

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
LOK SABHA

UNSTARRED QUESTION NO- 3354

TO BE ANSWERED ON MONDAY, DECEMBER 16, 2024/AGRAHYANA 25, 1946

DECRIMINALIZATION OF MINOR OFFENCES IN DIRECT TAXES

3354. Dr. Bhola Singh:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has taken measures for decriminalization of minor offences in direct tax matters to facilitate ease of doing business, particularly for medium and small businesses;
- (b) if so, the list of recent initiatives taken by the tax administration in this regard; and
- (c) the measures undertaken by the Government to improve litigation management in direct tax matters?

ANSWER

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

- (a) Yes, Sir.
- (b) The Income-tax Act, 1961 ('the Act') has been amended to decriminalise Section 276A (entailing imprisonment of minimum six months extending up to two years) relating to failure of liquidator to give notice of his appointment to the Jurisdictional Assessing Officer within 30 days or failure to set aside notified amount from, or part with, any of the assets of company under liquidation. The Finance Act, 2023, with effect from 01.04.2023, has introduced a sunset clause in section 276A of the Act, which prescribes that no fresh proceedings shall be initiated under section 276A on or after 01.04.2023.

Under clause (a) of section 276B of the Act, a deductor was liable to be prosecuted if payment of Tax Deducted at Source (TDS) to the credit of the Central government was made beyond the prescribed due date. The provision has now been amended by Finance Act (No. 2), 2024 with effect from 01.10.2024, which prohibits prosecution proceedings against the deductor, if the TDS deducted is paid to the government's credit, on or before the due date prescribed for filing of the TDS statement for relevant quarter.

Further, CBDT has issued revised guidelines for compounding of offences under section 279(2) of the Act on 17.10.2024, wherein several simplification measures have been taken which, inter-alia, include making offences under section 275A and 275B of the Act compoundable, removing limitations on occasions and time to file compounding applications, abolishing interest chargeable on delayed payment of compounding charges, reducing compounding charges for various offences, removing separate compounding charge from co-accused, etc.

- (c) The Government has undertaken several measures to improve litigation management in direct tax matters which, inter-alia, include:
- i. Creation of 100 new posts of Joint Commissioner (Appeals), which are currently fully operational.
 - ii. Notification of e-Dispute Resolution Scheme, 2022 (e-DRS) by CBDT, to enable delivery of quick and effective dispute resolution to small taxpayers.
 - iii. Upward revision of monetary limits for filing appeals before the ITAT, High Court and Supreme Court to Rs. 60 lakh, Rs.2 crore and Rs.5 crore respectively.
 - iv. Administrative measures by CBDT such as identification of old and high demand appeals for early disposal, augmentation of manpower through assignment of additional charges, etc.
 - v. Notification of Vivad se Vishwas Scheme, 2024 to reduce litigation and develop trust amongst tax payers.
 - vi. Empowering Commissioner (Appeals) to set aside ex-parte assessment orders, vide Finance Act (No. 2), 2024.
