GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:65
ANSWERED ON:12.11.2010
COLLECTION OF DIRECT TAXES
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Will the Minister of FINANCE be pleased to state:

(a) the trend of collection of direct taxes during the ongoing financial year;

(b) whether each Commissionerate under the Central Board of Direct Taxes has been assigned a specific target of tax collection to be achieved;

(c) if so, the details thereof; and

(d) the steps being taken to check evasion of taxes and to make the tax collection machinery more effective?

Answer

FINANCE MINISTER (SHRI PRANAB MUKHERJEE)

(a), (b), (c) and (d): A statement is laid on the table of the house.

STATEMENT REFERRED TO IN REPLY TO PART (a), (b), (c) AND (d) OF LOK SABHA STARRED QUESTION NUMBER 65 DUE FOR ANSWER ON 12TH NOVEMBER, 2010:

(a) The net collection of Direct Taxes during the current financial year between April to October, 2010 has been Rs 2,04,351 crore (provisional) as against Rs. 1,73,447 crore for the corresponding period in F.Y. 2009-10, thereby showing a growth rate of 17.82%. So far during the current financial year, the Corporate Income Tax has shown growth rate of 22.05% with a net collection of Rs. 1,34,251 crore while Personal Income Tax has shown growth rate of 10.33% with a net collection of Rs 69,722. The net collection of Rs. 2,04,351 crore is 47.52% of Budget Estimate of Rs 4,30,000 crore.

(b) The Central Board of Direct Taxes assigns targets for Direct Tax Collection every year to the Chief Commissioners of Income Tax (Cadre Controlling Authority), who in turn assign targets to other CCsIT for further allocation amongst Commissioner charges.

(c) Data not maintained centrally.

(d) (A) Several punitive and deterrent steps have been taken to check evasion of taxes :

(i) Annual Information Return(AIR) as a tool for collecting `high value financial transaction` information in a structured manner, through computer media.

(ii) Income Tax Data Management System (ITDMS), a system for compilation of data of taxpayers and to create 360 degree profile of high net worth assessees. It can be used for developing cases for both intrusive and non intrusive enquiry.

(iii) Selection of cases for tax scrutiny is done through a Computer-Aided Scrutiny Selection (CASS) system.

(iv) ITD has developed Cyber Forensic labs to sharpen its investigative capabilities.

(B) Following steps have been taken to make the tax collection machinery more effective:

(i) Monitoring of advance tax payment of top tax payers.

(ii) Emphasis on collection out of arrear demand and monitoring of high default cases.

(iii) Centralised Processing Center (CPC) at Bangaluru has been set up for centralized processing of ail e-fiied Income Tax returns and paper returns of Karnataka and Goa regions. Similar centres are planned at two more locations.

(iv) Introduction of Direct Taxes Code with emphasis on simplification, flexibility, stability and reduction in scope for litigation.

(v) Strengthening of the Tax Deduction at Source (TDS) administration and rationalization of provisions related to the TDS.

(vi) Sevottam scheme for a single window delivery system.

(vii) Commissioners of Income Tax (Appeal) have been asked to dispose of high demand appeals involving disputed demand of Rs 10 lakhs and above on priority.

(viii) E-filing of Income Tax Returns has been made mandatory for Corporate tax payers and for tax payers with turnover of Rs 40 Lakhs (cases liable to tax audit u/s 44AB of the Income Tax Act,1961).

(ix) E-payment of direct taxes has been made mandatory for all Corporate tax payers and for tax audit cases.

(x) Filing of E-TDS returns has been made mandatory for corporate deductors, for tax audit deductors, all Govt deductors of Central and State Govt and all other deductors where the deductee record is more than 50.

(xi) Multimedia campaign has been launched to encourage voluntary compliance of tax laws by the tax payers.