GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
LOK SABHA
UNSTARRED QUESTION No. 4576
TO BE ANSWERED ON FRIDAY, THE 12th AUGUST, 2016
21, SRAVANA, 1938 (SAKA)

DIRECT TAX LAWS

4576. SHRI DUSHYANT SINGH:

Will the Minister of **FINANCE** be pleased to state:

(a) the details of the various recommendations made by Easwar Panel in its first report on improving Direct Tax Laws in India;

(b) whether the Government has accepted these recommendations and also implemented them by making changes in the concerned laws;

(c) if so, the details thereof including the list of recommendations accepted; and

(d) if not, the reasons therefor?

ANSWER

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

(a) The recommendations of Easwer Panel relating to improving the Direct Tax Laws in India inter-alia includes rationalization of provisions relating to maintenance of books of accounts and tax audit; disallowance of expenditure incurred on earning exempted income, increase the eligibility limit for presumptive taxation for small business from one crore rupees to two crore rupees; introduction of presumptive taxation for professionals; providing clarity regarding taxability of surplus on sale of shares & securities; rationalization of section 50C of the Income-tax Act,1961 ('the Act') to provide relief where sale consideration fixed under agreement to sell; deletion of section 56(2)(vii)(b)(ii) of the Act; re-opening of assessment on account of audit objections, rationalisation of provisions relating to interest and refund, rationalization of time limit for rectification of order by appellate tribunal, widening the scope of disposal of appeals by the single member benches of tribunal, prescribing time limit of one year for disposal of petitions for waiver of penalty and interest; rationalisation of provisions relating to penalty and attachment of property; enhancement and rationalisation of the threshold limits and reduction of the rates of TDS; deferment of ICDS; exemption to non-residents not having Permanent Account Number (PAN), but who furnish their Tax Identification Number (TIN) in their country of residence from the applicability of TDS at a higher rate under section 206AA of the Act etc.

(b) The Government after due examination of the Committee’s report has accepted most of the recommendations and implemented the same by suitably amending the concerned laws and through issuance of circular, Press release and instructions.

(c) Based on the interim report of the Committee, various legislative/administrative changes have been made which inter-alia including increase the eligibility limit for presumptive taxation for small business from one crore rupees to two crore rupees; introduction of presumptive taxation for professionals; providing clarity on taxability of surplus on sale of shares & securities; rationalization of section 50C of the Act to provide relief where sale consideration is fixed under agreement to sell; providing time limit for giving appeal effect to appellate orders, reducing the time limit of rectification of order by appellate tribunal, increasing the income limit for appeals being disposed by single member bench of the appellate tribunal, providing time limit for disposal of petitions made by the assessees for waiver of penalty and interest under the Act, providing for release of property attached under section 281B of the Act on submission of bank guarantee by assessee, rationalisation of penalty provisions; enhancement and rationalisation of the threshold limits and reduction of the rates of TDS; Deferment of ICDS; Exemption to non-residents not having Permanent Account Number (PAN), but who furnish their Tax Identification Number (TIN) in their country of residence from the applicability of TDS at a higher rate under section 206AA of the Act etc.

(d) It may be noted that most of the recommendations have been accepted. However certain recommendations such as deletion of section 56(2)(vii)(b)(ii) of the Act; rationalisation of provisions relating to maintenance of books of accounts and tax audit etc has not been accepted as the same were not found feasible in view of the current direct tax policy thrust of the Government to curb black money, potential revenue loss and lack of fiscal space for such measures.
