

New Taxpayer's charter

Why in news?

The Centre has launched a platform for faceless assessment and appeals of tax, and a new Taxpayer's Charter.

What is Taxpayers' Charter?

- Taxpayers' Charter was announced by the Finance Minister in her Budget 2020 speech.
- The aim of introducing the charter is to build a trust between a tax payer and the tax administration and reduce harassment.
- It provides responsibilities of the Income Tax (I-T) department towards the taxpayers.
- It also lists duties of the taxpayers towards the I-T department.
- The objective is to enhance the efficiency of the delivery system of the I-T Department.

What is the need for a new charter?

- Only a small fraction of the 130 crore people in the country are paying taxes.
- So, there is certainly a need to improve the compliance level.
- This can be done only by coaxing people to voluntarily come forward and pay tax, without the fear of the taxman harassing them.
- The new platform for faceless assessment and appeals of tax, along with the Charter, is an attempt by the Centre to hold out the olive branch to the taxpayers.
- The 14-point Charter states that taxpayers can look forward to fair and reasonable treatment from tax authorities.
- They can look at an efficient mechanism for appeal and review and a system that maintains confidentiality of the taxpayers' information.



TAXPAYERS' CHARTER

THE INCOME TAX DEPARTMENT

is committed to

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| <p>1. provide fair, courteous, and reasonable treatment
The Department shall provide prompt, courteous, and professional assistance in all dealings with the taxpayer.</p> <p>2. treat taxpayer as honest
The Department shall treat every taxpayer as honest unless there is a reason to believe otherwise.</p> <p>3. provide mechanism for appeal and review
The Department shall provide fair and impartial appeal and review mechanism.</p> <p>4. provide complete and accurate information
The Department shall provide accurate information for fulfilling compliance obligations under the law.</p> <p>5. provide timely decisions
The Department shall take decision in every income-tax proceeding within the time prescribed under law.</p> <p>6. collect the correct amount of tax
The Department shall collect only the amount due as per the law.</p> <p>7. respect privacy of taxpayer
The Department will follow due process of law and be no more intrusive than necessary in any inquiry, examination, or enforcement action.</p> | <p>8. maintain confidentiality
The Department shall not disclose any information provided by taxpayer to the department unless authorized by law.</p> <p>9. hold its authorities accountable
The Department shall hold its authorities accountable for their actions.</p> <p>10. enable representative of choice
The Department shall allow every taxpayer to choose an authorized representative of his choice.</p> <p>11. provide mechanism to lodge complaint
The Department shall provide mechanism for lodging a complaint and prompt disposal thereof.</p> <p>12. provide a fair & just system
The Department shall provide a fair and impartial system and resolve the tax issues in a time-bound manner.</p> <p>13. publish service standards and report periodically
The Department shall publish standards for service delivery in a periodic manner.</p> <p>14. reduce cost of compliance
The Department shall duly take into account the cost of compliance when administering tax legislation.</p> |
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and expects taxpayers to

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| <p>1. be honest and compliant
Taxpayer is expected to honestly disclose full information and fulfil his compliance obligations.</p> <p>2. be informed
Taxpayer is expected to be aware of his compliance obligations under tax law and seek help of department if needed.</p> <p>3. keep accurate records
Taxpayer is expected to keep accurate records required as per law.</p> | <p>4. know what the representative does on his behalf
Taxpayer is expected to know what information and submissions are made by his authorised representative.</p> <p>5. respond in time
Taxpayer is expected to make submissions as per tax law in timely manner.</p> <p>6. pay in time
Taxpayer is expected to pay amount due as per law in a timely manner.</p> |
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Taxpayers can approach the Taxpayers' Charter Cell under Principal Chief Commissioner of Income tax in each Zone for compliance to this charter. For more information, visit <http://incometaxindia.gov.in>

What is a significant part?

- The Charter's most important part is the promise that the tax authorities shall not be too intrusive in inquiry and examination, or enforcement.
- This part is what the most taxpayers will be hoping that the Centre adheres to.

How the Centre implements the Charter?

- The Central Board of Direct Taxes (CBDT) issued an order.
- This **restricts survey** under Section 133A to only the investigative wing of the I-T department and the Commissionerates of TDS.
- As per the existing rules, any I-T officer could enter any place under his/her jurisdiction, to inspect books of accounts and other documents.
- The Centre restricting such intrusive actions (raids) will provide relief to both individual as well as corporate tax payers.

- The number of raids and the resultant tax demands has risen quite sharply in recent times.
- Tax demands amounting to ₹11 trillion had been raised towards the end of March 2019, of which 86% were under dispute.

What needs to be done?

- The Finance Ministry must communicate to all the officers on the ground about presenting a friendlier interface to taxpayers.
- This communication is particularly important this year, when tax revenue is going to contract sharply.
- Faceless assessments and appeals, if resolved in a timely manner, can be the right way forward to improve the tax-paying experience.

Source: Business Line

