

SEVENTEENTH REPORT

PUBLIC ACCOUNTS COMMITTEE (1991-92)

(TENTH LOK SABHA)

INTEREST TAX ASSESSMENT

MINISTRY OF FINANCE
DEPARTMENT OF REVENUE

[Action taken on 141st Report of Public
Accounts Committee (8th Lok Sabha)]



सत्यमेव जयते

*Presented in Lok Sabha on 7 April, 1992
Laid in Rajya Sabha on 27 April, 1992*

LOK SABHA SECRETARIAT
NEW DELHI

March, 1992 / Chaitra, 1914 (Saka)

Price : Rs. 11.00

© 1992 BY LOK SABHA SECRETARIAT

Published under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha (Seventh Edition) and printed by Manager, PLU, Govt. of India Press, Minto Road, New Delhi.

**LIST OF AUTHORISED AGENTS FOR THE SALE OF LOK SABHA
SECRETARIAT PUBLICATIONS**

Sl. No.	Name of Agent	Sl. No.	Name of Agent
ANDHRA PRADESH		WEST BENGAL	
1.	M/s. Vijay Book Agency, 11-1-477, Mylargadda, Secunderabad-500361.	13.	M/s. Manimala, Buys & Sells, 123, Bow Bazar Street, Calcutta-1.
BIHAR		DELHI	
2.	M/s. Crown Book Depot, Upper Bazar, Ranchi (Bihar).	14.	M/s. Jain Book Agency, C-9, Connaught Place, New Delhi.(T. No. 351663 & 350806).
GUJARAT		15.	M/s. J. M. Jaina & Brothers, P. Box 1020, Mori Gate, Delhi- 110006. (T. No. 2915064 & 230936).
3.	The New Order Book Company, Ellis Bridge, Ahmedabad-380006. (T. No. 79065).	16.	M/s. Oxford Book & Stationery Co., Scindia House, Connaught Place, New Delhi-110001. (T. No. 3315308 & 45896).
MADHYA PRADESH		17.	M/s. Bookwell, 2/72, Sant Niran- kari Colony, Kingsway Camp, Delhi-110009. (T. No. 7112309).
4.	Modern Book House, Shiv Vilas Palace, Indore City. (T. No. 35289).	18.	M/s. Rajendra Book Agency IV-DR59, Lajpat Nagar, Old, Double Storey, New Delhi- 110024. (T. No. 6412362 & 6412131).
MAHARASHTRA		19.	M/s. Ashok Book Agency, BH-82, Poorvi Shalimar Bagh, Delhi-110033.
5.	M/s. Sunderdas Gian Chand, 601, Girgaum Road, Near Princes Street, Bombay-400002.	20.	M/s. Venus Enterprises, B-2/85, Phase-II, Ashok Vihar, Delhi.
6.	The International Book Service, Deccen Gymkhana, Poona-4.	21.	M/s. Central News Agency Pvt. Ltd., 23/90, Connaught Circus New Delhi-110001. (T. No. 344448, 322705, 344478 & 344508).
7.	The Current Book House, Maruti- Lane, Raghunath Dadaji Street, Bombay-400001.	22.	M/s. Amrit Book Co. N-21, Connaught Circus, New Delhi.
8.	M/s. Usha Book Depot, 'Law Book Seller and Publishers' Agents Govt. Publications 585, Chira Bazar Khan House, Bombay-400002.	23.	M/s. Books India Corporation Publishers, Importers & Expor- ters, L-27, Shastri Nagar, Delhi-110052. (T. No. 269631 & 714465).
9.	M&J Services, Publishers, Repre- sentative Accounts & Law Book Sellers, Mohan Kunj, Ground Floor 68, Jyotiba Fuele Road, Nalgaum-Dadar, Bombay-400014.	24.	M/s. Sangam Book Depot, 4378/4B, Murari Lal Street, Ansari Road, Darya Ganj, New Delhi-110002.
10.	Subscribers Subscription Services India, 21, Raghunath Dadaji Street, 2nd Floor, Bombay-400001.		
TAMIL NADU			
11.	M/s. M. M. Subscription Agen- cies, 14th Murali Street, (1st floor) Mahalingapuram, Nungam- bakkam, Madras-600034. (T. No. 476558).		
UTTAR PRADESH			
12.	Law Publishers, Sardar Patel Marg, P. B. No. 77, Allahabad, U.P.		

C O N T E N T S

	PAGE
COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE.....	(iii)
INTRODUCTION	(v)
CHAPTER I REPORT	1
CHAPTER II Recommendations and Observations which have been accepted by Government	4
CHAPTER III Recommendations and Observations which the Committee do not desire to pursue in the light of the replies received from Government	32
CHAPTER IV Recommendations and Observations	32

CORRIGENDA TO SEVENTEENTH REPORT OF PUBLIC ACCOUNTS COMMITTEE (10TH LOK SABHA)

<u>PAGE</u>	<u>PARA</u>	<u>LINE</u>	<u>FOR</u>	<u>READ</u>
2	1.4	20	in	is
5	-	10	rquired	required
15	-	2	grains	gains
-	-	9	properly	property
19	-	17	existance	existence
21	-	19	determindd	determined

C O N T E N T S

	PAGE
COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE.....	(iii)
INTRODUCTION	(v)
CHAPTER I REPORT	1
CHAPTER II Recommendations and Observations which have been accepted by Government	4
CHAPTER III Recommendations and Observations which the Committee do not desire to pursue in the light of the replies received from Government	32
CHAPTER IV Recommendations and Observations re- plies to which have not been accepted by the Committee and which require reitera- tion	33
CHAPTER V Recommendations and Observations in re- spect of which Government have furnished interim replies	34
APPENDIX	
Statement of Observation and Recommendation	35
PART II	
Minutes of the Sitting of Public Accounts Committee held on 17.3.1992.....	36

**PUBLIC ACCOUNTS COMMITTEE
(1991-92)**

CHAIRMAN

Shri Atal Bihari Vajpayee

MEMBERS

Lok Sabha

2. **Shri Girdhari Lal Bhargava**
3. **Shri Nirmal Kanti Chatterjee**
4. **Shri Z.M. Kahandole**
5. **Shri Vilas Muttemwar**
6. **Shri D.K. Naikar**
7. **Shri Arvind Netam**
8. **Shri Kashiram Rana**
9. **Shri R. Surender Reddy**
10. **Shri Amar Roypradhan**
11. **Shrimati Krishna Sahi**
12. **Shri Pratap Singh**
13. **Shri N. Sundararaj**
14. **Kumari Uma Bharati**
15. **Prof. (Dr.) S.P. Yadav**

Rajya Sabha

16. **Shri R.K. Dhawan**
17. **Shri Dipen Ghosh**
18. **Shri H. Hanumanthappa**
19. **Shri J.P. Javali**
20. **Shri Murasoli Maran**
21. **Shri Vishvjit P. Singh**
22. **Shri Ish Dutt Yadav**

SECRETARIAT

1. **Shri G.L. Batra** — *Additional Secretary*
2. **Shri S.C. Gupta** — *Joint Secretary*
3. **Smt. Ganga Murthy** — *Deputy Secretary*
4. **Shri K.C. Shekhar** — *Under Secretary*

INTRODUCTION

1, the Chairman of the Public Accounts Committee as authorised by the Committee, do present on their behalf this Seventeenth Report on action taken by Government on the recommendations of the Public Accounts Committee contained in their 141st Report (8th Lok Sabha) on 'Interest Tax Assessment'.

2. In their original Report, the Committee had observed lack of coordination in the assessments being made by the Income tax Department under various direct tax laws and recommended that some suitable mechanism or procedure be devised to watch consequential revision in cases where more than one direct tax laws were involved. In this Report, the Committee have expressed their happiness, over the fact that the Ministry have realised their failure to ensure proper co-ordination and have taken corrective measures. The Committee have, however, desired the Ministry to ensure that adequate care is taken by assessing officers in future while dealing with assessments requiring coordinated action under tax laws so as to preclude any loss of revenue.

3. The Report was considered and adopted by the Public Accounts Committee at their sitting held on 17 March, 1992. Minutes of the sitting form Part II of the Report.

4. For facility of reference and convenience, the recommendations of the Committee have been printed in thick type in the body of the Report and have also been reproduced in a consolidated form in the Appendix to the Report.

5. The Committee place on record their appreciation of the assistance rendered to them in the matter by the Office of the Comptroller & Auditor General of India.

NEW DELHI;
23 March, 1992

3 Chaitra, 1914 (Saka)

ATAL BIHARI VAJPAYEE
Chairman,
Public Accounts Committee

CHAPTER I

REPORT

This Report of the Committee deals with the action taken by Government on the Committee's observations and recommendations contained in their 141st Report (8th Lok Sabha) on Interest Tax Assessment which was presented to the House on 8 March, 1989.

1.2 The Interest Tax Act, 1974 remained in force till 1978 when it was withdrawn. It was reintroduced in a modified form in 1980 and again withdrawn in 1985. The Act has once again been revived w.e.f. 1 Oct., 1991 by the Finance (No.2) Act, 1991.

1.3 The Committee's Report contained 4 recommendations / observations and Action Taken Notes have been received from Government in respect of all the recommendations / observations. These have been categorised as under:

- (i) Recommendations or observations that have been accepted by Government;
Sl.Nos. 1, 2, and 3
- (ii) Recommendations or observations which the Committee do not desire to pursue in view of the replies received from Government;
Sl. No. 4
- (iii) Recommendations / observations replies to which have not been accepted by the Committee and which require reiteration.
NIL
- (iv) Recommendations / observations in respect of which Government have furnished interim replies.
NIL

Need for Coordinated action under Direct Tax Laws

(Sl.No. I—Para 1.12)

1.4 Noticing lack of coordination in the assessments being made under the various direct tax laws the Public Accounts Committee in Paragraph 1.12 of their 141st Report (8th Lok Sabha) made the following recommendations:

“The Committee note that the Interest tax liability is an admissible expenditure for purpose of income-tax and that

consequently the correct income chargeable to income-tax is dependent on initial determination of the interest-tax liability. The Committee have been informed in this regard that standing instructions already exist for co-ordinated action when more than one direct tax liability is involved. Notwithstanding these instructions, the Committee regret to note that in the case reported by Audit, co-ordinated action was not taken to initiate revision of the Income-tax assessments on revision of the Interest-tax liability of the Punjab National Bank. According to the Ministry, income tax assessments could not be revised owing to frequent transfer of records that at the time of transfer of records the officer transferring the file did not mention the pending action. The Ministry consider that to that extent there was a lapse. It is, however, understood from Audit that there was no transfer of records after the revision of the interest tax assessments except for a merger of the concerned assessment range with another with no change in the incumbent who completed the interest tax revisions and the assessing officer was in-charge of the assessee for another 6 months till he was transferred. It is obvious that mere instructions for co-ordinated action when more than one direct tax liability is involved have not worked in this case and the omission to initiate revision of income-tax assessments consequent to revision of interest tax liability has taken place because there are no instructions or procedure to watch consequential revisions in such cases. The Committee recommend that the Department should not rest with issue of instructions for co-ordinated action but devise suitable mechanism or procedure to watch consequential revision in cases where more than one direct tax laws are involved. The Committee would like to be apprised of the action taken in this regard.”

1.5 The Ministry of Finance (Deptt. of Revenue) in their action taken note have *inter alia* stated:

“The PAC in their 141st Report (Para 1.12) have recommended that the Department should devise suitable mechanism or procedure to watch consequential revision in cases where more than one direct tax laws are involved. Detailed instructions have since been issued which devise mechanism for ensuring consequential action in respect of different situations.....

The Director of Income-tax (I.T. & Audit) has been asked to include an item in the check list prepared for use of Internal Audit parties, which may contain a point relating to consequential action under the other direct tax laws on the revision of assessment under one direct tax laws.....

The DOMS has been asked to take action on the following lines:

- (i) In the appeal and rectification registers maintained by

Assessing Officers, a column may be added to indicate whether any consequential action, required to be taken in pursuance of the modified order; either under the same enactment or under any other direct tax law, has been taken or not.

- (ii) A column on the lines indicated in (i) above may also be included in the scrutiny report on appellate orders sent to the Commissioner of Income-tax.”

1.6 The Committee are glad to note that the Ministry have realised their failure to ensure proper coordination and have taken corrective action. Tax laws are generally so inter-linked that any absence or lack of coordination could lead to substantial loss of revenue. The Committee, therefore, desire the Ministry to ensure that adequate care is taken by all assessing officers in future while dealing with all assessments which require coordinated action under the tax laws so as to preclude any loss of revenue.

CHAPTER II

RECOMMENDATIONS AND OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation of the Committee

1.12 The Committee note that the Interest tax liability is an admissible expenditure for purposes of income-tax and that consequently the correct income chargeable to income tax is dependent on initial determination of the interest tax liability. The Committee have been informed in this regard that standing instructions already exist for co-ordinated action when more than one direct tax liability is involved. Notwithstanding these instructions, the Committee regret to note that in the case reported by Audit, co-ordinated action was not taken to initiate revision of the income-tax assessments on revision of the interest tax liability of the Punjab National Bank. According to the Ministry, income tax assessments could not be revised owing to frequent transfer of records and that at the time of transfer of records the officer transferring the file did not mention the pending action. The Ministry consider that to that extent there was a lapse. It is however, understood from Audit that there was no transfer of records after the revision of the interest tax assessments except for a merger of the concerned assessment range with another with no change in the incumbent who completed the interest tax revisions and the assessing officer was in charge of the assessee for another 6 months till he was transferred. It is obvious that mere instructions for co-ordinated action when more than one direct tax liability is involved have not worked in this case and the omission to initiate revision of income-tax assessments consequent to revision of interest tax liability has taken place because there are no instructions or procedure to watch consequential revisions in such cases. The Committee recommend that the Department should not rest with issue of instructions for Co-ordinated action but devise suitable mechanism or procedure to watch consequential revision in cases where more than one direct tax laws are involved. The Committee would like to be apprised of the action taken in this regard.

[Para 1.12 of the 141st Report of PAC(1988-89)—8th Lok Sabha].

Action Taken by the Government

The PAC in their 141st Report (para 1.12) have recommended that the Department should devise suitable mechanism or Procedure to watch consequential revision in cases where more than one direct tax laws are involved. Detailed instructions have since been issued which devise mechanism for ensuring consequential action in respect of different situations. A copy of the instruction is at Annexure-I.

2. The Director of Income-tax (I.T. & audit) has been asked to include an item in the checklist prepared for the use of Internal Audit Parties, which may contain a point relating to consequential action under the other direct tax laws on the revision of assessment under one direct tax law. The compliance report received from the Director of Income-tax (Audit) is at Annexure-II.

3. The DOMS has been asked to take action on the following lines:—

- (i) In the appeal and rectification registers maintained by Assessing Officers, a column may be added to indicate whether any consequential action, required to be taken in pursuance of the modified order; either under the same enactment or under any other direct tax law, has been taken or not.
- (ii) A column on the lines indicated in (i) above may also be included in the scrutiny report on appellate orders sent to the Commissioner of Income-tax.

The compliance report received from the D.O.M.S is at Annexure-III.

[F.No.241 / 1 / 89-A&PAC II.]

[F.No.181 / 2 / 88-ITA.I]

ANNEXURE—I

INSTRUCTION NO. 1831

**F.No.181 / 2 / 88-ITA.I
GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
CENTRAL BOARD OF DIRECT
TAXES.**

New Delhi, the 26th October, 1989.

To,

All Chief Commissioners of Income-tax,
All Directors General of Income-tax,

SUBJECT:— *Mechanism to ensure consequential revision of assessments under the direct tax laws.*

Sir,

In para 1.12 of 141st Report, the Public Accounts Committee (1988-89) (Eighth Lok Sabha) has recommended that the Department should devise suitable mechanism or procedure to watch consequential revision in cases where more than one direct tax laws are involved.

2. The recommendation was made in the context of failure in one case to revise the income-tax assessment on the revision in appeal of interest-tax liability which is an allowable deduction in computing the total income under the Income-tax Act by virtue of section 18 of the Interest-tax Act. In this regard, attention is invited to Board's Instruction No.1805(F.No.160 / 1 / 89-ITA.I) dated 20th January, 1989 whereby the Assessing Officers were required to review all cases where interest-tax liability had been reduced in appeal, revision or other proceeding with a view to revising the income-tax assessment of the corresponding assessment year. It was also desired that while giving effect to any appellate or other order under the Interest-tax Act, Income-tax assessment of the corresponding assessment year should also be revised simultaneously. Moreover, Deputy Commissioners were required to keep in view this aspect while carrying out inspection of the work of Assessing Officers and the Internal Audit Parties were asked to ensure that lapses of this type do not occur in future.

3. The other instances where revision of assessment under one direct tax

law requires consequential revision under another direct tax law are as under:—

- (i) Under rule 2 of the First Schedule to the Companies (Profits) Surtax Act, in computing chargeable profits, the amount of income-tax payable by the company has to be deducted. Therefore, a modification in the assessment under the Income-tax Act will require a consequential modification under the Companies (Profits) Surtax Act. (This Act will not apply in relation to assessments for the assessment year 1988-89 and later years).
- (ii) Under section 21 of the Hotel Receipts Tax Act, 1980 the amount of tax payable under the said Act is deductible in computing the taxable profits under the Income-tax Act. A consequential modification is, therefore, required in the liability under the Hotel Receipts Tax Act. (This Act was applicable only for the assessment years 1981-82 and 1982-83 as its levy was discontinued after 27th February, 1982).
- (iii) According to the ratio of Supreme Court's decision in the case of CIT Vs. KSN Bhatt (1984) 145 ITR 1, the liabilities towards income-tax and gift-tax which crystallise on the relevant valuation date as determined in the respective assessment orders are to be deducted even though these assessment orders are finalised after the valuation date. After the completion of Wealth-tax assessment of the relevant assessment year, the assessment under the Income-tax Act and Gift-tax Act may be modified in appeal etc., which will require consequential modification of the wealth-tax assessment.
- (iv) The receipt of expenditure-tax will form part of trading receipt and liability under the Expenditure-tax Act 1987 will be allowable as deduction. However, by virtue of section 438 of the Income-tax Act, it will be restricted to the actual sum paid. In case of reduction of liability by way of appeal etc., the excess amount of expenditure-tax will be refunded. Such refund will be chargeable to income-tax as remission of liability under section 41(1) or otherwise. The assessing officer will be required to make a note of such refund granted as a result of appeal etc., under the Expenditure-tax Act so that it may be checked

whether the income-tax return of the relevant year shows such refund as income and the same may be brought to tax while completing the assessment under the Income-tax Act.

4. In order to ensure that consequential action is taken in the cases of the nature mentioned above, the Board desire that:—

- (a) The Assessing Officers have to take particular care of such consequential revisions.
- (b) While carrying out inspection of the work of Assessing Officers, the Deputy Commissioners and Commissioners of Income-tax should also see whether corresponding action as indicated above has been taken in the cases inspected by them.
- (c) In the appeal and rectification registers maintained by the Assessing Officers, a column should be added to indicate whether any consequential action, required to be taken in pursuance of the modified order, either under the same enactment or under any other direct tax law has been taken or not. This would also help in ensuring that any modification in the assessment or a firm is given effect to in the assessment of the partners of the firm.
- (d) The check list prepared for the use of Internal Audit Parties should also contain this point.

5. These instructions may be brought to notice of all Officers in your region.

Yours faithfully,

Sd /-

(DALIP SINGH)

Officer on Special Duty

ANNEXURE—II

**F.No.Audit-65 / 89 / DIT / 7729
DIRECTORATE OF INCOME-TAX (Income-tax & Audit)
Aayakar Nideshalaya (Aayakar Aur Lekha Pariksha)**

Grams : 'KARVIKSHA'

**Mayur Bhawan (4th Floor)
New Delhi—110001**

Dated: 1-11-1989

To,

**Shri K.K. Tripathi,
Officer on Special Duty (ITA.I)
C.B.D.T.,
North Block,
New Delhi.**

Sir,

SUBJECT: *Mechanism to ensure consequential revision of assessments under the Direct Tax Laws.*

Kindly refer to Board's letter F.No.181 / 2 / 88-ITA.I dated 14-9-1989 on the above subject.

2. A copy of check sheet prepared in this Directorate is enclosed. Annexure 'F' to the check sheet contains points relating to consequential action under the other direct tax laws. The check sheet has been forwarded to the Chief Commissioners for provisional use by Audit Parties pending final approval of the Board.

Yours faithfully,

Sd /-

(B.B. JAIDKA)

**Dy. Director of Income-tax (Audit)
New Delhi.**

Encl: As above.

**INTERNAL AUDIT PARTIES
INCOME-TAX ASSTT. / CIR / WARD**

P.A. NO.

NAME OF ASSESSEE:
ASSESSMENT YEAR:

(Items to be checked by Audit parties)

Preliminary checks

- (1) Is the return properly verified?
- (2) Was any income declared in the return but claimed not to be taxable, properly examined by the assessing officer?
- (3) In case of assessment of firm, has intimation been sent to assessing officers having jurisdiction over the partners?
- (4) In cases where intimation is received about partner's share on completion of assessment of firm, was the assessment revised as required?
- (5) Please go through the assessment order and check:
 - (a) Whether disallowances made in the body of order have been taken into account the stage of computation? Also whether correct figure has been adopted?
 - (b) Whether arithmetical calculations made in body of order and at the stage of computation are correct?
 - (c) While allowing various reliefs and deductions and making adjustments, whether correct figure has been adopted from P&L a / c and B / S and various details filed by assessee?

Further Checks

- (6) Arithmetical accuracy of the totals of the inner columns and outer columns to be checked.
- (7) Unabsorbed losses / allowances brought forward from earlier years—whether correctly allowed?
- (8) Deductions under chapter VI-A—whether correctly allowed?
- (9) Is it a case where surcharge is to be levied?
If so, has it been done?
- (10) Whether correct rates of tax and for surcharge has been applied with reference to status and residence of the assessee?
- (11) Tax calculation—
 - (a) Whether correct?
 - (b) Whether checked by appropriate officials?
- (12) Credit for prepaid taxes i.e.
 - (a) Tax Deducted at Source.
 - (b) Advance Tax.

(c) Self assessment tax.

- (13) Whether correctly given and whether supported by proper evidence?**
- (14) Whether interest for late filling of return and non-payment / under payment of advance tax charged properly?**
- (15) Whether additional tax levied properly as per section 143(IA)? (from a.y.1989-90)**
- (16) Whether interest u / s 214, 243, 244, 244-A payable to assessee is allowed?**

ANNEXURE-A
Income From Salary

Deductions

- (1) (i) Whether the standard deduction is correctly claimed?
(ii) Whether the deduction on account of entertainment allowance is correctly claimed?
(iii) Whether the deduction for professional or employment tax is allowable? (from 1.4.1990)
- (2) Whether the exemptions in respect of certain allowance claimed are correct, especially the following?
 - (i) House Rent Allowance.
 - (ii) Leave Travel Concession.
 - (iii) Reimbursement of medical expenses.
 - (iv) Other notified allowances u/s 10(14).
- (3) Whether the valuation of perquisites is properly made, especially the following?
 - (i) Rent free residential accommodation of concessional
 - (ii) Rate accommodation.
 - (iii) Motor Car
 - (iv) Other types of conveyances like motor cycle, scooter etc. provided for personal use.
 - (v) Free supply of gas, electricity or water for household consumption.
 - (vi) Free educational facilities.
 - (vii) Free domestic or personal services.
 - (viii) Payment of income-tax, LIC premium etc., by an employer.
- (4) Whether exemptions claimed for certain receipts, especially the following are within the allowable limits
 - (i) Encashment of leave Section 10 (10AA)
 - (ii) Compensation received in connection with termination of employment or on modification of the terms and conditions of employment.
 - (iii) Amount received on a/c of Death-cum-Retirement Gratuity/ Provident Fund/Superannuation fund etc.
 - (iv) Amounts received on a/c of interest on Provident Fund.

- (v) Amounts received on commutation of pension.
- (vi) Compensation received by employees of Public Sector Companies on voluntary retirement Sec. 10 (10c)
- (vii) Amount received in respect of travel concession or assistance from his employer/former employer.

ANNEXURE-B

Income From House Property

- (1) Whether the "Annual Value" is correctly adopted?
- (2) Whether the deductions to be considered for determining the Annual Value are correctly claimed especially the following :
 - (i) Municipal taxes
 - (ii) Limited tax holiday in respect of newly built house properties.
- (3) Whether the deductions allowable from the Annual Value as per section 24 are correctly allowed, especially the following :
 - (i) Expenses on a/c of repairs
 - (ii) Insurance premium for the property
 - (iii) Ground rent, land revenue or other taxes levied by the State Government.
 - (iv) Annual charge
 - (v) Interest on money borrowed for construction/renovation.
 - (vi) Collection charges
 - (vii) Vacancy allowance.
 - (viii) Unrealised rent.

Auditor to examine whether relevant conditions have been fulfilled and evidence produced justifying the above deductions.

ANNEXURE-C

Income from capital gains

- (1) Whether the year of taxability is properly ascertained? (For and from a.y. 88-89 the definition of "transfer" is extended to include instances of handing over possession in part performance of a contract, act of becoming a member of a co-operative society, etc. and execution of any agreement or any arrangement which has the effect of transferring or enabling the enjoyment of any immovable property).**
- (2) Whether any capital asset has been converted/treated by owner as stock in trade of a business carried on by him? If so, has capital gain been computed according to Sec. 45(2)?**
- (3) Whether as per provisions of Sec. 45(3) & (5) the full value of consideration is properly ascertained? (Ascertain whether consideration in kind or of value is correctly ascertained i.e. for example giving of flat and cash as consideration for transfer of land).**
- (4) Whether the cost of acquisition of the asset/fair market value as on 1-4-74 and cost of improvement has been correctly taken.**
- (5) Whether the classification of the nature of gains, that is, long term or short term is correctly made?**
- (6) Whether the deduction for long term capital gain is properly allowed i.e. the basic deduction of Rs. 10,000/- and further percentage deduction on the balance?**
- (7) Whether loss under the head capital gain is properly adjusted/given set off?**
- (8) Whether exemptions u/s 53, 54, 54B, 54D, 54E, 54F and 54G are correctly computed and whether the conditions regarding the purchase of specified new assets and investment in specified financial assets within stipulated time have been fulfilled?**
- (9) Whether sale of Goodwill has been brought to tax (w.e.f. A.Y. 1988-89)**

ANNEXURE-D
Income From Business or Profession

1. Whether the profit or loss is correctly adopted as per profit and loss account?
2. Whether the items of credit to profit and loss account to be considered separately like, interest, rent, agricultural income etc, are deducted correctly?
3. Whether the following items debited to profit and loss account are added back.
 - (i) Losses of earlier years.
 - (ii) Income-tax, surcharge, penalty, etc.
 - (iii) Expenditure of the nature of charity or presents.
 - (iv) Capital expenditure.
 - (v) Expenditure incurred for maintenance of a guest house [37(3D)(4)].
 - (vi) Expenses, allowances and payments not deductible u/s 40(a), 40A(5) or 6 [40A(5) & 40A(6) applicable upto and for a.y.88-89].
 - (vii) Expenditure not admissible—sec. 40A(2) Excessive payments to “certain specified persons”.
 - (viii) Expenditure claimed as deduction under any other head of income *e.g.* Municipal taxes, repairs etc. for house property.
 - (ix) Reserve or provision for bad and doubtful debts or any other reserve.
 - (x) Interest credited to any Reserve Account.
 - (xi) Unpaid liabilities as set out under section 43B.
4. Whether the following expenses are added back to the extent not admissible?
 - (i) Rent, rates, taxes, repairs, insurance premium of assets not used wholly for business u/s 30 and 31.
 - (ii) Loss on sale of assets—Sec.32(1) (iii) (applicable for and upto a.y.87-88)
 - (iii) Expenditure on scientific research or sums paid to scientific reserach association etc. Sec. 35.
 - (iv) Expenditure on patent rights or copy rights—Sec. 35A
 - (v) Expenditure on knowhow Sec. 35AB.

- (vi) Export markets development Allowances Sec. 35B. Agricultural development allowance Sec. 35C and Rural development allowance sec. 35CC (for asst. years upto 1988-89)
- (vii) Expenditure by way of payment to Associations & institutions for carrying out rural development programmes or for training persons for implementing such programmes Sec. 35CCA.
- (viii) Expenditure by way of payment to Associations and institutions for carrying out programmes of conservation of natural resources Sec. 35CCB.
- (ix) Expenditure on prospecting for and development of minerals Sec. 35E.
- (x) Payment of bonus to the extent not admissible—Sec. 36(i) (ii) upto and for a.y. 88-89 (To be allowed on actual payment basis from a.y. 89-90.
- (xi) Contributions to provident, superannuation or gratuity fund Sec. 36(1) (iv) & (v) & (va).
- (ii) In the case of scheduled banks having banking operations outside India, amounts carried to special reserve accounts Sec. 36(1) (viii).

5. Depreciation

- (i) Has the assessee filed prescribed particulars?
- (ii) Does the opening figure of WDV tally with closing figure of WDV of the preceding year.
- (iii) Has depreciation been disallowed in respect of assets. sold/ discarded/demolished/destroyed during the year? Have the provisions of sec. 32(1) (iii)/41(2) been correctly applied in respect of such assets?

N.B. Unabsorbed balancing allowance u/s 32(1) (iii) is to be carried forward as part of business loss and not part of unabsorbed depreciation allowance.

- (iv) In cases where assessee received subsidy or other assistance for acquisition of asset, was the same deducted from cost of the asset for determining WDV. Please see sec. 43(1)
 - (v) Whether exp. 8 to Sec. 43(1) has been taken care of.
 - (vi) Was the claim for extra shift allowance substantiated by evidence that the concern had actually worked double or triple shift?
 - (vii) Was extra shift allowance allowed in respect of any item which does not qualify for the same as per Appendix—I of I.T. rule 1962.
 - (viii) Were the rates of depreciation on individual assets correctly adopted?
- N.B.** From A.Yr. 1988-89, depreciation will be allowed with reference to Block of Assets.

6. Investment Allowance

- (i) Have the prescribed particulars been filed?
- (ii) Has the appropriate amount of reserve been created?
[32(a)(4)(ii)]
- (iii) Have the restrictions provided in the proviso to section 32A(i) been kept in view?
- (iv) In case assessee is an industrial undertaking other than small scale industrial undertaking, is it manufacturing any item specified in XIth schedule?
- (v) Is it a case in which provisions of section 32A(5) read with 155(4A) are applicable?

- N.B.** (a) 32A applies only in respect of Business and not profession.
 (b) Provisions of section 32A and 32AB are mutually exclusive.
 (c) As per GSO dt. 12.6.86 Machinery or plant installed after 31-3-1987 are not eligible for investment allowance. However, provisions of section 32A reintroduced w.e.f. A.Yr. 1989-90 at a reduced rate of deduction. Please see 32(a) (8B) and proviso to 32A(1).

- (vi) Is the arithmetical calculation correct?

7. Investment Deposit A/c.

- (i) Has the Deposit been made within the time prescribed in section 32AB(1)(a)?
- (ii) Has the deduction allowed u/s 32AB been correctly computed?
- (iii) Were the restrictions provided in section 32AB(4) kept in mind?
- (iv) Is it a case where 32AB(7) is applicable?

8. Business losses and other allowances brought forward

- (i) While allowing carry forward of business loss, whether provisions of section 80 and 139(3) kept in view.
- (ii) In case of registered firm has it been ensured that set off or carry forward of loss is allowed only to partners and not to firms?
- (iii) In case of unregistered firm, has it been ensured that only the firm and not its partners is allowed only to carry forward and set off the loss?
- (iv) In cases where loss arises out of business of purchase and sale of shares by companies whether provisions of explanation of section 73 have been kept in view.
- (v) Whether provisions of section 78 and 79 have been taken care of?
- (vi) Is there any carried forward items like unabsorbed loss, unabsorbed deprn. etc. which require to be set of against business income of current year?
- (vii) Whether the business or profession from which carried forward loss arose was in existence in the year in which set off is claimed?
- (viii) Have proper priorities been observed while setting off brought forward losses/allowances?
- (ix) Was set off allowed in respect of any unabsorbed item beyond the period prescribed under the Act?
- (x) Is any of the provisions contained in sec. 155(5), 155(5A), 155(6) found applicable?

ANNEXURE-E

Income From Other Sources

1. Have the following claims been correctly allowed
 - (i) expenditure for realising dividend or interest on securities.
 - (ii) any sum referred to in sec. 2(24)(x), credited to the employees account in the relevant fund/funds by the assessee on or before the due date.
 - (iii) deductions specified in sec. 57(ii).
 - (iv) a sum equal to the least of thirty three and one third per cent or twelve thousand rupees whichever is less in case of income in the nature of family pension. (applicable from A.Y. 90-91)
 - (v) any other expenditure, excluding capital expenditure, laid out or expended wholly and exclusively for the purpose of making or earning income under the head "Income from other sources".
2. Whether correct tax rates are applied and whether correct deductions are allowed in respect of income from winnings from lotteries, cross-word puzzles, races, card games, etc.? (Section 80-TT upto and for a.y. 86-87 and section 115 BB for and from a.y. 87-88)

ANNEXURE—F

Consequential action under other Direct Tax Laws on the revision of assessment under one Direct Tax Law

Where in the course of any proceeding under one Direct Tax Law the officer comes across a situation issue which necessitates consequential action under another Direct Tax Law, he is expected to take such consequential action immediately. If it is not possible to be so due to unavoidable reasons, he should invariably leave a footnote below the order indicating what consequential action is needed under the other Direct Tax Laws.

A few of the points to be checked by the way of ensuring coordinated action under the various Direct Tax Law are:—

I *W.T. Act.*

- (i) If the wealth tax assessment was not completed simultaneously with the IT assessment for the same year, was a note left by the ITO in the Wealth Tax record that he had consulted the corresponding assessment records pertaining to the other taxes?**
- (ii) Has the wealth determined on the valuation date and the immediately preceding valuation date been reconciled?**
- (iii) Were additions made to the total income as a result of detection of concealment/disclosure made by the assessee? If so were the market value of the detected assets or the income included and past assessments reopened, if necessary?**
- (iv) Was the full value of the compensation as finally determined, taken to be the market value of the asset in case the asset was acquired by the Government or any other authority? Was action taken for revising the value of the asset in the light of additional compensation for the earlier assessment years, wherever it was called for?**

- (v) In a case where the IT assessment reveals income from a new source, has the market value of the asset from which the income is derived, been considered? In case of abnormal reduction or complete disappearance of income from any particular source in the IT assessment, has it been checked as to whether the income yielding asset was gifted, sold or is such as if converted by the provisions of section 4(1) or 4(1A) and in case it was sold are the sale proceeds accounted for in the net wealth statement?
- (vi) In case the asset has been gifted by the assessee has the valuation adopted for the purpose of gift-tax assessment been considered and has it also been considered as to whether the gifted or converted asset is includible in the net wealth of the assessee.
- (vii) In case an asset has been sold by the assessee, has the application of the assessee u/s 230A of the IT Act and the computation of capital gains been kept in view while determining the value of the asset?
- (viii) Where immovable property has been acquired by the Govt. under the IT Act, 1961, has the value fixed under the relevant Chapter of the IT Act been taken into account?
- (ix) In case the IT Records of an assessee for any particular year disclosed an abnormal rise in the income from a particular source, is the rise attributable to the acquisition by the assessee of an asset by way of a gift or is it attributable to an increase in the income-earning capacity of an existing asset? In either case, whether the market value of the asset has been adopted and whether action under the other Direct Tax Acts has been taken.

- (x) Have the assets relating to each item of income been identified and has their market value been considered in the Wealth tax assessment?
- (xi) If there was a recomputation of the IT/WT/GT liabilities allowed as a deduction from the wealth, had the wealth-tax assessment been modified by substituting the recomputed tax liability after first adding back the original deduction?
- (xii) Whether refund received during the year under any of the Direct Tax Acts has been brought to tax?
- (xiii) Whether the assets of a business are correctly valued for wealth tax purposes and whether there is any market difference in such value as adopted under the different Direct Tax Acts during the year.
- (xiv) Whether 'Deemed Gifts' of any kind have been brought to tax. If so, whether the value of property or any other asset under such gifts is correctly taken for wealth-tax purposes for the periods immediately preceeding the date of such gifts.

II *ESTATE DUTY*

- (xv) Where an assessee was treated as an accountable person in estate duty proceedings, did he inherit any property? And if so, has the value of such inherited property been included in assessee's wealth in case the property was inherited before the valuation date? Has the valuation of such inherited property in the case of the assessee been determined having regard to the value of the inherited property assessed in the Estate Duty proceedings?
- (xvi) If the deceased was a member of a HUF was a reference made to other tax records of the HUF?
- (xvii) Was the principal value of the estate declared/assessed, re-conciled with the assessed wealth for latest completed assessment/wealth declared. (If assessment is pending)?

**III INTEREST
TAX ACT**

(xviii) Is this a case to which the Interest Tax Act 1974 applies? Has interest tax liability been reduced in reassessment or appeal under that Act. If so, has the income tax assessment been rectified with a view to withdrawing the excess interest tax liability allowed as deduction?

**IV COMPANIES
(PROFITS)
SURTAX ACT**

(xix) It is a case to which the companies (profits) Surtax Act, 1964 applies? Has the total income been varied as a result of revision/appellate orders under the Income-tax Act, 1961? Has surtax chargeable/refundable been determined afresh

NOTE:

Surtax is levied on the 'chargeable profits' of a company in so far as they exceed the statutory deduction. Statutory deduction is an amount equal to 15 percent of the capital of the company computed in accordance with second schedule to surtax Act or Rs. 2 lakhs, whichever is greater.

As per the Finance Act, 1986, levy of surtax on companies has ceased from assessment year 1988-89 and onwards.

Director
Directorate of Organisation &
Management Services (Income-
Tax). Aiwan-e-Ghalib, Mata
Sundri Lane, New Delhi-2

Dated 15.11.1989

Mrs. P. SAHI
DEPUTY DIRECTOR

Dear Shri Tripathi,

SUBJECT:—*Mechanism to ensure consequential revision of assessments
under the Direct Tax Laws.*

Please refer to your D.O. letter F.No. 18/2/88-ITA dated 19th October, 1989 addressed to the Director, DOMS on the above subject.

2. A reply in the matter has already been sent to OSD (ITCC) under this office letter of even number dated 16/17.10.1989 with a copy endorsed to you. However, a copy of the same is sent herewith for ready reference.

With regards.

Yours sincerely,

Sd/-
(Mrs. P. SAHI)

Shri K.K. Tripathi,
OSD (ITA I),
Central Board of Direct Taxes
New Delhi.

Encl. As above.

To,

The OSD (ITCC)
Central Board of Direct Taxes,
New Delhi.

Sir,

SUBJECT:—*Mechanism to ensure consequential revision of assessments under the Direct Tax Laws modification of forms.*

Kindly refer to your letter F. No. 396/27/89-ITCC dated 6-9-1989 on the above subject. As desired therein a copy of Part-II of the Report of the Committee on Review of 'Non-statutory Forms' was sent to different officers in Board's office under this office letter No. 6/3/87-OD/DOMS dated 14-9-1989.

2. The O.S.D. (IT.A.I) under his letter No. 181/2/88-ITA.I. dated 14th September, 1989 (Copy enclosed for ready reference) has communicated Board's decision to amend the forms of Appeal Register, Rectification Register (maintained by Assessing Officers) and scrutiny report on appellate orders.

3. In this connection, it may be mentioned that the Forms of Register of Appeals (ITNS-61) and of Appeal Scrutiny Report (ITNS-256) have already been considered by the "Committee on Review of Non-Statutory Forms" and its recommendations in regard to these two forms are contained in part-II of its report (vide Sl. No. 15 & 46 of Annexure-III).

4. In view of the Board's decision, communicated vide their letter dated 14-9-89, referred in para-2 above, the recommendations of the Committee may please be treated to have been modified to the following extent:

ITNS-61: (Register of Appeal U/s. 246/253 and petitions u/s. 256 of the I.T. Act.)

In the amended form sent alongwith the report a col. "consequential effect on other direct tax laws, if any" may be added at Sl. No. 19. Consequently the col. existing at Sl. No. 19 will be re-numbered as Sl. No. 20.

ITNS-256: (Appeal Scrutiny Report)

In the amended form sent alongwith the report "whether any consequential effect under any other direct tax laws is involved. If yes, "action taken" may be added at Sl. No. 11. Consequently, the columns existing at Sl. Nos. 11, 12 and 13 will be renumbered 12, 13 & 14.

ITNS-60: (Register of Applications u/s. 154/155)

The Committee has not finalised its recommendations on this form so far. The Board's decision will be kept in view while finalising the Committee's recommendations in regard to this form.

Yours faithfully,

Sd/-

(Mrs. P. Sahi)

Member Secretary of the Committee
Review of Non-statutory Forms.

Copy forwarded for information to the O.S.D. (IT.A.I) CBDT with reference to his letter F. No. 181/2/88-IT.A.I. dated 14-9-1989.

Copy forwarded to DS(IT) (A-II), CBDT in continuation of this office D.O. letter No. 6/3/87-OD/DOMS dated 14-9-1989 for information and necessary action.

Sd/-

(Mrs. P. Sahi)

Member Secretary of the Committee
Review of Non-statutory Forms.

**ACTION TAKEN ON THE RECOMMENDATION OF THE
PUBLIC ACCOUNTS COMMITTEE**

* * * * *

**MINISTRY OF FINANCE
DEPARTMENT OF REVENUE**

Recommendation of the Committee

The Committee consider it equally unfortunate that the omission to initiate action for revision of income-tax assessments consequent on revision of interest tax assessment of the Punjab National Bank could not be noticed even by the Internal Audit Wing of the Department. The Committee would like to know whether the interest tax assessments are subject to scrutiny by the Internal Audit Wing and if these are subject to internal audit whether this particular case was reviewed in internal audit.

[Para 1.13 of the 141st Report of Public Accounts Committee
(1988-89)—Eighth Lok Sabha]

Action Taken by the Government

The assessments completed under Interest Tax Act are subjected to check by Special Audit Parties. However, this particular case was not audited by Internal Audit.

F.No. 241/1/89—A&PAC-II

D.O. No. RA-9/144/86-87/6693 of DI(IT&A)

Recommendation of the Committee

The Committee were informed during evidence that after this case was brought to notice by Audit, the Board has asked for a review of all cases to ensure that action to revise income-tax assessments has invariably been taken consequent on reduction in the interest tax assessments. The Committee desire that they may be informed of the results of review of all cases and also of the action taken in cases where the assessments of income tax had not been revised after reduction in the interest tax assessments.

[Para 1.14 of the 141st Report of Public Accounts Committee (1988-
89)—8th Lok Sabha]

Action taken by the Government

A copy of Board's instruction 1895 dated 20th January, 1989, regarding review of cases to ensure that action to revise income-tax assessments is taken consequent to reduction in the interest-tax assessments, is enclosed. Under the said instruction, cases of scheduled banks, in which liability for payment of interest-tax had been reduced in appeal rectification, or other proceedings, were required to be reviewed by 20th March, 1989. Compliance reports received from Chief Commissioners/Commissioners of Income-tax indicate that such review was found to be necessary in eight cases. Of the eight cases reviewed, rectification in the income-tax assessments was required in four cases. It was further reported that such rectification had also been completed, resulting in an additional income-tax demand of Rs. 3,58,709/-.

In the four cases requiring rectification in the income-tax assessment, it was reported by two Chief Commissioners that inordinate delay in rectification had occurred in two cases, for which the explanation of the assessing officers was called for and in both these cases, the erring officers have been asked by the concerned Chief Commissioner to be more vigilant in future.

F.No. 241/1/89—A&PAC II.

F.No. 160 / 1 / 89 — IT.A-I

F. NO. 160/1/89—IT(A.I)
GOVERNMENT OF INDIA
CENTRAL BOARD OF DIRECT TAXES

NEW DELHI: DATED THE 20TH JAN., 1989

To

All Commissioners of Income-tax.

Sir,

SUBJECT:— *Rectification of income-tax assessments in the case of scheduled banks consequent to reduction in their liability for payment of interest-tax—Instructions regarding.*

Under section 18 of the Interest tax Act, 1974, interest-tax payable by a scheduled bank for any assessment year is deductible in computing the taxable profits of the bank for that assessment year.

2. The Revenue Audit have pointed out a case where the liability of a scheduled bank for payment of interest-tax for the assessment years 1981-82 and 1982-83 was reduced in appeal by a very substantial amount. As deduction in respect of the larger amount originally charged by the assessing officer had been allowed as deduction under section 18 of the Interest-tax Act in computing the taxable profits of the bank, the assessing officer should have simultaneously revised the income-tax assessments for the relevant assessment years with a view to reducing the deduction in respect of interest-tax allowed on the basis of the original assessment. The assessing officer, however, did not carry out this consequential rectification. According to the Revenue Audit, this resulted in aggregate short levy of income-tax of the order of Rs. 50 lakhs for the two assessment years.

3. With a view to ensuring the similar lapses do not recur in future, the Board desires that assessing officers exercising jurisdiction in the case of scheduled banks should immediately review the cases in which the liability of the bank for payment of interest-tax has been reduced in appeal, revision or other proceeding under the Interest-tax Act. The assessing officers should then ensure that, in all such cases, consequent revision of the income-tax, assessment of the bank for the relevant year is immediately carried out by reducing the deduction allowed with reference to the original interest-tax demand.

4. A compliance report, indicating the number of cases so reviewed and

the additional income-tax demand raised as a result thereof should be communicated to the Board by 20th March, 1989.

5. Apart from this quick review of past cases, the Board desires that whenever assessing officers hereafter give effect to any appellate or other order under the Interest-tax Act for any assessment year, they should simultaneously revise the income-tax assessment for the relevant assessment year, appropriately reducing or, as the case may be, increasing the deduction in respect of interest-tax allowed in computing the taxable profits of the bank in the original assessment.

6. While carrying out inspection of the work of assessing officers, the Deputy Commissioners should see whether the aforesaid instructions have been complied with by the assessing officers.

7. The Internal Audit Parties should also take note of these instructions and ensure that lapses of the type pointed out by the Revenue Audit do not occur in future.

Yours faithfully,

Sd/-
(ANAND KISHORE)
UNDER SECRETARY
CENTRAL BOARD OF
DIRECT TAXES.

CHAPTER III

RECOMMENDATIONS AND OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN THE LIGHT OF THE REPLIES RECEIVED FROM GOVERNMENT

Recommendation of the Committee

Considering the fact that the number of assesseees is only 80, and the number of pending cases about 400, the Committee do not find any justification for the large number of arrears in assessment. Had the standing instructions for simultaneous action on all tax law assessments been translated into action and compliance ensured by the internal audit, Commissioners of Income-tax etc., the Committee are confident that the arrears would not have been accumulated. In any case the Committee consider it necessary for a time bound programme should be drawn by the Ministry for liquidating the arrears and a report about the progress furnished to the Committee.

[Para 1.19 of the 141st Report of P.A.C. (1988-89)—Eighth Lok Sabha]

Action Taken by the Government

Directions were issued to all Chief Commissioners/Directors General that the pending interest assessments should be completed by the end of May, 1989 and the confirmation to that effect be sent. It has been reported that all the pending interest tax assessment cases have since been finalised.

F.No. 241/1/89—A&PAC-II

F.No. 160/2/89—ITA-I

CHAPTER IV

**RECOMMENDATIONS AND OBSERVATIONS REPLIES TO
WHICH HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND
WHICH REQUIRE REITERATION**

—NIL—

CHAPTER V

**RECOMMENDATIONS AND OBSERVATIONS IN RESPECT OF
WHICH GOVERNMENT HAVE FURNISHED INTERIM REPLIES**

— NIL —

NEW DELHI;
23 March, 1992

Chaitra 3, 1914 (Saka)

ATAL BIHARI VAJPAYEE
Chairman,
Public Accounts Committee.

APPENDIX

Statement of Observations and Recommendations

Sl. No.	Para No.	Observation/Recommendation
1	2	3
1.	1.6	<p>The Committee are glad to note that the Ministry have realised their failure to ensure proper coordination and have taken corrective action. Tax laws are generally so inter-linked that any absence or lack of coordination could lead to substantial loss of revenue. The Committee, therefore, desire the Ministry to ensure that adequate care is taken by all assessing officers in future while dealing with all assessments which require coordinated action under the tax laws so as to preclude any loss of revenue.</p>

PART II
MINUTES OF THE SITTING OF PAC HELD ON
17 MARCH, 1992

The Committee sat from 1600 hrs. to 1700 hrs. on 17 March, 1992.

PRESENT

Chairman

Shri Atal Bihari Vajpayee

MEMBERS

2. Shri Girdhari Lal Bhargava
3. Shri Arvind Netam
4. Shri R. Surender Reddy
5. Shri Pratap Singh
6. Prof. (Dr.) S.P. Yadav
7. Shri Dipen Ghosh
8. Shri Vishvjit P. Singh
9. Shri Ish Dutt Yadav

LOK SABHA SECRETARIAT

1. Shri S.C. Gupta — *Joint Secretary*
2. Smt. Ganga Murthy — *Deputy Secretary*
3. Shri K.C. Shekhar — *Under Secretary*

REPRESENTATIVES OF AUDIT

1. Shri N. Sivasubramanian — *Addl. Dy. C&AG (Reports)*
2. Shri A.K. Banerjee — *Pr. Director Reports (Central)*
3. Shri S.C. Anand — *Dr. General of Audit (P&T)*
4. Shri P.K. Lahiri — *Pr. Director (Direct Taxes)*
5. Shri P.K. Bandhopadhyay — *Pr. Director (Indirect Taxes)*
6. Shri Dharendra Swarup — *Pr. DACR (II)*
7. Shri K. Krishnan — *Director (Direct Taxes)-I*
8. Shri Kulvinder Singh — *Director (Direct Taxes)-II*
9. Shri K.C. Gupta — *Dy. Director*
10. Shri Birendra Kumar — *Dy. Director (P&T)*
11. Shri R. Parthasarthy — *Director (Railways)*

2. The Committee took up consideration of the following draft Reports:

Draft Report on the recommendations contained in the 141st Report of PAC (8th Lok Sabha) regarding Interest Tax Assessment.

* * * * *

3. The Committee adopted the draft Report.....without any modification.

4. The Committee authorised the Chairman to present the Reports to the House after incorporating therein modifications/amendments arising out of factual verification by Aduit.

The Committee then adjourned.