

Government of India
Ministry of Finance
Department of Revenue
LOK SABHA
UNSTARRED QUESTIONS NO. 3451
TO BE ANSWERED ON FRIDAY, MARCH 16, 2018
PHALGUNA 25, 1939-40 (SAKA)

OUTSTANDING TAXES

3451. SHRI PANKAJ CHAUHDHARY:

Will the Minister of FINANCE be pleased to state:

- (a) the taxes being collected by the Government under different heads in the country;
- (b) whether there are number of cases of outstanding taxes under the above heads, if so, the reasons for non- collection of these taxes;
- (c) whether numerous cases of outstanding taxes are lying pending in the country for a very long time resulting in non-collection of such taxes;
- (d) if so, the number of cases related to tax collection lying pending in the courts at present; and
- (e) whether the Government proposes to formulate any effective policy to collect the outstanding taxes, if so, the details thereof along with the steps taken by the Government in this regard?

ANSWER
MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHIV PRATAP SHUKLA)

(a): The **Direct Taxes** are being collected by the Government in the country under the head of (i) Corporate Tax (ii) Personal Income Tax (Including STT) (iii) Other Taxes.

The **Indirect Taxes** are being collected by the Government in the country under the head of GST, Central Excise and Customs w.e.f 01/07/2017. Prior to 01/07/2017 taxes were being collected under the head of Central Excise, Customs and Service Tax.

(b): Yes Madam.

Direct Tax

Due to several reasons including assessee not traceable, no or inadequate assets, demand stayed by Court/Income Tax Appellate Authority/I.T. Authorities, companies under liquidation, etc, only a small portion of total arrears is actually collectible. Accordingly, Government sets a target for recovery of outstanding taxes every year after considering the collectibility of arrears under different categories and closely monitors the action by the field authorities towards its achievements.

Indirect Tax

There are no arrears for GST till date.

The reasons for non-collection of Central Excise taxes, Customs and Service Tax is given as below:-

(a) More than 85% of the arrears are locked in litigation (Supreme Court / High Court / CESTAT etc) or under restrained category (BIFR / Debt Recovery Tribunal / Official Liquidators). These are judicial / statutory bodies over which department has no control and they do not entertain any interference in their working from the department. Normally, these take 5 years or more in deciding the cases.

(b) Comparing the total pendency of arrears with actual recoveries to arrive at a success percentage of arrears recovery is like comparing the incomparable. The two are not comparable because more than 85% of pendency is locked up in litigation / restraint, which are not recoverable till the judicial fora takes a final decision which takes more than five years in most cases. Government's efforts are concentrated only on the remaining less than 15%. Hence actual recoverable arrears are much less.

(c) & (d): The cases lying pending in respect of Direct & Indirect Taxes are as follows:-

Direct Tax

(Figures in Nos.)

Tax Components	OVER 1 YEAR BUT LESS THAN 2 YEAR	OVER 2 YEARS BUT LESS THAN 5 YEAR	OVER 5 YEARS BUT LESS THAN 10 YEAR	OVER 10 YEARS
Direct Taxes *	84,888	1,17,518	33,554	4,230

* As on 31.3.2017

The above figures/data does not includes a total pendency in Income Tax Appellate Tribunal which is 92,388 for which age-wise details are not available.

Separate data for Corporate Tax, Personal Income Tax and Other Taxes is not maintained.

Indirect Tax

(Figures in Nos.)

Tax Components	OVER 1 YEAR BUT LESS THAN 2 YEAR	OVER 2 YEARS BUT LESS THAN 5 YEAR	OVER 5 YEARS BUT LESS THAN 10 YEAR	OVER 10 YEARS
Central Excise	6,847	11,694	11,369	11,692
Customs	4,027	7,437	6,411	7,695
Service tax	11,154	17,350	18,263	4,969
Total*	22,028	36,481	36,043	24,356

* Upto January, 2018

(e):

Direct Tax

The Government is already taking several measures for expeditious recovery of outstanding taxes. Strategies and targets for recovery of arrears of taxes are laid down as part of the annual Central Action Plan document of the Department. Efforts of the assessing officers to recover the outstanding demands are regularly reviewed and monitored by the superior authorities. Databases like Individual Transaction Statement and those maintained by other agencies like FIU-IND have also been made available to the field units for identification of assets for recovery. Guidelines for Tax Recovery Officers for recovery and guidelines to assessing authorities for dealing with stay petitions have been issued. A new reward scheme for information leading to recovery of arrears has also been notified. The names of confirmed defaulters are placed in public domain.

Indirect Tax

The Government has taken several steps viz., formulation of yearly action plan which are disseminated to zonal offices for taking effective actions so that arrears could be realized. Following efforts are made to maximize the recovery of tax arrears and reduce the pendency:

- I. Zonal Chief Commissioners have been directed to intensify efforts in the areas of audit, anti-evasion and adjudication as a targeted approach to realize the recoverable arrears.
- II. All arrears case files are thoroughly scrutinized at the Commissionerate level so as to confirm that all appropriate possible action has been initiated. The process for review / scrutiny of arrears recovery case files where huge amounts are locked up to be initiated at the Chief Commissioners level.
- III. Where the defaulters are not traceable, field formations have taken up the matter with other Departments like Income Tax, DGFT, Registrar of Companies, Commercial Tax Deptts., State Revenue Deptts. etc. to gather details of such defaulters available with them in respect of movable and immovable properties,(if any), owned by such defaulters, and to ensure close follow-up and persuasion by senior officers for recovery of arrears in such cases.
- IV. Field formations have been directed to identify cases involving large revenue and to meet the assesseees to explain the legal position and where appropriate persuade them to go to the Settlement

Commission. Commissionerates to make all possible efforts for early hearing by the Tribunal, in respect of cases involving large revenue.

V. The field formations have identified the cases where either stay application is pending or stay granted has expired or condition of stay application have not been fulfilled and to take suitable action for recovery as per the Board's instructions. The field formations to intensify their efforts towards recovery of realizable arrears, especially cases where no stay has been granted and also in cases where stay granted has lapsed and also by getting the stay orders by CESTAT / Courts vacated by filing early hearing applications, particularly in matters involving high revenue and also to vigorously pursue cases before BIFR/Debt Recovery Tribunal/Official Liquidator etc.

VI. All cases where decision is in favour of the department and whose ratio is applicable to all cases in hand, has been reviewed and bunched up for filing an appeal before CESTAT for immediate disposal. Review of all cases where the decision is likely to be in favour of revenue and immediate filing of early hearing applications in all such cases.

VII. All arrears more than 2 years old which have attained finality and all efforts have not resulted into realization, have been examined as per existing instructions regarding write off.
