

**GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF REVENUE  
LOK SABHA  
UNSTARRED QUESTION NO 2088  
TO BE ANSWERED ON - 08.03.2021  
PHALGUNA 17,1942 (SAKA)**

**Income Tax Collection**

2088. DR. AMOL RAMSING KOLHE:  
DR. SUBHASH RAMRAO BHAMRE:  
SHRIMATI SUPRIYA SULE:  
DR. DNV SENTHILKUMAR. S.:  
SHRI KULDEEP RAI SHARMA:  
SHRI SUNIL DATTATRAY TATKARE:

Will the Minister of FINANCE be pleased to state:

- (a) whether the income tax collection has drastically reduced due to Covid-19 pandemic and if so, the steps taken by the Government to overcome the shortfall;
- (b) whether the Government has been able to achieve the objective of settling income tax cases after launching Vivad se Vishwas scheme;
- (c) if so, the details thereof along with the total number of cases disposed of under Vivad se Vishwas scheme till date;
- (d) whether the number of people filing income tax returns in the country is declining during the last three years;
- (e) if so, whether the Government will take steps to bring the people earning above the exemption of income limit under the Income Tax Net and if so, the details thereof; and
- (f) the other steps taken by the Government to reduce the litigation and tax disputes in direct taxes and to boost income tax collection in the country?

**ANSWER**

**MINISTER OF STATE IN THE MINISTRY OF FINANCE  
(SHRI ANURAG SINGH THAKUR)**

- (a) Yes sir. The Direct Taxes collection has been reduced due to Covid-19. During the Financial Year 2019-20, net collection of Direct Taxes was Rs.10,50,711 Crores. Considering the impact of Covid-19 pandemic, Direct Taxes collection target for the Financial Year 2020-21 has been reduced to Rs. 9,05,000 Crores.

As against the Revised Budget Estimates of Direct Tax Target of Rs. 9,05,000 Crores, net collection of Direct Taxes amounting to Rs. 732388.72 Crores has been achieved during the period from 1.4.2020 to 28.2.2021. Any shortfall in

collection of Direct taxes against the targets can be calculated only after completion of the Financial Year.

Further, in order to achieve the Revised Budget target of Direct taxes for this Financial Year, the following measure have been taken:

- i. Data Mining and data analytics are used for identifying potential tax payers and increasing tax base.
- ii. The scheme of faceless assessment has been launched to improve the quality of scrutiny assessment.
- iii. Surveys and searches are conducted in potential large tax evasion cases.
- iv. For overcoming the shortfall in tax collection, no new tax has been introduced in the Finance Bill, 2021 and the tax collection is expected to improve through better tax compliance and dispute resolution mechanism. For this purpose, a new Dispute Resolution Committee (DRC) is proposed to be constituted by the Finance Bill, 2021 which will encourage easier and faster dispute resolution.

(b) & (c) Yes. The statistics regarding the declarations filed under the Vivad se Vishwas Scheme upto 01.03.2021 is as under:

<b>Current status of declarations filed under Vivad se Vishwas Scheme (upto 22.02.2021 at 5 pm)</b>			
	<b>Count of Form-1 Filed</b>	<b>Disputed Tax (as per Form-1) (in Rs. Crores)</b>	<b>Payments against Disputed Tax (in Rs. Crores)</b>
Central PSUs	1393	35129	27720
State PSUs/Boards	833	1619	1023
Others	126507	61579	24603
<b>Grand Total</b>	<b>128733</b>	<b>98328</b>	<b>53346</b>

(d) The number of Income Tax Returns submitted by the taxpayers in the last 3 Financial Years is as follows: –

<b>Financial Year</b>	<b>Total Number of ITRs Filed (In Crores)</b>
2017-18	6.87
2018-19	6.74
2019-20	6.78

- (e) The Government has taken following measures to bring the people earning above the exemption of income limit under the Income tax net:-
- (i) The Income Tax Department has implemented the Non-Filer Monitoring System (NMS) which assimilates and analyses in-house information as well as transactional data received from third-parties, including Statement of Financial Transaction (SFT), Tax Deduction at Source (TDS) and Tax Collection at Source (TCS) statements, Intelligence, Criminal Investigation (I & CI) data and Social Media etc. to identify such persons/entities who have undertaken high value financial transactions but have not filed their returns.
  - (ii) The Income-tax Department has launched 'Project Insight' to strengthen the non-intrusive information driven approach to increasing tax compliance.
  - (iii) A revised Form 26AS incorporating high-value transactions from Statement of Financial Transactions (SFTs) has been introduced.
  - (iv) Quoting of Permanent Account Number (PAN) has been made mandatory for specified transactions in respect of property, shares, bonds, insurance, foreign travel and demat account, etc.
  - (v) In order to inter-alia widen the scope of tracking high value transactions, the Government has permitted the Aadhaar number to be used interchangeably in lieu of PAN in more than 100 forms.
  - (vi) The scope of TDS/TCS has been further expanded for widening the tax base by bringing several new transactions into the ambit of Tax Deduction at Source (TDS) and Tax Collection at Source (TCS). These transactions include large cash withdrawal, foreign remittance, purchase of luxury cars, sale of goods, acquisition of immovable property, etc.
  - (vii) The Department has also signed Memoranda of Understanding (MoU) with Ministry of Micro, Small and Medium Enterprises (MoMSME), Central Board of Indirect Taxes and Customs (CBIC) and SEBI to enable cross seeding of information and inter-agency cooperation in order to identify tax loopholes and widen the tax net and prevent revenue leakages.
  - (viii) In addition to the above measures the Department seeks to bring more non-filers into the tax net by formulating region-specific strategies by the field authorities for identifying potential non-filers, holding of outreach programmes to encourage voluntary compliance and extensive use of mass media for creating awareness, issuing statutory notices to enforce compliance, simplification in income-tax returns and filing process to encourage voluntary filing.

- (ix) E-mails and SMS reminders are issued to taxpayers to file their return and pay their due taxes.
  - (x) The Income-tax Department has launched publicity campaigns on TV Channels, Radio, Print Media, Cinema Halls and on Social Media to spread awareness among citizens regarding due dates for filing Returns, TDS Return, Payment of taxes and PAN-Aadhaar linkage. Brochures have also been distributed to the general public through the Department's *Aayakar Sewa Kendras* (ASK) all over India to spread awareness and increase voluntary compliance.
  - (xi) TDS at the rate of 0.1% on payment made for purchase of goods by a buyer (having sales/ turnover of Rs. 10 crore or more in the financial year preceding the year in which the sale is made) to a person during the financial year exceeding Rs. 50 lakhs.
  - (xii) In order to disincentivize non-filing of Income-tax returns, Finance Bill, 2021 has proposed for deduction/collection of tax at higher rate in case of a person who has not filed its income-tax return for both assessment years relevant to the previous year immediately preceding the financial year in which such transaction is being carried out by such person on which tax is required to be deducted/collected.
- (f) The following steps have been taken by the Government to reduce the litigation and tax disputes in direct taxes and to boost income-tax collection in the country:-
- (i) The monetary limit of tax effect in a case for filing of appeal before the various appellate authorities has been increased to Rs. 50 lakh for the Income-tax Appellate Tribunal, Rs. 1 crore for the High Court and Rs. 2 crore for the Apex Court.
  - (ii) Section 270AA has been inserted in the Act to provide an option to the taxpayer to seek immunity from penalty and prosecution if he makes full payment of the tax and interest payable as per assessment order within the period specified in the notice of demand and does not file any appeal against such order.
  - (iii) For transfer pricing cases, section 144C was inserted in the Act *vide* Finance Act, 2009 to provide an option to the taxpayer to file his objections to the draft assessment order forwarded to him by the Assessing Officer to the DRP. The DRP is a collegium of three Principal Commissioners or Commissioners of Income-tax, which is empowered to consider such objections and issue suitable directions to the Assessing Officer to complete the assessment. DRP can confirm, reduce or enhance the variations proposed in the draft order after providing reasonable opportunity to the taxpayer. To further reduce litigation the directions of the DRP were made binding on Revenue *vide* the Finance Act, 2016 and no appeal can be filed by Revenue against the directions of DRP.

- (iv) Section 92CC was inserted *vide* the Finance Act, 2012 in the Act provides the taxpayers an opportunity to enter into Advance Pricing Agreement (APA) which is an agreement between the Board and any person, which determines, in advance, the arm's length price or specifies the manner of the determination of arm's length price (or both), in relation to an international transaction.
- (v) The provisions for safe harbour rules were introduced in the Act *vide* Finance (No. 2) Act, 2009 and provide for the circumstances in which the income-tax authorities shall accept the transfer price declared by the assessee, for International Transactions and Specified Domestic Transactions. This saves the taxpayers from uncertainty in transfer pricing determination as well as protracted litigation.
- (vi) Vivad Se Vishwas Scheme has been notified for settling the direct taxes disputes.
- (vii) Faceless assessment, faceless appeal and faceless penalty schemes have been introduced to improve the quality and fairness in assessment orders, appeal orders and penalty orders resulting in substantial reduction in litigation.
- (viii) With the objective to allow small taxpayers to resolve their disputes with minimum cost and compliance burden, the Finance Bill, 2021 has proposed to create one or more DRC specifically targeted towards such taxpayers. The DRC shall have the powers to reduce or waive any penalty imposable or grant immunity from prosecution for any offence under the Act.
- (ix) Further, it was also clarified to the field Officers that appeals should not be filed merely because the tax effect in a particular case exceeds the prescribed monetary limits and the filing of an appeal should be decided strictly on the merits of the case.

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