Assessment**							
			Company	**Non-Company**				
			1	**2**	**3**	**4**	**5**	**6**
(a)	**Arrear**			**Individual**	**HUF**	**Firm**	**Trust**	**Others**
1.	B/f as on 1st April	Scrutiny						
		Non-scrutiny						
2.	Variation By Transfer in/ Transfer out (add + or -)	Scrutiny						
		Non-scrutiny						
3.	Balance(1$\pm$ 2)	Scrutiny						
		Non-scrutiny						
4.	Time barring out of 3	Scrutiny						
		Non-scrutiny						
(b)	**Current**							
5.	Returns received							
6.	Current Scrutiny							
7.	Proceedings under Section 147/142(1) initiated							
8.	Returns filed under Section 147/142(1) Non-scrutiny	Scrutiny						
		Non-scrutiny						
9.	Proceedings under Section 143(2)							
10.	Set aside in appeal/ revision							
			Company	**Non-Company**				**A-5**
			1	**2**	**3**	**4**	**5**	**6**
				Individual	**HUF**	**Firm**	**Trust**	**Others**
11.	Variation by Tr.in/Tr. Out(add$\pm$)	Scrutiny						
		Non-scrutiny						
12.	Total Current (6+8+10+or -11) (5+8+ or-11)	Scrutiny						
		Non-scrutiny						

Table (Contd.)...

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...Table (Contd.)

13.	Total Arrear+Current (3+12)	Scrutiny						
		Non-scrutiny						
II	**Analysis of Disposal**							
			Company	**Non-Company**				**A-5**
			1	**2**	**3**	**4**	**5**	**6**
				Individual	**HUF**	**Firm**	**Trust**	**Others**
1.	Out of arrears(at 1(a)3)	Scrutiny						
		Non-scrutiny						
2.	Out of Time Barring(at 1(a)4)	Scrutiny						
		Non-scrutiny						
3.	Out of Current(at 1(b)12)	Scrutiny						
		Non-scrutiny						
4.	Out of set aside	Scrutiny						
		Non-scrutiny						
5.	**Total(1+3)**	Scrutiny						
		Non-scrutiny						
6.	Balance(Arrear+Current)	Scrutiny						
		Non-scrutiny						

III	**Analysis of Balance (Asstt. Year wise)**							
			Company	**Non-Company**				**A6**
			1	**2**	**3**	**4**	**5**	**6**
				Individual	**HUF**	**Firms**	**Trust**	**Others**
1.	2014–15 and earlier years	**Regular**						
		Reopened/Set aside						
2.	2015–16	**Regular**						
		Reopened/Set aside						
3.	2016–17	**Regular**						
		Reopened/Set aside						
4.	2017–18	**Regular**						
		Reopened/Set aside						
5.	2018–19 (Current Year) (Non Scrutiny)	**Regular**						
		Reopened/Set aside						
6.	Total (1+5)	**Regular**						
		Reopened/Set aside						

IV	**Income-Wise Analysis of Workload**							**A7**
			Workload		**Disposal**		**Balance**	
			Scrutiny	**Summary**	**Scrutiny**	**Summary**	**Scrutiny**	**Summary**
1.	Category 'A' Assessees	Company						
		Non-Company						

Table (Contd.)...

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...Table (Contd.)

2.	Category 'B'(Lower) Assessees	Company						
		Non-Company						
3.	Category 'B'(Higher) Assessees	Company						
		Non-Company						
4.	Category 'C' Assessees	Company						
		Non-Company						
5.	Category 'D' Assessees (Block Assessments)	Company						
		Non-Company						
6.	**Total (1 to 5)**	Company						
		Non-Company						
7.	Assessment above the Income above Rs. 25 lacs	Company						
		Non-Company						

C	**Tax Deduction at Source for Income-tax and Corporation Tax**	**1**	**2**	**3**	**4**	**5**	**6 A-8**	
		No. of Tax Deductors as on 1st April	**Adjusted Progressive Additions upto Quarter end**	**Effective Tax Deductors (1+2)**	**No. of Returns Required to be Filed by the Tax Deductors at 3**	**Returns Received upto Quarter end**	**Balance(4-5)**	
I	**Effective Tax Deductors**							
II	**Statement of Returns & Verification**	**1**	**2**	**3**	**4**	**5**	**6**	**7**
		Salary	**Int. on Securities**	**Dividends**	**Interest**	**Others**	**Win. From Horse Race**	**Cont/ Subcont**
		(F.No.24)	**(F.No.26)**	**(F.No.27E)**	**(F.No.27)**	**Total**	**(F.No.26BB)**	**(F.No.26C)**
1.	Opening Balance as on 1st April ------							
2.	Adjusted progressive additions upto quarter end (including tr.in/ tr.out)							
3.	Progressive workload upto quarter end							
4.	Progressive verification upto quarter end							
5.	Balance pending at the quarter end by verification(3-4)							

Table (Contd.)...

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...Table (Contd.)

6.	Progressive no. of cases where short deduction payment or non payment detected upto quarter end							
7.	Demand raised for collections in Rs.(000)							
8.	No. of cases where interest under Section 201(1A) levied upto quarter end							
9.	No. of cases where penalty levied upto quarter end							
10.	No. of cases where prosecution proceedings initiated upto quarter end							

A-9

		8	9	10	11	12	13	14
		Insurance Com.	**Payment to Non-resi**	**Deposits under N.S.S.**	**Repurchase of units by M.F.**	**Com. of Brok.**	**Half Yr. Part**	**Total**
		(F.No. 26D, 26E)	**(F.No.27)**	**(F.No.26F)**	**(F.No.26G)**	**(F.No.26I)**	**(F.No.27EA) 27EB, 27EC, 27ED)**	**(from 1 to 13)**
1.	Opening Balance as on 1st April 2018							
2.	Adjusted progressive additions upto quarter end (including tr.in/ tr.out)							
3.	Progressive workload upto quarter end							
4.	Progressive verification upto quarter end							
5.	Balance pending at the quarter end by verification(3-4)							

Table (Contd.)...

...Table (Contd.)

6.	Progressive no. of cases where short deduction payment or non payment detected upto quarter end							
7.	Demand raised for collections in Rs.(000)							
8.	No. of cases where interest under Section 201(1A) levied upto quarter end							
9.	No. of cases where penalty levied upto quarter end							
10.	No. of cases where prosecution proceedings initiated upto quarter end							

III	**Demand & Collection of TDS (Arrear & Current) (Amt. in Rs. 000)**								
		Arrear Demand				**Current Demand**			
		Short Collection/ Short Payment/ Non-Payment	**Penalty**	**Interest**	**Total**	**Short Collection/ Short Payment/ Non-Payment**	**Penlaty**	**Interest**	**Total**
1.	Arrear Demand as on 1st April/Current Demand raised upto quarter end in Rs.(000)				0				0
2.	Progressive variations upto quarter end due to tr.in tr. Out (Put + as reqd.)								
3.	Reduction in demand due to appeal, rectification etc. upto the quarter end								
4.	Balance for collection (1+2-3)								
5.	Collection upto Qtr. End out of 4 above								
6.	Balance demand pending for collection								
									A-11

D.	**Progressive Demand and Collection (Amount in Lakh (Rs.))**						
I	**Demand and Collection**						
(a)	**Arrear**						
		Income-tax	**Corporation Tax**			**Income-tax**	**Corporation Tax**
1. B/F as on 1st April	1. Tax*			5. Cash Collection including adjustment of refunds upto the quarter end	1. Tax*		
	2. Interest**				2. Interest**		
	3. Others***				3. Others***		
	4. Total				4. Total		
2. Variation due to verification/ reconcilliation/ transfer in or transfer out(add±)	1. Tax*			6. Balance Cfd. To next Quarter (4-5)	1. Tax*		
	2. Interest**				2. Interest**		
	3. Others***				3. Others***		
	4. Total				4. Total		
(b)	**Current**						
3. Reduction in demand due to appeal/ rectification etc. upto the Quarter end	1. Tax*			7. Demand raised upto the Quarter end	1. Tax*		
	2. Interest**				2. Interest**		
	3. Others***				3. Others***		
	4. Total				4. Total		
4. Balance for collection upto Quarter end (1± 2-3)	1. Tax*			8. Variation due to verification/ reconcilliation/ transfer in or transfer out (add±)	1. Tax*		
	2. Interest**				2. Interest**		
	3. Others***				3. Others***		
	4. Total				4. Total		
*	Tax includes surcharge but not EPT/BPT/SPT/Surtax Annuity Deposit.						
**	Includes interest under all relevant Sections of Acts.						
***	Includes penalty, fees, fines, etc.						

							A-12
		Income-tax	**Corporation Tax**			**Income-tax**	**Corporation Tax**
9. Credit for Pre-assessment collection upto the Quarter end	1. Tax*			12. Cash Collection including adjustments of refunds upto the Quarter end	1. Tax*		
	2. Interest**				2. Interest**		
	3. Others***				3. Others***		
	4. Total				4. Total		

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10. Reduction in demand due to appeal/ rectification etc. upto the Quarter end (excluding 9 above)	1. Tax*			13. Balance of Current Demand cfd to next Quarter	1. Tax*		
	2. Interest**				2. Interest**		
	3. Others***				3. Others***		
	4. Total				4. Total		
11. Balance for collection upto the Quarter end (7±8-9-10)	1. Tax*			14. Summary upto Quarter end			
	2. Interest**			1. Gross demand for collection			
	3. Others***			2. Gross reduction			
	4. Total			3. Gross Cash Collection			
				4. Demand cfd. To next quarter			
*	Tax includes surcharge but not EPT/BPT/SPT/Surtax Annuity Deposit.						
**	Includes interest under all relevant Sections of Acts.						
***	Includes penalty, fees, fines, etc.						

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II	**Reasonwise Analysis of Outstanding Demand at the Quarter End**						
		Income-tax	**Corporation Tax**			**Income-tax**	**Corporation-Tax**
1. Total Demand outstanding at the quarter end	Arrear			(iii) by ITAT	Arrear		
	Current				Current		
2. Amount not fallen due				(iv) by IT Authorities due to appeal/ revision	Arrear		
(i) Because of stay granted by the court from stage of service	Arrear				Current		
	Current			(v) DIT claims ("A" not traceable)	Arrear		
(ii) In other cases	Arrear				Current		
	Current			(vi) Co. in liquidation	Arrear		
(iii) Total	Arrear				Current		
	Current			(vii) Protective asessments (Others)	Arrear		
					Current		

Table (Contd.)...

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...Table (Contd.)

3. Amount claimed to have been paid pending verification	Arrear			(viii) cases where the deptt. lost in appeal	Arrear		
	Current				Current		
4. Amount for which instalments have been granted	Arrear			(ix) No. assets & others covered in col.9 of CAP-I	Arrear		
	Current				Current		
5. Amount stayed/kept in abeyance				(x) Total ((i) to (ix))	Arrear		
					Current		
(i) By Court & BIFR	Arrear			6. Grand Total ((2(iii)+3+4+5))	Arrear		
	Current				Current		
(ii) Settlement Commission	Arrear			7. Tax in Arrears	Arrear		
	Current				Current		

							A-14
III **Amountwise Analysis of Outstanding Demand at the End of the Quarter (Rs. in Lakhs)**				**II.**	**Agewise Analysis of Outstanding Demand at the End of the Quarter**		
		Income-tax	**Corporation Tax**			**Income-tax**	**Corporation Tax**
1. Cases upto 1,00,000 (Gross)	Number			1. Over 1 year but less than 2 years	1. Tax*		
	Gross Arrears				2. Interest**		
	Net Arrears				3. Others***		
					4. Total		
2. Over Rs.1,00,000 but not exceeding Rs. 10 lacs (Gross)	Number			2. Over 2 years but less than 5 years	1. Tax*		
	Gross Arrears				2. Interest**		
	Net Arrears				3. Others***		
					4. Total		
3. Over Rs. 10 lacs but not exceeding Rs.1 crore (Gross)	Number			3. Over 5 years but less than 10 years	1. Tax*		
	Gross Arrears				2. Interest**		
	Net Arrears				3. Others***		
					4. Total		

Table (Contd.)...

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...Table (Contd.)

4. Over Rs. 1 crore (Gross)		Number				1. Tax*		
		Gross Arrears				2. Interest**		
		Net Arrears				3. Others***		
						4. Total		
5. Total(1+4) Gross Arrears Net Arrears		Number			4. Over 10 years	1. Tax*		
						2. Interest**		
						3. Others***		
						4. Total		
				self corrected	5. Total 1 to 4	1. Tax*		
						2. Interest**		
						3. Others***		
						4. Total		
*	Tax includes surcharge but not EPT/BPT/SPT/Surtax Annuity Deposit.							
**	Includes interest under all relevant Sections of Acts.							
***	Includes penalty, fees, fines, etc.							

								A-15
V.	**Agewise Analysis of Reduction/Collection Made Out of Arrear Demand at the End of the Quarter**				**V.**	**Classification of Arrears (Amt. in Rs. 000)**		
			Income-tax	**Corporation Tax**			**Income-tax**	**Corporation Tax**
1.	Over 1 year but less than 2 years	1. Tax*			1. Amt. Due pending consideration Write-off/ scaling down			
		2. Interest**						
		3. Others***						
		4. Total						
2.	Over 2 years but less than 5 years 2. Interest** 3. Others*** 4. Total	1. Tax*						
		2. Interest**			**E**	**Proceedings (Progressive Upto the Quarter End)**		
		3. Others***						**Income-tax**
		4. Total			1	Penalties for concealment	Workload	
3.	Over 5 years but less than 10 years 2. Interest** 3. Others*** 4. Total	1. Tax*					Disposal	
		2. Interest**					Balance	
		3. Others***						
		4. Total			2	Other Penalties	Workload	

Table (Contd.)...

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...Table (Contd.)

4.	Over 10 years 2. Interest** 3. Others*** 4. Total	1.Tax*					Disposal	
		2. Interest**					Balance	
		3. Others***						
		4. Total			3	Total	Workload	
5.	Total 1 to 4 2. Interest** 3. Others*** 4. Total	1.Tax*					Disposal	
		2. Interest**					Balance	
		3. Others***						
		4. Total						
					Note: The figures shown above against item E "Total" should tally with item 3+5 (i.e. "Reduction indemand due to appeal, rectification etc. upto the quarter end" plus cash collection including adjustments of refunds upto the quarter end) in page A-11 item''			

								A-16
II	**Analysis of Penalties Imposed**				**F.**	**Miscellaneous Work (Progressive, Upto the Quarter End)**		
					1. Under TDS Section			
			Income-tax			**Work Load**	**Disposal**	**Balance at Quarter End**
1.Penalties for concealment Amount (Rs. In Lacs)		No. of cases			1. Application for TAN			
					2. Rectification			
					3. Appeal effects			
2. Other Penalties Amount (Rs. In Lacs)		Number of cases						
		Amount (Rs. In Lacs)			**2. Under IT**			
					1. Appellate/revision orders			
III	**Analysis of Pending Penalties**				2. Rectification under Section 154			
1. For Concealment pending for	A. 6 months				3. Applications under Section 80-A			
	B. More than 6 months				4. Application under Section 230A			
	C. Disposal of Quantum appeal				5. Remand Reports			
2. Other penalties Pending for	A.6 months				**3. General**			
	B.More than 6 months				1. Direct Refund Claims			
	C. Disposal of Quantum appeal				2. Applications for DIT relief			

Table (Contd.)...

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3. Total Penalties pending for	A.6 months				3. Application for Exemption Certificates			
	B.More than 6 months				4. Application for Clearance Certificates			
	C. Disposal of Quantum appeal				5. Intimation slips			
					6. Tax Evasion Petitions			
					7. Application for PAN			

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Report–12

Proforma for Quarterly RTI Quarter

Opening Balance as on beginning of 1st Quarter (Requests)	Opening Balance as on beginning of 3rd Quarter (First Requests)	No. of Applications Received as Transfer from other Pas under Section 6(3)		Receiving during the Quarter (Including Cases Transferred to other Pas.)		No. of Cases Transferred to other Pas under Section 6(3)		Decision where Requests/ Appeals Accepted		Decisions were Requests/ Appeals Accepted		No. of CPIOs/ CPIO/ Appellate Authority		

Block-II (Details About Fees)

Registration Fee	Addl. Fee	Penalties as Directed by CIC under Section 20(1)	No. of Cases

Block-III (Details of Provisions of Sec. 8)

Opening Balance as on Beginning of 1st Quarter (Requests)	Opening Balance as on Beginning of 3rd Quarter (First Requests)	No. of Applications Received as Transfer from other Pas under Section 6(3)		Receiving during the Quarter (Including Cases Transferred to other Pas.)		No. of Cases Transferred to other Pas under Section 6(3)		Decision where Requests/Appeals Accepted		Decisions were Requests/ Appeals Accepted		No. of CPIOs/ CPIO/ Appellate Authority		

Block-IV (Details Regarding Direction of CIC)				Block-V (Details Regarding Directions of CIC)		
Reference no. of Cases as per sec 25 (5)	Whether Action is Initiated to	Details, Thereof	Summarized Details of Changes	Last Date of Uploading Proactive Disclosure on the Web-Site	Name of the Person who is Updating Data	Designating of the Person who is Entering/ Updating Data

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Report–13

केन्द्रीय सरकार के मंत्रालयों/ विभागों/ संबध व अधीनस्थ कार्यालय/ सार्वजनिक क्षेत्र के उपक्रमों/ स्वायत निकायों आदि में राजभाषा हिंदी के प्रगामी प्रयोग से संबंधित तिमाही प्रगति रिपोर्ट

............................को समाप्त तिमाही

भाग–1 (प्रत्येक तिमाही में भरा जाए)

कार्यालय का नाम ....

संबंधित राजभाषा अधिकारी का फोन नं.एस.टी.डी. कोड .... फोन नं ....

1. राजभाषा अधिनियम 1963 कीधारा 3(3) के अंतर्गत जारी कागजात की स्थिति

(क) जारी कागजात की कुल सख्या

(ख) इनमें से केवल अंग्रेजी में जारी किये गये कागजात

इनमें सामाय आदेश, ज्ञापन, संकल्प, अधिसूचनाएं, निम, संविदा, टैंडर नोटिस, संसदीय पत्र आदि शामिल है।

2. हिंदी में प्राप्त पत्रों की स्थिति (राजभाषा नियम–3)

(क) अनुभागों/डेस्कों में कार्यालय प्रति मैनुअल के अध्याय 4, पैरा 12(1) के अनुसार हिंदी में प्राप्त कुल पत्र ....

(ख) इनमें से तीनों के उत्तर अंग्रेजी में दिए गए ....

3. अंग्रेजी में प्राप्त पत्रों के उत्तर हिंदी में दिए जाने की स्थिति (केवल 'क' क्षेत्र में स्थित कार्यालयों के लिए)

	अंग्रेजी में प्राप्त पत्रों की संख्या	**इनमें से कितनों के उत्तर हिंदी में दिए गए**
'क' क्षेत्र को		
'ख' क्षेत्र को		

4. भेजे गये कुल पत्रों का ब्यौराः

	हिंदी/द्विभाषी में	**केवल अंग्रेजी में**	**भेजे गय पत्रों की कुल संख्या**	**हिंदी/द्विभाषी में भेज गए पत्रों का प्रतिशत**
	1	2	3	4
'क' क्षेत्र को				
'ख' क्षेत्र को				
'ग' क्षेत्र को				

5. फाइलों पर हिंदी में कार्य

(क) तिमाही के दौरान लिखी गई टिप्पणियों की संख्या ....

(ख) हिंदी में लिखी गई टिप्पणियों की संख्या ....

(ग) हिंदी में लिखी गई टिप्पणियों का प्रतिशत ....

(घ) अंग्रेजी में लिखी गई टिप्पणियों की संख्या ....

6. हिंदी कार्यशालाएं

तिमाही के दौरान कार्यशाला आयोजन की तिथि	प्रशिक्षित अधिकारियों/ कर्मचारियों की संख्या (राजभाषा अधिकारियों तथा समूह 'घ' के कर्मचारियों को छोड़कर)
1	2

7. विभागीय/संगठनीय राजभाषा कार्यान्वयन समिति की बैठक के आयोजन की तिथि ....

स.	महत्वपूर्ण निर्णय	अनुपालन की स्थिति
1.		
2.		
3.		

8. हिंदी सलाहकार समिति की बैठक के आयोजन की तिथि

(क)	गठन की तिथि	वैधता/ समाप्ति की तिथि	पुनर्गठन की तिथि

(ख)	महत्वपूर्ण निर्णय	अनुसरणात्मक कार्रवाई

पहली बैठक ....

दूसरी बैठक ....

9. शीर्षस्थ (मंत्रालय/ विभाग में संयुक्त सचिव स्तर तथा अन्य कार्यालयों आदि में प्रशासनिक प्रमुख/कार्यालय प्रमुख स्तर की अध्यक्षता में आयोजित बैठकें) प्रशासनिक बैठकें:

(क) तिमाही के दौरान हुई शीर्षस्थ प्रशासनिक बैठकों की संख्या ....

(ख) ऐसी कितनी बैठकों में वार्तालाप/ कार्रवाईयां पूरी तरह हिंदी में की गई ....

10. संसदीय राजभाषा समिति को दिए गए आश्वासनों की स्थिति:

	संसदीय राजभाषा समिति द्वारा किए गए निरीक्षण	दिए गए आश्वासनों की प्रकृति/ विषय	दिए गए आश्वासनों की संख्या	तिमाही के दौरान पूरे किए गए आश्वासनों की संख्या	शेष आश्वासनों की संख्या
	1	2	3	4	5
पिछली तिमाहियों के लंबित आश्वासन (यदि कोई हो)					
वर्तमान तिमाही में दिए गए आश्वासन					

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11. तिमाही के दौरान राजभाषा नीति के कार्यान्वयन से संबंधित अन्य उपलब्धियों का संक्षिप्त विवरणः (विवरण संलग्न करें)

(क) हिंदी दिवस ....

(ख) हिंदी सप्ताह / पखवाड़ा / माह ....

(ग) हिंदी संगोष्ठी ....

(घ) हिंदी में मौलिक पुस्तक लेखनयोजना के अंतर्गत पुरस्कृत पुस्तकों का विवरण ....

(ड) अन्य आयोजन ....

उल्लिखित सूचना उपलब्ध अभिलेखे के आधर पर बनाई गई है तथा मेरी जानकारी के अनुसार सही है।

मंत्राालय / विभाग / संगठन की राजभाषा कार्यान्वयन समिति के अध्यक्ष के हस्ताक्षर ....

अध्यक्ष का नाम ....

पदनाम ....

फोन नं ....

फैक्स नं. ....

नोटःयह रिपोर्ट विभागीय राजभाषा कार्यान्वयन समिति के अध्यक्ष से हस्ताक्षरित न होने पर लौटा दी जायेगी। कोई कॉलम खाली न छोड़ा जाए और सूचना स्पष्टरूप से दी जाए।

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तिमाही प्रगति रिपोर्ट

आयकर विभाग से संबंधित कामों में हिंदी का प्रयोग

तारीख .... को समाप्त तिमाही

कार्यालय का नाम ....

		समितियों की संख्या	बैठकों की संख्या
1.	**राजभाषा कार्यान्वयन समितियां**		
	(क) मुख्य आयकर आयुक्त के स्तर पर	....	....
	(ख) आयकर आयुक्त के स्तर पर	....	....
	(ग) रेंज स्तर पर	....	....
	(घ) आयकर उप/सहा. आयुक्त/अधिकारी के स्तर पर	....	....

		कुल कार्यालयों की संख्या	निरीक्षित कार्यालय
2.	**निरीक्षण**		
	(क) आपके कार्यालय की ओर से	....	....
	i. राजभाषा अधिकारी द्वारा	....	....
	ii. सहायक निदेशक राजभाषा द्वारा	....	....
	iii. अन्य अधिकारियों द्वारा	....	....
	(ख) आपके कार्यालय का अन्य अधिकारियों द्वारा	....	....

		कुल संख्या	हिंदी में	अंग्रेजी में
3.	**स्थापना कार्य**			
	(क) उपस्थिति रजिस्टर	....	....	....
	(ख) सेवा पुस्तिकायें	....	....	....
	i. ग्रुप ''ए''/''बी'' से संबंधित	....	....	....
	ii. ग्रुप ''सी'' से संबंधित	....	....	....
	iii. ग्रुप ''डी'' से संबंधित	....	....	....
	(ग) फाईलों पर विषय	....	....	....
	(घ) कैश बुक	....	....	....
	(ड) बिल रजिस्टर	....	....	....
	(च) अन्य रजिस्टर	....	....	....
	(छ) वित्तीय स्वीकृतियां	....	....	....
	(ज) छुट्टियों के स्वीकृति आदेश	....	....	....
	(झ) वेतन बिल	....	....	....
	(ट) वेतन बिलों के शेड्यूल	....	....	....

4.	**नियुक्ति/तैनाती/बदली संबंधी आदेश**	**द्विभाषी**	**हिंदी में**	**अंग्रेजी में**
	(क) राजपत्रिका अधिकारियों के संबंध में	....	....	....
	(ख) तीसरी श्रेणी के कर्मचारियों के संबंध में	....	....	....
	(ग) चतुर्थ श्रेणी के कर्मचारियों के संबंध में	....	....	....
5.	**पुनरीक्षण/अपीलीय आदेश**	**कुल संख्या**	**हिंदी में**	**अंग्रेजी में**
	(क) आयकर आयुक्त द्वाराधारा 263, 264 व 273	....	....	....
	(ख) आयकर आयुक्त (अपील) द्वारा	....	....	....
6.				
	(क) धारा 12ए के तहत पंजीकरण प्रमाण पत्र	....	....	....
	(ख) धारा 80जी के तहत जारी प्रमाण पत्र	....	....	....
7.	**कर निर्धारण/पेंल्टी आदेश**	**कुल संख्या**	**हिंदी में**	**अंग्रेजी में**
	(क) धारा 143(1) के तहत आदेश	....	....	....
	(ख) धारा 143(3) के अधीन संवीक्षायुक्त स्कूटनी कर निर्धारण आदेश	....	....	....
	(ग) धारा 154 के तहत भूल सुधार आदेश	....	....	....
	(घ) विभिन्नधाराओं के तहत पेंल्टी आदेश	....	....	....
8.	**कर निर्धारण/अपील आदेशों के फलस्वरूप फार्मों का भरा जाना**	**कुल संख्या**	**हिंदी में**	**अंग्रेजी में**
	(क) आई.टी.एन.एस. 150/150 के फार्म	....	....	....
	(ख) मांग नोटिस	....	....	....
	(ग) चालान	....	....	....
	(घ) रिफण्ड वाउचर	....	....	....
	(च) एडवाइस नोट	....	....	....
9.	**नोटिसः 143(1) व 148 के सहित सभीधाराओं के तहत**	**कुल संख्या**	**हिंदी में**	**अंग्रेजी में**
	(क) आयकर आयुक्त के स्तर पर	....	....	....
	(ख) आयकर आयुक्त अपील के स्तर पर	....	....	....
	(ग) आयकर उपायुक्त रेंज के स्तर पर	....	....	....
	(च) आयकर आयुक्त के स्तर पर	....	....	....
10.	**प्रविष्टियां कर निर्धारण संबंधी रजिस्टरों में**	**कुल संख्या**	**हिंदी में**	**अंग्रेजी में**
	1. (क) पी.एन. रजिस्टर में	....	....	....
	(ख) मांग व वसूली रजिस्टर में	....	....	....

(ग) दैनिक वसूली रजिस्टर में	....	....	....
(घ) मामलों के नियतन संबंधी फिक्सेशन डायरी	....	....	....
(ड.) ब्लू बुक/पेन्डेन्सी में	....	....	....
(च) अन्य रजिस्टरों में	....	....	....
2. प्रविष्टियां कम्प्यूटर द्वारा की जा रही हैया हाथ से	....	....	....

11. ऑडिट कार्यों में हिंदी का इस्तेमाल	**कुल संख्या**	**हिंदी में**	**अंग्रेजी में**
(क) कार्यभार रजिस्टर में प्रविष्टियां	....	....	....
(ख) मामूली ऑटिड आपत्तियों संबंधी रिपोर्ट	....	....	....
(ग) आंतरिक लेखा आपत्तियों संबंध रिपोर्ट	....	....	....
(घ) राजस्व लेखा आपत्तियों संबंधी रिपोर्ट	....	....	....

12. कर वसूली कार्यालयों में हिंदी का प्रयोग	**कुल संख्या**	**हिंदी में**	**अंग्रेजी में**
(क) चूक कर्ता निर्धारितियों को भेजे गऐ सभी प्रकार के नोटिस/चालान/वारंट पत्रादि	....	....	....
(ख) आयकर कार्यालयों/अधिकारियों/उच्चाधिकारियों को भेजे गये सभी प्रकार के पत्रादि	....	....	....
(ग) वसूली कार्यालय के सभी प्रकार के रजिस्टरों में प्रविष्टियां	....	....	....
(घ) कुर्की नीलामी कार्यवाहियां	....	....	....

13. अन्वेषण/सर्वेक्षण प्राधिकारियों द्वारा जारी कागजात	**कुल संख्या**	**हिंदी में**	**अंग्रेजी में**
(क) पत्र	....	....	....
(ख) नोटिस	....	....	....
(ग) प्रश्नावलियां	....	....	....
(घ) सम्मन	....	....	....
(ड.) वारंट	....	....	....
(च) पंचनामा	....	....	....
(छ) बयानात	....	....	....
(ज) तलाशी संबंधी रिपोर्ट	....	....	....

14. तिमाही के दौरान जारी निर्धारण आदेश अपीलीय ओदश, भूल सुधार आदेश और सभी प्रकार के नोटिसों, पत्रों, सूचनाओं आदि की कुल संख्या	**कुल संख्या**	**हिंदी में**	**अंग्रेजी में**
नोटः कृपयायहां कॉलम 5, 6, 7 व 9 कायोग दें	....	....	....
15. कुल कार्य में से कंप्यूटर पर होने वाले काम का प्रतिशत	....	....	....

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16.	**विशेष विवरण, यदि कोई हो तो,**	....	....	....
	(क) तिमाही के दौरान प्राप्त कुल विवरणी रिटर्न	....	....	....
	(ख) जिनकी पावती हिंदी में दी गई	....	....	....
	(ग) जिनकी पावती अंग्रेजी में दी गई	....	....	....
17.	**मुखय आयकर आयुक्त के स्तर पर हिंदी में पत्राचार**	**पत्रों की संख्या**		

विभागाध्यक्ष के हस्ताक्षर

मोहर सहित

नोटः उपरोक्त कॉलम 16 'ख' व 'ग' में रिटर्न पर हिंदी अथवा अंग्रेजी में लगाई गई मोहर के अनुसार संख्या उल्लेख करें।

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Report–14

Quarterly Report Appeals/Writs & Other Matters before ITAT/High Court/ Supreme Court for the Quarter Ending-------

Quarter Ending							
Appeals/ Write of Other Matters		Quarter			AY		
					Filed by Assesses		
		ITAT	HC	SC	ITAT	HC	SC
1.	Total Pendency as on --------						
A	Less than year						
B	One to two year						
C	Two to five years						
D	Five to ten years						
E	More than Ten years						
F	Total Pendency (A+B+C+D+E)						
2.	Pending at the beginning of the Quarter						
3.	Instituted during Quarter						
4.	Total work load (2+3)						
5.	Disposal during the quarter (A+B+C+D+E)						
A	Decided in favour of the department						
B	Decided against the department						
C	Set Aside						
D	Partly allowed						
E	Others						
F	Total Disposal (A+B+C+D+E)						
6.	Age-wise analysis of disposal						
A	Less than one year						
B	One to two year						
C	Two to five years						
D	Five to ten years						
E	More than Ten years						
F	Total Disposal						
7.	Pendency at the end of the quarter						
8.	Out of the item 7, the demand under stay						

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A	No of cases						
B	Amount involved (Rs. in crore)						
9.	Amount disputed in Appeals/Writs/ Other matters						
A	Amount disputed in total work load (item No. 4)						
B	Amount disposed up toe the end of quarter						
C	Balance amount disputed up to the end of quarter (A-B).						

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Report–16

Tax Recovery Work Quarterly Progress Report for the Quarter Ending

1	Pendency and Disposal of Recovery Certificate	
2	Attachment and Sale	
3	Service of Demand Notices	
4	Objection Petitions	
5	Interest Charged/Collected	
6	Results of Periodical Reconciliation	
7	Additional Information to be Funished to the CIT	

PART-I: Pendency and Disposal of Recovery Certificate

A	Pendency for Disposal	No. of Certificate	No. of Defaulters Involved in Col. 3	Amount Involved (In Cr.)
1	Certificates Pending on 1st April, -- At The Beginning of the Year			
2	Certificate Received During the Quarter Year			
A	On Transfer from other TROS			
B	Others			
C	Total (A) + (B)			
3	Certificates Received Till the End of the Quarter Year			
A	On Transfer From other TROS			
B	Others			
C	Total (A) + (B)			
4	Certificate Transferred to Other TROS Till the End of the Quarter Year			
5	Total for Disposal Till the End of the Quarter Year			

B	Disposal	Disposal during the Quarter Year		Progressive Disposal Till the end of the Quarter Year	
		No. of Certificates	No. of Defaulters	No. of Certificates	No. of Defaulters
1	No. of certificates reduced				
a.	By certificates returned to ITOs as irrecoverable				
b.	By disposed off wholly				
c.	Total (a) + (b)				

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2. Amount of Arrears Reduced

		During the Quarter Year	Progressive upto End of the Quarter Year
(a)	In certificates returned to ITOs (item as above)		
(b)	By Cash Collection		
(i)	In respect of certificates wholly disposed off		
(ii)	In respect of certificates partly disposed off		
(iii)	Total (i) + (ii)		
c)	By rectification, appeal effect etc		
(i)	In respect of certificates wholly disposed of		
(ii)	In respect of certificates partly disposed of		
(iii)	Total (i) + (ii)		
d)	A +b(iii)+c (iii)		

C	Pendency at the End of the Period (Quarter Year)	
1)	i) No. of certificate pending (A5-B1c)	
	ii) in respect of certificates wholly disposed off	
2)	Amount of Arrears	
3)	No. of defaulters involved	

D	Year Wise Classification of Pending Certificates			
Year of Receipt of Recovery Certificates		No. of Certificates	No. of Defaulters	Amount Involved (in Cr.)
1.	2017–18			
2.	2016–17			
3.	2015–16			
4.	2014–15			
5.	2013–14			
6.	2012–13			
7.	2011–12			
8.	2010–11			
9.	2009–10			
10.	2008-09 & earlier years			
Total				

E. Tax Wise and Amount Wise Analysis of Pending Certificates C1(I), C(2) and C(3) Above

			IT	Cor. Tax	Sur Tax	W.T.	G.T.	Other	Total
			1	2	3	4	5	6	7
1.		Upto Rs. 10000							
	i)	Certificates							
	ii)	No. of defaulters							
	iii)	Amount involved							

Table (Contd.)...

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...Table (Contd.)

			IT	Cor. Tax	Sur Tax	W.T.	G.T.	Other	Total
2.		Over Rs. 10000 & up to Rs. 1 lakh							
	i)	No. of certificate							
	ii)	No. of defaulters							
	iii)	Amount involved							
3.		Above Rs. 1 lakh uptoRs. 5 lakh							
	i)	Certificates							
	ii)	No. of defaulters							
	iii)	Amount involved							
4.		Above Rs. 5 lakh							
	i)	Certificates							
	ii)	No. of defaulters							
	iii)	Amount involved							
5.		Above 10 lakh							
	i)	Certificates							
	ii)	No. of defaulters							
	iii)	Amount involved							
6.		Total 1 to 5							
	i)	Certificates							
	ii)	No. of defaulters							
	iii)	Amount involved							

F. Reason Wise Anylysis of Pending Certificates out of Item C(1) C(2) Which are Stayed or Locked up

	Reason	No. of Certificate	Amount Involved
a.	Stayed by courts		
b.	Stayed by other authorities		
c.	Pending for want of information from ITOs		
d.	Case of doubtful recovery		
e.	Others		
	Total		

G. Analysis of Certificates Wholly Disposed Off

Nature of Action Taken	During Quarter No.	During Quarter SU	Upto the End of Quarter No.	Upto the End of Quarter SU
1 (i) ITCP not issued				
(ii) ITCP-I issued				
2 Rent/bank account attached				
3 (i) Movable property attached				
3 (i) Movable property attached				

Table (Contd.)...

...Table (Contd.)

(ii) Movable property sold		
(iii) receiver appointed		
4 (i) Immovable property attached		
(ii) Proclamation for sale of immovable property issued		
(iii) Immovable property sold		
(iv) Receiver appointed		
5 (i) Proceeding for arrest & detention compounded		
(ii) Defaulter committed to prison		

H. Cases in Which Receiver Appointed

		No.	Amount
(a)	During quarter		
(b)	Upto end of quarter		

I-Defaulters Against Whom Arrest Proceeding Initiated

		No.	Amount
(a)	During quarter		
(b)	Upto end of quarter		

PART-II: Attachment and Sale

A. Attached of Movable Properties

	Particular	No. of Cases	Approx Value
1.	Cases in which attachment was made		
a)	Pending on 1st April,-----		
b)	During quarter		
c)	Upto end of quarter		
d)	Total (a+c)		

B. Attachment of Immovable Properties

	Particular	No. of Cases	Approx Value
1.	Cases in which attachment was made		
a)	Pending on 1st April,------		
b)	During quarter		
c)	Upto end of quarter		
d)	Total (a+c)		
2	Cases in (i) not sold over 6 month		
a)	Over one year		
b)	Over three years		

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C. Sales of Movable and Immovable Properties

	Particular	No. of Cases	Value Realized
1.(i)	Sales conducted during quarter		
a)	Movable		
b)	Immovable		
(ii)	Sales conducted upto end of quarter		
a)	Movable		
b)	Immovable		
2.(i)	Cases of poundage collected during quarter		
a)	No. of cases		
b)	Amount		
(ii)	Cases of poundage collected upto end of quarter		
a)	No. of cases		
b)	Amount		

PART-III: Service of Demand Notices

1.	Cases in which ITCP-I notices pending on 1st April, ----	
2.	No. of fresh certificates received during quarter	
3.	No. of fresh certificates received upto end of quarter	
4.	Total (1+3)	
5.	No. of ITCP –I notices served during quarter	
6.	No. served upto end of quarter	
7.	Transfer, if any	
8.	Balance for service (4-(6+7))	
9.	Out of(8) No. of ITCP-I notices pending for more than three month	

PART-IV: Objection Petition

	No. of Cases	Interest Involved	Cost no. of Cases
Cases in which interest/cost charged not collected on 1st April			
Cases in which interest/cost charged During quarter Upto end of quarter			
Cases in which recovery of interest/cost affected During quarter Upto end of quarter			
Balance for collection (1+2b+3b)			

PART-V: Result of Periodical Reconciliation

		During Quarter	Upto End of Quarter
1	No. of meeting held by		
a)	CITs		
b)	IACs		
2	No. of ITO charge for which reconciliation effected		
3	No. of entries reconciled by TRO		
4	Amount involved in (3)		
5			
a)	As per TROs register		
b)	As per ITOs register		
c)	Difference (a-b)		
6	Amount in (iii) reconciled and adjusted		

PART-VI: Deployment of TROs and Staff at the End of Period

	Sanctioned Strength	Working Strength
Tax Recovery Officers		
Others		
Inspectors		
Office Superintendent		
Sr. TAs./TAs		
UDCs		
LDCs		
Stenographer		
Notice Servers		
Peon		

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Report–17

Quarterly Report on Aggregation of Agricultural Income with Non Agricultural Income for the Quarter Ending.....................

A. Category - Individual						
Income group based on Assessed Total Income (excluding Agricultural income)	**No. of assessments involving aggregation of agricultural income disposed off**		**Amount of net agricultural income aggregated (Rs. '000)**		**Additional demand resulting from aggregation of agricultural income (Rs. '000)**	
	During the Quarter	**From 1st April up to the End of the Quarter**	**During the Quarter**	**From 1st April up to the end of the Quarter**	**During the Quarter**	**From 1st april up to the end of the Quarter**
i) Up to Rs. 50,000/-						
ii) from Rs. 50,001 to 60,000/-						
iii) from 60,001 to Rs. 1,50,000/-						
iv) from Rs.1,50,001 to Rs. 5,00,000						
v) from 5,00,001 to 10,00,000/-						
vi) above Rs. 10 Lakh						
Total						

B. Category - HUF						
Income Group based on Assessed Total Income (excluding Agricultural Income)	**No. of Assessments involving Aggregation of Agricultural Income Disposed off**		**Amount of net Agricultural Income Aggregated (Rs. '000)**		**Additional Demand resulting from Aggregation of Agricultural Income (Rs. '000)**	
	During the Quarter	**From 1st April up to the End of the Quarter**	**During the Quarter**	**From 1st April up to the End of the Quarter**	**During the Quarter**	**From 1st April up to the End of the Quarter**
i) Up to Rs. 50,000/-						
ii) from Rs. 50,001 to 60,000/-						
iii) from 60,001 to Rs. 1,50,000/-						
iv) from Rs.1,50,001 to Rs. 5,00,000						
v) from 5,00,001 to 10,00,000/-						
vi) above Rs.10 Lakh						
Total						

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(C) Category - Other (Firms, Trusts, Companies and AOPs/BOIs, etc.)						
Income Group based on Assessed Total Income (excluding Agricultural Income)	**No. of Assessments involving Aggregation of Agricultural Income Disposed off**		**Amount of net Agricultural Income Aggregated (Rs. '000)**		**Additional Demand resulting from Aggregation of Agricultural Income (Rs.'000)**	
	During the Quarter	**From 1st April up to the End of the Quarter**	**During the Quarter**	**From 1st April up to the End of the Quarter**	**During the Quarter**	**From 1st April up to the End of the Quarter**
(i) Up to Rs. 50,000/-						
(ii) From Rs. 50,001 to Rs. 60,000/-						
(iii) From Rs. 60,001 to Rs. 1,50,000/-						
(iv) From Rs. 1,50,001 to Rs. 5,00,000/-						
(v) From Rs. 5,00,001 to Rs. 10,00,000/-						
(v) Above Rs. 10 Lakh						
Total						

Signature:

Name:

Designation

For CCIT…………..............

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Report–18

Quarterly Progress Report on Write-off Arrear Demand of Rs. 10,000/- and below

(Rs. In '000)

No. of cases identified upto the end of the Quarter			No. of the cases considered for Write-off during the year			No. of the cases written off during the year			Details of the balance of the cases to be written off		
No. of Assessees	No. of Entries	Total Amount Involved (Rs. In '000)	No. of Assessees	No. of Entries	Total Amount Involved (Rs. In '000)	No. of Assessees	No. of Entries	Total Amount Involved (Rs. In '000)	No. of Assessees	No. of Entries	Total Amount Involved (Rs. In '000)
1	2	3	4	5	6	7	8	9	10	11	12

File No.:

Signature

Chief Commissioner of Income-tax

Place

Report–19

Quarterly Prosecution Report

Quarter Ending--------

Quarterly Progress Report On Prosecution Work			
S. No.	**Particulars**	**No of**	**No of**
		Complaints	**Cases**
Prosecution			
1.	Prosecution pending with Courts as on 1st April ----		
2.	Prosecution Launched during the Quarter		
3.	Fresh Prosecution launched upto the end of the Quarter (a+b+c+d)		
	(a) Concealment of Income		
	(b) late Filers/Non-filers		
	(c) Other offences		
	(d) Only IPC Offences		
4.	Disposal of prosecutions during the Quarter		
5.	Disposal upto the end of the Quarter (a+b+c)		
	(a) Court passes order of conviction		
	(b) Court passes order of acquittal		
	(c) Prosecution withdrawn due to		
	(1) Compounding		
	(2) Reasons other than compounding		
6.	Prosecution pending with Courts at the end of Quarter (1+3-5)		
7.	Prosecution revived due to appeals filed against Court orders upto the end of quarter (a+b)		
	(a) Acquitted Orders		
	(b) Convicted Orders		
8.	Total prosecution pending with Courts at the end of quarter (6+7)		
	(a) Concealment of Income		
	(b) late Filers/non-filers		
	(c) Other offences		
	(d) Only IPC Offences		

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Potential Cases			
9.	Pendency of Potential prosecution cases identified as on 1st April-----		
10.	No of potential prosecution cases identified (during Search/Survey/Scrutiny/ Other enquiry) upto the end of quarter		
11.	No of Prosecution Compounded before filing of complaint in the Court upto end of quarter		
12.	Prosecution launched out of Cases (9 & 10) upto the end of quarter		
13.	Prosecution not launched upto the end of the quarter for any reasons (a+b)		
	(a) Quantum/Penalty is deleted by the Appellate Authorities		
	(b) Not found to be fit case by CCIT/CIT		
	(c) Decentralized cases		
14.	No of potential prosecution cases pending at the end of quarter (9+10-11-12-13)		
Compounding			
15.	Compounding petitions pending as on 1st April---		
16.	Compounding petitions received upto the end of the quarter		
17.	Compounding petitions decided upto the end of the quarter (a+b)		
	(a) Compounding Rejected		
	(b) Compounding Accepted		
18.	Compounding petitions pending at the end of the Quarter (15+16-17)		

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Report–20

Quarterly Survey Report

Part-A: Statistical Report on Survey under Section 133A(1)

No. of surveys under Section 133A(1) carried out during the month	Amount of undisclosed income redetected during the survey(in Rs. Lakh)

Part-B: Quantitative Report on Surveys under Section 133A(1)

S. No.	Date of survey	Name of the case	Amount of undisclosed income detected during survey (in Rs. Lakh)	Nature of concealment detected (in brief)

Part-C: Report on Surveys under Section 133A(5) and Other Enquired on Expenditure on Social Occasions Like Marriage, Parties etc.

S. No.	Name of case	Date of event	Amount of expenditure admitted (in Rs. Lakhs)	Amount of expenditure estimated in enquiry (in Rs. Lakhs)

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Report–21

Quarterly Report on Top 100 Advance Tax Payers

Rs.(in Crores)

S. No.	Name of the Taxpayer	PAN	CCIT/ PCIT	Sector	Advance Tax Paid in				Advance Tax Paid Upto		%inc/ Dec	Advance Tax Paid in	
					MM/ YY	MM/ YY	MM/ YY	MM/ YY	MM/ YY	MM/YY		MM/ YY	MM/ YY
1.													
2.													
3.													
4.													
5.													
6.													
7.													
8.													
9.													
10.													
11.													
12.													
13.													
14.													
15.													
16.													

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Report–22

(A) Quarterly Report of Writ Petitions Filed Against the Orders of Income-tax Settlement Commission (ITSC) for the Quarter Ending ____________

Pr. CCIT/ DGIT (Inv.)/ CCIT (Central) Region	No. of Writ Petitions pending as at the beginning of the Quarter			Section-wise no. of orders passed by ITSC during the Quarter			No. of orders not accepted by the Department during the Quarter			Total no. of writs filed by the department challenging the ITSCs order during this Quarter*			Total no.of writs in which High Court has passed the order during the quarter and the matter has attained finality*			Total no. of writ petitions pending at the end of the Quarter		
	245D(2C)	245D(4)	Ors.	245D(2C)	245D(4)	Ors.	245D(2C)	245D(4)	Ors.	245D(2C)	245D(4)	Ors.	245D(2C)	245D(4)	Ors.	245D(2C)	245D(4)	Ors.

(B) Detailed Report in Respect of ITSC Order Challenged before the Hon'ble High Court

Pr. CCIT/ DGIT (Inv.)/CCIT (Central) Region	Name of the Case	Date and Section of ITSC Order	Income Offered (Rs. in Crores)	Income Settled (Rs. in Crores)	Ground of Filling WP before the High Court	Writ Petition No.

(C) Detailed Report in Respect of Decision of Hon'ble High Court in the Writ Petition Challenging the ITSC Order

Pr. CCIT/ DGIT (Inv.)/CCIT (Central) Region	Name of the Case	Date and Section of ITSC order	Income Offered (Rs. in Crores)	Income Settled (Rs. in Crores)	Ground of filling WP before the High Court	Writ Petition No.	Decision of High Court

(D) Quarterly Report of Pending Demands After Issuance of Order by ITSC under Section 245D(4) of the IT Act, 1961 for the Quarter Ending ____________

Pr. CCIT/ DGIT (Inv.)/ CCIT (Central) Region	Cases where tax demand is pending for realization consequent to ITSC's order under Section 245D(4), as on 01.04.2016		Cases where tax demand is pending for realization consequent to ITSC's order under Section 245D(4), at the beginning of the quarter		Cases where consequent to ITSC's order under Section 245D(4) tax demands have fallen due for collection during the quarter		Cases where the tax demand raised consequent to ITSC's order under Section 245D(4) is collected during the quarter		Cases where the tax demand raised consequent to ITSC's order under Section 245D(4) is pending for realisation at the end of the quarter	
	No. of Cases	Amount (Rs. in Crore)	No. of Cases	Amount (Rs. in Crore)	No. of Cases	Amount (Rs. in Crore)	No. of Cases	Amount (Rs. in Crore)	No. of Cases	Amount (Rs. in Crore)

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Report–23

Statistical Data for Inclusion in Chapter 1: Direct Taxes Administration of Compliance Audit Report of Comptroller and Auditor General of India on Direct Taxes for the Year----

<table>
<tr><th>S. No.</th><th colspan="6"></th></tr>
<tr><td>I.</td><td colspan="6">Quarterly Income-tax Department Progress Report March, ----(Part A)</td></tr>
<tr><td rowspan="6">(a)</td><td colspan="6">Deployment of officers on Assessment/Non Assessment duty</td></tr>
<tr><td colspan="3">Nature of Post</td><td>Assessment Duty</td><td>Non-Assessment Duty</td><td>Total</td></tr>
<tr><td colspan="3">Addl.CIT/Addl.DIT/Jt.CIT/Jt.DIT/Dy.DIT/Dy.CIT/ Asst. DIT/Asst.CIT</td><td></td><td></td><td></td></tr>
<tr><td colspan="3">ITOs</td><td></td><td></td><td></td></tr>
<tr><td colspan="3">All</td><td></td><td></td><td></td></tr>
<tr><td colspan="6">Source: The data furnished by the field formation(18 Pr. CCIT/Internation Taxation/Exemption)</td></tr>
<tr><td>(b)</td><td colspan="6">Income wise analysis of workload of assesse</td></tr>
<tr><td>(c)</td><td colspan="6">Status-wise break-up of Income-tax(including Corporation Tax) assessments completed during the year-------</td></tr>
<tr><td>(d)</td><td colspan="6">Income wise analysis of Company assessee and non-company assessee.</td></tr>
<tr><td>(e)</td><td colspan="6">Tax deducted at source for Income-tax and corporation tax</td></tr>
<tr><td>(f)</td><td colspan="6">Work load and disposal of assessment/penalties, analysis of penalties imposed and pending</td></tr>
<tr><td></td><td colspan="6">Source: IT/CT/OT Report for the Financial Year(DG(System) & O&MS))</td></tr>
<tr><td rowspan="5">(g)</td><td colspan="6">Miscellaneous work-General-Direct refund</td></tr>
<tr><td colspan="6">A: Particulars of Cases of Direct Refunds for which Claims were made during the Financial Year 2017-18 (In Numbers)</td></tr>
<tr><td>Financial Year</td><td>Opening Balance</td><td>Claims Received during the year</td><td>Total</td><td>Number of Cases Disposed of</td><td>Balance Outstanding</td></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td colspan="6">Source: The data furnished by the field formation(18 Pr. CCIT/International Taxation/Exemption)</td></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>II.</td><td colspan="6">Quarterly Income-tax Department Progress Report March, ----(Part B)</td></tr>
<tr><td>(a)</td><td colspan="6">No. of Wealth Tax assesses</td></tr>
<tr><td>(b)</td><td colspan="6">Analysis of workload of Wealth Tax assessment and disposal of assessment</td></tr>
<tr><td>(c)</td><td colspan="6">Progressive demand and collection of Wealth Tax</td></tr>
<tr><td></td><td colspan="6">Source: IT/CT/OT Report for the Financial Year(DG(System) & O&MS))</td></tr>
<tr><td>III.</td><td colspan="6">*Cases of Refunds for which Claims were Made</td></tr>
<tr><td></td><td colspan="6">A: Claims Received during the Financial Year -------:</td></tr>
<tr><td></td><td colspan="6">Source: The data furnished by the field formation(18 Pr. CCIT/Internation Taxation/Exemption)</td></tr>
</table>

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...Table (Contd.)

IV.	*Cases Resulting in Refunds as an Appellate Orders and Revision Orders etc.				
	A: Details of Cases Resulting in Refund as a Result of Appellate Orders and Revision Orders, etc. as on 31st March, ----				
	Financial Year	**Opening Balance**	**Addition**	**Disposal**	**Balance**
	B: Year wise Analysis of Balance as shown above, as on 31st March, ----				
	Financial Year in which the Application was made	Number of Cases Pending			
	Total				
	Source: 18 Pr. CCIT/International Taxation/Exemption				
V.	***Interest Paid on Refunds by the Government for Financial Year ------**				
	FY in which refund order has been passed	Total Number of refunds orders	Total Amount of Interest under Section 244A paid (Rs. Crores)		

	Source: DG(Systems)				

VI.	*Category Wise Details of Revenue Demands Written off by the Department During --------						
	A: Category wise Details of Revenue Demands Written Off by the Department during Financial Year------ in respect of Income-tax						
	Category	**Company**		**Non-company**		**Total**	
		Number	**Amount (Rs. Crore)**	**Number**	**Amount (Rs. Crore)**	**Number**	**Amount (Rs. Crore)**
	(a) Assessee having died, leaving behind no assets or have become insolvent or gone into liquidation						
	(b) Assessee who have gone into liquidation or are defunct						
	Total of (a) and (b)						
	I. Assessees being untraceable						
	II. Assessees having left India						
	III. Other Reasons:						
	(1) Assesses who are alive but have no attachable assets						
	(2) Amount being petty etc.						
	(3) Amounts written of as a result of scaling down of demand						
	Total of (I) to (III)						
	Amount written off on grounds of equity or as a matter of international courtesy or where time, labour and expense involved in legal remedies for realization are considered disproportionate to the recovery						
	Grand Total						
	Source: 18 Pr. CCIT/International Taxation/Exemption/(O&MS)						

Table (Contd.)...

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...Table (Contd.)

VII.	Statement on written off arrears demand of Rs. 10,000 and below	*Source*: The data furnished by 100 CCITs & DGITs
VIII.	Progress Report of TRO for the year ending March, -----.	*Source*: The data furnished by 100 CCITs & DGITs
IX.	Quarterly progress report on Direct Taxes Appeals(CIT(A) & pending cases with Supreme Court/High Court/ITAT) for --------.	*Source*: For CIT(Appeal): 342CsIT(Appeal) For ITAT/HC/SC:101 CC Charges

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Report–24

Report on Compliance Management of SFT (F.Y. --------)

S. No.	Class of Reporting Persons	Number of Reporting Entities Registered as on 01.04.20..	Number of Reporting Entities Registered During the Month	No of Reporting Entities Registered Upto End of the Month	Number of SFT for --------Filed During the Month	Number of SFT for -------- Filed from 1.04.20..upto the End of the Month	Number of SFT for ------ Not-filedupto the End of the Month	Number of Defective SFTs for -------Reported by Systems Directorate During the Month	No. of Defective SFTs for -------Reported by Systems Directorate from 1.04.20.. upto end of the Month
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) = (5) – (7)	(9)	(10)
1.	Banking Company								
2.	Co-operative Bank								
3.	Post Master General								
4.	Nidhi								
5.	Non-Banking Financial company								
6.	Institution Issuing credit card								
7.	Institution issuing bonds and debentures								
8.	A company issuing shares								
9.	A company listed in recognised stock exchange purchasing issuing securities								
10.	A trustee of a Mutual Fund								
11.	Authorized Person under Foreign Exchange Management Act								
12.	Inspector General/ Registrar or Sub-Registrar								
13.	A persons who is liable for audit under Section 44AB								

(In case data is not available/has not been made available by the Directorate of Systems, please mention “Data not available”/ “Data not given by System”)

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Report–25

Report on Notices Issued under Section 285BA(4) & 285BA(5)

No. of Notices under Section 285BA (4) & 285BA(5) issued during FY --------	Pendency of 285 BA (4)) & 285BA(5) proceedings as on 1st April of the financial year	No. of notices issued under Section 285BA(4)) & 285BA(5) during the month	Total No. of Notices issued under Section 285BA(4) & 285BA(5) 1st April of the financial year till the month end	Total No. proceedings closed upto end of the month out of (3) + (5)	No. of proceedings converted to penalty proceedings under Section 271FAA/271FA	No. of proceedings pending upto end of the month
(1)	(2)	(3)	(4)	(5)	(6)	(7)

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Report–26

Report on Penalties Imposed under Section 271FA & 271FAA

No. of penalty under Section 271FA & 271FAA imposed during FY 20…	No. of penalty proceedings under Section 271FA & 271FAA brought forward as on 1.04.20…	No. of penalty notices issued under Section 271FA & 271FAA during the month	No. of penalty notices issued under Section 271FA & 271FAA from 1.04.20… upto the month	No. of penalty imposed under Section 271FA & 271FAA during the month	No. of penalty imposed under Section 271FA & 271FAA from 1.04.20… upto end of the month	No. of penalty proceedings pending under Section 271FA & 271FAA upto the month (3) + (5) – (7)
(1)	(2)	(3)	(4)	(5)	(6)	(7)

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Report–27

Report on Benami Property Transactions Reported to BPU

Sl. No.	Name of assesse (in whose case benami transactions detected)	Name of Benamidar (if available)	Nature of Benami Property and amount involved (in Rs. lakh)	Date of reporting to BPU
-	-	-	-	-

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Report–28

Report on Verification of Non-Pan/Special Project/Demonetized/FATCA/AEOI/CRS Data

S. No	Category	Opening balance pending (as on 01.04.20...)	Number of cases selected for verification during the year (20..- ...)		Number of transactions verified		Balance pending for disposal at the end of the month	Number of Verification reports sent to the Field				New Tax payers identified				Additional Income estimated in case of existing assessees			
						During the Month		From 01.04.20..upto the month end		During the Month		From 01.04.20..upto the month end		During the month		From 01.04.20... upto the month end			
			During the Month	From 01.04.20.. upto the month end	During the Month	From 01.04.20... upto the month end		Actionable intelligence reports	Others including reports in non-responsive cases	Actionable intelligence reports	Others including reports in non-responsive cases	Number	Estimated income Amount (In Rs. Crs)	Number	Estimated income Amount (In Rs. Crs)	Number	Additional income estimated Amount (In Rs. Crs)	Number	Additional income estimated Amount (In Rs. Crs)
(1)	(2)	(3)	(4)	(5)	(6)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
1	Non-PAN (other than immovable property) (RM)																		
2	Immovable property/50C cases																		
3	Demonetization																		
4	Special Pilot Project																		
5	FATCA																		
6	CRS/AEOI																		
7	Others (specify)																		
	TOTAL																		

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Report–29

Report on Outreach Programme for the Month of

Sl. No.	station	No. Of outreach programme conducted during FY -------	Number of Outreach programmes conducted during FY ------		Number of participants in the programme	
			During the month	From --------upto the month end	Total participants during the month in the programmes mentioned in Col 4(a)	Total participants upto the month in the programmes mentioned in Col 4(b)
(1)	(2)	(3)	4(a)	4(b)	5(a)	5(b)

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Report–30

Action under the Black Money (Undisclosed Income and Assets) and Imposition of Tax Act, 2015

Actions under the Black Money (Undisclosed Income and Assets) and Imposition of Tax Act, 2015 as on DD/MM/YYYY (Pr. CCIT(CCA) <Name of the Region>)																						
S.No.	Particulars of the Assessing Officer (Name/Designation)	Particulars of DGIT(Inv.)/CCIT concerned	Name of the assessee	FACIN*	Whether the entity figured in HSBC/ICIJ/Panama/Paradise Paper list/Others? (Provide details)	Date of undisclosed foreign assets/income coming to the notice of Assessing Officer for the purpose of Section 10(1) of BMA 2015	Date of issue of notice under Section 10(1) of BMA 2015	Date of order under Section 10(3)/10(4) of BMA 2015	Relevant AY	Nature of undisclosed foreign asset/income. (Specify type)	Undisclosed foreign asset/income detected as mentioned in notice under Section 10(1) or otherwise based on information in possession of the ITD (in foreign currency)	Undisclosed foreign asset/income assessed under Section 10(3)/10(4) of BMA, 2015 (in foreign currency AY wise)	Equivalent amount involved as per Column 12 in Rs. Crore**	Demand raised AY wise (in Rs. Crore)	Penalty levied			Prosecution proceedings launched			Date of sending information to Enforcement Directorate for action under Prevention of Money Laundering Act (PMLA), 2002	Remarks
															Specify relevant Section of BMA 2015	AY	Amount (in Rs. crores)	Specify Yes/No?	Specify relevant Section of BMA 2015	Date of filing in court		
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14	15.	16.	17.	18.	19.	20.	21.	22.	23.

Note: * Please refer to Para. No.22 of the "Guidelines for handling cases under the Black Money Act, 2015" issued on23/01/2018, vide F. No. 414/134/2015-IT (Inv. I) (Pt.)

** Conversion to INR may be computed as per the provisions of the Black Money Act and Rules.

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Report–31

Monthly Report on Actions under the Benami Transactions (Prohibition) Act, 2016

S. No	Details of property involved*				Name of the Identified Benamnidar	Name of the identified Beneficiary	Whether a shell company involved? If yes, details thereof	Details of reference received		Show Cause Notice
	Type of property(specify if Movable/ Immovable)	If movable, Specify type like Cash, Jwellery	If immovable, specify type like Land, Flat, Shops, etc.	Approximate value of property involved (Circle				Name of the Authority, if any, from which	Date of receiving reference, if any	Date of issue of notice under Section 24(1)
1	2	3	4	5	6	7	8	9	10	11

Details in respect of provisional attachment made								
Action under Section 24(3), if any		Action under Section 24(4)						
		Action under Section (24)(4)(a)				Action under Section 24(4)(b)		
Date of provisional attachment	Value of Property Attached (Circle Rate for immovable	Whether action taken under Section 24(4)(a)(i)? Yes/no	If Yes, date of order under Section 24(4)(a)(i)	Value of Property Attached (Circle Rate for Immovable	If NO, date of revocation order under Section 24(4)(b)(ii)	Whether order passed under Section 24(4)(b)(i)? If yes, date of order	Value of Property Attached (Circle Rate for Immovable	Whether decided under Section 24(4)(b)(ii) not to attach the property
12	13	14	15	16	17	18	19	20

Table (Cond.)...

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Table (Cond.)...

Date of filing of reference with the Adjudicating Authority under Section 24(5), if applicable	Details of Order under Section 23(3)			Details of Confiscation under Section 27			Date of taking possession of the property under Section 29	Appeal before Appellate Tribunal			
	Whether under Section 26(3)(i) or 26(3)(ii)?	Date of Order	If Order under Section 26(3)(ii), value of the property	Whether property confiscated under Section 27? Yes/No	If confiscated, Date of Order	Value of the property confiscated (Circle Rate for		Whether appeal filed under Section 46(1), (Yes/No)	If Yes, date of filing appeal.	Date of appellate order of the tribunal under Section 46(3)	Whether Order in favour of department or against
21	22	23	24	25	26	27	28	29	30	31	32

Appeal before High Court			Offences and prosecution									
			Action under Section 53					Action under Section 54				
Whether Appeal filed? (Yes/No)	If Yes, date of filing	Date of Order under Section 49(6)	Whether prosecution complaint(s) filed under Section 53?	If Yes, date of filing and number of prosecution	Date of Order of Court under Section 53	Detail of Order		Whether prosecution complaint(s) filed under Section 54?	If Yes, date of filing and number of prosecution	Date of Order of Court under Section 24	Detail of Order	
						Term of imprisonment (in years and months)	Fine levied				Term of imprisonment (in Years and months)	Fine levied
33	34	35	36	37	38	39	40	41	42	43	44	45

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Report–32

Statistical Data on Rewards for Quarter Ending on -----------------

A. Reward to Informants

Sl. No.	Name of the group searched	Amount of extra taxes collected attributable to the information	Amount of reward sanctioned during the quarter	Amount of reward sanctioned up to the end of the quarter

B. Reward to Officers/Staff

Sl. No.	Name of the group searched	Amount of extra taxes collected	Amount of reward sanctioned during the quarter	Amount of reward sanctioned up to the end of the quarter

Report–33

Two Hourly Report on Intimation Regarding Search Action under Section 132 of the Income-tax Act, 1961

1.	Name and address of the assessee	
2.	Striking time and date	
3.	If operations are conducted at different places i.e. different cities or towns, the name of such places.	
4.	Number of premises covered	
5.	Number of warrants executed	
6.	Nature of business or profession/source of income etc.	
7.	Name and designation of Coordinating ADIT/DDIT(Inv.)	
8.	Name and designation of the jurisdiction DIT(Inv.)	

Addl. Director of Income-tax(Inv),

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Report–34

NAME OF GROUP

INITIAL/OPERATION OF P.O. OR SUBSEQUENT SEARCH/FINAL

PRELIMINARY STATISTICAL REPORT

Dated:
From:

To: The Member (Investigation), CBDT, North Block, New Delhi

1.	PSR Code No.					
2.	(a) Date of initiation of search					
	(b) Date of Present Search					
3.	Name and address of main concerns/key persons searched					
4.	Particulars of Jurisdiction of main concerns/key persons searched					
5.	Nature of Business/Profession/ Occupation					
6.	**No. of Premises searched**					
7.	**No. of Warrants:**	**Warrants executed in current operation**			**Cumulative Number of Warrants**	
8.	Details of restraints under Section 132(3)	Residential	Business/ Office	Lockers	Any Other	Total
	a. No. of restraints under Section 132(3) operated					
	b. No. of restraints under Section132(3) pending					
9.	**Value of Assets Seized (In Rs. Lakh)**					
		Current Operation			Cumulative Seizure	
	a. Cash					
	b. Jewellery					
	c. Other Assets					
	d. Under Second Proviso to Section 132(1) of the Act					
	e. **Total**					
10.	No. of connected Surveys conducted					

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11. Details of Admission of Undisclosed Income during Search Proceedings

11(a) Undisclosed Income as Defined in Explanation (c) to Section 271AAB *(Amount in Rs. Lakhs)*

Person in whose name Undisclosed Income is admitted	**Financial Year (Specified Previous Year)**			**Description***
	FY ????-????	*FY ????-????*	**TOTAL**	
	(as per Expl. (b)(i) to Sec. 271AAB)	*(as per Expl. (b)(ii) to Sec. 271AAB)*		
Person-1				
Person-2				
Person-3				
….				
Person-n				
TOTAL				

11(b) Undisclosed Income as defined in Explanation 5A to Section 271(1)(c)*(Amount in Rs. Lakhs)*

Person in whose name Undisclosed Income is admitted	**Financial Years**							**Description***
	FY ????-????	*FY ????-????*	*FY ????-????*	*FY ????-????*	*FY ????-????*	*FY ????-????*	**TOTAL**	
Person-1								
Person-2								
Person-3								
….								
Person-n								
TOTAL								

** Specific description of documents, assets seized and/or found or statements of connected persons or third party enquiries or any other discrepancy noticed(specify the same), on the basis of which, such admission of undisclosed income has been made.*

12.	Undisclosed Income Admitted **(Cumulative) (In Rs. Lakh)**	
13.	Significant findings, if any, having implications for other enforcement agencies *viz.* DRI, Central Excise, ED, Banking Authority, Sales Tax etc.	
14.	A resume of Significant findings including **Modus Operandi/Tax Evasion Practice detected during search and concealment detected, *prima facie*, along with its basis** (approximately 100 words)	

Director of Income-tax(Inv.)/
Commissioner of Income-tax

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Copy to:

1. The Director General of Income-tax (Investigation) concerned.
2. The Jurisdictional Chief Commissioner of Income-tax.
3. The Jurisdictional Commissioner of Income-tax.
4. The Chief Commissioner of Income-tax (Central) (if applicable)

Addl/Joint Director of Income-tax(Inv.)/
Addl./Joint Commissioner of Income-tax

Report–35

MIS ON INVESTIGATION CASES

Report sent by DGIT(Inv. Intell.)/CCIT(Central),______________

For the Month of ______________

Sl. No.	Item	
A. Identity Particulars of Group		
1.	Name of the Group	
2.	Flagship Concern	
3.	Nature of main business activity	
4.	Reason for inclusion in watch list 4.1 Financial (admitted undisclosed income above Rs. 10 crore for Delhi, Mumbai, Chennai, Kolkata, Ahmedabad, Bangalore, Hyderabad & Pune and Rs. 5 crores for other Regions. or Seizure of assets above Rs. 5 crore for Delhi, Mumbai, Chennai, Kolkata, Ahmedabad, Bangalore, Hyderabad & Pune and Rs. 2 crores for other Regions.	
	4.2 Sensitive Case	**Yes/No**
5.	DIT(Inv) concered	

B. Particulars of Search Action			
6.	Date of commencement of search/reference under Section 132A		
7.	Date of completion of search		
8.	Valuables seized (in Rs. Lakh)		
8.1	Cash		
8.2	Jewellery		
8.3	FDR,IVP, etc		
8.4	Other assets		
8.5	Total Seizure		
9	Undisclosed Income admitted during search		
	PAN	Name	Income Admitted (Rs)
	Total		
10	**Significant findings of search action (as reported in Telex Report)**		

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C. Post-Search Action by the Investigation Wing					
11.	Date of appraisal report				
12.	Assessee-wise particulars of tax paid on undisclosed income as referred to in column 9 (in Rs. Lakh)				
	Total				
13.	Concealed income, if any, estimated in the Apprisal Report (in Rs. Lakh)				
14.	Whether post-search co-ordination with other agencies completed (Identify the agencies)			Yes/No	
15.	Whether the Draft Questionnaire has been forwarded to AO			Yes/No	
16.	Whether seized books and all enquiry reports, bank statements, etc are forwarded			Yes/No	
17.	Whether seized cash has been transferred to P.D A/c of he respective CIT			Yes/No	

N.B. After the seized materials and draft questionnaire are forwarded to AO the MIS Report of investigation Wing will be discontinued. Thereafter the Central Charge will forward the MIS Report, till the core cases are decentralized.

D. Assessment and Related Action by Central Charges

18.	Name and PAN of main concerns/persons of the group			
	Name	**PAN**	**Asstt. Years for which asstt. are completed**	**Asstt.Years for which asstt. are pending**
19.	Date of Centralization of main cases			
20.	Assessment Particulars			
	AO	**Range**		**CIT**
21	Details of returned income, assessed income and taxes paid in the main cases listed in column 18			
	As per Annexure-1			
22.	Whether concealment penalty initiated			Yes/No
23.	Whether concealment Penalty imposed			Yes/No
24.	Whether prosecution initiated			Yes/No

E. Appellate Proceedings and Related Actions

25.	As per Annexure-2	

F. Comments

26.	DGIT(Inv./Intell.)/CCIT(Central)

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Report–35

MIS on Investigation Cases

1. Annexure–1

Assessee-wise Details of Returned Income and Assessed Income

(for main cases listed in column 18)

ASSTT. YEAR	Whether attachment under Section 281b effected	Date of notice under Section 153A/153C/ 142(1)	Whether return filed in response to notice referred to in col. 3	Income return in response to notice referred to in col.3	Tax paid as per return referred to in col.4	Additional income declared over and above income returned under Section 139(1),i.e returns filed prior to search	Date of assessment under Section 153A/153C/ 143(3)	Assessed income	Demand raised in assessment	Collection against demand raised	Whether case reviewer by CIT
1	2	3	4	5	6	7	8	9	10	11	12
Name of the assessee and PAN											
Name of the assessee and PAN											

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1. MIS on Investigation Cases

2. Annexure–2

Assessee-wise Particulars of Appellate/Settlement Procedures

(for main cases listed in column 18)

Astt. Year	**Date of order by CIT(A)**	**Income determined in first appeal**	**Date of order of ITAT**	**Income determined in second appeal**	***In case application filed before settlement commission give date of admission***	***Date of order under Section 245D(4)***	***Income determined in the order under Section 245D(4)***	***Taxes paid***
1	2	3	4	5	6	7	8	9
Name of the assessee and PAN								
Name of the assessee and PAN								

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Report–36

Monthly Statistical Report

DGIT (Inv).__________Region

Report for the Month of _______________

(In Rs. Lakh)

Sl. No.	Particulars	During the Month	Upto the End of the Month during the Current F.Y.	Upto the End of the Month during the Last F.Y.	Total of Last F.Y.
1	No. of groups searched				
2.	No. of warrants executed				
3.	Value of assets seized (**In Rs. Lakh)**				
	(a) Cash				
	(b) Jewellery/Bullion				
	(c) Others				
	(d) Under Second Proviso to Sec. 132(1)				
	(e) Total				
4.	Amount of Undisclosed Income detected as a result of the search & subsequent investigations in the groups searched (**In Rs. Lakh)**				
5.	Out of detection at Sl. No. 4, the amount of undisclosed income admitted by the assessee (**In Rs. Lakh)**				
6.	Prosecution complaints filed by Investigation Wing in the cases mentioned at Sl. No. 1				
	(a) No. of cases				
	(b) No. of complaints				
	(c) Section(s) under which prosecutions were filed (Brief particulars may be attached in a separate sheet)				

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Other Important Departmental Applications and Modules

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National Judicial Reference System

National Judicial Reference System (NJRS) has been envisaged as a tool to achieve efficiency in the tax litigation process of Income-tax Department (ITD). NJRS will enable ITD in the following ways:

(a) Efficient Litigation Management.
(b) Tracking and monitoring of Appeals at various stages.
(c) Reduce disputed demand by targeting high demand cases.
(d) Decision Support.
(e) Comprehensive Reference System.
(f) Timely Actions.

NJRS is envisaged to provide a mechanism to manage Appeals and Judgments through:

(a) Appeals Repository & Management System (ARMS) - ARMS is an online repository for all pending appeals at Income-tax Appellate Tribunal (ITAT), High Courts (HC) and Supreme Court (SC).
(b) Judicial Research & Reference System (JRRS) - JRRS is a repository of judicial orders as a single, indexed, searchable, cross-linked, database of Judgments/ orders of ITAT, Authority of Advance Ruling (AAR), HC and SC.

Complete information on NJRS including Components, Accessibility and procedure for registering on NJRS, is available on the website https://njrs-itd.gov.in

Human Resources Management System (HRMS)

Human Resource Management System (HRMS) application was introduced in the Department in 2015. It covers processes which helps in better and effective Management of administrative and personnel functions related to Income-tax Department. Given below are some important HRMS processes:

(a) Creation and Maintenance of Post.
(b) Tagging of jurisdiction with Post.
(c) Creation and Maintenance of Employee Personal Details.
(d) Tagging Main Charge (Post) with Additional Charge (Post).
(e) Role Tagging.
(f) View Post Hierarchy.
(g) Validate changes requested in employee verification process.

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The HRMS can be accessed through http://itba.incometax.gov.in. The entire User Manual of HRMS can be downloaded from the home page this site through the 'Online Training' Tab.

As of Now the Following Modules have been Introduced in the HRMS

(a) DDO Registration for payroll Module.

(b) Training Management for HRMS.

(c) GPF Module.

(d) Quarter Allocation.

(e) Loans and Advances.

(f) Immovable Property Returns.

(g) New Pension Scheme.

(h) Medical Management.

(i) Travel Allowance.

(j) Departmental Identity Card.

(k) Handing Over and Taking Over of charge.

(l) Promotion.

(m) Transfer and Posting.

(n) Leave Management.

(o) Deputation.

(p) Property Return and Intimation.

(q) Annual Performance and Appraisal Reports.

(r) Applying for Digital Signature and Renewal.

This concept is illustrative and for information purposes only. The users are advised to download the complete set of instructions prior to usage. Any concerns about the functioning of these modules may be raised directly with the concerned Helpdesk.

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