

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF REVENUE

**RAJYA SABHA**  
**UNSTARRED QUESTION NO.1825**  
ANSWERED ON - 19/12/2023

**‘STEPS TO REDUCE INTERACTION BETWEEN TAXPAYER AND INCOME  
TAX DEPARTMENT’**

1825. Dr. K. LAXMAN:

Will the Minister of FINANCE be pleased to state:

- (a) whether any steps have been taken to reduce interaction between a taxpayer and income tax department while making tax assessment, if so, details thereof;
- (b) the steps taken to utilize technology to reduce the problems faced by taxpayers;
- (c) how the hardships faced by taxpayers due to long pending litigation can be reduced;
- (d) whether any steps have been taken to reduce the interaction between the taxpayers and appellate officers while disposing of such pending appeals , if so, the details thereof;
- (e) whether Government has provided any tax incentives to promote cooperatives; and
- (f) if so, the details thereof?

**ANSWER**

(MINISTER OF STATE IN THE MINISTRY OF FINANCE)  
(SHRI PANKAJ CHAUDHARY)

- (a) Section 143B of the Income-tax Act, 1961 (the Act) provides for Faceless Assessment for the purposes of making assessment of total income or loss of the assessee to impart greater efficiency, transparency and accountability by eliminating the interface between the Assessing Officer and the assessee in the course of proceedings to the extent technologically feasible, optimizing utilization of the resources through economies of scale and functional specialization and introducing a team-based assessment with dynamic jurisdiction.

(b) The Department has taken multiple steps to utilize technology over the years to reduce the problems faced by the taxpayers. Some of the major steps taken are as under:

(i) **AIS Module:** Information in respect of a particular taxpayer is being collected from various sources and is made available to the taxpayer on AIS portal. This gives better visualization to taxpayers regarding their financial information and this helps in filing of their ITRs in correct and holistically accurate manner. Further, AIS provides opportunity to the taxpayer to correct the information, if the same has been incorrectly reported. This reduces the chances of litigation and promotes voluntary compliance on part of the taxpayers.

(ii) **Pre-filing of ITR:** A substantial portion of the data for ITRs are prefilled with data pertaining to taxpayer's profile, salary, interest, dividend, tax payment including TDS related information, brought forward losses, MAT credit, etc. to further ease compliance for taxpayers. The taxpayers use this facility extensively, resulting in smoother and faster filing of ITRs.

(iii) **E-payment of Tax -TIN 2.0:** A new module for e-payment of taxes i.e. TIN 2.0 on e-filing portal has provided wider mode of tax payments including payment through UPI to the taxpayers. This platform has also enabled real time credit of taxes to taxpayers' account which has facilitated faster filing of ITRs. Moreover, it has led to credit of refunds to taxpayer's bank account much faster.

(iv) **E-filing portal:** In the field of e-filing, the department has made available wizard-based filing of ITRs which assist the taxpayers in smoother filing of tax returns. Besides online filing of ITR, a taxpayer has option to file ITR by using offline ITR utilities and third party softwares. Mobile app has also been introduced to facilitate taxpayer compliance for filing the returns and receive important updates conveniently from their smartphones and 'How to do' videos covering the various features in e-filing portal were created for educating the users about the latest changes in the forms and services.

(v) **National Website of Income Tax ([www.incometaxindia.gov.in](http://www.incometaxindia.gov.in)):** During the year 2023, the Department has launched revamped National website of Income Tax, [www.incometaxindia.gov.in](http://www.incometaxindia.gov.in). This website serves a comprehensive repository of tax and other related information. It provides access to Direct Tax laws, several other allied Acts, Rules, Income Tax Circulars and Notifications, all cross-referenced and hyperlinked. The site also offers a 'Taxpayer Services Module' featuring various tax tools to assist taxpayers in filing their income tax returns.

(vi) **Proactive Helpdesk to assist taxpayers:** The e-filing Helpdesk team, worked with extended business hours and on 24X7 basis particularly in last few days of peak filing period. The helpdesk team supporting the taxpayers proactively during the peak filing period. The support from the helpdesk was provided to taxpayers through inbound calls, outbound calls, live chats, webex and co-browsing sessions. Helpdesk team also supported resolution of queries received on the Twitter handle of the Department through Online Response Management (ORM), by proactively reaching out to the taxpayers/ stakeholders and assisting them for different issues on near real-time basis. This widely enhanced experience of taxpayers.

(vii) **E-Campaigns:** Specific campaigns via Banner, SMS, Emails, etc., on various actions required to be taken by taxpayer for compliance were initiated in a periodic manner. Campaigns for e-verification, linking of Aadhar with PAN, revalidation of bank accounts, handholding through webinars etc. were well received.

(viii) **PAN Module:** PAN module has two Service Providers i.e. Protean eGov Technologies Limited and UTIITSL who have dedicated online portals for allotment and correction of PAN card application apart from physical centres. The Aadhaar based instant PANs are also allotted through e-filing portal. The information i.e. application status, dispatch status, etc. during the process of PAN allotment is being disseminated through dedicated portals of the service providers. Further, to facilitate PAN-aadhaar linking, biometric center have been enabled for mismatch cases to redress the problems, if any, faced by the taxpayer.

(ix) **Grievance Redressal Mechanism:** The Department has developed its own 'Grievance Redressal Mechanism' which is an online platform (e-nivaran) for filing grievances. The grievances are handled by dedicated team and are monitored to ensure that these are resolved in a timely manner.

(x) **Demand Management Facilitation Center (DFC):** A Demand Management Facilitation Center (DFC) has been set up by the Income Tax Department at Mysuru, Karnataka. The objective of the DFC is to facilitate the tax payer to resolve their outstanding demands. This is done through calls which are made to the taxpayer at a scheduled date and time to facilitate the taxpayer to reduce their demands by rectification.

(c) (i) Central Action plan for Financial Year 2023-2024 has been repurposed with a focus towards disposing old appeals by Commissioner of Income Tax (Appeals/Appeals Unit). In this regard, specific targets have been assigned to CsIT (A/AU) for disposal of long pending appeals.

(ii) Guidelines for priority disposal have been issued where in case of genuine hardships, appeals may be taken for out of turn/priority disposal at the request of appellant.

(iii) 100 posts of Addl./Jt. CsIT(Appeals) have been created for disposal of certain categories of appeals which include, inter-alia, appeals filed against assessment orders passed before 13.08.2020 and having disputed demand less than or equal to ₹10 lakh.

(d) All the appeals barring appeals pertaining to central and international charges are being adjudicated in faceless manner under Faceless Appeal Scheme (FAS). Faceless Appeal scheme which is a part of Faceless Taxation is one of the biggest Direct Tax reforms in India and flagship scheme of e-governance based on the premise of minimizing the physical interaction between taxpayers and adjudicating officers. FAS 2020 was notified on 25<sup>th</sup> September 2020 which was later revised as FAS 2021 and was rolled out on 28<sup>th</sup> December 2021.

Efficiency, transparency and accountability are the key ingredients of the Faceless Appeal Scheme which seeks to leverage advances in information technology.

National Faceless Appeals Centre (NFAC) has been setup to implement the scheme and facilitate the conduct of faceless appeal proceedings in a centralized manner including random and automatic allocation of appeals for disposal to a specific appeal unit.

The entire process of appeal proceedings (allocation of appeal, communication of notice, submission and hearing and communication of appellate order) are carried out in faceless manner. All notices, letters and orders are issued using unique Document Identification Number (DIN) through electronic mode only.

With no human interface and no need to visit the Income Tax Office, all responses by the appellant are to be submitted electronically only, on the e-filing portal.

(e) and (f): Finance Act, 2020 carried out the following amendments in the Act to provide benefits to the Cooperative Societies-

- (i) Section 115BAD had been inserted in the Act to provide benefit of a lower tax rate of 22 percent in case of resident co-operative society from AY 2021-22.
- (ii) Section 115JC of the Act had been amended so as to provide that the provisions relating to Alternate Minimum Tax (AMT) shall not apply to such co-operative society which has exercised the option referred to in section 115BAD of the Act from AY 2021-22.
- (iii) Section 115JD of the Act had been amended so as to provide that the provisions relating to carry forward and set off of AMT credit, if any, shall not apply to such co-operative society which has exercised the option referred to in section 115BAD of the Act from AY 2021-22.

Finance Act, 2022 carried out the following amendments in the Act to provide benefits to the Cooperative Societies:

- (i) Section 115JC of the Act was amended so as to provide for the alternate minimum tax (AMT) payable by co-operative societies at a lower rate of 15 percent.

Finance Act, 2023 carried out the following amendments in the Act to provide benefits to the Cooperative Societies:

- (i) Section 115BAE had been inserted in the Act to provide benefit of a lower tax rate of 15 per cent to new co-operatives that commence manufacturing activities till 31.03.2024.
- (ii) Section 155 had been amended to provide an opportunity to sugar co-operatives to claim payments made to sugarcane farmers for the period prior to assessment year 2016-17 as expenditure. Consequential amendment has been made to section 154 of the Act.
- (iii) Section 269SS had been amended to provide a higher limit of Rs. 2 lakh per member for:
  - (a) cash deposits in Primary Agriculture Co-operative Societies (PACS) and Primary Co-operative Agriculture and Rural Development Banks (PCARDBs).
  - (b) loans taken in cash from Primary Agriculture Co-operative Societies (PACS) and Primary Co-operative Agriculture and Rural Development Banks (PCARDBs).
- (iv) Section 269T had been amended to provide a higher limit of Rs. 2 lakh per member for:
  - (a) cash deposits by Primary Agriculture Co-operative Societies (PACS) and Primary Co-operative Agriculture and Rural Development Banks (PCARDBs)
  - (b) repayment of loans in cash to Primary Agriculture Co-operative Societies (PACS) and Primary Co-operative Agriculture and Rural Development Banks (PCARDBs)
- (v) Section 194N had been amended to provide for TDS at the rate of 2% on cash withdrawal shall apply on cash withdrawal in excess of Rs. 3 crore, in case of co-operative societies.

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