

**Government of India
Ministry of Finance
Department of Revenue**

**LOK SABHA
UNSTARRED QUESTION NO. 4408
TO BE ANSWERED ON FRIDAY, AUGUST 12, 2016
SHRAVANA 21, 1938 (SAKA)**

TRANSPARENCY IN TAX ADMINISTRATION

4408: DR. K. GOPAL:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is keen to settle all disputes and tone up the overall tax administration by improving transparency; and
- (b) if so, the details thereof?

**ANSWER
MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SANTOSH KUMAR GANGWAR)**

(a): Yes, Madam.

(b): The Government has taken several steps to settle disputes and tone up the overall direct and indirect tax administration. The steps taken to reduce appeals and help in de-clogging of tax matters in the courts and other appellate fora are at ANNEXURE.

Sales tax being a tax on purchase or sale of goods within a State, is purely State matter by virtue of Entry 54 of the List-II (State List) of Seventh Schedule of the Constitution, wherein State Government have sovereign powers. Central Sales Tax (CST), is levied on sale or purchase of goods during inter-state trade and commerce and Central Sales Tax is collected and appropriated by the concerned State Government as per CST Act, 1956. Therefore, information in this regard is not maintained by the government.

Annexure as referred to in reply to part (b) of Unstarred Question No. 4408 to be answered in Lok Sabha on 12.08.2016

Direct Tax

1. The Direct Tax Dispute Resolution Scheme, 2016 has been introduced with effect from 01.06.2016 to resolve the pending litigation at the CsIT (A) level, by making payment of Tax & Interest on appeals till the date of assessment. Further, penalty appeals can be resolved by paying 25% of the penalty amount.
2. A major step towards reducing litigation is by way of revision of monetary limits for filing of appeals. The monetary limits for filing appeals have been increased from Rs.4 lakhs to Rs.10 lakhs for ITAT and from Rs.10 lakhs to Rs.20 lakhs for High Court vide Circular No.21 dated 10.12.2015. For the first time, the limits have been raised with retrospective effect.
3. Directions were issued on 10.12.2015 for formation of Collegium of 2 Chief Commissioners to consider withdrawal of suitable cases pending in the High Courts above monetary limit. This step has been taken to ensure that the case is properly vetted by more than one Senior Officer before deciding on agitating the matter.
4. The Supreme Court has constituted a Special Bench with effect from 09.03.2015 to deal exclusively with tax matters. All Pr. Chief Commissioners of Income Tax have been instructed to ensure complete compliance with the requirements of the Court While filing SLPs in Supreme Court, rigorous vetting is done as to the merits of the case at the level of DGIT (L&R) and CBDT.
5. An O.M. was issued on 06.11.2014 which impressed upon the supervisory officers to monitor the work of AOs to ensure that high pitched assessments are not made without proper basis. CsIT(A) have been directed to call for remand reports on specific points only. Directions have been issued to CIT(A) to pass orders within 15 days of last hearing. These administrative directions ensure that the genesis of litigation, that is the assessment order and the appellate order, are based on proper facts and law.
6. Circulars on Settled Issues are regularly being issued with directions not to file appeals on the issue and to withdraw pending appeals on these issues.
7. Section 255(3) of the Act was amended by the Finance Act, 2016, to provide for increase in limit of single member bench of ITAT to 50 lakhs.
8. Section 158AA has been introduced by the Finance Bill, 2015 to avoid filing appeals before the ITAT on issues pending before the Supreme Court.

Indirect Tax

1. By the Finance Act, 2016, Indirect Tax Dispute Resolution Scheme, 2016 has been operationalized, whereby opportunity has been given to the taxpayers for settlement of their appeals pending before the Commissioner (Appeals) on payment of Duty/ Tax demanded along with the interest and 25% of the penalty imposed.
2. The threshold limit for filing the appeals by the Department before CESTAT and High Court to Rs 15 lakhs and Rs 10 lakhs from Rs 10 lakhs and Rs 5 lakhs respectively.
3. All cases pending before the CESTAT and High Court, below the revised threshold limits subject to the caveats prescribed are being withdrawn.
4. Eleven additional benches of CESTAT have been proposed to be created in the Budget 2016. The additional benches earlier approved have been operationalized.
5. Pre Show Cause Notice consultation has been made mandatory, in case other than preventive and anti evasion and involving revenue of more than Rs 50 lakhs.
6. Chief Commissioners/ Principal Commissioners are advised to examine all the legality and fairness adjudication orders and advise/ counsel the adjudicating authorities.

7. All the cases where the matters are covered by the decision of the Supreme Court have been listed for final disposal by the field formations.
8. Training workshops have been organized for training the officers in handling Litigation and Appellate matters, in more professional manner.
9. Details of all the orders of CESTAT and High Court accepted by the Board or field formations are made available on the CBEC website.

The above steps to settle disputes would tone up the tax administration by improving transparency in the litigation process.