

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:3659

ANSWERED ON:11.12.2009

``PENDING TAX CASES``

Dhotre Shri Sanjay Shamrao;Ganeshamurthi Shri A.;Laguri Shri Yashbant Narayan Singh;Ram Shri Purnmasi;Vasava Shri Mansukhbhai D.

**Will the Minister of FINANCE be pleased to state:**

- (a) the category-wise break-up of tax cases pending for more than two year and amount involved in each case;
- (b)the average disposal of scrutiny cases per assessing officer per year;
- (c) the criteria for selecting case of scrutiny assessment;
- (d)the reasons for low rate of disposal of scrutiny cases;
- (e)the steps taken or proposed to be taken in this regard?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE(S.S. PALANIMANICKAM)

(a) The number of tax cases pending for more than two years are:-

Categories	No. of cases
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i) Summary Cases - 5393

ii) Scrutiny cases - 6985

iii) Search and Seizures cases - 1932

As per the provisions of Section 153 (1) of the Income tax Act, 1961, no order of assessment can be made after two years from the end of the assessment year in which income was first assessable . Therefore, tax cases cannot remain pending for more than two years except in circumstances where cases are before Settlement Commission or stay has been granted by Hon'ble High Courts and other authorities. The amount involved in these category of cases cannot be ascertained till the proceedings are finalised and assessment orders are passed.

(b) The average disposal of scrutiny cases per assessing officer per year for following financial years are :

Year	Average disposal per Assessing Officer
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(i) 2006-07 93

(ii) 2007-08 146

(iii) 2008-09 167

(c) The basic criteria for selection of cases for scrutiny is a computerised programme which is based on 'risk to Revenue', keeping in view different parameters for different classes of taxpayer e.g. financial ratios, claims of exempt incomes, third party information about investments/ expenditures etc. available in Annual Information Returns etc. Besides, a small number of cases are permitted to be selected manually for which parameters based on risk to revenue are laid down every year.

(d) Not Applicable. As per the Action Plan Target, Each Assessing Officer is normally expected to dispose off 10 cases per month on an average basis (5 in Corporate charge and 5 in Non- corporate/ Mixed Charge). Thus the Annual Target of Scrutiny Cases per Assessing Officer is 120 cases. However as per details given in para (b) above for the year 2007-08 and 2008-09 the average disposal is 146 and 167 respectively which is more than 120 cases.

(e) Not applicable in view of (d) above.