02

STANDING COMMITTEE ON FINANCE
(2024-25)

EIGHTEENTH LOK SABHA

MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE)

DEMANDS FOR GRANTS
2024-25

SECOND REPORT

LOK SABHA SECRETARIAT
NEW DELHI

December, 2024/ Agrahayana, 1946 (Saka)

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DEMANDS FOR GRANTS
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Presented to Lok Sabha on 06th December, 2024

Laid in Rajya Sabha on 06th December, 2024

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

December, 2024/ Agrahayana, 1946 (Saka)

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REPORT

COMPOSITION OF STANDING COMMITTEE ON FINANCE (2024-25)

Shri Bhartruhari Mahtab - Chairperson

MEMBERS

LOK SABHA

2. Shri Arun Bharti
3. Shri P. P. Chaudhary
4. Shri Lavu Sri Krishna Devarayalu
5. Shri Gaurav Gogoi
6. Shri K. Gopinath
7. Shri Suresh Kumar Kashyap
8. Shri Kishori Lal
9. Shri Harendra Singh Malik
10. Shri Chudasama Rajeshbhai Naranbhai
11. Thiru Arun Nehru
12. Shri N. K. Premachandran
13. Dr. C. M. Ramesh
14. Smt. Sandhya Ray
15. Prof. Sougata Ray
16. Shri P. V. Midhun Reddy
17. Dr. Jayanta Kumar Roy
18. Dr. K. Sudhakar
19. Shri Manish Tewari
20. Shri Balashowry Vallabhaneni
21. Shri Prabhakar Reddy Vemireddy

RAJYA SABHA

22. Shri P. Chidambaram
23. Shri Milind Murli Deora
24. Dr. Ashok Kumar Mittal
25. Shri Yerram Venkata Subba Reddy
26. Shri S. Selvaganabathy
27. Shri Sanjay Seth
28. Dr. Dinesh Sharma
29. Smt. Darshana Singh
30. Dr. M. Thambidurai
31. Shri Pramod Tiwari

SECRETARIAT

1.	Shri Gaurav Goyal	Joint Secretary
2.	Shri Vinay Pradeep Barwa	Director
3.	Shri T. Mathivanan	Deputy Secretary
4.	Shri Manish Kumar	Committee Officer

INTRODUCTION

I, the Chairperson, of the Standing Committee on Finance, having been authorised by the Committee, present this Second Report (Eighteenth Lok Sabha) on 'Demands for Grants (2024-25)' of the Ministry of Finance (Department Revenue).

2. The Demands for Grants (2024-25) of the Ministry of Finance (Department Revenue) have been examined by the Committee under Rule Section 331E(1)(a) of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. The Committee took oral evidence of the representatives of the Ministry of Finance (Department Revenue) on 28 October 2024. The Committee wish to express their thanks to the representatives of the Department Revenue for appearing before the Committee and furnishing the material and information which the Committee desired in connection with the examination of the Demands for Grants (2024-25).

4. The Committee considered and adopted this Report at their Sitting held on 04 December, 2024.

5. For facility of reference, the Observations / Recommendations of the Committee have been printed in bold at the end of the Report.

6. The Committee would also like to place on record their deep sense of appreciation for the invaluable assistance rendered to them by the officials of Lok Sabha Secretariat attached to the Committee.

New Delhi;
4 December, 2024
13 Agrahayana, 1946 (Saka)

Bhartruhari Mahtab
Chairperson,
Standing Committee on Finance

REPORT

PART – I

NARRATION ANALYSIS

I. INTRODUCTORY

1.1 Article 113 of the Constitution mandates that the estimates of expenditure from the Consolidated Fund of India included in the Annual Financial Statement and required to be voted by the Lok Sabha, be submitted in the form of Demands for Grants. The Demands for Grants are presented to the Lok Sabha along with the Annual Financial Statement. Generally, one Demand for Grant is presented in respect of each Ministry or Department.

1.2 Rule 331E (1) (a) of the Rules of Procedure and Conduct of Business in Lok Sabha states that each of the Departmentally Related Standing Committees shall consider the Demands for Grants of the concerned Ministries/ Departments and make a report on the same to the Houses. Accordingly, this Committee examined the Demands for Grants of the Department of Revenue (Demand No. 35 – Department of Revenue, Demand No. 36 – Direct Taxes, and Demand No. 37 – Indirect Taxes) for the year 2024-25 in detail and prepared this Report. This is one of the five Reports of the Standing Committee on Finance prepared after the examination of the Demands for Grants (2024-25) of the Ministries/Department under their purview.

II. ORGANIZATIONAL SET-UP OF THE DEPARTMENT OF REVENUE

2.1 The Department of Revenue functions under the overall direction and control of the Secretary (Revenue). It exercises control in respect of matters relating to all the Direct and Indirect Taxes through two Statutory Boards, namely, the Central Board of Direct Taxes (CBDT) and the Central Board of Indirect Taxes and Customs (CBIC). Each Board is headed by a Chairman who is also ex-officio Special Secretary to the Government of India. Matters relating to the levy and collection of all the Direct Taxes are looked after by CBDT whereas those relating to levy and collection of Good and Services Taxes (GST), Customs and Central Excise duties, Service Tax and other indirect taxes fall within the purview of the CBIC. The two Boards were constituted under the Central Board of Revenue Act, 1963. Each Board has a sanctioned strength of 6 (six) Members.

2.2 The Department of Revenue administers the following Acts:

i. Income Tax Act, 1961
ii. Black Money (Undisclosed Foreign Income & Assets) Imposition of Tax Act, 2015
iii. Benami Transactions (Prohibition) Act, 1988

iv. Chapter - VII of Finance (No.2) Act, 2004 (Relating to Levy of Securities Transactions Tax)
v. Central Excise Act, 1944 and related matters
vi. Customs Act, 1962 and related matters
vii. Central Sales Tax Act, 1956
viii. Custom Tariff Act, 1975
ix. Central Excise Tariff Act 1985
x. Narcotic Drugs and Psychotropic Substances Act, 1985
xi. Prevention of Illicit Traffic in Narcotic Drugs and Psychotropic Substances Act, 1988
xii. Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976
xiii. Indian Stamp Act, 1899 (to the extent falling within jurisdiction of the Union)
xiv. Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974
xv. Prevention of Money Laundering Act, 2002
xvi. Foreign Exchange Management Act, 1999.
xvii. Union Territory Goods & Services Tax Act, 2017
xviii. Goods & Services Tax (compensation to States) Act, 2017
xix. Central Goods & Services Tax Act, 2017
xx. State Goods & Services Tax Act, 2017
xxi. Integrated Goods & Services Tax Act, 2017

2.3 The Department looks after the matters relating to the above-mentioned Acts through the following attached/subordinate offices:

i. Commissionerates/Directorates under Central Board of Indirect Taxes and Customs
ii. Commissionerates/Directorates under Central Board of Direct Taxes
iii. Central Economic Intelligence Bureau
iv. Directorate of Enforcement
v. Central Bureau of Narcotics
vi. Chief Controller of Factories
vii. Appellate Tribunal under SAFEMA
viii. Income Tax Settlement Commission
ix. Customs and Central Excise Settlement Commission
x. Customs, Excise and Service Tax Appellate Tribunal
xi. Authority for Advance Rulings (for Income Tax and Central Excise, Customs & Service Tax)
xii. Competent Authorities appointed under Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976 & Narcotic Drugs and Psychotropic Substances Act, 1985
xiii. Financial Intelligent Unit, India (FIU-IND)
xiv. Adjudicating Authority under Prevention of Money Laundering Act
xv. Revision Application Unit.

III. OVERVIEW OF DEMANDS FOR GRANTS (2024-25)

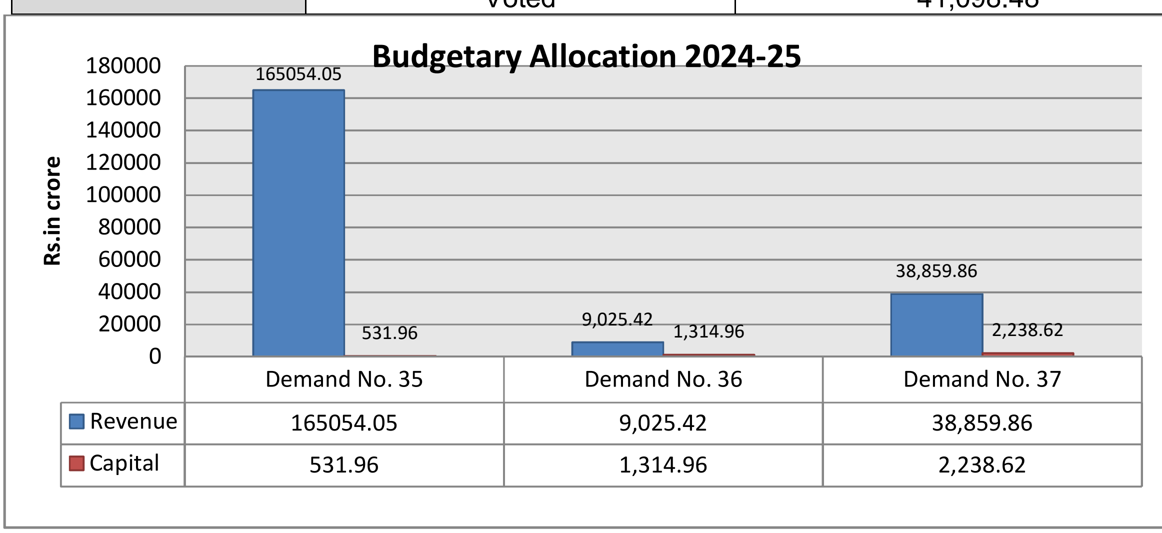
3.1 The detailed Demands for Grants (2024-25) of the Ministry of Finance were presented to Lok Sabha on 5 August, 2024. The details of the Demand No. 35, 36, and 37 for the year 2024-25 related to the Department of Revenue are as follows:

(in Rs. crore)

	Description	BE 2024-25
Demand No. 35 **Department of Revenue (HQ)**	**Total-Revenue Section**	**1,65,054.05**
	Charged	0.00
	Voted	1,65,054.05
	Total-Capital Section	**531.96**
	Charged	0.00
	Voted	531.96
	Total (Revenue Capital)	**1,65,586.01**
	Charged	0.00
	Voted	1,65,586.01

	Description	BE 2024-25
Demand No. 36 **Direct Taxes**	**Total-Revenue Section**	**9,025.42**
	Charged	0.00
	Voted	9,025.42
	Total-Capital Section	**1,314.96**
	Charged	0.00
	Voted	1,314.96
	Total (Revenue& Capital)	**10,340.38**
	Charged	0.00
	Voted	10,340.38

	Description	BE 2024-25
Demand No. 37 **Indirect Taxes**	**Total-Revenue Section**	**38,859.86**
	Charged	0.00
	Voted	38,859.86
	Total-Capital Section	**2,238.62**
	Charged	0.00
	Voted	2,238.62
	Total (Revenue& Capital)	**41,098.48**
	Charged	0.00
	Voted	41,098.48



IV. ANALYSIS OF DEMANDS AND PAST PERFORMANCE

A. Demand No. 35 Department of Revenue (HQ)

4.1 The Grant No 35 of Department of Revenue (HQ) does not have any Central Sector or Centrally Sponsored Schemes. The Budget provision under Grant No. 35 is for GST Compensation to States/UTs and for establishment related expenditure of Secretariat and its attached and subordinate offices.

4.2 The Revenue Headquarter looks after matters relating to all administration work pertaining to the Department, coordination between the two Boards (CBIC and CBDT), the administration of the Indian Stamp Act 1899 (to the extent falling within the jurisdiction of the Union), the Central Sales Tax Act 1956, Goods and Services Tax (GST), the Narcotic Drugs and Psychotropic Substances Act 1985 (NDPS), the Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act 1976 (SAFEMA), the Foreign Exchange Management Act 1999 (FEMA), the Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974 (COFEPOSA), the Prevention of Money Laundering Act, 2002 (PMLA) and matters relating to the following attached/ subordinate offices of the Department:

a. Enforcement Directorate
b. Central Economic Intelligence Bureau (CEIB)
c. Competent Authorities appointed under SAFEMA and NDPS
d. Chief Controller of Factories
e. Central Bureau of Narcotics
f. Customs, Excise and Service Tax Appellate Tribunal (CESTAT)
g. Appellate Tribunal under SAFEMA
h. Customs and Central Excise Settlement Commission (CCESC)
i. National Committee for Promotion of Social and Economic Welfare
j. Financial Intelligence Unit, India (FIU-IND)
k. Adjudicating Authority under Prevention of Money Laundering Act
l. National Institute of Public Finance and Policy (NIPFP)

4.3 The Headquarters also undertakes the works relating to the appointments of:

- ✓ Chairman and Members of CBIC and CBDT
- ✓ Chairman, Vice Presidents and Members of CESTAT
- ✓ Chairman, Vice Chairman and Members of CCESC
- ✓ Director General of CEIB
- ✓ Director of Enforcement
- ✓ Competent Authorities (SAFEMA and NDPS)
- ✓ Director (FIU-IND)
- ✓ Chairperson and Member of Adjudicating Authority set up under PMLA
- ✓ Chairman and Members of “Appellate Tribunal” established under SAFEMA, 1976.
- ✓ Appointment of CVO, CBDT/ CBIC/ ED

4.4 The total proposed Budget provision under the Demand No 35 of Department of Revenue for the FY 2024-25 is Rs.1,65,586.01 crore. Capital Expenditure forms a small part of the total budget grant and is Rs.531.96 crore. On the revenue side, the major component of

Budget under Grant No.35- Department of Revenue is for providing GST Compensations to the State Govts/UTs due to revenue loss on tax reforms. A budget provision of Rs.13,000.00 crore has been kept for the year 2024-25 to meet the expenditure on payment of balance compensation to States/UTs with legislatures. It has also been proposed to transfer an amount of compensation cess (Rs.1,50,000.00 crore) to GST compensation Fund in terms of Section 10 of GST Compensation Act, 2017, which provides that the proceeds of the GST compensation cess shall be credited to a non-lapsable fund known as GST compensation fund which shall form part of the public account of India.

4.5 In the establishment related expenditure of Revenue Headquarters & its Secretariat and various attached offices [Central Economic Intelligence Bureau; Financial Intelligence Unit of India; Goods & Service Tax Council Secretariat; Principal Chief Controller of Accounts, CBDT; Principal Chief Controller of Accounts, CBIC; Competent Authorities, Tax Policy Research Unit, Pay & Accounts Office (Revenue)] a provision of Rs.349.39 crore has been estimated for 2024-25 against the RE 2023-24 of Rs.329.27 crore. Further, the BE provision for Enforcement Directorate has been kept as Rs.470.00 crore for Revenue expenditure in comparison to BE of Rs.404.57 Crore & RE of Rs.524.17 crore for 2023-24. Further, a budget provision of Rs.394.38 crore has been kept towards payment of User Charges to GSTN for the year 2024-25 against the RE 2023-24 provision of Rs.561.89 crore under Demand No.35- Department of Revenue.

4.6 In the BE 2024-25, the Budget provision of Rs.233.10 crore (Rs.150.00 crore under Revenue Section and Rs.83.10 crores under Capital Section) has been proposed for newly created Goods and Service Tax Appellate Tribunal (GSTAT). There are some other expenditure like grant-in-aid (salaries) to National Institute of Public Finance & Policy (NIPFP), an autonomous body under the Department of Revenue, Contributions to International Organizations in which India is an active participant and establishment related expenditure of Central Bureau of Narcotics, Special Investigation Team (SIT) and various tribunals (Appellate Tribunal for Forfeited Property; Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Adjudicating Authority under Prevention of Money Laundering Act (AA-PMLA) functioning under the department.

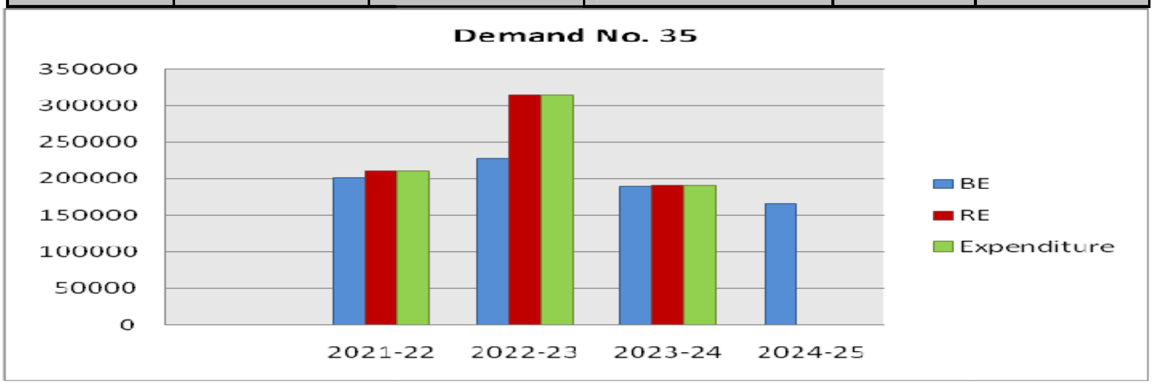
4.7 The other major expenditure under this Grant is on operating of Government Opium & Alkaloid Works, which are responsible for import of alkaloids for medicinal use by domestic pharma companies, processing of raw opium for exports, manufacturing of opiate alkaloids and other related functions through its two factories at Ghazipur (Uttar Pradesh) and Neemuch (Madhya Pradesh). A provision of Rs.553.26 crore (approx.) has been kept for 2024-25.

4.8 Under the Capital Section, the major requirement (Rs.383.10 crores) is under the MH 4059, to meet out the various infrastructural related proposals of Enforcement Directorate and Purchase of ready-built accommodation for Principal Bench, Goods and Service Tax Appellate Tribunal.

4.9 The details of fund allocation and utilization for the past three years, related to Demand No. 35, are as follows:

(Amounts in Crores)

Demand No.35					
Financial Year	BE	RE	Expenditure	% of RE Utilized	(+)Saving/ (-)Excess
2021-22	201512.64	209805.42	209656.35	99.93	(+) 149.07
2022-23	227552.52	314293.59*	314161.73	99.96	(+) 131.86
2023-24	189827.37	190442.55	190277.46	99.91	(+) 165.09
2024-25	165586.01		4524.60@		



**The Revised Estimates for 2022-23 was fixed as Rs.247295.02 crores, however taking into account the supplementary grant of Rs.67012.58 crore granted in 2nd and final batch of supplementary demands for grants 2022-23, the total amount for the FY 2022-23 was Rs.314293.59 crores.*
@ (upto June, 2024)

4.10 On being asked by the Committee, the Department of Revenue has provided the following year-wise explanation for the variation in BE, RE in Actuals in regard to Demand No.35:

"**FY 2021-22**

Total Budget provision under the Demand No 33 of Department of Revenue for the FY 2021-22 was Rs.2,01,512.64 crores including a Capital Expenditure of Rs 13.02 crore and establishment related expenditure of Department of Revenue. On the revenue side, the major component of Budget under Grant No.33- Department of Revenue was for providing GST Compensations to the State Govts/UTs due to revenue loss on tax reforms. A budget provision of Rs.1,00,000 crores was kept for the year 2021-22 to meet the expenditure on payment of compensation to States/UTs with legislatures. An equal amount of cess Rs.1,00,000 crore was also kept for transfer to GST Compensation Fund. The expenditure against the RE of Rs.2,09,805.42 crore was only Rs.2,09,656.35 crore.

FY 2022-23

Total Budget provision under the Demand No 35 of Department of Revenue for the FY 2022-23 is Rs.2,27,552.52 crores including a Capital Expenditure of Rs.

4.30 crore and establishment related expenditure of Department of Revenue. On the revenue side, the major component of Budget under Grant No.35- Department of Revenue is for providing GST Compensations to the State Govts/UTs due to revenue loss on tax reforms. A budget provision of Rs.1,06,000.00 crores was kept for the year 2022-23 to meet the expenditure on payment of compensation to States/UTs with legislatures. An amount of Rs.1,20,000.00 crores compensation cess was also kept towards transfer to GST compensation Fund. The Revised Estimates for 2022-23 was fixed as Rs.2,47,295.02 crores, however taking into account the supplementary grant of Rs.67,012.58 crore granted in 2nd and final batch of supplementary demands for grants 2022-23, the total amount for the FY 2022-23 was Rs.3,14,293.59 crores. Against the total provision for the year 2022-23 of Rs.3,14,293.59 crore, the actual expenditure was Rs.3,14,161.73 crore resulting saving of Rs.131.86 crores.

FY 2023-24

In the FY 2023-24, under Grant No. 35- Department of Revenue, the original grant was Rs.189827.37 crore [Rs.189707.53 crore under Revenue (Voted) Section and Rs.119.84 crore under Capital (Voted) Section]. This was augmented to Rs.190442.55 crore by obtaining supplementary grant of Rs.615.18 crore [Rs.428.26 crore under Revenue Section and Rs.186.92 crore under Capital Section] during 2023-24. Against the total grant of Rs.190442.55 crore, the actual expenditure was Rs.190277.46 crore [Rs.190017.07 crore under Revenue Section and Rs.260.40 crore under Capital Section] resulting in savings of Rs.165.09 crore [Rs.118.72 crore under Revenue Section and Rs.46.37 crore under Capital Section] under Demand No. 35-Department of Revenue in FY 2023-24. The details are as under:

(Rs. in crores)

Financial Year	BE	RE	Expenditure up to 31st March	% of RE Utilized	(+)Saving/ (-)Excess
2023-24	189827.37	190442.55	190277.46	99.91	(+) 165.09

It is also pertinent to mention here that Department of Expenditure vide Notification dated 16th December, 2022, had notified the amendment of rule 8 of DFPR, 1978 w.e.f. 1st April, 2023 and various new object heads under Revenue and Capital Section was inserted. As per the description/definition of the newly created object heads, some of the newly created object heads for which till 2022-23, the expenditures were booked under Revenue Section i.e. under object head Office, Expenses, Information Technology (OE) etc., has been transferred under Capital Section like object heads Information, Computer, Telecommunications (ICT) equipment, Furnitures & Fixtures etc. Due to which, provision under Capital Section has been enhanced and kept Rs.119.84 crore in BE 2023-24 against the BE 2022-23 and RE 2022-23 provision of Rs. 4.30 crores and Rs.34.30 crores respectively.

The main reason for deviation in RE 2023-24 against the BE 2023-24 is that additional funds were sought through supplementary demands for grants in FY 2023-24 to meet the requirement of establishment /infrastructural related expenditure of Enforcement Directorate, payment of user charges to GSTN and other establishment related work of offices under Department of Revenue. However, savings of Rs.165.09 crore has been reported mainly due to non-filling of vacant posts/delay in joining of officers, delay in approval for hiring of new offices for zones of ED etc.. Further, savings are also due to shut down of Alkaloid Plant for a period of three months i.e from January, 2024 to March, 2024.

State Taxes Division:

It is submitted that provision of fund of Rs. 43,055 cr under Head 3601/3602 (Rs. 30,000 crore under Head 3601 and Rs. 13,055 crore under Head 3602) was made in BE 2023-24 for payment of GST Compensation to the States and UTs respectively for releasing of GST Compensation to States/UTs. Further Compensation Cess collection up to March, 2024 of Rs. 1,41,809.6 crore was intimated by Pr. CCA, CBIC. Accordingly, Rs. 3190.4 crore (145000-141809.6) was in excess/saving which was to be transferred to the GST compensation Fund. Moreover, re-appropriation of Rs. 1,890.5121 crores from Account Head 3601.08.797.02.00.63 (Inter Account transfer) to Account Head 3601.08.112.01.00.31 (Grants-in-aid to States for release on account of revenue loss) was made for release of compensation to the States (Telangana, Gujarat, Rajasthan and Madhya Pradesh) vide IFU's Order No. 32 dated 31.03.2024. Only Rs. 1299.8879 crore out of 3190.4 was transferred in the GST compensation Fund and the amount of Rs. 1890.5121 was not transferred to the GST compensation Fund as the same amount was re-appropriated from Account Head 3601.08.797.02.00.63 (Inter Account transfer) to Account Head 3601.08.112.01.00.31 (Grants-in-aid to States for release on account of revenue loss). Hence, there was no saving/excess of funds under Demand no. 35 for the FY 2023-24."

4.11 When the Committee asked about the Rs. 383.10 crore capital allocation to ED infrastructure, the state-wise distribution plan, and how many new offices are proposed, the Department furnished the following information:

"Out of the total provision of Rs.383.10 crore under MH 4059, provision of approx. Rs.300 crore has been kept for infrastructural related proposal of Enforcement Directorate. The remaining amount i.e. Rs.83.10 crore is for purchase of ready-built accommodation for Principal Bench, Goods and Service Tax Appellate Tribunal (GSTAT).

The State-wise distribution plan for Enforcement Directorate in BE 2024-25 are as under:

1. Punjab- Rs.81 crores
2. Odisha- Rs.10 crores
3. Tamil Nadu- Rs.118 crores
4. Kerala- Rs.40 crores
5. Patna- Rs.25 crores
6. Lucknow- Rs.24.99 crores
7. Kolkata Office- Rs.1.00 crore"

4.12 When the Committee desired to know why has there been a reduction in BE for ED from Rs. 524.17 crore (RE 2023-24) to Rs. 470 crore (2024-25) despite increasing enforcement requirements, the Department has stated as under:

"For FY 2024-25, ED had demanded approx. Rs.709 crore for revenue expenditure considering the increased strength/workload and requirement thereof. However, ED was provided Rs.470 crore in BE 2024-25 on the basis of ceiling fixed by the Budget Division and expenditure made during the previous years. The final amount/allocation of the ED for the year 2024-25 (RE) still not finalized."

4.13 In regard to the previous year's recommendation of the Committee regarding setting up of GST Tribunal to settle disputes pertaining to GST, the Department informed the Committee as follows:

> "In the light of recommendation of the Committee above, it is stated that the Department, vide Notification No. S.O.4073(E) dated 14.09.2023, has notified the Constitution of State Benches of Goods and Services Tax Appellate Tribunal. Further, GST Council, in its 52nd Meeting held on 07.10.2023, has recommended amendments in Section 110 of the Central Goods and Service Tax Act, 2017. Accordingly, the proposal for introduction of the Central Goods and Services Tax (Second Amendment) Ordinance, 2023 has been sent to the Cabinet Secretariat. Further, Goods and Service Tax Appellate Tribunal (Appointment and Conditions of Service of President and Members) Rules, 2023 has also been notified vide No. G.S.R. 793(E) dated 25.10.2023. The work related to constitution of Principal Bench and appointment of President of Principal Bench is in progress.

Further, a budget provision of Rs.233.10 crore has been made in BE 2024-25 for establishment of Principal and State Benches of Goods and Service Tax Appellate Tribunal (GSTAT)."

B. Demand No. 36 – Direct Taxes

4.14 The Demand No.36 pertains to Direct Taxes. Direct Taxes has no Central Sector Schemes and Centrally Sponsored Schemes. The entire budget is for Salaries/Administrative expenses pertaining to field offices of Central Board of Direct Taxes (CBDT). The CBDT, created by the Central Boards of Revenue Act 1963, is the apex body entrusted with the responsibility of administering direct tax laws in India. CBDT is the cadre controlling authority for the officers of the Indian Revenue Service and controlling authority for the officials of the Income Tax Department (ITD). The CBDT consists of a Chairman and six members and is assisted by the following Directorates: 1) Directorate of Income Tax (Administration & Tax Payer Services) 2) Directorate of Income Tax (Systems) 3) Directorate of Income Tax (Training) 4) Directorate of Income Tax (Human Resource Development) 5) Directorate of Income Tax (Vigilance) 6) Directorate of Income Tax (Legal & Research).

4.15 The Income Tax Department is the subordinate organization of the CBDT having jurisdiction across the country. It is divided into 18 regions headed by Principal Chief Commissioners of Income Tax (Pr. CCIT), who are entrusted with the supervision and collection of direct taxes and taxpayer services. The Directors General of Income Tax (Investigation) supervises the investigation functions and deal with tax evasion and unearthing unaccounted income. The Director General of Income Tax (Intelligence and Criminal Investigation) supervises the intelligence gathering and investigation in tax related crimes. The Principal Chief Commissioner of Income Tax (Exemptions) supervises the work of exemption and nonprofit organizations/ trusts across the country and the Principal Chief Commissioner of Income Tax (International Taxation) supervises the work in the field of International Tax and Transfer Pricing. The Principal Chief Commissioners of Income Tax are assisted by Chief Commissioners, Principal Commissioners and Commissioners of Income Tax and Principal

Directors General/ Directors General of Income Tax are assisted by Principal Directors/ Additional Directors General of Income Tax within their jurisdictions. Commissioners of Income Tax posted as Commissioners of Income Tax (Appeals) perform appellate functions.

4.16 **2024-25:** The Budget Estimates 2024-25 have been proposed at Rs. 10,340.38 crore out of which Rs. 9,025.42 crore is under Revenue Head and Rs. 1,314.96 crore is under Capital Head. In Revenue section, the expenditure towards 'Salaries' (including Rewards, Allowances & LTC) has been estimated at Rs. 6269.25 which is 69.46 % of the Revenue Grant of Rs. 9,025.42 Crore and 60.63 % of the total Grant of Rs 10,340.38 crore.

Revenue Section

4.17 The detailed requirement of funds in F.Y. 2024-25 under various object heads of the Revenue Section is presented in tabular form as under:

(in Rs. crore)

S. No.	Object Head Code	Object Head Name	Actuals 2022-23	BE 2023-24	RE 2023-24	Proposed BE 2024-25
1	2	3	4	5	7	8
		Revenue Section				
1	01	Salaries	5215.38	3335.50	3335.50	3560.00
2	02	Wages	87.26	80.00	81.25	90.00
3	03	Overtime Allowance	0.02	0.00	0.00	0.00
4	05	Rewards	0.00	29.25	30.00	30.00
5	06	Medical Treatment	64.32	72.00	62.00	62.00
6	07	Allowances	0.00	2457.00	2457.00	2650.00
7	08	Leave Travel Concession	0.00	29.25	29.30	29.25
8	09	Training Expenses	0.00	45.00	42.26	42.26
9	11	Domestic Travel Expenses	62.69	74.00	74.50	74.50
10	12	Foreign Travel Expenses	1.52	2.00	2.00	2.00
11	13	Office Expenses	1222.02	806.30	975.00	975.00
12	14	Rent, Rate & Taxes for Land and Building	600.02	650.97	795.00	701.82
13	15	Royalty	0.00	0.01	0.00	0.00
14	16	Printing and Publication	2.54	3.30	3.30	3.30
15	18	Rent for others	0.00	187.91	390.00	300.00
16	19	Digital Equipments	0.00	100.00	69.22	68.34
17	20	Other Administrative Expenses	54.80	0.00	0.00	0.00
18	24	Fuel and lubricants	0.00	15.00	36.00	24.00
19	26	Advertising & Publicity	53.07	75.00	75.00	75.00
20	27	Minor Civil and Electric Works	85.74	100.00	100.00	125.00
21	28	Professional Services	75.45	102.55	140.00	105.00
22	29	Repair and Maintenance	0.00	25.00	25.41	25.40
23	32	Contributions	0.23	1.01	1.01	1.01
24	40	Awards and Prizes	0.00	3.01	1.00	1.00

25	41	Secret Service Expenditure	36.92	42.00	55.00	42.00
26	49	Other Revenue Expenditure	0.00	21.82	18.28	18.28
27	50	Other Charges	2.05	0.00	0.00	0.00
28	96	Swachhta Action Plan (OE)	19.41	25.00	20.26	20.26
29	99	Information Technology (OE)	875.61	0.00	0.00	0.00
		Total (Revenue)	**8459.05**	**8282.87**	**8818.29**	**9025.42**

4.18 The Department has stated that vide notification S.O. No. 5895(E) dated 16.12.2022 of Department of Expenditure, there had been a revision of existing object heads. Under Revenue Expenditure "Object Class I" the "Compensation to Employees" has been given and this includes Salaries, Rewards, Allowances & Leave Travel Concessions. Therefore, the break-up of existing object head "Salary" has to be given towards the requirement of Salaries, Rewards, Allowances & Leave Travel Concessions. Accordingly, in view of the guidelines for revised object heads, the projection under the object head "Salaries" for the BE 2024-25 is proposed as below:

(In Rs. Crore)

S. No.	Earlier Object Head	BE 2023-24	New Object Heads	BE 2024-25
1	Salaries	5851.80	Salaries	3560.00
			Reward	30.00
			Allowances	2650.00
			LTC	29.25
Total		**5851.80**		**6269.25**

4.19 The Department has provided the following details of the Revenue part of the proposed budgetary estimates:

"Salaries

The expenditure towards 'Salaries' has been communicated as per the ceiling at Rs. 3560.00 Crore, which is 39.44 % of the Revenue Grant of Rs. 9025.42 Crore and 34.42 % of the total Grant of Rs 10340.38 Crore for F.Y. 2024-25.

Wages

There is a likelihood of hired expenditure under the object head wages as per revision of minimum wages under labour law and expenditure under this head is projected at Rs. 90 Crore, which is 0.99% of the Revenue Grant of Rs. 9025.42 Crore. The figure of wages for the F. Y. 2024-25 has been increased approximately by 10% of the last year figure i.e. 2023-24.

Overtime Allowance

Overtime Allowance is no more a separate object head and has to be treated as a part of Allowances only. Accordingly, the amount proposed under overtime allowance is NIL.

Rewards

There is no change in this object head. The projection under this object head has been kept at Rs. 30 Crore B.E. 2024-25, which is 0.33% of the Revenue Grant.

Medical Treatment

There is no change in this object head. The projection under this object head has been kept at Rs. 62 Crore for BE 2024-25, which is 0.68% of the Revenue Grant.

Allowances

The expenditure towards ‘Allowances’ has been communicated as per the ceiling at Rs. 2650 Crore, which is 29.36 % of the Revenue Grant of Rs. 9025.42 Crore and 25.62 % of the total Grant of Rs 10340.38 Crore for F.Y. 2024-25.

Leave Travel Concession

The Expenditure under this head is projected at Rs.29.25 Crore. The figure is decreased by Rs.0.05 Crore as compared to last year figure of Rs. 29.30 Crore as anticipated expenditure is expected to be on the lower side due to less requirements.

Training Expenses

Training Expenses includes expenditure on cost of training such as fees paid, contingencies, materials etc. for participating in the trainings and workshops. The projection under this object head has been kept at Rs. 42.26 Crore.

Domestic Travel Expenses

The projection under this object head was concurred as Rs. 74.50 Crore by IFU and the same amount is proposed for BE 2024-25, which is 0.82% of the Revenue Grant.

Foreign Travel Expenses

The projection under this object head was concurred as Rs. 2 Crore by IFU. The fund is required for the purpose of officer to attend various conferences and seminars that will be organize by OECD and other international organizations. Therefore, the BE 2024-25 is proposed at Rs. 2 Crore which is 0.02% of Revenue Grant. The same amount is proposed for BE 2024-25 as for the F. Y. 2023-24.

Office Expenses

The expenditure towards ‘office expenses’ has been communicated as per the ceiling at Rs. 975 Crore, which is 10.80 % of the Revenue Grant. The same amount is proposed for BE 2024-25 as for the F. Y. 2023-24.

Rent, Rates & Taxes

The projection under this object head was concurred at Rs. 701.82 Crore by IFU and the same amount is proposed for BE 2024-25, which is7.77% of Revenue Grant. The figure is decreased by Rs.93.18 Crore as compared to last year figure of Rs.795 Crore is mainly due to the fact that one of the building situated at Mumbai was vacated by the budgetary unit of Pr. CCIT, Mumbai and less requirement of funds under this head as compared to last year.

Printing and Publication

The projection under this object head has been kept at Rs. 3.30 Crore for BE 2024-25, which is 0.036% of the Revenue Grant.

Rent for Others

This head include expenditure on rent for equipment and various items like office equipment, transport, computer and ancillary equipment, communication, air conditioning etc. It will also include lease charges for equipment and other items, the ownership of which is not transferable to Government. The expenditure towards ‘Rent for others’ has been communicated as per the ceiling at Rs. 300 Crore, which is 3.32 **%** of the Revenue Grant. The same amount is proposed for BE 2024-25.

Digital Equipments

The Expenditure under this head is projected at Rs.68.34 Crore. The figure is decreased by Rs.0.88 Crore as compared to last year figure of Rs.69.22 Crore due to fewer requirement of funds.

Fuel and Lubricants

The expenditure towards ‘Fuel and Lubricants’ has been communicated as per the ceiling at Rs. 24 Crore, which is 0.27 % of the Revenue Grant. The same amount is proposed for BE 2024-25. The Expenditure under this head is projected at Rs.24 Crore.

Advertising and Publicity

The projection under this object head has been kept at Rs. 75.00 Crore for BE 2024-25, which is 0.83% of Revenue Grant.

Minor Civil and Electric Works

The projection under this object head has been kept at Rs. 125 Crore for BE 2024-25, which is 1.38 % of the Revenue Grant. The expenditure towards 'Minor civil and electric works' has been increased by Rs.25 Crore as compared to last year. The increase in the amount is due to the pendency of arrear bills under the head for the F.Y 2023-24 and increased requirement of the funds.

Professional Services

The expenditure towards 'Professional Services' has been communicated as per the ceiling at Rs. 105 Crore, which is 1.16 % of the Revenue Grant. The same amount is proposed for BE 2024-25.

Repair & Maintenance

The Expenditure under this head is projected at 25.40 Crore. The figure is decreased by 0.01 Crore as compared to last year figure of 25.41 Crore.

Contributions

The projection under this object head has been kept at Rs. 1.01 Crore for BE 2024-25 which is 0.01% of Revenue Grant.

Awards & Prizes

The projection under this object head has been kept at Rs. 1 Crore by for BE 2024-25 which is 0.01% of Revenue Grant.

Secret Service Expenditure

The expenditure towards 'Secret Service Expenditure' has been communicated as per the ceiling at Rs. 42 Crore, which is 0.47 **%** of the Revenue Grant. The same amount is proposed for BE 2024-25.

Other Revenue Expenditure

This object head includes expenditure on reimbursement of newspapers, briefcase etc. An amount of Rs. 18.28 Crore is being proposed for this object head which is 0.20 % of the Revenue Grant.

Swachhta Action Plan

The projection under this object head has been kept at Rs. 20.26 Crore for BE 2024-25 which is 0.22% of Revenue Grant."

Capital Section

4.20 In the capital segment Rs. 1314.96 crores have been proposed for BE 2024-25. The breakup of the expenditure is given in tabular form as under:

Object Head Code	Object Head Name	Actuals 2022-23	BE 2023-24	RE 2023-24	Proposed BE 2024-25
	Capital Section				
MH 4059	**Capital Outlay on Public Works**				
53	Major Works	151.79			
72	**Building and Structures**	**0.00**	**455.79**	**308.32**	**290.00**
73	Infrastructural Assets	0.00	0.01	0.57	0.01
78	Lands	0.00	10.40	10.72	22.00
	Total (Major Head 4059)	**151.79**	**466.20**	**319.61**	**312.01**

MH 4075	**Capital Outlay on Misc.Gen. Services**				
51	Motor Vehicles	0.00	0.00	0.81	5.00
52	Machinery and equipment	0.00	0.00	5.00	15.00
53	Major works	1.38	-	-	-
60	Other Capital Expenditure	0.00	0.00	0.00	0.75
71	**Information, Computer, Telecommunications (ICT) Equipment**	**0.00**	**900.00**	**750.00**	**750.00**
72	Building and Structures	0.00	2.00	2.00	2.00
73	Infrastructural Assets	0.00	0.00	0.00	0.00
74	Furniture and Fixtures	0.00	149.99	40.94	41.69
77	Other Fixed Assets	0.00	0.01	0.01	4.00
78	Lands	0.00	0.00	0.00	0.00
	Total (Major Head 4075)	**0.00**	**1052.00**	**798.76**	**818.44**
MH 4216	**Capital Outlay on Housing**				
53	Major Works	264.63	0.00	0.00	0.00
72	**Building and Structures**	**0.00**	**91.68**	**91.68**	**110.00**
73	Infrastructural Assets	0.00	0.01	0.01	0.01
78	Lands	0.00	0.11	0.34	74.50
	Total (Major Head 4216)	**264.63**	**91.80**	**92.03**	**184.51**
	Total (Capital)	**417.80**	**1610.00**	**1210.40**	**1314.96**

4.21 The Department has provided the following details of the Capital part of the proposed budgetary estimates:

"**Building and Structures {Capital Outlay on Public Works (Office Buildings) and Capital Outlay on Housing (Govt. Residential Buildings)}**

The expenditure towards Building and Structures (Office Buildings and Govt. Residential Buildings) has been communicated as per the ceiling at Rs. 400 Crore, which is 3.87 % of the Capital Grant. The amount of Rs. 398.07 Crores is proposed for BE 2024-25.

Information, Computer and Telecommunication (ICT) equipment

The expenditure towards 'Information, Computer and Telecommunication (ICT) equipment' has been communicated as per the ceiling at Rs. 750 Crore, which is 57.04 % of the Capital Grant. The same amount is proposed for BE 2024-25.

Furniture and Fixtures

The projection under this object head has been kept at Rs. 41.69 Crore for BE 2024-25, which is 3.17 % of the Capital Grant. The fund has been increased by Rs. 0.75 Crore as anticipated expenditure is expected to be more due to relocation of one of the office buildings under the budgetary unit of Pr. CCIT, Mumbai and increased requirement of funds overall.

Motor Vehicle

The projection under this object head has been kept at Rs. 5 Crore for BE 2024-25, which is 0.38% of the Capital Grant.

Other Fixed Assets

The projection under this object head has been kept at Rs. 4 Crore for BE 2024-25, which is 0.30 % of the Capital Grant.

Machinery and Equipment

The projection under this object head has been kept at Rs. 15 Crore for BE 2024-25, which is 1.14% of the Capital Grant.

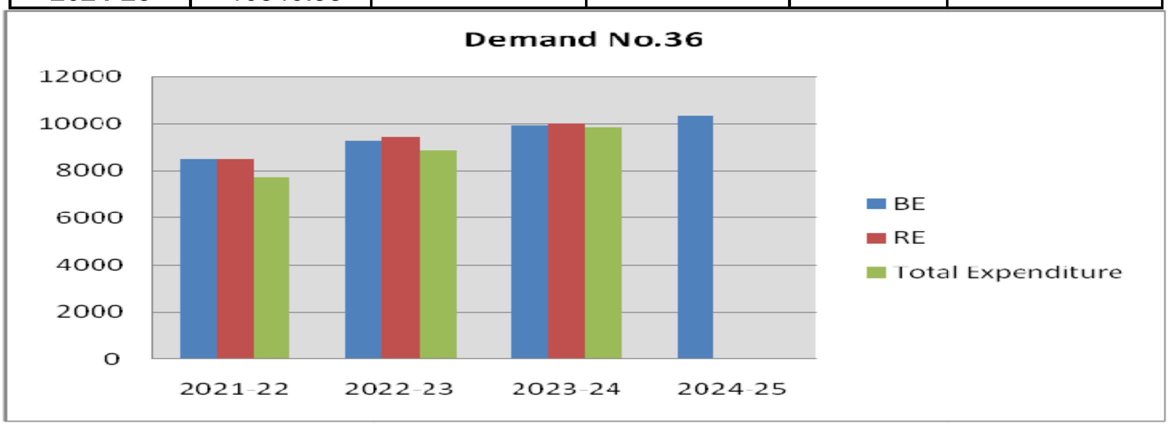
Other Capital Expenditure

The projection under this object head has been kept at Rs. 0.75 Crore for BE 2024-25, which is 0.06 % of the Capital Grant."

4.22 The details of fund allocation and utilization for the past three years, related to Demand No. 36, are as follows:

(Amount in Rs.crore)

Demand-36					
Financial Year	BE	RE	Total Expenditure	% of RE Utilized	Difference between BE and Expenditure
2021-22	8532.34	8508.89	7700.42	90.49	831.92
2022-23	9308.80	9431.15	8876.85	94.12	554.30
2023-24	9892.87	10030.70	9840.74	98.11	189.96
2024-25	10340.38	-	-	-	-



4.23 On being asked by the Committee, the Department has provided the following year-wise explanation for the variation in BE, RE in Actuals regarding Demand No.36:

"**2021-22**

The BE of Rs. 8532.34 crore was reduced to Rs. 8508.89 crore at RE stage i.e. a decrease of Rs. 23.45 crore. Under Revenue Section the allocation under 'Salaries' was increased to Rs. 5056.30 crore from Rs. 4811.74 crore i.e. an increase of Rs. 244.56 crore over BE. Actual expenditure incurred upto 31.03.2022 was Rs. 7700.42 crore(Rs. 7484.95 crore under Revenue Section and Rs. 215.47 crore under the Capital Section).Its hows that 90.49%of budget as per RE was utilized. The utilization under Revenue Section works out to be 91.20%of RE, whereas utilization under Capital Section works out to be71.35%of RE. The amount surrendered in F.Y. 2021-22 was Rs. 770.74 crore.

2022-23

The BE of Rs. 9308.80 crore was enhanced to Rs. 9431.15 crore at RE stage i.e. a increase of Rs. 122.35 crore. Under Revenue Section the allocation under 'Salaries' was reduced to Rs. 5350.00 crore from Rs. 5546.00 crore i.e. an decrease of Rs. 196.00 crore from BE. Actual expenditure incurred upto 31.03.2023 was Rs. 8876.85 crore (Rs. 8459.05 crore under Revenue Section and Rs. 417.80 crore under the Capital Section). It shows that 94.12% of budget as per RE was utilized.

The utilization under Revenue Section works out to be 96.57% of RE, whereas utilization under Capital Section works out to be 62.19%of RE. The amount surrendered in F.Y. 2022-23 was Rs. 602.61crore (including Rs. 107.37 crore technical supplementary).

<u>2023-24</u>
<u>Revenue Section</u>

During the F. Y. 2023-24, the BE of the Revenue was Rs. 8282.87 crore for incurring expenditure under this section, however due to segregation of erstwhile object head “Office Expense” into new heads i.e. Office Expenses, Rent for Others, Fuel and Lubricants, Repairs and Maintenance, and Furniture & Fixtures. The requirement of fund were essential for routine Office expenditure like electricity charges, Telephone and internet charges, AMC charges etc for office set up and also increased payment of outsourced staff such as DEO’s, MTS, Cleaning staff and Security Guards as limit of outsourcing was enhanced. Further due to General Election in the year 2023-24 fund was required. Therefore, RE was increased at Rs 8818.30. The actual expenditure was incurred at Rs 8658.64 thereby saving of Rs 159.66 was made and one of the main reasons for the savings in the revenue section is that the Directorate of Expenditure Budget as well as the Budget Controlling Authorities(BCAs) and the Sub-BCAs did not have a proficient mechanism to monitor the requirement of funds or the expenditure incurred by the DDOs which more often than not resulted in surplus allocation of funds in some cases or shortage of funds in other Charges. Moreover, funds under the various heads were surrender by some BCAs at the last moment of time, so the fund could not be diverted to other BCAs. Even after saving of Rs. 159.66 Crore, the actual expenditure was Rs. 8658.74 Crore against total RE of Rs. 8818.30 Crore which shows 98.19% utilization of RE Budget.

<u>Capital Section</u>

The reasons for savings are discussed as under:	
1	The Budget Division, vide letter in F.No. 4(12)-B (SD)/2023 dated 24/12/2023, it was communicated that the Parliament has passed the Supplementary Demands for Grants 2023-24 and the connected Appropriation (No. 3) Bill, 2023 and assented to by the President of India on 24th Dec 2023 in which an amount of Rs. 535.42 Crore under Revenue Segment and Rs. 1 Lac under Capital Segment has been allotted at Demand No. 36, Direct Taxes at Page No. 3. The above grant of Rs. 535.42 Crore includes Rs. 399.6 Crore diverted from the Capital Segment of the Grant allotted through Technical Supplementary and an additional Cash grant of Rs. 135.82 Crore allotted through Cash Supplementary. The above amount of Rs. 399.6 Crore was diverted from the Capital Segment to Revenue Segment through the Technical Supplementary in the First Supplementary Demand for Grant, 2023-24 in F. No. DIT (EB)/S.D.G. 2023-24/2101 dated 19.01.2024. As per the discussion held in the Pre-Budget Meeting, an amount of Rs. 150 Crore was reduced from the Object Head 4075.00.001.02.05.71, Rs. 109.05 Crores was reduced from the Object Head 4075.00.001.02.08.74, Rs. 80.64 Crores was reduced from the Object Head 4059.01.051.20.00.72 and Rs. 59.91 Crores was reduced from the Object Head 4059.01.202.00.00.73.

2	Rs. 1.92 Crores were saved in the project "Purchase of land for construction of Office Building at Vijaywada" as no stamp duty paid in the view of section1(3) of Indian Stamp Duty Act 1899, as intimated by SRO, Patamata, Vijaywada. Further, Rs. 7.04 Crores were saved in the project "Purchase of two vacant plots in Sector-39B Chandigarh for the Income Tax Department" as earlier due to non-availability of requisite fund, the above transfer of plot to the department did not materialize. Later, the Estate Office Chandigarh vide latter dated 22.03.2024 communicated that as per revised policy Chandigarh administration decided to offer the above referred two pots on lease hold basis instead of freehold basis. The Chandigarh administration changed the allotment policy later and the plots were being allotted to various department only on leasehold basis for 99 years on lease. As the AS&FS was for purchase on freehold basis, the proposal for purchase on lease basis was pursued.
3	There was another category of cases, where funds were allocated to BCAs, but the BCAs surrendered the allocated funds in part/full as the Executing Agencies were not able to utilize the funds and surrendered the funds to the tune of around Rs. 19 crores.

4.24 When the Committee pointed out that the Directorate of Expenditure Budget as well as the Budget Controlling Authorities (BCAs) and the Sub-BCAs did not have a proficient mechanism to monitor the requirement of funds or the expenditure incurred by the Demand and Disbursal Officers (DDOs), which more often than not resulted in surplus allocation of funds in some cases or shortage of funds in other charges, the Department has responded as under:

> "The Directorate of Expenditure Budget has digitised the Budget related data using the Google Spreadsheet, which was earlier maintained in the Physical registers. The Directorate has also developed the software using Apps Script (Apps Script is a cloud-based JavaScript platform powered by Google Drive that lets you integrate with and automate tasks across Google products) to automate the generation of draft allocation/withdrawal orders as well as the updation of the database in the Spreadsheet. Subsequently the similar spreadsheets were deployed to standardize and digitize the Budget related data of the BCAs/SUB-BCAs and integrated them with the Spreadsheet maintained by the Directorate. Subsequently, the Directorate has devised the Spreadsheet in the specific format the DDOs use to enter the Object Head wise expenditure related data incurred by them and their Spreadsheet has been integrated with the Spreadsheet of respective SUB BCAs/ BCAs which facilitated the monitoring of the Expenditure and funds available with all the DDOs by the respective SUB BCA/BCA as well as the Directorate."

C. Demand No. 37 – Indirect Taxes

4.25 The provision under Demand No. 37- Indirect Taxes is for establishment related expenditure for the field offices of Central Board of Indirect Taxes & Customs (CBIC) and provision for Central Sector Schemes such as Remission of Duties and Taxes on Exported Products (RoDTEP) & various other Scrips-Based Schemes.

4.26 The Central Board of Indirect Taxes and Customs or CBIC (erstwhile Central Board of Excise & Customs) constituted under the Central Board of Revenue Act, 1963 is the apex body for indirect tax administration. It is involved in policy formulation concerning levy and collection of Customs, Central Excise duties, Central Goods & Services Tax (CGST) and Interstate Goods & Services Tax (IGST), prevention of smuggling and administration of matters relating to Customs, Central Excise, CGST, IGST and Narcotics to the extent which is under CBIC's purview. The CBIC also plays an active role in GST Council meetings and the associated activities of Law Committee which deliberates on all matters brought before the GST Council. The CBIC personnel supervise the functioning of the subordinate formations which includes Directorates and field formations of Customs, GST Commissionerates and Narcotics formations such as Opium factories and the Central Revenues Control Laboratory. The field formations are mainly engaged in collection of revenue and are spread across the country. The tax payer's grievances are attended to by these field units of the CBIC on a day-to-day basis.

4.27 The Board is assisted by 19 Directorates who act as adjunct offices and assist the Board in policy formulation. Each Directorate has been assigned with a specific responsibility. The Directorate General of Revenue Intelligence (DRI) is the premier intelligence and investigation agency which collects and collates intelligence relating to Customs duty frauds and smuggling. Similarly, the Directorate General of GST Intelligence is tasked with investigation of GST and Central Excise/ Service Tax matters. Another important directorate is the Directorate of Human Resource Development (DGHRD) which handles all HR matters of CBIC. After the introduction of GST in 2017, the Directorate of Analytics and Risk Management (DGARM) was created. The DGARM is engaged in data analytics and data mining. The Directorate of Performance Management is tasked with evaluation of performance of the field formations based on laid down parameters. The Directorate of Audit is mandated to carry out audit which is an important tool of compliance verification.

4.28 The Budget Estimates of Rs.41,098.48 crore in BE 2024-25 (Rs. 38,859.86 crore under Revenue Section and Rs. 2,238.62 crore under Capital Section), includes a budget of Rs.29940.74 crore for RoDTEP and various other Scrips Based Schemes. The BE 2024-25 excluding RoDTEP+other scrip-based schemes, is Rs.11,157.74 crore.

<u>Revenue Section</u>:

4.29 On the Revenue side, expenditure on 'Salaries' (Rs.3914.00 crore) and 'Allowances' (Rs. 3025.00 crore) is estimated to be 10.07% and 7.78% of the total Revenue grant (Rs. 38859.86 crore) respectively. The increase of 3% over RE of previous FY 2023-24 (Rs.3800.00 crore) in 'Salaries' Head and 7.08% over RE of previous FY 2023-24 (Rs. 2825.00 crore) in 'Allowances' Head is proposed to accommodate for annual increment, instalments of

DA and filling up of new posts in CBIC. The major expenditure on Revenue side other than Salary & Allowances is expected to be under 07 Major Heads viz. “RoDTEP+other Scrips-Based Schemes”, 'Offices Expenses', 'Rent, Rates and Taxes for Land and Building', ‘Rent for others’ and ‘Professional Services’, ‘Rewards’ and ‘Domestic Travel Expenses’ to the tune of Rs. 31438.74 crores, which is 80.90% of the total Revenue grant Rs. 38859.86 crore. Brief details of these heads are as under:

(a) RoDTEP+other scrip-based schemes: Budget Estimate for FY 2024-25 is Rs.29940.74 crore, which is 15.44% more than that in RE 2023-24 (Rs. 25935.85 Crore). Details of this are given below:

(Rs. In crore)

Name of Scheme/Item	RBE 2023-24	BE 2024-25
Central Sector Scheme (CS)		
1. Customs		
1.03- Remission of Duties and Taxes on Exported Products (RoDTEP)	15669.34	16575.00
1.04- Rebate on State and Central Taxes and Levis (RoSCTL)	8404.66	9246.00
2. Onetime payment of Arrears		
2.01- Merchandise Export from India Scheme (MEIS)	199.83	799.32
2.02- Service Exports from India Scheme (SEIS)	1390.45	1901.00
2.03- Rebate on State and Central Taxes and Levis (RoSCTL)	27.32	63.76
2.04- Remission of Duties and Taxes on Exported Products (RoDTEP)	0.00	0.00
2.05- Target Plus Scheme	165.23	660.91
2.06- Focus Product Scheme and Market Linked Product Scheme	30.17	271.53
2.07- Status Holders Incentive Scheme (SHIS)	13.27	119.41
2.08- Rebate on State Levis Scheme (RoSL)	5.21	47.59
2.09- Focus Market Scheme	8.99	80.90
2.10- VisheshKrishi and Gram UdyogYojna	7.25	65.26
2.11- 2 percent Additional Adhoc Bonus Incentive for Mobile Phones	2.14	2.13
2.12- Incremental Export Incentivisation Scheme (Annual and Quarterly)	11.99	107.93
2.13- Served from India Scheme (SFIS)	0.00	0.00
Total (1+2)	**25935.85**	**29940.74**

(b) Office Expenses: The expenditure is estimated at Rs. 530.00 crore, which is 1.36% of the total Revenue grant (Rs.38859.86 crore). BE 2024-25 has been kept at same level of RE 2023-24 (Rs.530.00 crore)

(c) Rent, Rates & Taxes for Land and Building: The expenditure is estimated at Rs.438.00 crore which is 1.13% of total Revenue grant (Rs. 38859.86 crore). There is a nominal increase of 0.51% in the budget over RE 2023-24 (Rs. 435.76 crore). The increase is mainly on account of arrears of Rent of office building pending payment and revision of lease agreements.

(d) Rent for others: The expenditure is estimated at Rs. 260.00 crore which is 0.67% of total Revenue grant (Rs. 38859.86 crore). There is an increase of 8.33% in the budget over RE 2023-24 (Rs. 240.00 crore) to account for increased requirement of funds for hiring of vehicles.

(e) Professional Services: The expenditure is estimated at Rs. 65.00 crore which is 0.17% of total Revenue grant (Rs. 38859.86 crore). BE 2024-25 has been kept at same level of RE 2023-24 (Rs. 65.00 crore).

(f) Reward: The expenditure is estimated at Rs. 110.00 crore which is 0.29% of total Revenue grant (Rs. 38859.86 crore). There is a decrease of 7.28% in the budget over RE 2023-24 (Rs. 118.00 crore). Decrease is mainly due to shifting of expenditure relating to reward to Informer under the object head "Other Revenue Expenditure".

(g) Domestic Travel Expenses: The expenditure is estimated at Rs. 95.00 crore which is 0.25% of total Revenue grant (Rs. 38859.86 crore). There is nominal decrease of 2.64% in the budget over RE 2023-24 (Rs. 97.50 crore). Decrease is mainly due to less cases of tours and travels anticipated this year.

Capital Section

4.30 Budget Estimate for FY 2024-25 is Rs. 2238.62 crore which is an increase of 1.40% over RE 2023-24 (Rs.2207.66 crore). Brief details of these heads are as under:

(a) MH 4047 (Capital Outlay on Other Fiscal Services)- The expenditure is estimated at Rs. 1342.65 crore which is 59.98% of total Capital grant (Rs. 2238.62 crore). There is an increase of 23.72 % over RE 2023-24 (Rs. 1085.23 crore). This increase is mainly due to additional requirement of funds for Information Technology related projects of CBIC, purchase of office furniture, computers, Mobile X-ray Container Scanner, Drive-Through Rail Scanner System and Full Body Human Scanner System etc.

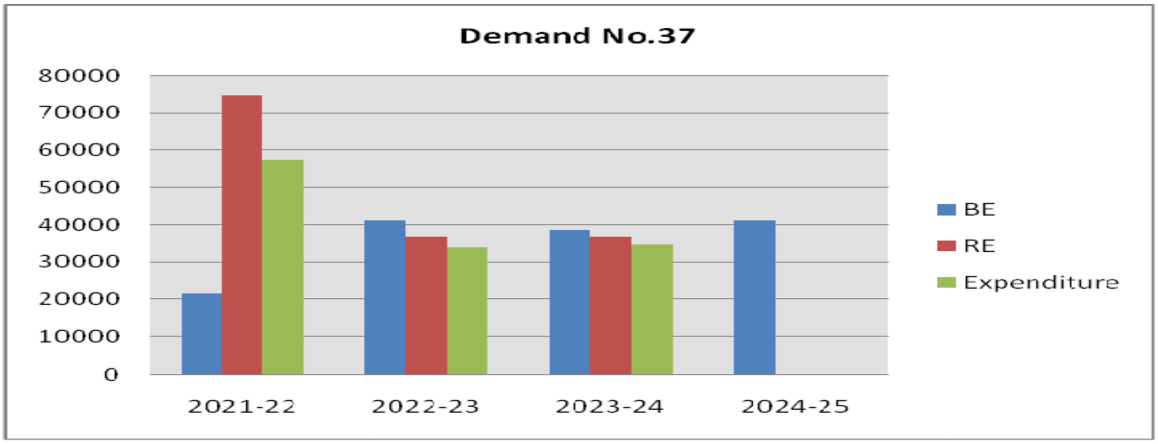
(b) MH 4059 (Capital Outlay on Public Works)-The expenditure is estimated to be of Rs. 501.98 crore which is 22.43% of total Capital grant (Rs. 2238.62 crore). There is a decrease of 36.97 % over RE 2023-24 (Rs. 796.41 crore). The decrease is mainly due to reduced requirement of funds for Infrastructural projects of CBIC such as purchase of office land and construction of office buildings etc.

(c) MH 4216 (Capital Outlay On Housing)-The expenditure is estimated to be of Rs. 393.99 crore which is 17.60% of total Capital grant (Rs. 2238.62 crore). There is an increase of 20.85 % over RE 2023-24 (Rs. 326.02 crore). This increase is mainly due to the additional requirement of funds for Infrastructural projects of CBIC such as purchase of residential land and construction of residential buildings etc.

4.31 The details of fund allocation and utilization for the past three years, w.e.f. FY 2021-22, related to Demand No. 37, are as follows:

(Rs. In Crore)

Demand No-37					
Financial Year	BE	RE	Expenditure	% of RE Utilized	Amount Surrendered
2021-22	21359.27	74938.99	57592.53	76.85	17152.89*
2022-23	41139.17	36687.94	33995.24	92.66	6990.84#
2023-24	38510.58	36716.60	34649.88	94.37	3680.94#
2024-25	41098.48	-	7297.39@	-	-



** The surrendered amount is with respect to RE and in addition to this there was a deemed surrender of Rs.193.57 crore.*
 # The Surrendered amount is with respect to BE and in addition to this there was a deemed surrender of Rs.153.09 crore and Rs.179.76 crore during FY 2022-23 and 2023-24.
@ (Upto June 2024)

4.32 On being asked by the Committee, the Department furnished the year-wise explanation for variation in BE, RE and Actuals in regard to Demand No.37, which is as follows:

"**FY 2021-22**

During FY 2021-22, an amount of Rs 13000 crore was provisioned for RoDTEP scheme. Due to this reason, the BE for FY 2021-22 increased significantly to Rs 21359.27 crores from Rs 8258.50 crores.

The BE 2021-22 further increased from Rs. 21359.27 crore [Revenue Section: Rs.20907.27 crore & Capital Section: Rs.452.00 crore] to Rs.74938.99 crore in RE 2021-22 [Revenue Section: Rs.73960.99 crore + Capital Section: Rs.978.00 crore]. The increase under Revenue Section was mainly due to the increase of budget for Scrips Based Schemes from Rs. 13000.00 crore in BE 2021-22 to Rs. 66122.63 crore. Other establishment-related expenditure like Rewards, Rent Rates & Taxes and Information Technology also increased. Under Capital Section, increase was mainly due to Infrastructure related Capital Projects for Office and Residential Buildings of CBIC.

The total expenditure up to 31.03.2022 was Rs.57592.53 crore [Rs.56913.24 crore under Revenue section and Rs.679.29 crore under Capital Section], i.e., 76.85% of the budget as per RE was utilized up to March, 2022. Utilization under Revenue Section was 76.95% of Revenue Section of RE whereas utilization under Capital Section was 69.46% of Capital Section RE.

FY 2022-23

The Budget Estimates in 2022-23 were reduced from Rs. 41139.17 crore [Revenue Section: Rs. 39739.17 crore & Capital Section: Rs.1400.00 crore] to Rs. 36687.94 crore in RE 2022-23 [Revenue Section: Rs. 35749.94 crore + Capital Section: Rs.938.00 crore]. In the Revenue Section, the reduction was primarily on account of decrease of budget for Scrips Based Schemes. In the Capital Section, reduction was mainly in the provision for Acquisition of Anti-smuggling equipment and for Office and Residential Buildings.

The total expenditure up to 31.03.2023 was Rs. 33995.24 crore [Rs. 33312.72 crore under Revenue section and Rs. 682.52 crore under Capital Section], i.e., 92.67% of the budget as per RE was utilized up to March, 2023. Utilization under Revenue Section was 93.19% of Revenue Section of RE whereas utilization under Capital Section was 72.77% Capital Section of RE.

FY 2023-24

Trend of budget and expenditure of FY 2023-24					
					(Rs. in crore)
Section	**BE**	**RE**	**Actuals**	**Savings as per BE**	**Surrender**
Revenue (Regular budget)	8750.99	8573.09*	8523.14	227.85	155.79
Scrip Based Schemes	27554.59	25935.85	24557.32	2997.27	2997.27
Total - Revenue Section	**36305.58**	**34508.94**	**33080.46**	**3225.12**	**3153.06**
Capital	2205.00	2207.66	1577.32	627.68	527.88
Grant Total	**38510.58**	**36716.60**	**34657.78**	**3852.80**	**3680.94#**

** Regular budget of Revenue Section was further increased by Rs. 25.00 crore after RBE ceilings.*

 # The surrendered amount is with respect to BE and in addition to this there was a deemed surrender Rs. 171.86 crore during 2023-24.

Regular Budget of CBIC under Revenue Section- BE of regular budget of CBIC was Rs 8750.99 crore for establishment related which was reduced to Rs 8523.14 crore in RBE ceilings, however due to urgent need of funds under salary and allowances, an additional budget of Rs 25 crore was given by the Ministry within the overall limit of BE. Overall, there was a decrease in RBE by Rs 152.90 crore (Rs 8750.99-Rs. 8573.09+ Rs. 25) due savings in Salaries as Salaries head was split into Salaries, Allowances, LTC and Rewards (Bonus cases) and during mid of the year it was then possible to calculate the salaries. Accordingly, ministry has reduced funds in RBE. Actual expenditure was Rs. 8523.14 crore which shows 99.42% utilization of RBE budget. There was savings of Rs. 227.85 crore out of which Rs. 155.79 crore was surrendered by this office which includes Rs. 152.90 crore budget cut by Ministry in RBE.

Scrip bases schemes under Revenue Section- BE of Scrip Based Schemes was Rs. 27554.59 crore which was reduced to Rs. 25935.85 crore in RBE ceiling as decrease was proposed by Drawback Division in Onetime payment of Arrears in various Scrip Based Export Promotion Schemes. Actual expenditure was Rs. 24557.32 crore which shows 94.69% utilization of RBE budget. There was savings of Rs. 2997.27 crore and the same was surrendered by this office due to stoppage of the Scheme RoDTEP & RoSCTL (Current) w.e.f 25.03.2024 in which scroll was expected till 31.03.2024, inability of exporters to provided BRCs/lack of awareness regarding claim procedure/pending judicial or quasi-judicial proceeding leading to non-finalization of claims, a number of SEIS applications being struck at different stages of judicial/quasi-judicial proceedings, non-filing of claims by exporters within prescribed deadline of 15.03.2022 due to delay in transmission of shipping bills from CBIC to DGFT server, non-finalization of claims due to lack documents evidencing landing of exported goods in the notified focus markets, which is a mandatory document under the scheme's design, non-receipt of documentary proofs required for manual scrutiny of claims and non-issuance of scrips owing to the firms being in Denied Entry List and non-transmission of shipping bills and drawback details by customs/pending request for change of scheme code, lesser claims issued due to technical glitch, lack of awareness regarding claim procedure and applications being stuck in judicial and quasi-judicial proceedings.

Capital Section- BE was Rs. 2205.00 crore which was increased to Rs. 2207.66 crore due to IT related projects of DG Systems. Actual expenditure was Rs. 1577.32 crore which shows 71.45% utilization of RBE budget. There was savings of Rs. 627.68 crore out of which Rs. 527.88 crore was surrendered by this office due to non-completion of projects by CPWD in time, ban on construction work for 3 to 4 months in Delhi NCR due to pollution and non-payment of funds to NBCC by the dealing Commissionerates due to slow progress of work."

4.33 When the Committee desired to know what percentage of the CAPEX is going towards cost overruns, the Department, in their written reply, submitted the following:

"Original sanction amount for construction of RTI NACIN at Attapur, Hyderabad and New Academy of NACIN at Palasamudram (V), (Hindupur) Ananthpur Dist., Andhra Pradesh was Rs. 748.71 crore.

For additional work leading to cost escalation and addition is Rs. 76.89 crore. Reasons for cost escalation are as follows:

S. No.	**Name of project**	**Original Sanction Cost (Rs. in Crore)**	**Addl. cost (Rs.in Crore)**	**Expenditure in r/o addl. cost upto FY 2023-24**	**Reasons for cost overruns**
1	2	3	4	5	
			MH 4059 & 4216		
1	Construction of RTI NACIN at Attapur, Hyderabad	46.71	2.53	2.01	For Sports Equipment & kitchen equipment, hostel block etc. at NACIN Attapur Hyderabad, the additional fund was sanctioned over and above the original sanctioned cost of the project
2	Construction of New Academy of NACIN at Palasamudram (V), (Hindupur) AnanthpurDist., Andhra Pradesh	702	27.04	24.06	For establishing of Training Facilities in the FTC NACIN Palasamudram, the additional fund was sanctioned over and above the original sanctioned cost of the project
3			26.9	11.89	For establishing Training Facilities in the Academic Block, the additional fund was sanctioned over and above the original sanctioned cost of the project
4			14.54	0.29	For installation of art work at the premises of NACIN Palasamudram, the additional fund was sanctioned over and above the original sanctioned cost of the project
5			2.00	1.01	For installation of drip irrigation system for new plantation in NACIN Palasamudram, the additional fund was sanctioned over and above the original sanctioned cost of the project
6			1.50	0.7	For project Management Consultancy charges for BECIL,

					the additional fund was sanctioned over and above the original sanctioned cost of the project
7			2.38	1.66	For consultancy charges of IIT Madras for NACIN Palasamudram, the additional fund was sanctioned over and above the original sanctioned cost of the project
	Total	**748.71**	**76.89**	**41.62**	

It is to report that escalation is not reported due to any escalation in rates."

4.34 When the Committee pointed out that there is a reward scheme for informants reporting tax evasion and desired to know about the success of the scheme and tax evaders that have been identified, the Department replied as follows:

> **"**CBIC has a reward scheme in place to encourage informers and officers for detecting Goods and Services Tax (GST) evasion. In the financial year 2023-24, 20,582 cases of GST evasion were reported, in which tax evasion of Rs 2,30,332 crore was detected. This figure is more than the figure of 15,562 cases and tax evasion of Rs 1,31,613 crore in 2022-23. These figures show the effectiveness of this reward scheme, which is helpful in detecting tax evasion and increasing compliance. ***(translated)*****"**

V. TAX COLLECTION

5.1 The details of GST collection along with its growth are as follows:

(amount in Rs. crore)

Year	2021-22	Growth%	2022-23	Growth%	2023-24	Growth%	2024-25 (till Sept 2024)	Growth%
CGST	2,69,137	28.2	3,23,923	20.4	3,75,710	16	2,03,552	-45.8
SGST	3,44,216	26.2	4,10,251	19.2	4,71,195	14.9	2,52,502	-46.4
IGST	7,62,270	34.7	9,45,220	24	10,26,790	8.6	5,55,376	-45.9
Total	**13,75,624**	**31.2**	**16,79,395**	**22.1**	**18,73,695**	**11.6**	**10,11,429**	**-46**

5.2 The month-wise details of GST (Goods and Services Tax) collections, Input Tax Credit, Refunds and net-collections during FY 2023-24, are as follows:

GST Collection (CGST, SGST, IGST & Cess) during FY 2023-24

Amount in Rs. Crores

Month	Collection	Refund	Net Collection
April	1,87,035	20,945	1,66,090
May	1,57,090	22,050	1,35,040
June	1,61,497	16,721	1,44,776
July	1,65,105	20,209	1,44,897
August	1,59,069	17,723	1,41,346
Sept.	1,62,712	15,614	1,47,098
Oct.	1,72,003	16,335	1,55,668
Nov.	1,67,929	21,143	1,46,786

Dec.	1,64,882	15,473	1,49,409
Jan.	1,74,106	19,255	1,54,851
Feb.	1,68,337	17,810	1,50,528
March	1,78,484	13,891	1,64,592
Total	**20,18,249**	**2,17,170**	**18,01,079**

5.3 The details of GST tax evasion/fraud detected during the last three financial years are as follows:

Total GST Evasion cases

Financial Year	No. of cases	Detection (Rs. in Crore)	Arrests*
2021-22	12574	73238	342
2022-23	15562	131613	190
2023-24	20582	230332	223

Fraudulent ITC cases

Financial Year	No. of cases	Detection (Rs. in Crore)	Arrests
2021-22	5966	28022	292
2022-23	7231	24140	153
2023-24	9190	36374	182

5.4 The Committee found that the number of cases of GST evasion has been constantly increasing over the years. During their study visit to Chennai also, it emerged that the fraudulent Input Tax Credit cases are one of the major issues. During the oral evidence, when the Committee asked whether the increase in such cases is it due to better detection by the agencies, or are such instances genuinely on the rise, the Secretary, Revenue deposed before the Committee as follows:

> *"We are very concerned about the bogus billing. A number of steps have been taken in this regard. Concern was also expressed on the increase in this, this is also as a result of a thrust that we have given. So, it is quite possible that the increased numbers are not because of an increase in the bogus billing, but perhaps, you know, because of better detection. Sir, also because we have taken two drives against these people, drives were taken last year and now this year in which about 40,000 of suspicious taxpayers were physically verified. So, that has also contributed to higher numbers of detection in these last two years. Number of steps we have taken, and we can give in detail. We are hopeful that in the coming years, we should be able to rein in and control the creation of these bogus firms through the use of technology."*

5.5 When the Committee asked about the steps taken/planned to plug leakages/evasion of tax, the Department in their written reply enumerated the following:

"(i) **Investigations and Compliance**: Non-registered entities in sectors such as Online Information and Data Access or Retrieval (OIDAR), have been targeted for investigations leading to their registration and compliance with GST laws.

(ii) **Special Drives**: Special drives have been launched for focused efforts against GST evasion, particularly those involving fake registrations in fake Input Tax Credit (ITC) cases and clandestine supply of goods and services.

(iii) **Enhanced IT Infrastructure**: Upgrades to IT systems and data analytics tools, such as BIFA, ADVAIT, E-Way Bill, and the Digital Forensic Lab, have been used to bolster investigative capabilities, resulting into detection of tax evasion.

(iv) **Income Tax and GST Data Sharing**: An existing Memorandum of Understanding (MoU) between the Central Board of Direct Taxes (CBDT) and the Central Board of Indirect Taxes and Customs (CBIC) allows for the sharing of relevant tax data, which helps to identify potential taxpayers.

(v) **Expanding the taxpayer base through TDS under GST**: By mandating specific organizations like government departments, PSUs, and local authorities to deduct GST at source on payments exceeding Rs.2.5 lakhs, such deductions and the transactions are later reported in the tax returns of the supplier. Hence, TDS under GST acts as an effective tool to widen the tax base and curb tax evasion.

(vi) **Reward scheme**: A reward scheme to informers is in place for reporting of tax evasion by public resulting into identification of missing taxpayers."

5.6 In regard to GST cess and compensation to the States, the Department has stated that 101st Constitution Amendment Act provides that the Parliament, by law shall provide compensation to States for a period of five years for loss of revenue due to introduction of GST. Accordingly, the GST (Compensation to States) Act, 2017 was legislated which provides for release of compensation against 14% year-on-year growth over revenues in 2015-16 from taxes subsumed in GST. This compensation cess is credited to the compensation fund and as per the Act, all compensation is paid out of the fund. Presently, cess is levied on items like pan masala, tobacco, coal, cars, etc.

5.7 Bi-monthly GST compensation to States for the financial years 2017-18, 2018-19 and 2019-20 was released on a regular basis out of the Compensation Fund. The economic impact of the pandemic has led to higher compensation requirement due to lower GST collection and at the same time lower collection of GST compensation cess while the States' protected revenue has been growing at 14% compounded growth. To ensure that States have adequate and timely resources to combat covid and related issues, Centre borrowed Rs. 1.1 lakh crore in 2020-21 and Rs. 1.59 lakh crore in 2021-22 taking into account the need for resources and overall macro-economic stability and passed it on to States on a back-to-back basis after all the States agreed.

5.8 As per the provisions of section 7(2) of Goods and Services Tax (Compensation to States) Act, 2017, enacted by Parliament, the compensation payable to a State shall be provisionally calculated and released at the end of every two months period, and shall be finally calculated for every financial year after the receipt of final revenue figures, as audited by the Comptroller and Auditor General of India.

5.9 The Centre has released the entire amount of provisionally admissible GST compensation to the States/UTs for loss of revenue arising on account of implementation of

Goods and Services Tax for five years i.e., from 1st July, 2017 to 30th June, 2022. Final Compensation arising out of reconciliation of provisional figures with audited figures is released immediately on receipt of AG's certificate and no amount is pending for release to States/UTs. AG certified revenue figures with base year revision have been received from Odisha for FY 2017-18 to 2022-23 (April-June, 2022). On the basis of calculation, approx. Rs. 562 crore is admissible to the State of Odisha and is under processed. Details of GST compensation released to States/UTs for FY 2017-18 to FY 2022-23 is as per Annexure-I.

5.10 As per Section 12 (d) of GST (Compensation to States) Act, 2017, Notification No. 1/2022-Compensation Cess dated 24.06.2022 has been issued to continue levy and collection of GST compensation cess till March, 2026 to repay amount of back to back loan released to States in 2020-21 and 2021-22 in lieu of GST Compensation shortfall and for payment of admissible GST compensation to States/UTs. Detail of loan disbursed to States/UTs in FY 2020-21 and FY 2021-22 in lieu of GST compensation is per Annexure-II. Repayment schedule of back to back loan provided by Budget Division, Department of Economic Affairs is placed at Annexure-III. List of States/UTs where certificate from Accountant General have not been received, is placed at Annexure-IV. State-wise and year-wise detail of GST Compensation cess collection is as per Annexure-V.

5.11 GST Council in its 54th GST Council Meeting held on 09.09.2024 in New Delhi recommended to constitute a Group of Ministers (GoM) to make taxation proposal to replace the Compensation Cess after its abolition. GST Compensation cess collected upto September, 2024 is Rs. 74,183 crores and a projection of Rs. 75,817 has been made for the period from October, 2024 to March, 2025 based on the assumption that there will be 10% growth over last year revenue. Further, taking into account the admissible GST Compensation to the States/UTs which have not submitted AG certificates, payment of back to back loan released to States/UTs in lieu of compensation and interest payment of the loan, the projected shortfall upto 31st March, 2025 will be Rs. 1,37,043 crore. Accordingly, a Group of Ministers has been constituted under the chairmanship of Hon'ble Union Minister of State for Finance. GoM has to submit the report by 31.12.2024.

5.12 While explaining the projected shortfall, the Secretary, Revenue explained before the Committee as under:

> *"We can collect compensation cess till 31.03.2026. So, if the total amount of estimated collections till 31.03.2026 is taken into account and considered, then there will not be any shortfall in the collections vis-a-vis the liabilities that we have."*

5.13 The Department has furnished the following details of the compensation account summary:

"If the loan taken was to be repaid with interest by 31.03.2025, Compensation account summary projected as of March 31, 2025 is as follows:

Particulars	Amount (Rs. Crores)
Total Cess Collections (actual + projected) up to March 2025	**8,60,716**
Compensation Paid till 29th August 2024	-6,64,203
Back-to-Back Loan	-2,69,208
Estimated Compensation payable	-13,000
Interest on B2B Loan (projected)	-51,561
Excess compensation to be recovered	213
Shortfall in Compensation Account as of March 31, 2025	**-1,37,043**

5.14 On being asked by the Committee, the Department of Revenue furnished the following details of new taxpayers who have filed Income Tax Returns (ITRs) in the last three years:

New Taxpayers* added	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25 (Upto 06.10.2024)
	66,61,327	72,52,435	77,24,190	59,81,756

** New Taxpayers is taken as persons who have registered in the e–filing portal during the relevant financial year and filed return of income for the first time.*

5.15 The details of the Tax Payers base during the last five years are as follows:

Financial Year	Taxpayer Base at the end of the FY	YoY change (%)
2018-19	10,38,47,317	NA
2019-20	10,77,39,580	3.70
2020-21	11,07,18,580	2.80
2021-22	11,17,13,322	0.90
2022-23	12,78,39,209	14.40

5.16 When asked by the Committee about the gap between the number of persons eligible for tax filing and the actual number of tax returns filed during the same period, the Department replied as follows:

"Although, no specific methodology is adopted for arriving at the gap between the number of taxpayers who are eligible for filing and the actual number of tax return filed, the Income Tax Department undertakes electronic campaigns through SMS and email to reach out to persons who have significant transactions reported against them in Form 61A [Statement of Financial Transaction (SFT) reported by Reporting entities mandated as per the Act] under Non-Filer Monitoring System (NMS). Every year before the time limit for filing of revised return expires, as per the Risk Management Strategy, certain taxpayers, who have not filed Income tax return but have entered into taxable transactions as per the data available, are contacted through the e-campaign to nudge them to file their Income tax return.

The number of taxpayers taken up for e-campaign can be considered to be eligible for filing the Income tax return but had not filed their return. The details of the number of taxpayers selected for the e-campaign under NMS for AYs 2021-22 to 2023-24 are given below:

Sr. No.	NMS Campaign	Number of Taxpayers selected for Campaign	Number of Taxpayers who filed their Income tax return
1.	A.Y. 2021-22	68,45,662	7,20,592
2.	A.Y. 2022-23	83,21,305	10,33,979
3.	A.Y. 2023-24	44,75,956	8,81,996

5.17 It was further stated by the Department:

"Some cases of taxpayers who have not responded to the e-campaign have been selected for e-verification under e-Verification Scheme, 2021 or scrutiny under the Faceless scheme. The cases selected depend upon the nature and value of income reported. Over the last three years, the number of filers has shown a steady increase which is a result of various factors including compliance assisted through pre-filing of returns and AIS.

Sr. No.	A.Y.	Unique Filers
1.	A.Y. 2021-22	7,10,70,743
2.	A.Y. 2022-23	7,62,92,937
3.	A.Y. 2023-24	8,14,78,225

5.18 As per the receipt budget of 2024-25, the details of the tax collection is as under:

(In ₹ crores)

	Actuals 2015-16	Actuals 2016-17	Actuals 2017-18	Actuals 2018-19	Actuals 2019-20	Actuals 2020-21	Actual 2021-22	Actual 2022-23	Revised 2023-24	Budget 2024-25
A. Tax Revenue										
Gross Tax Revenue	**1455648**	**1715822**	**1919008**	**2080465**	**2010059**	**2027104**	**2709316**	**3054192**	**3437211**	**3840170**
1 Corporation Tax	453228	484924	571202	663572	556876	457719	712037	825834	922675	1020000
2 Taxes on Income other than Corporation Tax	287628	349436	419880	472983	492593	487139	696238	833233	1022325	1187000

5.19 During the examination, the Committee pointed out that the collection of Corporation Tax increased from Rs. 4,53,228 crore in 2015-16 to Rs. 9,22,675 crore in 2023-24, marking a 103% rise. They also noted that during the same period, Taxes on Income other than Corporation Tax surged from Rs. 2,87,628 crore to Rs. 10,22,325 crore, reflecting a 255% increase. When the Committee inquired why the growth of Corporation Tax collections could not keep pace with that of Income Tax and sought to understand why the actual Corporation Tax collected for the year 2023-24 was less than the Budgetary Estimate, the Department responded as follows:

"PIT is not just taxes on Individuals but on firms, LLPs, proprietorships, other businesses also: Indian taxation system has been rationalised considerably in last 10 years with number of reforms in ease of filing, processing, refunds, assessment and tax structure. Traditionally business in India has been structured more in forms of proprietary concerns and partnership firms. In fact, the PIT figures are not just taxes on individuals but they also include in their ambit taxes on proprietary businesses, HUFs, taxes on firms, LLPs, AOPs, BOIs, co-operative societies, local authorities, artificial juridical persons and trusts. Therefore, personal income taxes may not be just taken as taxes on individuals. Therefore growth in PIT is also reflective of growth in taxes paid by business entities other than those structured as a corporate.

Growth in number of PIT taxpayers vs CIT taxpayers: As per return statistics for AY 2023-24, out of total taxpayers of 7.97 Crores, only 10.7 lakh are corporates and rest 7.86 crores are non-corporate tax payers. Comparative statistics for AY 2015-16 stood at 7.19 lakh for companies out of total 4.35 crore taxpayers, the rest 4.28 crore being other taxpayers. Therefore, number of taxpayers who contribute to PIT collections have gone up substantially during the last 8 years.

For the aforesaid reasons, comparison of PIT with CIT may be made with regard to the increase in number of taxpayers.

Measures taken on the PIT front: There are strong reasons for growth in PIT like increase in SFT data collection, increase in TDS compliance etc. These measures which reflect the reason for the higher increase in Personal Income Tax are listed as below:

(A) Progressive tax structure

India has a progressive tax structure for personal income-tax. In accordance with the requirements of a progressive tax structure, the surcharge for individual taxpayers increases in line with the increase in the income levels.

(B) SFT (3rd party reporting), digitalisation and formalisation has allowed PIT to show a healthy increase in recent years

With introduction of Statement for Financial Transaction in respect of Dividends distributed (SFT15), Interest income (SFT16), Securities (SFT17) & Mutual Funds (SFT18) from 12.3.2021, the number of information pieces reported by the reporting entities saw an unprecedented jump of more than 1118% for FY 2020-21. Further, through an MOU signed with the CBIC for sharing of GSTN data, resulted in availability of more than 50 lakh unique pieces for information. The data captured by way of SFT and other MOUs is used for 26AS statement and also for pre-filling the return of income. This factor along with increased digitalisation and formalisation of the economy are major contributory factors in recent healthy trend in PIT collections through increased voluntary compliance.

(C) Expansion of TDS regime

Various TDS provisions have been inserted in the IT Act recently. These, inter-alia, include following sections which are primarily related to persons liable to PIT-

(i) 194-IC (Payment under specified agreement, FA 2017);
(ii) 194K (Income in respect of units, FA 2020);
(iii) 194M (Payment of certain sums by certain individuals etc., F(No.2)A 2019);
(iv) 194R (TDS on benefit or perquisite in respect of business and profession, FA2022);
(v) 194S (payment on transfer of certain virtual digital asset, FA2022);

Similarly, the scope for TCS has also been expanded by FA 2020 to cover remittances under LRS and overseas tour packages above a certain threshold and also sale of goods exceeding fifty lakh rupees in a previous year [section 206C (1G) & 206C (1H) respectively]. Consequently, there is substantial increase in the number of unique deductees/ collectees resulting in increased tax collections.

(D) Dividend now taxed in hand of individual and not corporate

By virtue of the Finance Act, 2020, provisions of section 115-O of the IT Act have been amended to tax distributed profits of Corporates in the hands of the actual final recipient. Collections in CIT are therefore lesser to that extent.

The details of actual collection of Corporation Tax and Budget Estimate/Revised Estimate for the F.Y. 2023-24 are as under:

(in Rs. crore)

Major heads of Tax	Budget Estimates (F.Y. 2023-24)	Revised Estimates (F.Y. 2023-24)	Actual Collection (F.Y. 2023-24)	% of RE Achieved
Corporation Tax	9,22,675	9,22,675	9,11,05 5	98.74%

The data shows that the 98.74% of Revised Estimate was achieved in respect of Corporation Tax in the F.Y. 2023-24. It is submitted that the actual collection is marginally less than the RE by 1.26% and the same is negligible."

VI. TAX REFUND AND TAX ARREARS

6.1 On being asked by the Committee, the Department furnished the following information on the quantum of refunds related to Direct Taxes during the last 3 years along with the average time taken to process the same:

FY	Number of Refunds issued	Amount of Refund (in Rs crore)	Average Time* taken for processing the returns
FY 2020-21	2,46,43,617	1,92,085.05	38 days
FY 2021-22	2,49,28,636	2,20,656.86	26 days
FY 2022-23	3,20,55,070	2,99,911.89	16 days
FY 2023-24	3,49,68,724	3,87,816.08	10 days

** The average processing time relates to all returns filed for a given Assessment Year. Separate average processing time for refunds is not available.*

6.2 In regard to delay in processing of refund, it was stated by the Department that the refund is determined and ready for credit in the bank account once the return is processed. However, in some cases, the credit of refund gets delayed due to failure of validation of bank account by the taxpayers.

6.3 Below is the year-wise data of tax arrears and the cumulative amount of tax arrears at present, as furnished by the DBDT and CBIC:

CBDT

Summary of Outstanding Tax Demands - Year wise		
Financial Year	**Demand raised in the FY (in Rs Crore)**	**Cumulative Tax arrears at the end of FY(in Rs Crore)**
2019-20 and Earlier years	10, 95,938.06	10,95,938.06
2020-21	78,215.55	11,74,153.61
2021-22	7,56,300.21	19,30,453.82
2022-23	5,70,163.67	25,00,617.49
2023-24	14,58,429.31	39,59,046.80
2024-25(upto 07.10.2024)	2,70,594.02	42,29,640.82

CBIC

Year/ Pendency Period	Cumulative Amount of Tax Arrears (Indirect Tax only) (Rs. In Crore)	Tax Arrears Collectable (Indirect Tax only) (Rs. In Crore)	Tax Arrears difficult to Collect (Indirect Tax only) (Rs. In Crore)
2021-22	302157.23	36385.23	265772.00
2022-23	335566.63	47629.66	287936.97
2023-24	426737.76	71044.40	355693.36

6.4 CBDT has also provided the following details of collectible and difficult to collect:

Total Demand/Collectible Demand (Rs in crore)	
Demand difficult to collect	27,32,071.23
Collectible Demand	14,97,569.60
Total Outstanding Demand	**42,29,640.82**

6.5 In regard to pendency period of the demands, the following information was provided:
CBDT:

Summary of Outstanding Demand- Time Period wise pendency*	
Period of Pendency	**Outstanding Demand in Rs Crore**
Less than 1 year	12,43,758.80
Between 1 to 2 years	8,64,653.81
Between 2 to 3 years	6,58,670.80
Between 3 to 4 years	3,52,652.13
Between 4 to 5 years	2,85,457.75
Between 5 to 10 years	5,56,586.24
Above 10 years	2,67,861.29
Grand Total	**42,29,640.82**

**The time period is counted from the date on which the demand is raised till 07.10.2024*

CBIC:

	Pending arrears in legal forum at the end of the month (Rs. In crore)	Pending restrained arrears(bifr/ drt/ol) at the end of the month (Rs. In crore)	Cases pending where appeal period is not over at the end of the month (Rs. In crore)	Pending recoverable arrears at the end of the month (Rs. In crore)	Pending recoverable arrears at the end of the month (Rs. In crore)	Pending write off proposal cases at the end of the month (Rs. In crore)
CENTRAL EXCISE	84851.58	63739.86	7001.24	2713.99	11973.82	77.28
CUSTOMS	100457.09	51944.34	7869.03	25330.16	25395.99	136.57
SERVICE TAX	228803.66	168095.09	9561.07	19182.67	33674.58	42.07
TOTAL	414112.33	283779.29	24431.34	47226.81	71044.40	255.92

6.6 When the Committee desired to know the reasons for such pendency, the following information was provided:

CBDT:

Summary of Outstanding Demand- Category wise pendency	
Category wise Outstanding Demands	**Outstanding Demand (Rs in Crore)**
Collectible Demand	14,97,569.60
Assets jointly attached with other agencies except BIFR	7,196.04
Demand stayed by Courts/ITAT	2,53,144.91
Any other reason (to be specified in a separate Annexure) for which the demand is considered difficult to recover	3,30,053.32
Appeal pending against attachment of properties	259.95
Arrear demand does not exist	161.90
Arrear demand duplicate entry	31.31
Assessee not traceable (to the extent it is likely to affect recovery)	5,42,842.96
Cases before Settlement Commission	419.33
Cases pending before NCLT under IBC-2016	1,34,386.17
Cases where the Department has lost in appeal, but the demand is outstanding for other years or is continuing to be raised to keep the issue alive as the Department is in further appeal	11,295.94
Companies in Liquidation	64,140.55
Demand covered by instalments (only to the extent not recoverable during the month)	1,039.85
Demand not enforceable as Bank Guarantees obtained under MAP process	1,260.59
Demand stayed by I T Authorities	1,78,126.09
Demand, the recovery of which is not being pursued on account of assessees stay petition pending consideration by I. T. Authorities.	43,888.48
Insolvency proceedings	10,467.38
No assets/inadequate assets for recovery (to extent of inadequacy)	8,60,827.42
Notified persons under the Special Court (Trial of offences relating to Securities Act, 1992)	38,704.02
Partial adjustment of demand	1,56,893.94
Pending Write Off	1,254.04
Protective Demand	18,539.04
Rectification pending on account of duplication of entries	39,875.39
TDS / Prepaid taxes mismatch	37,262.62
Grand Total	**42,29,640.82**

CBIC:

Most of the traceable parties were not able to pay due to financial crunch. However, the recovery proceedings like issuance of garnishee notices etc. have been issued in such cases

Many units or their operational creditors have moved NCLT as per the Insolvency & Bankruptcy Code, 2016.

Most of the cases are still under active coercive action. Attachment of property in many cases is under process.

In many cases defaulters whose bank accounts have been freezed do not hold sufficient fund in their bank accounts and in some cases the value of assets of the defaulters is insufficient to clear the arrears."

6.7 When the Committee asked what action has been taken to realise the tax arrears, the Department informed the Committee as under:

“CBDT:
CBDT has issued an Annual Central Action Plan for F.Y. 2024-25 (CAP), wherein time bound targets for recovery of arrear demand have been fixed. The progress on above action plan is actively monitored by CBDT. Concerted efforts continue to be made to reverse the trend of increasing arrear demand and to initiate the process of reducing the figure to more manageable levels. The issue of recovery of tax arrears is being addressed, inter alia, through various measures, which are as under:

(1) In order to handle the task of resolution of the outstanding demands, a Demand Facilitation Centre (DFC) has been set up at Mysuru, Karnataka under Project IEC 2.0 with a nodal officer in each Pr. CCIT charge. The DFC was started on a pilot basis in the region of Karnataka & Goa in July 2022 and was rolled out subsequently to other regions. The DFC facilitates the Jurisdictional Assessing Officers (JAOs) to resolve outstanding demands by providing data pertaining to the quantum, category, reason for demand and also the way forward for its resolution through issue of pending rectification & appeal giving effect orders. Till 30.09.2024, the DFC has been able to reduce/ resolve 3.13 lakh demands (DINs) amounting to Rs 9.61 lakh crores across various regions.
Further, consequent to the announcement of Hon’ble Finance Minister on 01.02.2024 in the Parliament to withdraw outstanding direct tax demands up to twenty-five thousand rupees (Rs. 25,000) pertaining to the period up to financial year 2009-10 and up to ten-thousand rupees (Rs. 10,000) for financial years 2010-11 to 2014-15., the eligible demands were extinguished involving 77,39,239 assessees as per details given below:

Sl No	Range	Number of Demands
1	Upto AY 2010-11 (Each demand entry upto Rs. 25,000/-)	56,41,503
2	AY 2011-12 to AY 2015-16 (Each demand entry upto Rs. 10,000/-)	56,57,660
	Total	**1,12,99,163**

(2)Targets for Reduction of arrear demand have been fixed for each Pr. CCIT region taking into account the different categories of demand. In order to facilitate efficient discharge of output in this important area of work throughout the year, the minimum percentage of the annual target for reduction in arrear demand has been fixed for each Pr. CCIT region to be met in a time frame. Targets have also been set for cash collection fixed for each Pr. CCIT region to be met in specific timeframe. The targets for reduction and cash collection are dynamic and are mandated to be reviewed on a quarterly basis.

(3) Time bound targets have been fixed for expeditious reconciliation of arrear demands on the CPC portal in coordination with the Demand Facilitation Centre (DFC) and issuance of appeal effect/ rectification orders.

(4) A mechanism for modification/revision of demand in cases covered under the provisions of section 156A of the Income-tax Act, 1961 has been introduced in the Act w.e.f. 01.04.2022. Such cases are being identified and necessary revisions and modification of demand notices are being carried out by the Assessing Officer concerned in a time bound manner in accordance with the provisions of section 156A of the Income-tax Act, 1961.

(5) Focussed attention is being provided on cases involving stay of demand by Courts/ITAT through, inter alia, formulation of action plans by Pr. CsIT for vacation of stay, early disposal of appeals and effective representation before the relevant authorities. In respect of demand stayed by the IT authorities, specific directions have been issued to ensure that all pending remand reports u/s 250(4) of the Income-tax Act,1961 including in stay granted matters are sent expeditiously.

(6) In order to reduce the arrear demand with respect of the top 5000 cases across the country, a focussed and targeted approach has been formulated involving the categorization of different nature of demands by each Assessing Officer and subsequently by the Pr.CCIT regions.
(7) The write off proceedings after issue of Irrecoverable Certificates (ICs) by the TROs are being expedited in a time bound manner. Monthly meetings are held by Pr.CCsIT/CCsIT to review unrealizable demands and decisions on write off proposals.
(8) The CBDT in its Instruction dated 23.4.2022 has specifically directed the field authorities that coercive recovery measures shall not be initiated in cases "identified as high pitched scrutiny assessment" by the local committee. Accordingly, the Pr.CIT concerned is required to take suitable administrative action in such cases. In this regard, the local level committee endeavours to dispose each grievance petition within two months from the end of the month in which grievance is received by it.

CBIC:

Certificate action under Section 142 of Customs Act, and Section 11 of Central Excise Act has been initiated with the concerned District Authorities to recover the arrears. Further, all Zonal Chief Commissioner are taking appropriate measures to recover the pending arrears and making efforts to identify properties of defaulters not traceable / unit closed with the help from DRI, FIU, and State administration etc."

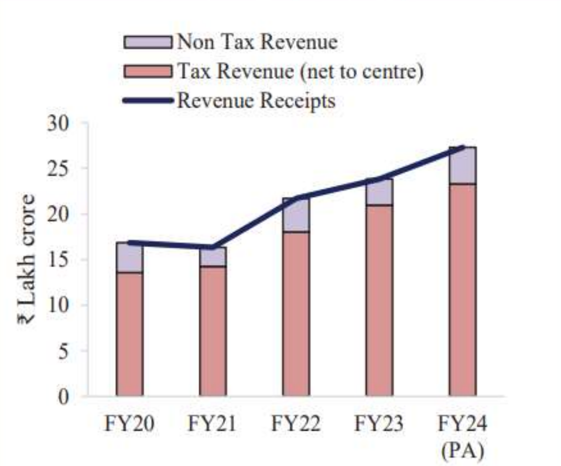
VII. BROADENING OF TAX BASE

7.1 The tax-to-GDP ratio is the percentage of a country's GDP that comes from tax revenue. A higher ratio indicates a stronger financial position for the country and a better ability for the government to fund its spending. India's direct tax-to-GDP ratio for 2023-24 is 6.5%, which is the highest it's been in 15 years. The combined tax-to-GDP ratio for 2024-25 is expected to be 11.7%. Tax to GDP ratio of our country for the last 5 years is as follows:

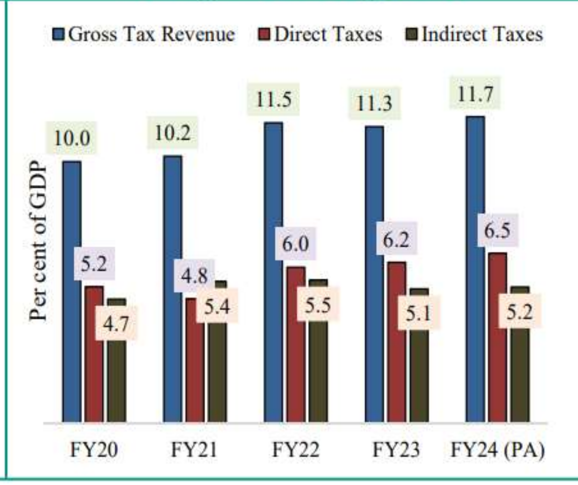
Financial year	Direct Tax to GDP Ratio	Indirect Tax to GDP Ratio	Gross Tax Revenue to GDP ratio
2019-20	**5.2%**	4.7%	10.0%
2020-21	**4.8%**	5.4%	10.2%
2021-22	**6.0%**	5.5%	11.5%
2022-23	**6.2%**	5.1%	11.3%
2023-24	**6.5%**	5.2%	11.7%

(Source: Economic Survey, 2024)

Consistent increase in revenue receipts driven by both tax and non-tax revenue



Increase in gross tax revenue to GDP ratio driven by strong direct tax growth



Source: Budget at a Glance, Union Budget, FY22, FY24 Interim Budget, Union Government Accounts at a Glance – O/o CGA

7.2 As per comparative data published by the OECD in Revenue Statistics 2023, OECD average Tax-GDP ratio is approx. 34% for the year 2022. However, these statistics also include social security contributions, value added taxes, consumption taxes, taxes on property and all other direct and indirect taxes. If only the direct taxes are taken, then direct taxes as a percentage of total taxes come to 33.9% (23.7% PIT; & 10.2% CIT). Thus as a percentage of GDP, direct taxes come to 11.59% [33.9% of 34.2]. In comparison, India's direct tax to GDP ratio stands at 6.0% for the corresponding period i.e. FY2022. Further in the Indian context there is tax revenue at the state level also. That is not taken into account while computing the Tax – GDP ratio. However, the GDP figures are for the country as a whole.

7.3 Tax to GDP ratio of different countries as published by OECD is given below:

	Tax revenue as % of GDP				Tax revenue as % of total tax revenue in 2021						
	2022 (provisional)	2021	2020	2000	1100 Taxes on income, individuals (PIT)	1200 Taxes on income, corporates (CIT)	2000 social security contributions (SSC)	4000 Taxes on property	5111 Value added taxes	Other consumption taxes (3)	All other taxes (4)
OECD - Average (1)	**34.0**	**34.2**	**33.6**	**32.9**	**23.7**	**10.2**	**25.6**	**5.6**	**20.7**	**11.2**	**2.5**
Australia	..	29.5	28.4	30.4	39.0	22.5	0.0	10.9	11.1	12.2	4.3
Austria (2)	43.1	43.3	42.1	42.3	22.4	6.4	35.4	1.5	17.5	9.2	7.6
Belgium (2)	42.4	42.5	42.3	43.8	26.7	9.0	30.6	8.4	16.0	9.2	0.0
Canada	33.2	33.9	34.7	34.7	36.3	13.5	14.0	11.3	13.1	8.3	3.5
Chile	23.9	22.2	19.3	18.7	10.8	17.1	5.3	4.9	42.6	10.4	8.9
Colombia	19.7	19.2	18.8	15.7	6.9	23.7	10.0	8.7	30.5	12.8	7.5
Costa Rica	25.5	25.0	22.6	21.1	6.2	9.7	36.0	2.1	20.4	14.5	11.2
Czechia	33.9	34.7	34.8	32.3	9.3	11.4	47.3	0.6	21.8	9.5	0.0
Denmark (2)	41.9	47.4	47.3	46.9	52.8	8.3	0.1	3.9	20.1	8.8	5.8
Estonia	32.8	33.5	33.3	31.1	20.4	4.6	34.7	0.6	27.3	12.5	0.0
Finland	43.0	43.2	41.8	45.8	29.8	6.3	27.9	3.5	21.7	10.7	0.1
France (2)	46.1	45.2	45.4	43.4	21.0	5.6	32.8	8.5	16.4	10.7	5.0
Germany	39.3	39.3	37.9	36.4	26.6	6.0	37.6	3.2	18.3	8.4	0.0
Greece	41.0	39.4	38.8	33.4	15.2	4.5	32.8	7.4	20.9	18.3	1.0
Hungary	33.2	33.7	36.0	38.5	12.1	4.1	31.0	2.6	29.3	17.9	3.1
Iceland	34.9	35.1	36.4	35.9	41.4	5.7	8.5	5.9	24.4	9.2	4.8
Ireland	20.9	20.7	19.7	30.8	32.7	17.1	15.2	5.4	18.5	10.2	0.9
Israel	32.9	32.5	29.7	34.1	22.0	11.0	15.5	12.1	23.2	10.5	5.7
Italy	42.9	42.4	42.6	40.5	25.9	4.4	31.2	5.8	15.7	12.5	4.5
Japan	..	34.1	33.0	25.3	18.9	13.1	39.2	7.9	14.9	5.8	0.3
Korea	32.0	29.8	27.7	20.9	20.4	12.8	26.2	15.1	14.4	8.7	2.4

Source: Revenue Statistics 2023, OECD

7.4 On being inquired by the Committee what should be the ideal tax to GDP ratio for our country, the Department of Revenue in their written reply has submitted as under:

"Tax-GDP ratio varies according to the level of development of a nation. While high income countries have a higher tax-GDP ratio, same would not be applicable to middle income and low-middle income countries. India aspires to become a developed nation by 2047. This would mean graduating from a low-middle income to high income or a middle-high income country in the next 25 years or so. Therefore, in the next 25 years, India's direct tax-GDP ratio should double itself and reach in the range of 12% approx."

7.5 When the Committee desired to know the measures that are being undertaken to increase tax base as well as to widen and deepen the tax base, the Department replied as under:

"Following measures have been taken to increase tax to GDP Ratio as well as to widen and deepen the tax base. These measures are not only promoting digitization and use of technology in a big way, but it is also bringing new tax payers into the net:

A. New Form 26AS - This new form contains all information of deduction or collection of tax at source, specified financial transaction (SFT), and payment of taxes, demand and refund, pending and completed proceedings. Further, details of SFT data in the Form 26AS makes taxpayer aware about their transactions beforehand and encourages them to disclose their true income.

B. Pre-filling of Income-tax Returns - In order to make tax compliance more convenient, pre-filled Income tax Returns (ITR) have been provided to individual taxpayers. The scope of information for pre-filing includes information such as salary income, bank interest, dividends, etc.

C. E-Verification Scheme, 2021 & Updated return u/s. 139(8A): To increase voluntary tax compliance and facilitate a transparent and non-intrusive tax administration, the "E-Verification Scheme, 2021" was notified on 13th December, 2021. The e-Verification Scheme makes the taxpayer aware of the risks, it nudges him towards voluntary compliance by providing an opportunity to the taxpayer to update the return of income under section 139(8A).

D. Use of technology – The income tax department has taken strides in direct tax e-governance initiatives wherein end-to-end technology driven services are being provided to the taxpayers on the one hand and technology driven processing of tax returns with issuance of refunds within the department is being done on the other. CPC-ITR, CPC-TDS, e-filing systems, Refund Bankers Scheme and online tax payments are developments that have ensured seamless online furnishing of tax returns, online payment of taxes, quicker processing of tax returns and speedy issuance of refunds. All this has been achieved through the re-engineering of processes and the on-boarding of all stakeholders, including deductors, banks, government agencies, third party agencies, taxpayers, tax professionals, and tax administrators.

The above measures are helpful in expanding the tax net. Widening and deepening of tax base is an annual exercise, which is reflected through the finance bill. Some of such steps have also been taken in Finance (No. 2) Act, 2024 for widening and deepening of the tax base, which are as follows:

E. TDS on payment by partnership firm to partners- Presently there is no provision for deduction of tax at source (TDS) on payment of salary, remuneration, interest, bonus, or commission to partners by the partnership firm. Hence, a new TDS section 194T has been introduced to bring these payments to any account (including capital account) of the partner of the firm under the purview of TDS for aggregate amounts more than Rs 20,000 in the financial year. The applicable TDS rate would be 10%.

F. TCS on notified goods- It has been seen that there has been an increase in expenditure on luxury goods by high net worth persons. For proper tracking of such expenses and in order to widen and deepen the tax net, sub-section (1F) of section 206C has been amended to levy TCS on any other good of value exceeding ten lakh rupees, as may be notified by the Central Government in this behalf. Such goods would be in the nature of luxury goods.

G. Reporting of income from letting out of residential property- Section 28 of the Income-tax Act, 1961 has been amended that income from letting out of a house or part of the house by the owner, shall be chargeable to tax under the head 'income from house property' only."

7.6 When the Committee raised the issue that the Government has promoted digitization and use of technology in a big way; as such they must be having a lot of data about the tax evasion and desired to know how those can be brought under the tax net, the Department has submitted as follows:

"Project Insight is Data Warehousing & Business Intelligence platform of the Income Tax Department (ITD). A comprehensive data analytics platform has been developed under this project for effective utilization of information across various sources.

There has been an unprecedented increase in the information database of ITD during the course of the Project due to various legislative and administrative changes such as:

(i) Introduction of Statement of Financial Transactions (SFTs) in place of Annual Information Return (AIR) in 2016
(ii) Broadening the Tax Deducted at Source (TDS) regime by bringing in more transactions within the ambit of TDS
(iii) Demonetization
(iv) Introduction of Goods and Services Tax Network (GSTN)
(v) Strengthening of Data Exchange mechanism with various government agencies etc.

The project serves as an information backbone where information available in various ITD systems as well received from external third party sources are collated. Insight platform is leveraged for various significant outputs such as:

(i) Creating a profile view of taxpayers which helps the ITD users to detect tax evasion and completion of assessment and re-assessment proceedings.
(ii) This comprehensive data set also enables holistic risk assessment and thereby identification of high risk cases for verification and other compliance actions.
(iii) This platform is also leveraged for making available relevant information to the taxpayers through AIS (Annual Information Statement) and pre-filling of ITRs which facilitate ease of filing of return by taxpayer thereby greatly enhancing taxpayer service experience. Insight platform has led to development of a robust information database which has been used to detect non-filers and those who have not been disclosing their correct income through e-campaigns in different category of Transaction and e-verification of selected cases, resulting in increased taxpayer base and mobilization of additional tax revenue of around Rs.60,790 Crores till March 2024 from inception of the project in 2016-17.

S.N.	Particulars	No. of cases flagged	No. of Taxpayers who filed/revised ITR/paid advance tax	Taxes paid subsequent to campaign (amount in crores)
1.	Non-Filer Management System (NMS) Campaign 8 cycles (AY 2016-17 till AY 2023-24)	3,23,00,000	58,70,000	36,032.65
2.	High Value Transaction (HVT)(e-Sahyog)Campaign 5 cycles (AY 2019-20 till AY 2023-24)	37,60,000	2,43,000	1,313.37
3.	Significant Transaction Campaign-ATG (Advance Tax campaign) 5 cycles (FY 2019-20 till FY 2023-24)	59,88,000	9,33,000	22,737.73
4.	E-verification case (from May 2023 – March 2024)	2,38,326	27,076	706.38
Total		**4,22,86,326**	**70,73,076**	**60,790.13**

CBIC:

In this regard, it is submitted that Tax evasion and broadening of the tax base though seemingly inter-related are not synonymous. Tax evasion refers to wilful non-compliance whereas broadening of tax base implies getting those entities to register who were hitherto not registered. This does not necessarily means that such unregistered entities were evading tax. DGARM conducts risk analysis of already registered entities from the data available. Alerts/Flagging is done on the Risky Taxpayers to check the evasion of duty."

VIII. DISPUTE RESOLUTION

8.1 Below is the data related to litigation in respect of Direct and Indirect Taxes pending in various fora/courts during the last three financial years:

CBDT:

Financial Year	Court/Fora	Appeals Pending up to the end of the Year	Amount disputed up the end of the year (Rs. In crore)
2021-2022	ITAT	19,238	3,05,086.87
	High Court	27,950	3,31,245.22
	Supreme Court	4,379	27,735.77
	Total	**51,567**	**6,64,067.86**
2022-2023	ITAT	21,805	2,89,564.76
	High Court	32,510	3,88,803.22
	Supreme Court	4,330	39,662.96
	Total	**58,645**	**7,18,030.94**
2023-2024	ITAT	20,296	8,56,576.01
	High Court	38,099	5,64,554.26
	Supreme Court	5,916	23,067.23
	Total	**64,311**	**14,21,130.27**

CBIC:

Grand Total (C.Ex + S.Tax + Customs + GST)

Sl. No.	Year	Pendency as on 31.03.22		Age-wise break up of pendency				
		No	Amount (in Rs. crore)	Less than 1 Year	1-3 Year	3-5 Year	5-10 Year	More than 10 Year
1.	2021-22	113508	367249.78	49427	28256	16011	15795	4019
2.	2022-23	118497	455537.60	54333	26285	16522	16720	4637
3.	2023-24	126615	740665.05	62025	26677	15713	17493	4707

Grand Total (C.Ex + S.Tax + Customs + GST)

S. N.	Forum in which pending	Pendency as on 31.03.24		Age-wise break up of pendency				
		No	Amt (Rs. In crore)	Less than 1 Year	1-3 Year	3-5 Year	5-10 Year	More than 10 Year
1.	Supreme Court	2874	73410.96	542	549	563	854	366
2.	High Court	22346	199893.89	8603	5428	3087	3085	2143
3.	CESTAT	56075	437364.81	16436	13738	10988	12846	2067
4.	Settlement Commission	46	117.48	17	19	6	0	4
5.	Commissioner	31243	22163.64	23670	5890	896	660	127

	(Appeals)							
6.	Addl Commr./Jt. Commr (Appeal)	14031	7714.27	12757	1053	173	48	0
	Total	**126615**	**7,40,665.05**	**62025**	**26677**	**15713**	**17493**	**4707**

8.2 On being asked by the Committee what percentage of tax revenue is currently tied up in litigation and how that compares to the operational costs incurred by the Department, the following reply was provided:

"**CBDT:**
The percentage of tax revenue is currently tied up in litigation (for direct taxes) is 74.15%. (Total disputed demand is Rs. 31,36,278.97 Crores, out of Total Demand of Rs. 42,29,640.82 Crores). Further, the reported operational cost for F.Y. 2023-24 is Rs. 9025.42 Crores.

CBIC:
The percentage of tax revenue currently tied up in litigation (for indirect taxes) for the F.Y. 2023-24 is 49.51%. (Total amount under litigation is Rs.7,40,665/- Crores, whereas tax realization in FY 2023-24 is Rs.14,95,853/- crores). Further, the reported operational cost for F.Y. 2023-24 is Rs.8,523.14 crores. Although expenditure in professional/legal fee head occurred during FY 2023-24 is Rs.62.43 crores."

8.3 When the Committee asked for the anticipated timeline for the implementation of the new Vivad Se Vishwas Scheme (VSV) 2024 and the best practices learned from the previous VSV schemes, the Department replied as follows:

S. No.	Notification	Date
1	Notification of the Direct Tax Vivad Se Vishwas Scheme, 2024 in the Finance (No. 2) Act, 2024.	16th August, 2024
2	Notification of the date of enactment of the Direct Tax Vivad Se Vishwas Scheme, 2024 as on 01.10.2024	19th September, 2024
3	Notification of the Rules and Forms of the Direct Tax Vivad Se Vishwas Scheme, 2024	20th September, 2024
4	Notification of the Guidance Note No. 1/2024	15th October, 2024
5	Last date to apply for the Direct Tax Vivad Se Vishwas Scheme, 2024	To be Notified

Further, best practices learned from previous VSV Scheme and implemented in the present scheme is as follows:

i. Number of forms in the present scheme has been reduced from five to four as compared to the earlier scheme. Form 1 and Form 2 of the earlier scheme has been merged in the single Form 1 to provide the declaration and Undertaking by the declarant.

ii. It has been specified in the present scheme that Form-1 prescribing declaration and undertaking to be made by declarant shall be filed separately in respect of each order. However, where the appellant and the income-tax authority have both filed an appeal or writ petition or special leave petition in respect of the same order, single Form-1 shall be filed by the appellant.

iii. Concept of old appellant and new appellant has been introduced in the present scheme so as to differentiate the appellant who had not availed the benefit of earlier scheme in spite of being eligible for the same as compared to the new appellant. In this regard, old appellant case has been defined as the declarant who was an appellant on or before the 31st January, 2020, in respect of any tax arrear and continues to be an appellant at the same appellate forum upto 22.07.2024.
In the case of an old appellant, where tax arrear is the aggregate amount of disputed tax, interest chargeable or charged on such disputed tax and penalty leviable or levied on disputed tax; amount payable has been increased by 10% so as to differentiate it from the new appellant who became an appellant after 31.01.2020 but on or before 22.07.2024. Further, in cases where the tax arrear relates to disputed interest or disputed penalty or disputed fee, amount payable has been increased by 5% so as to differentiate it from the new appellant.

iv. 22nd of July, 2024 has been notified as the specified date in the present scheme so as to clearly distinguish the appeals which are pending on the specified date and applicable for opting for the new DTVSV, 2024 scheme. This will obviate confusion regarding eligibility which prevailed during the earlier scheme.

8.4 On being inquired by the Committee whether there is any plan to revamp the tax litigation system to reduce pendency, the Department submitted as under:

“**CBDT:**

- To reduce the pendency at the first appellate level, 100 new posts of Joint Commissioner (Appeals) have been created. The JCIT (Appeals) are fully operational as on date and are working to reduce the backlog of appeals.
- The Central Action Plan 2024-25 has raised the appeal disposal targets for both the CsIT(Appeals) and JCsIT(Appeals) to reduce the pending appeals at first appellate level. The targets have been fixed at 600, 450 and 800 appeals disposal for CIT (A/AU), CIT(IT&TP) and Addl./JCIT(A) respectively.
- The Central Action Plan 2024-25 of the Department lays thrust on disposal of old and high demand appeals. Accordingly, disposal of those appeals which are pending for long and involve high demand are incentivized while examining the performance of CsIT(Appeals).
- The Board, vide F.No.279/Misc./M-102/2021-ITJ dated 19th March,2024 has revised the Guidelines for priority/ out of turn disposal of appeals by the CsIT(A/AU) and Addl./Joint CsIT(Appeals) to facilitate early disposal of appeals that are of genuine and exceptional circumstances.
- To expedite the disposal of appeals, efforts have been made to augment the manpower by reducing the number of CIT(Appeals) holding the additional appeals charges. Accordingly, 44 PCsIT and 39 CsIT(DR) have been assigned CsIT(Appeals) charges which were earlier being held as additional charge by CIT(Appeals).
- In pursuance of the announcement in the Union Budget 2024-25 by the Hon’ble Finance Minister, the CBDT has notified the Direct Tax Vivad Se Vishwas Scheme, 2024 to resolve pending appeals in the case of income tax disputes. The Scheme has come into force with effect from 1st October, 2024.
- In pursuance of section 245MA in the Income-tax Act, 1961, the CBDT has notified the e-Dispute Resolution Scheme, 2022 (e-DRS) with the aim to reduce litigation and provide relief to eligible taxpayers. The scheme will enable the delivery of quick and effective dispute resolution to small taxpayers and at the same time facilitate the CsIT (Appeals) to focus on demand heavy and old appeals.

- By the Finance Act 2024, the Commissioner (Appeals) have been enabled to dispose appeals by setting aside assessment orders that were completed ex-parte.
- The Board vide F.No.279/Misc./M-74/2024-ITJ has issued Circular No.9/2024 dated 17.09.2024 regarding revision of monetary limits for filing appeals. Vide Circular No.9/2024 dated 17.09.2024 monetary limits for filing appeals before ITAT, High Court and Supreme Court have been raised to Rs. 60 lakh, Rs.2 crore and Rs. 5 crore respectively.

CBIC:

The following steps have been taken by CBIC from time to time to reduce litigation pendency:

(a) A circular No.1081//202-EX dated 19.01.2022 was issued by the Board wherein the field formations have been instructed to file Miscellaneous Application for early hearing, out of turn hearing, early decision, stay vacation, bunching of cases as per merits/requirement to reduce the pendency in various appellate fora.

(b) Monetary limits for filing appeals in various fora w. r. t. Legacy (C. Ex. & S. Tax), Customs & GST appeals have been enhanced/introduced vide Instructions dated 06.08.2024, 02.11.2023 and Circular dated 26.06.2024 respectively. Post enhancement, the monetary limits are as under:

S.No.	Appellate Forum	Enhanced Monetary Limits (Instruction dated 06.08.24)	Enhanced Monetary Limits (Instruction dated 02.11.23)	Introduced Monetary Limits (Circular dated 26.06.24
		Legacy (C. Ex & S. Tax)	Customs	GST
1	Supreme Court	Rs. 5 Crore	Rs. 2 Crore	Rs. 2 Crore
2	High Courts	Rs. 2 Crore	Rs. 1 Crore	Rs. 1 Crore
3	CESTAT	Rs. 60 Lakh	Rs. 50 Lakh	Rs. 20 Lakh

Consequent to enhanced monetary limits, total 200 Legacy Appeals & 14 Customs Appeals have been dismissed on account of monetary limits by the Hon'ble Supreme Court.

(c) Early Hearing Applications are being filed in the Supreme Court for the priority disposal of high-revenue cases involving revenue of Rs.10 crores and above. Currently, 108 such applications have been filed in the Supreme Court, and a further 188 applications are in the process of being filed. A similar practice is followed in High Courts and CESTAT.In CESTAT, cases involving similar issues are being bunched for priority disposal.

(e) To streamline the litigation, field formations have been sensitized to forward only those SLP proposals wherein the issue involves substantial questions of law.

(f) Field formations have been instructed that in matters where Department has lost in two consecutive previous stages of appeal, the proposal for any further appeal at a higher forum has to be accompanied with a certificate of satisfaction by the concerned Chief Commissioner that the Department has a strong case on merits.

(g) The Board has issued Instruction vide F. No. 390/Misc./2017-JC dated 15.05.2018 and introduced monetary limit of Rs. 2.5 lakhs at the level of Commissioner (Appeals) below which Department's appeals shall not be filed with the Commissioner (Appeals).

(h) Field formations have been instructed by the Board vide instruction dated 18.12.2015 to withdraw pending Departmental appeal cases from Commissioner

(Appeals) /High Court/CESTAT on the basis of decision of the Supreme Court upon an identical matter.

(i) CBIC has empowered Zonal Principal Chief Commissioners/Chief Commissioners to redistribute pending appeals among other Commissioner (Appeals) and equivalent officers within their jurisdiction.

(j) CBIC has recently issued a letter dated 27.09.2024 to all Zonal Principal Chief Commissioners/Chief Commissioners to undertake periodical review of the appeals pending with Commissioner (Appeals) and Additional/Joint Commissioner (Appeals) to reduce the pendency of first appeals.

(k) CBIC has recently notified scheme under Section 128A of the CGST Act, 2017 (to be effective from 01.11.2024) to give total waiver of interest and penalty for specified non-fraudulent GST demand notices under section 73 relating to F.Y. 2017-18 to 2019-20.

(l) CBIC introduced SAMAY software for systematic adherence and management of timelines for yielding results in litigation."

8.5 During the oral evidence, when the Committee specifically desired to know the reasons for low conviction rate in Prevention of Money Laundering Act (PMLA), the Secretary, deposed before the Committee as follows:

"On PMLA, why the conviction rate is very low, I would say that actually the number of cases decided is very low. The total number of cases decided as on date is 43 cases. The conviction rate is more than 90 per cent. I think it is about 92 or 93 per cent. We have lost only one or two cases. All the other cases have actually been convicted. So, the conviction rate is high but the finalisation of the cases percentage is very low……think the total cases may be about 45 cases or so. So, out of 45 cases, roughly, there has been conviction of 43 cases. It is only in one or two cases that there has not been a conviction. It has not been proven."

8.6 Further, when it was informed that out of a total of 1513 cases, only 45 have been decided so far, and the Committee expressed their concern over the slow pace of disposal, the Secretary of Revenue apprised the Committee as follows:

"This is an issue. The issue really is that the number of complaints that we have filed in the courts for one reason or the other, the decision has not happened. So, that is why, it seems that the conviction rate is very low. But wherever there has been a decision, 93 per cent of those cases, have actually ended up in a conviction of 99 persons in 43 cases…..The only thing I mention here is that most of these complaints would be may be of the last four or five or six years. For example, I want to give some number. The prosecution cases filed till 2022 were 943. Now, till September, 2024, it is 1,512."

8.7 When the Committee asked why the cases cannot be decided expeditiously, the Department stated as follows:

"The prosecution complaints are filed before the Special Courts and the trial of scheduled offences is also transferred to these Special Courts on application made by ED officers. The issues regarding supply of non-Relied Upon Documents have very recently been settled by the courts. ED is now allowing inspection wherever such order is passed by the courts at the behest of accused to fast tract the trial. It is submitted that delay in trial in most of the case is attributable to the accused themselves as the discharge petitions are filed in a staggered manner and frequent adjournments are taken by them. Further, there are various other factors that impact the conclusion of trial as explained in reply to the earlier questions.

The offence of money laundering involves execution of multiple transactions/wire transfers through Multiple bank accounts of Multiple business entities/shell entities in multiple jurisdictions. The collection of evidence for commission of such offence is a time intensive exercise. With the given human resources, ED is making best efforts to complete the investigation in pending cases."

8.8 On being asked by the Committee, the Secretary, Revenue apprised the Committee about the decriminalization of offences related to GST as follows:

"Some questions have been asked which are factual related to some offences which have been decriminalised. Yes, we have decriminalised some….. I would like to mention that on three offences recently GST Council has taken a decision to decriminalise them."

8.9 On being asked about the best practices in other countries or major economies that can be emulated to avoid, resolve, or reduce the pendency of tax litigation in our country, the Department, in their written reply, furnished the following information:

"CBDT:

Different countries have attempted different measures to address the challenges faced by them in respect of tax litigation. The kind of measures they have attempted depends upon their constitutional-legal framework, the overall burden of tax litigation, cost of litigation, appellate remedies available and their respective policy preferences for different options. While examining them, it needs to be taken into account that there are no universal choices, neither are any of these measures a perfect remedies that are likely to provide a readymade solution for the challenges faced by India.

It would also be appropriate to take into account that the cause of excessive tax litigation burden may vary from country to country, and the solutions chosen by different countries may be related to the underlying factors that are giving rise to a challenge for them. In particular, the incentives and disincentives on the part of stakeholders, i.e. the taxpayer, the tax administrator and the tax consultant/representative/counsel in a given jurisdiction, that give rise to tax litigation may need to be taken note of while deciding upon the remedies that can reduce tax litigation burden. It needs to be noted that while the details of these measures are readily available, their actual assessment, and impact on reducing litigation is not readily available. Accordingly, more work may need to be undertaken on assessment of their impact and their usefulness, particularly for the Indian context.

Summary of Best Practices followed by different countries for mitigating tax dispute burden:

i. There seems to be an increasing emphasis on voluntary compliance, consultation with the taxpayer, and avoiding court based litigation.
ii. Several countries have strengthened the Administrative Appeal / Review process in their laws, by providing for optional or mandatory consultation between the tax administration and the taxpayer.
iii. Mediation or Conciliation has emerged as one of the leading ways of alternate dispute resolution mechanism in most of the countries.
iv. Some countries like United States have attempted to make the position of tax administration more pragmatic by taking into account the probability of success in litigation and the ability of taxpayer to pay.

v. Various forms of Alternate Resolution Mechanism appear to be merging around the world, and being codified and legally institutionalised.
vi. Countries like Brazil have adopted a Cooperative Tax Administration, where the tax administration works along with taxpayer to arrive at common understanding with which to resolve the case.
vii. In International Taxation, Advanced Pricing Agreement (APAs) and Advance Tax Rulings (ATR) are being adopted by a number of countries.
viii. Regular Voluntary Disclosure has been incorporated by several countries to provide an option to taxpayer to voluntarily correct his returned income, in case of under-reporting, with minimal consequences.
ix. Some countries have adopted Amnesty Schemes, but such schemes do not seem to be in favour with most countries.
x. There seems to be virtually no appetite in any country including United States, to adopt Arbitration as a means of dispute resolution.

CBIC:

E-filing of appeals in all appellate fora is made necessary to adhere the timelines of filing appeals in order to avoid delay. However, it is a policy matter."

8.10 In regard to the best practices by different countries for mitigating tax dispute burden when the Committee desired to know whether any assessment has been undertaken for their impact and usefulness particularly in the Indian context, the Department in their written reply submitted as under:

"No such assessment has been undertaken by CBDT."

IX. STRENGTHENING TAX ADMINISTRATION

9.1 Given below are the details of number of Officer/Staff in the offices under purview of the Department of Revenue:

CBDT

Name of the Post	Classification of the post	Sanctioned Strength as per CRD'13	Working St. as on 01.09.2024	Vacancy	Vacancy %
(A) Gr. 'A'					
Pr.CCIT	Group 'A'	26	26	0	0%
CCIT	Group 'A'	91	90	1	1%
Pr.CIT	Group 'A'	300	226	74	25%
CIT	Group 'A'	635	427	208	33%
Addl.CIT/JCIT	Group 'A'	1675	1223	452	27%
DCIT/ACIT	Group 'A'	2294	1788	506	22%
Sr.AO	Group 'A'	21	10	11	52%
(B) Gr. 'B' (Gazetted)					
ITO	Group 'B' (Gazetted)	5942	5773	169	3%
Admn. Officer Gr.II	Group 'B' (Gazetted)	428	395	33	8%
Admn. Officer Gr.III	Group 'B'	935	868	67	7%

	(Gazetted)				
Sr.PS	Group 'B' (Gazetted)	417	360	57	14%
PS	Group 'B' (Gazetted)	634	504	130	21%
(C) Gr. 'B' (Non-Gazetted) and Gr. 'C'					
ITI	Group 'C'	13293	12230	1063	8%
Executive Assistant					
(i) Office Supert.	Group 'B'(Non-Gazetted)	3688	2751	937	25%
(ii) Sr. Tax Assist.	Group 'C'	12289	4108	8181	67%
(iii) Steno Grd. I	Group 'B'(Non-Gazetted)	3860	1110	2750	71%
Tax Assist.	Group 'C'	12219	7220	4999	41%
Steno Grd. II	Group 'C'	2335	1663	672	29%
SCD Gr. II	Group 'C'	227	46	181	80%
Notice Server	Group 'C'	3432	2477	955	28%
LDC	Group 'C'	345	40	305	88%
SCD (OG)	Group 'C'	197	20	177	90%
MTS	Group 'C'	11138	6061	5077	46%
OTHER POSTS					
SCD (Spl. Grade)	Group 'C'	639	377	262	41%
SCD (Gr. I)	Group 'C'				
Gestetner Operator	Group 'C'				
Hindi Typist	Group 'C'				
Canteen Staff	Group 'C'				
EDP Cadre					
Director(S)/ Addl.Director(S)/JD(S) /DD(S)/ AD(S)	Group 'A'	189	111	78	41%
DPA Grade 'B'	Group 'B' (Gazetted)	155	3	152	98%
DPA Grade 'A'	Group 'B' (Non-Gazetted)	274	0	274	100%
OL Cadre					
DD(OL)/AD(OL)	Group 'A'	116	48	68	59%
Sr. Hindi Translator	Group 'B' (Non-Gazetted)	119	54	65	55%
Jr. Hindi Translator	Group 'B' (Non-Gazetted)	119	60	59	50%
	Total	**78032**	**50069**	**27963**	**36%**

CBIC

POSTS	Total (Excluding SEZ)			Special Economic Zone		
	SS	**WS**	**VP**	**SS**	**WS**	**VP**
Principal CC (Apex)	14	14	0	0	0	0
CC (HAG+)	38	38	0	0	0	0
Pr. Commr.	99	97	2	0	0	0
Commissioner	335	305	30	0	0	0
ADC/ JC	932	839	93	0	0	0
DC/ AC	4165	3129	1036	176	16	160
Total Gr. A (Executive)	**5583**	**4422**	**1161**	**176**	**16**	**160**

CAO	349	231	118	0	0	0
DD(OL)	11	8	3	0	0	0
AD(OL)	68	12	56	0	0	0
Total Gr. A (Ministerial)	**428**	**251**	**177**	**0**	**0**	**0**
Supdt. of C. Ex.	15526	13677	1849	315	141	174
Supdt. Cus. (P)	2388	2000	388	0	0	0
Appraiser	1194	1009	185	367	0	367
Inspector of C. Ex.	20638	13911	6727	1049	32	1017
Prev. Officer	2970	1687	1283	0	0	0
Examiner	1595	987	608	0	0	0
AO	1600	581	1019	0	0	0
Sr. PS	152	111	41	0	0	0
PS	340	55	285	0	0	0
Steno-I	932	435	497	0	0	0
Executive Assistant	4850	2895	1955	0	0	0
ST	79	73	6	0	0	0
JT	158	50	108	0	0	0
Asst. Programmer	5	1	4	0	0	0
Driver Spl. Grade	69	59	10	0	0	0
Total Gr.B	**52496**	**37531**	**14965**	**1731**	**173**	**1558**
Steno-II	801	560	241	0	0	0
Tax Assistant	6432	3218	3214	0	0	0
LDC	1917	388	1529	0	0	0
Driver Grade-I	485	293	192	0	0	0
Driver Grade-II	416	90	326	0	0	0
Driver Grade-III	415	8	407	0	0	0
Head Hawaldar	6500	3076	3424	0	0	0
Hawaldar	8690	2105	6585	0	0	0
ASI (Weapons)	52	16	36	0	0	0
Lady Searcher	12	0	12	0	0	0
ASI (Dog Handler)	5	15	0	0	0	0
MTS	634	430	204	0	0	0
Total Gr.C	**26359**	**10199**	**16170**	**0**	**0**	**0**
Total	**84866**	**52403**	**32473**	**1907**	**189**	**1718**

SS- Sanctioned strength, WS- Actual Working strength, VP- Vacancy Position/ Shortage.

TOTAL STRENGTH (OTHER THAN MAIN-STREAM) OF CENTRAL GST, CUSTOMS & CUSTOMS (PREV.), COMMISSIONERATES AND DIRECTORATES UNDER C.B.I.C. (AS ON 01.07.2024)

S.	**Posts / Name of the Formation**	**Gr.A**			**Gr.B**			**Gr.C (erstwhile Gr.'D')**			**TOTAL**		
		SS	**WS**	**VP**	**SS**	**WS**	**VP**	**SS**	**WS**	**VP**	**SS**	**WS**	**VP**
1	DGRI	4	0	4	0	0	0	0	0	0	4	0	4
2	LOGISTICS (Tele-Communication)	0	0	0	3	1	42	372	46	326	435	47	388
3	LOGISTICS (Marine)	1	6	5	04	54	50	872	542	330	997	602	395
4	CRCL	6	8	8	22	216	106	214	120	94	612	384	228
5	DATA MANAGEMENT	2	3	9	2	0	2	40	1	39	54	4	50
6	DGTS		0	0	1	0	1	33	2	31	34	2	32
7	CBN/CCF (Common Cadre Staff)	1	0	1	16	215	101	1109	485	624	1426	700	726

8	CCF (Factory/ Other Staff)	1	9	2	5	7	18	1051	419	632	1107	435	672
9	Advisor (Cost)	3	2	1		0	0	0	0	0	3	2	1
10	Director /Joint Director (Cost)	4	1	3		0	0	0	0	0	4	1	3
11	Deputy/ Assistant Director (Cost)	8	9	9		0	0	0	0	0	38	19	19
12	CANTEEN STAFF	0	0	0		0	0	255	95	160	255	95	160
	GRAND TOTAL	**10**	**8**	**22**	**13**	**493**	**320**	**3946**	**1710**	**2236**	**4969**	**2291**	**2678**

9.2 During the oral evidence, when the Committee raised the issue that a large number of vacancies in CBDT as well as in CBIC and asked what remedial measures are being taken, the Secretary, Revenue deposed before the Committee as follows:

"An effort was made in the whole government including CBDT, CBIC and it has yielded some good results. Still, there are vacancies. We will continue to take it up with the authorities concerned. We cannot directly take up the recruitment. Either through SSC or UPSC, most of the bulk recruitment are happening. We are working with them to ensure that we get good numbers recruited. This is actually not an issue not only with us. All the other Departments are facing this because there is a huge vacancy. People will get selected in one year in one particular Department and they want to improve. They again appear in the examination next year and if they go through, they leave the Department. Once they leave, then again there are vacancies. So, these are issues as a result of which in all the Departments, there is vacancy."

9.3 In regard to the Training/Capacity Building of the personnel, the Department of Revenue submitted as follows:

"CBDT:

1. All the capacity building and training related matters of CBDT are placed under the administrative control of Pr. DGIT (Training) Directorate of Training (DoT) Delhi. This Directorate has been newly created in January 2024 keeping in view the emphasis given by Govt. of India on capacity enhancement and collaborative learning and to spearhead qualitative and quantitative deliverables.

2. The DoT is responsible for designing and developing training programs that align with the tax administration's objectives and strategies to address the needs of entire workforce across the department and across the hierarchy (From Group 'A' to Group 'C') which is presently about 50,000.

3. The DoT plays a pivotal role in achieving the goals of Capacity Building in Income Tax Department on a sustained, organized manner and in alignment with overarching principles envisioned in iGOT & Karamyogi initiatives of the Govt. of India.

4. The organizational setup of the training under the DoT, CBDT is as follows:
   (a) National Academy of Direct Taxes (NADT) Nagpur headed by DG (Training)
   (b) 10 Regional Centres (RCs) of NADT headed by Pr ADG/ADG.
   (c) 45 Ministerial Staff Training Units (MSTUs) headed by ITOs

CBIC:

The National Academy of Customs, Indirect Taxes and Narcotics (NACIN) is the cornerstone of India's capacity-building efforts in indirect taxation and narcotics control. As the apex institution in this field, it plays a pivotal role in equipping government officials with the expertise necessary to navigate the complex landscape of tax administration and law enforcement. NACIN, through its HQ and 18 Zonal and Regional Training Institutes (ZTIs/RTIs), conducts nearly 2,000 training programs annually, impacting around 1 lakh trainees and achieving 3.45 lakh man-days of training.

9.4 When the Committee asked whether there are any issues, including financial or budgetary support and allocation for the training institutes, the Department of Revenue submitted the following:

"CBDT:

All the budget proposals i.e. Budget Estimates (BE), Revised Estimates (RE) and Final Requirements are submitted through the Directorate of Expenditure Budget, who is the nodal agency of CBDT for the allocation of funds to different Budget Controlling Authorities (BCA). Budgetary requirement of funds for training institutes show gradual upward trend primarily on account of the incremental quality and quantity of training inputs and focused capacity building interventions conducted for entire cadre. This involves adopting better and contemporary teaching methodologies, tools and equipment and providing modern hostel facilities and infrastructure to trainees and faculty. The training institutes under Directorate of Training, CBDT, therefore, require adequate funds under various heads including DTE(Domestic Travel Expenses), OE(Office Expenses), Rent, ICT/IT (Information, Computer & Telecommunication/ Information Technology), Rent for others as well as for maintenance of its numerous buildings. It is submitted that there is a need for higher allocation of funds to the training institutes in the current year and coming years…..

CBIC:

- The necessary budgetary support is being provided to NACIN and with the active support of Department of Revenue, the new headquarters of NACIN at Palasamudram has been constructed within a short span of 18 months in a sprawling 500 acre campus with an overlay of 700 crores. This campus was inaugurated by Hon'ble PM Shri Narendra Modi ji on 16th January, 2024.
- The proposals for construction of office buildings and hostel accommodation in various Zonal Training Institutes are in advanced stage of consideration.
- A proposal to develop a comprehensive Training Management System is also in the consideration of CBIC.
- Additional facilities such as International Centre, Canine Centre etc. need to be developed.
- Augment staff strength for the NACIN Palasamudram and all ZTIs
- Financial Power of Head of Training institute to be enhanced from Rs. 5 lakh to Rs. 25 lakh in respect of payment to outside training institutes for conducting trainings for CBIC officers.
- NACIN need to have a HR policy to attract better work force.
- The honorarium for faculty may have to be increased for attracting eminent faculty
- PD Account may be allowed for training institutes for operation of cash less transactions as well as to properly conduct International Trainings
- Need to create certain ex-cadre positions on deputation from other departments such as drill instructors, faculty etc."

9.5 On being asked by the Committee about the emerging fields in which training is required or could be useful for officers and employees, the Department of Revenue, in their written reply, furnished the following information:

“CBDT:

I. Courses on Behavioral skills and Citizen Centric approach is one of the areas of focus for training of the employees.

II. Courses on Fostering Ethical Governance Practices and Cultivating Responsible Behaviour among the employees of the department.

III. Cryptocurrency and Blockchain Analysis: Training in digital asset transactions, blockchain technology, and tracing illicit funds through these channels to prevent tax evasion and financial fraud.

IV. Data Analytics and Forensic Accounting: Skills in data mining, predictive analysis, and forensic accounting to identify fraudulent activities, tax evasion schemes, and non- compliance patterns.

V. Artificial Intelligence and Machine Learning Applications in Taxation: AI-driven tools for automated risk assessment, anomaly detection, and predictive modelling to enhance audit efficiency.

VI. International Taxation and Transfer Pricing: Knowledge of cross-border tax laws, tax treaties, transfer pricing, and digital transaction impacts, to address global tax avoidance strategies.

VII. Anti-Money Laundering (AML) and Countering Financing of Terrorism (CFT): Training in AML/CFT regulations, risk assessment, and compliance monitoring to address evolving money laundering techniques and financing of illicit activities.

VIII. Intellectual Property (IP) and Digital Economy Taxation: Understanding the taxation of intangible assets, digital services, and e-commerce transactions, especially as businesses increasingly operate online.

IX. Taxation of E-Commerce: Training in e-commerce-specific tax policies, including Goods and Services Tax (GST), tax collection at source (TCS) mechanisms, compliance with place-of-supply rules, and cross-border digital transaction taxes. Officers should also understand compliance requirements for online marketplaces and digital service providers.

X. Environmental, Social, and Governance (ESG) Compliance and Taxation: Training on tax implications of ESG- related activities and incentives as ESG compliance becomes more critical for businesses.

XI. NCLT and Insolvency& Bankruptcy Code (IBC) Proceedings: Proficiency in NCLT proceedings and the IBC framework to handle tax claims in corporate insolvency cases, restructuring, and liquidation processes effectively.

XII. Governance and Fraud Detection: Specialized training in identifying red flags in corporate governance and detecting financial manipulation within organizations. This also involves analyzing financial statements, understanding shell companies, and recognizing signs of fraudulent practices.

XIII. White-Collar Crime and Regulatory Compliance: Knowledge of regulatory compliance related to white-collar crimes, including fraud, embezzlement, and corporate scams. Officers should understand SFIO's role in enforcing compliance and prosecuting economic offenses.

XIV. Training in FATF Compliance and Standards: Essential for understanding global AML/CFT practices, risk assessment, and international cooperation, FATF training empowers officers to prevent financial crimes, comply with international standards, and protect national and economic interests.

CBIC:

- Use of AI and ML in generation of Intelligences. Cyber forensics for investigations and development of intelligence
- Digital tools for Cyber Security
- Use of Digital learning techniques to reduce stress on class room learning
- Faculty Development
- Handling e-commerce
- Tackling IPR violations
- Training on environmental hazard management"

9.6 During the examination of Demands, when the Committee sought information about our Human Resource costs in relation to the tax collected and its efficiency compared to other countries, the Secretary of Revenue deposed before the Committee as follows:

"HR cost and how it compares globally. I would like to assure the committee that we are very, very efficient so far as our administrative costs are concerned. Both, CBDT and CBIC put together, the administrative cost for tax collection is about 0.6 to 0.7 per cent, which compares very well with that of other countries."

9.7 When the Committee, considering the increasing cyber threats, desired to know what specific budget provisions have been made for the cyber security of tax administration systems, the Department, in its written reply, submitted the following:

"**CBDT:**

The IT Systems under the Central Board of Direct Taxes (CBDT), Department of Revenue, are managed by the Directorate of Income Tax (Systems). The Directorate of Systems oversees various digital initiatives and projects that are implemented and operated by Managed Service Providers (MSPs). MSPs are contractually obligated to ensure cyber-security readiness in each project, including provisions for cyber-security infrastructure, compliance with Cyber security standards and regular cyber-security audits. MSPs are obligated to address various aspects of cyber-security such as physical/network/system/application security, audit trails, data protection, Security Operations Centre (SOC), Security Information and Event Management (SIEM) solutions, data warehouse security, email and database protection and overall information security governance. The associated costs attributable to such Cyber Security related aspects are incorporated into the overall project cost.

CBIC:

Cyber security and all its associated tools and appliances have been procured under project 'Saksham'- a seven-year contract whose total value is Rs. 2,256 crore+ taxes. Cybersecurity is part of the said contract. The Saksham contract expired on Dec. 31st, 2023 and has been extended for a year upto 31st Dec. 2024 under the same allocation (from savings).

A tech. refresh proposal is being finalized to incorporate newer technologies both in infrastructure and Cybersecurity.

Three Subject Matter Experts (SMEs) have been onboarded through NICSI for a total amount of Rs. 1,07,20,348/- (including taxes and NICSI margins) for a period of six months. One of the resources is to serve in the role of Officer-on-Special-Duty (OSD) to the Chief Information Security Officer (CISO), CBIC with the specific task of helping the CISO in maintaining the Cybersecurity robustness of the CBIC IT infrastructure.

In view of the rapid change of the Cybersecurity threat landscape, a Zero-trust solution has been procured from M/s Zscaler through the System Integrator (SI) i.e. M/s TCS for 4,000 licenses at a cost of Rs. 1,99,95,000/- exclusive of taxes.

The Monitoring Agency (MA) which is part of the DGS HQ acts as a third-party auditor and conducts various exercises which are part of Cybersecurity preparedness such as Vulnerability Assessment & Penetration Testing (VAPT), Web application assessments, application assessments, API assessments, infrastructure audit, site audits from the Cybersecurity perspective among others under the PGA (Program Governance Agency) & MA contract of Rs. 73.67 crore for 5 years which is extended upto 31st March, 2025."

9.8 On the issue of misuse of power by the tax officers, the Secretary, Revenue deposed before the Committee as follows:

"I would like to inform that there is a lot of questions on powers given to the GST officers. I would only like to mention that it has been our endeavour that the powers that we give to them are commensurate and they do not overreach their powers; they do not misuse their powers in any cases of undue harassment. We have a zero-tolerance policy for corruption. We take action against it."

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PART- II

OBSERVATIONS/ RECOMMENDATIONS

Budgetary Allocation

Demand No.35

1. In regard to Demand No. 35 pertaining to the Department of Revenue (HQ), the Committee, in their previous Report on the Demands for Grants, emphasized the need for expeditious work related to the setting up of the Goods and Services Appellate Tribunal (GSTAT). The Committee note that the Department of Revenue, in light of their recommendation, has notified the Constitution of State Benches of the Goods and Services Tax Appellate Tribunal via Notification No. S.O.4073 (E) dated 14.09.2023. Furthermore, the GST Council, in its 52nd Meeting held on 07.10.2023, recommended amendments to Section 110 of the Central Goods and Services Tax Act, 2017. Accordingly, the proposal for the introduction of the Central Goods and Services Tax (Second Amendment) Ordinance, 2023 has been sent to the Cabinet Secretariat. Additionally, the Goods and Services Tax Appellate Tribunal (Appointment and Conditions of Service of President and Members) Rules, 2023, has also been notified vide No. G.S.R. 793(E) dated 25.10.2023. The work related to the constitution of the Principal Bench and the appointment of the President of the Principal Bench is in progress. The Committee further noted that a budgetary provision of Rs. 233.1 crore has been made in BE 2024-25 for the establishment of the Principal and State Benches of GSTAT under Demand No. 35. While expressing satisfaction over the work done so far, the Committee recommend that all the remaining work related to GSTAT should be completed expeditiously so that GSTAT can become fully functional at the earliest.

(Para No. 1, Recommendation No. 1)

Demand No.36

2. The Committee, in regard to Demand No. 36 pertaining to the Direct Taxes, note that there are no Central Sector Schemes and Centrally Sponsored Schemes, and the entire budget is for salaries and administrative expenses pertaining to field offices of the Central Board of Direct Taxes (CBDT). The

Budget Estimates for 2024-25 have been proposed at Rs. 10,340.38 crore, out of which Rs. 9,025.42 crore is under the Revenue Head and Rs. 1,314.96 crore is under the Capital Head. In the Revenue section, the expenditure towards 'Salaries' (including Rewards, Allowances, and LTC) has been estimated at Rs. 6,269.25 crore, which is 69.46% of the Revenue Grant of Rs. 9,025.42 crore and 60.63% of the total Grant of Rs. 10,340.38 crore. The Committee, while scrutinizing the previous years' financial performance in regard to Demand No. 36, have found that the utilization rate of the budgetary allocation has shown consistent improvement over the last three years. From 90.5% in 2021-22 and 94.1% in 2022-23 to 98.1% in 2023-24, the utilization has steadily improved. However, the Committee also find that at the stage of RE, budgetary estimations have been revised upward during the last two fiscal years; yet, the actual utilization remained below the initial Budgetary Estimates. In regard to savings in the revenue section, the Department has stated that one of the main reasons is that the Directorate of Expenditure Budget, as well as the Budget Controlling Authorities (BCAs) and the Sub-BCAs, did not have a proficient mechanism to monitor the requirement of funds or the expenditure incurred by the Drawing and Disbursing Officers (DDOs), which more often than not resulted in surplus allocation of funds in some cases or shortage of funds in other charges. Moreover, funds under the various heads were surrendered by some BCAs at the last moment, so the funds could not be diverted to other BCAs. While appreciating the improvement in the utilization of budgetary allocation, the Committee desire that the trend of improvement in budgetary utilization should continue and that the budgetary forecasting and project execution mechanism, particularly for the capital section, should be further strengthened for accurate prediction of fund requirements and their optimum utilization.

(Para No. 2, Recommendation No. 2)

Demand No.37

3. The Committee note that Demand No. 37, pertaining to Indirect Taxes, is for establishment-related expenditure for the field offices of the Central Board of Indirect Taxes & Customs (CBIC) and provision for Central Sector Schemes such as Remission of Duties and Taxes on Exported Products (RoDTEP) and various

other Scrips-Based Schemes. The Committee further note that the Budgetary Estimate for the year 2024-25 has been set at Rs. 41,098.48 crore, reflecting a 6.7% increase from the previous year's Budgetary Estimate (BE). The Committee also note that for 2023-24, the BE was set at Rs. 38,510.58 crore, which was reduced to Rs. 36,716.60 crore at Revised Estimate (RE), whereas the actual expenditure was Rs. 34,649.88 crore, representing 94.4% of the RE and 90% of the BE. The utilization rate against the RE for the years 2021-22 and 2022-23 was 76.8% and 92.6%, respectively. The Committee are pleased that the Department has sincerely worked on their recommendation and considerably improved their fund utilization. Nonetheless, the Committee believe there is still scope for further narrowing the gap and would like the Department to take further necessary measures in this regard.

(Para No. 3, Recommendation No. 3)

Tax Collection

GST Evasion and Fraud

4. The Committee note that GST evasion as well as fraudulent Input Tax Credit (ITC) cases are on the rise. There were 12,574 GST evasion cases in 2021-22, which increased to 20,582 in 2023-24. Similarly, fraudulent ITC cases rose from 5,966 in 2021-22 to 9,190 in 2023-24. During the study visit of the Committee to Chennai and Mumbai, in Nov.2024, it emerged that fraudulent ITC cases are a significant challenge in GST, requiring urgent attention to curb it. This issue involves claiming ITC on the basis of fake invoices without actual supply of goods or services, leading to substantial revenue losses for the Government and distorting the tax system. The Committee understand that several steps, such as physical verification of suspicious taxpayers and the use of biometrics for GST registration, are being taken to address this issue. The Committee welcome these measures and believe they are steps in the right direction. However, they also desire that utmost efforts be made to ensure that genuine taxpayers, especially small vendors, do not face undue hardship. Additionally, it is important to emphasize that efforts should be made to raise awareness about various GST provisions in easy-to-understand language, ultimately resulting in better compliance and a hassle-free GST registration process.

(Para No. 4, Recommendation No. 4)

Campaign to nudge taxpayers

5. The Committee note that the Income Tax Department undertakes electronic campaigns through SMS and email to reach out to individuals with significant transactions reported against them in Form 61A (Statement of Financial Transaction), as mandated by the Act under the Non-Filer Monitoring System (NMS). Every year, before the deadline for filing revised returns, certain taxpayers who have not filed income tax returns but have entered into taxable transactions are contacted through the e-campaign as part of the Risk Management Strategy, nudging them to file their income tax returns. The Committee further note that out of the 68,45,662 taxpayers selected for the Campaign in 2021-22, 83,21,305 in 2022-23, and 44,75,956 in 2023-24, the number of taxpayers who filed their income tax returns were 7,20,592, 10,33,979, and 8,81,996 respectively. The Committee find that there is a considerable gap between the taxpayers selected for the Campaign and those who actually filed their tax returns. The Committee endorse this Campaign as a useful tool to increase tax compliance and desire that it be made more specific with the help of technology and data tracking to increase its conversion rate.

(Para No. 5, Recommendation No. 5)

Tax Refunds and Tax Arrears

6. The Committee note that the average time taken for processing returns has reduced significantly from 38 days in 2020-21 to 10 days in 2023-24. The amount of refund has also increased from Rs. 1,92,085.05 crore to Rs. 3,87,816.08 crore. However, on the other hand, tax arrears are accumulating rapidly. In regard to CBDT, the cumulative tax arrears, which were Rs. 10,95,938.06 crore in 2019-20, stood at Rs. 42,29,640.82 crore in 2024-25 (up to 07.10.2024). In the case of CBIC, the arrear amount has risen from Rs. 3,02,157.23 crore in 2021-22 to Rs. 4,26,737.76 crore in 2023-24. The Committee also note that the CBDT has issued an Annual Central Action Plan for fiscal 2024-25, wherein time-bound targets for recovery of arrear demand have been fixed. The progress on the above action plan is actively monitored by CBDT. Concerted efforts continue to be made to reverse the trend of increasing arrear

demand and to initiate the process of reducing the figure to more manageable levels. The Committee appreciate such efforts and desire that the outcome of such exercise should be shared with the Committee at the time of furnishing action taken notes. The Committee also find that no such action plan has been drawn in regard to CBIC. The Committee, therefore, recommend that CBIC should also prepare such an annual plan to recover arrear demand in a time-bound manner.

(Para No. 6, Recommendation No. 6)

Broadening of Tax Base

7. The Committee note that the Tax-to-GDP ratio of our country has been increasing in recent years, particularly with regard to Direct Taxes, which has grown from 5.2% in 2020-21 to 6.5% in 2023-24, the highest level in the past 15 years. During the same period, the Indirect Tax to GDP ratio also increased from 4.7% to 5.2%. The Committee further note that the Tax-to-GDP ratio varies according to the level of development of a nation. While high-income countries have a higher Tax-to-GDP ratio, the same would not be applicable to middle-income and low-middle-income countries. Our country aspires to become a developed nation by 2047. This would mean graduating from a low-middle-income to a high-income or middle-high-income country in the next 25 years or so. As the Department has stated, in the next 25 years, India's direct tax-to-GDP ratio should double itself and reach approximately 12%. The Committee, however, are of the opinion that while the Government has implemented several commendable measures to enhance tax compliance and reduce evasion, a significant portion of the economy remains untaxed. Therefore, they desire that, to achieve the envisaged target of 12%, the government should focus more on broadening the tax base and including those who are still outside the tax net before resorting to deepening the tax base. The Committee believes that raising awareness and education about the importance of tax compliance, the benefits of a broader tax base, and simplifying tax laws to make compliance easier for individuals and businesses can go a long way in broadening the tax base. The

Committee are also strongly in favor of leveraging technology to streamline tax administration, reduce compliance costs, and enhance transparency.

(Para No.7, Recommendation No. 7)

<u>Dispute Resolution</u>

8. The Committee note with concern that the number of appeals pending at various fora in respect of Direct Taxes is increasing year after year despite various measures taken by the Department in this regard. The total number of appeals pending was 51,567 in 2021-22, which increased to 58,645 in 2022-23 and to 64,311 in 2023-24. Similarly, the amount disputed in 2021-22 was Rs. 6,64,067.86 crore, which rose to Rs. 7,18,030.94 crore in 2022-23 and surged by 198% to Rs. 14,21,130.27 crore in 2023-24. The amount involved at the Income Tax Appellate Authority, which was Rs. 2,89,564.76 crore in 2022-23, almost tripled to Rs. 8,56,576.01 crore in 2023-24. Likewise, in the case of Indirect Taxes, the number of cases increased from 113,508 in 2021-22 to 126,615 in 2023-24, and the amount involved more than doubled from Rs. 3,67,249.78 crore to Rs. 7,40,665.05 crore during the same period. The Committee also note with concern the slow pace of disposal of cases related to the Prevention of Money Laundering Act (PMLA), as since its inception, only 45 cases have been disposed of so far.

Considering this data, it seems that the various measures taken by the Government to reduce tax litigation have not yielded the desired results so far. While the introduction of measures such as the *Vivad se Vishwas* Scheme, the establishment of the National Faceless Assessment Centre, and the adoption of technology-driven solutions have been commendable, there remains a critical need to address the backlog and complexities in tax dispute resolution. The Committee feel that it is imperative to further enhance the focus on tax dispute redressal mechanisms and take additional measures in this regard. The Committee observe that no assessment of the best practices by different countries for mitigating tax dispute burdens has been undertaken by CBDT. The Committee, therefore, recommend that for formulating alternative or additional measures, there should be a study and examination of the best practices followed by different countries for mitigating the tax dispute burden, for their

impact, usefulness, and adoptability, particularly in the Indian context. This would be beneficial in reducing disputes and fostering a more cooperative relationship between taxpayers and tax authorities. Implementing these best practices can lead to faster resolution of disputes, reduced litigation costs, and improved taxpayer confidence in the system. The Committee believe that aligning with global standards can also make our country a more attractive destination for foreign investment with predictable and efficient tax regimes.

(Para No. 8, Recommendation No. 8)

Strengthening of Tax Administration

Training

9. The Committee note that there are emerging fields in which training is required or would be required for the tax personnel in the near future to become proactive rather than reactive in managing tax evasion and frauds, such as Cryptocurrency and Blockchain Analysis, Data Analytics and Forensic Accounting, Artificial Intelligence and Machine Learning in Taxation, White-Collar Crime and Regulatory Compliance, etc. The importance of a proactive approach in the emerging field of tax analytics and technology for tax personnel in India cannot be overstated. Traditionally, tax authorities have often been reactive, addressing tax evasion and fraud only after they occur. However, with the advent of advanced data analytics and technology, there is a significant opportunity for tax personnel to shift towards a more proactive stance. The Committee, therefore, recommend that necessary planning be done and arrangements made to impart training in such fields for the tax personnel. The Committee would like to be apprised of the details of such planning; and estimation of funds at the time of furnishing action taken notes by the Department.

(Para No. 9, Recommendation No. 9)

Vacancies

10. The Committee note that there are considerable numbers of vacancies in both CBDT and CBIC. In some posts, there are 100% vacancies. Even for the

crucial post of Inspector of Central Excise, there are 7,744 vacancies. Such vacancies may be hampering the smooth functioning of the organizations and providing optimum services to the taxpayers. The Committee believe that filling these vacancies promptly is essential to maintain the efficiency and effectiveness of our tax administration, ensuring it can meet its revenue targets and support the country's economic growth. The Department has attributed these vacancies to candidates leaving the department once they get better opportunities elsewhere. Nonetheless, the Committee feel that having such vacancies is not in the best interest of the Government or the taxpayers. Therefore, they recommend that the Department urgently take up this matter with the concerned authorities to recruit an adequate number of candidates.

(Para No. 10, Recommendation No. 10)

New Delhi;
4 December, 2024
13 Agrahayana, 1946 (Saka)

Bhartruhari Mahtab
Chairperson,
Standing Committee on Finance

Annexure-I

Details of GST Compensation released from 2017-18 to 2022-23

(Rs. in crore)

S.No.	Name of State/UT	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Andhra Pradesh	382	0	2865	5086	3047	2222	13602
2	Arunachal Pradesh	0	0	0	0	0	0	0
3	Assam	980	454	1306	1612	22	568	4943
4	Bihar	2922	2805	5441	4206	232	501	16105
5	Chhattisgarh	1589	2608	4538	3021	775	1876	14407
6	Delhi	326	5868	9148	10793	8368	3557	38060
7	Goa	281	694	1304	1335	1085	464	5309.07
8	Gujarat	4277	8788	15558	17771	7150	5251	58795
9	Haryana	1461	3835	6811	6737	2976	1707	23528
10	Himachal Pradesh	1088	2084	2619	1486	648	841	8766
11	J & K	1160	1667	3281	1834	0	418	8360
12	Jharkhand	1368	1106	2278	2640	1017	1167	9576
13	Karnataka	7670	12465	18463	19301	9877	7966	75742
14	Kerala	2102	3757	8173	7352	4283	3192	28859
15	Madhya Pradesh	2668	3402	6735	6798	2981	2897	25481
16	Maharashtra	3077	8454	18874	35627	22099	7206	95336
17	Manipur	0	0	0	0	0	0	0
18	Meghalaya	113	114	147	272	20	0	666
19	Mizoram	0	0	0	11	0	0	11
20	Nagaland	0	0	0	14	0	0	14
21	Odisha	2348	4241	5332	4243	834	1052	18051
22	Puducherry	387	693	1057	927	27	377	3468
23	Punjab	5225	9764	12738	8777	4755	4793	46051
24	Rajasthan	2989	2570	7085	7625	1820	2162	24250
25	Sikkim	6	0	0	2.62	0	0	9
26	Tamil Nadu	1018	5366	11423	16963	11698	4863	51333
27	Telangana	0	0	2996	6062	1561	1608	12228
28	Tripura	140	176	284	220	6	-10	817
29	Uttar Pradesh	2431	0	9168	15330	9815	3852	40596
30	Uttarakhand	2071	2485	3400	2126	1192	1161	12436
31	West Bengal	1608	2041	6609	7830	6471	2845	27403
	Total	**49688**	**85439**	**167631**	**196001**	**102906**	**62538**	**664204**

Annexure-II

Details of back to back loan released in lieu of GST compensation

(in Rs. Crore)

S. No.	Name of State/UT	During FY 2020-21	During FY 2021-22
(1)	(2)	(3)	(4)
1	Andhra Pradesh	2311	3272
2	Arunachal Pradesh	0	0
3	Assam	994	1774
4	Bihar	3905	6816
5	Chhattisgarh	3109	4965
6	Delhi	5865	6193
7	Goa	840	847
8	Gujarat	9222	13040
9	Haryana	4352	7394
10	Himachal Pradesh	1717	2695
11	J & K	2272	3845
12	Jharkhand	1689	2484
13	Karnataka	12407	18109
14	Kerala	5766	8739
15	Madhya Pradesh	4542	7011
16	Maharashtra	11977	13782
17	Manipur	0	0
18	Meghalaya	112	141
19	Mizoram	0	0
20	Nagaland	0	0
21	Odisha	3822	6430
22	Puducherry	742	1096
23	Punjab	8359	12132
24	Rajasthan	4604	7268
25	Sikkim	0	0
26	Tamil Nadu	6241	8095
27	Telangana	2380	4569
28	Tripura	226	401
29	Uttar Pradesh	6007	8140
30	Uttarakhand	2316	3333
31	West Bengal	4431	6425
	Total	**110208**	**159000**

Annexure-III

Repayment schedule of back-to-back loan

(Rs. in crore)

Year	Principal	Interest	Total Repayment
FY 20-21	0.00	0.00	0.00
FY 21-22	0.00	5342.15	5342.15
FY 22-23	0.00	13983.64	13983.64
FY 23-24	78104.00	13983.64	92087.64
FY 24-25	123604.00	10575.28	134179.28
FY 25-26	0.00	3838.07	3838.07
FY 26-27	67500.00	3838.07	71338.07
Total	**269208.00**	**51560.85**	**320768.85**

Annexure-IV

Pending AG certificates from States/UTs

S.No.	Name of State/Union Territory	Year for which AG Certified figures have not been provided
1	Arunachal Pradesh	2022-23 (Apr-June, 22)
2	Haryana	2022-23 (Apr-June, 22)
3	Himachal Pradesh	2022-23 (Apr-June, 22)
4	Jammu & Kashmir	2022-23 (Apr-June, 22)
5	Manipur	2022-23 (Apr-June, 22)
6	Meghalaya	2022-23 (Apr-June, 22)
7	Nagaland	2022-23 (Apr-June, 22)
8	West Bengal	2022-23 (Apr-June, 22)

Annexure-V

State wise Compensation Cess collected till September, 2024

(Amount in Rs. crores)

S. No.	State/UT	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25 (till Sept 24)	Total
1	Jammu and Kashmir	47	42	42	59	54	68	86	76	473
2	Himachal Pradesh	10	15	19	10	17	20	21	13	126
3	Punjab	87	154	211	174	222	340	378	254	1,820
4	Chandigarh	6	4	13	11	15	22	20	16	107
5	Uttarakhand	145	240	190	90	87	124	131	65	1,071
6	Haryana	2,795	3,889	3,671	3,816	4,977	6,031	7,041	3,789	36,010
7	Delhi	746	1,072	1,093	888	1,022	1,023	1,312	695	7,851
8	Rajasthan	1,144	1,516	1,470	1,508	1,872	1,501	1,852	835	11,699
9	Uttar Pradesh	7,582	12,264	12,762	10,910	12,649	14,236	15,556	8,010	93,968
10	Bihar	1,294	1,923	2,063	1,677	1,940	2,005	2,043	1,058	14,003
11	Sikkim	1	2	2	1	1	1	1	1	9
12	Arunachal Pradesh	1	2	2	2	2	2	2	1	14
13	Nagaland	2	9	10	6	14	44	47	13	145
14	Manipur	1	1	2	2	2	3	3	0	13
15	Mizoram	0	1	1	1	0	1	1	1	5
16	Tripura	6	3	2	3	2	3	3	1	22
17	Meghalaya	26	21	5	4	9	19	24	7	116
18	Assam	317	468	479	309	403	628	1,033	738	4,375
19	West Bengal	2,277	3,898	3,995	3,254	3,494	4,251	4,603	2,770	28,542
20	Jharkhand	3,331	5,160	5,211	4,571	5,431	5,772	6,939	3,937	40,351
21	Odisha	4,241	5,641	5,723	6,198	7,840	8,874	9,368	4,913	52,797
22	Chhattisgarh	4,097	6,489	6,171	5,869	6,861	7,041	7,708	3,852	48,088
23	Madhya Pradesh	3,183	4,939	5,525	5,530	6,280	7,006	7,554	3,847	43,865
24	Gujarat	2,460	3,975	4,588	4,821	6,263	6,667	8,025	4,127	40,925
25	Daman and Diu	0	0	0	0	-	-	-	-	1
26	Dadra and Nagar Haveli	2	1	1	2	4	11	7	1	28
27	Maharashtra	7,606	11,442	11,513	8,953	14,092	19,907	23,229	12,345	109,087
29	Karnataka	6,619	10,079	9,446	7,521	9,468	13,342	16,852	9,003	82,331
30	Goa	19	29	33	19	21	39	42	21	223
31	Lakshadweep	-	-	-	-	-	-	-	-	-
32	Kerala	71	64	120	79	80	75	57	33	580
33	Tamil Nadu	4,248	7,168	5,894	5,586	7,076	8,051	8,747	4,659	51,428
34	Puducherry	6	6	7	4	5	8	8	6	51
35	Andaman and Nicobar Islands	0	1	1	1	0	1	2	0	6
36	Telangana	3,789	6,497	6,500	5,161	6,310	6,481	6,549	3,147	44,433
37	Andhra Pradesh	154	273	1,537	2,113	2,361	3,794	3,398	1,513	15,143
38	Ladakh	-	-	-	2	1	1	1	1	6
97	Other Territory	9	0	-	0	-	0	-	-	10
99	Center Jurisdiction	-	-	-	-	-	-	-	-	-
	Total Cess - Domestic	**56,319**	**87,290**	**88,303**	**79,152**	**98,878**	**1,17,390**	**1,32,639**	**69,749**	**7,29,720**
	Total Cess - Import	6,295	10,080	10,442	9,190	8,789	10,896	11,915	5,917	73,524
	Total Gross	**62,614**	**97,369**	**98,745**	**88,342**	**107,667**	**1,28,286**	**144,554**	**75,666**	**8,03,244**
	Net Cess Collection	**62,612**	**95,081**	**95,551**	**85,191**	**1,04,609**	**1,25,862**	**1,43,109**	**74,183**	**7,86,198**

Appendix – I

Minutes of the Second Sitting of the Standing Committee on Finance (2024-25)

The Committee sat on Monday, the 28th October, 2024 from 1100 hrs. to 1330 hrs in Committee Room '2', Parliament House Annexe Extension, Block-A, New Delhi

PRESENT

Shri Bhartruhari Mahtab – Chairperson

MEMBERS

LOK SABHA

2. Shri P. P. Chaudhary
3. Shri Lavu Sri Krishna Devarayalu
4. Shri Gaurav Gogoi
5. Shri K. Gopinath
6. Shri Suresh Kumar Kashyap
7. Shri Kishori Lal
8. Shri Harendra Singh Malik
9. Thiru Arun Nehru
10. Shri N. K. Premachandran
11. Smt. Sandhya Ray
12. Prof. Sougata Ray
13. Shri P. V. Midhun Reddy
14. Dr. K. Sudhakar
15. Shri Manish Tewari
16. Shri Balashowry Vallabhaneni
17. Shri Prabhakar Reddy Vemireddy

RAJYA SABHA

18. Dr. Ashok Kumar Mittal
19. Shri Sanjay Seth
20. Dr. Dinesh Sharma
21. Smt. Darshana Singh
22. Dr. M. Thambidurai
23. Shri Pramod Tiwari

SECRETARIAT

1.	Shri Kuldeep Singh Rana	-	Deputy Secretary
2.	Shri T. Mathivanan	-	Deputy Secretary

WITNESSES

Department of Revenue

1. Shri Sanjay Malhotra, Secretary
2. Shri Vivek Aggarwal, Additional Secretary
3. Shri Manoj Sahay, AS&FA
4. Shri Ravi Agrawal, Chairman, CBDT
5. Shri Harinder Bir Singh Gill, Member [(TPS&R) & (S&FS)], CBDT
6. Shri Sanjay Kumar, [(A&J) & (IT)], CBDT
7. Shri Prabodh Seth, Member (Admn.), CBDT
8. Shri Ramesh Narain Prabat, Membe(L), CBDT
9. Shri Sanjay Bahadur, Pr. DGIT(Training), Delhi
10. Shri Amitav, DGIT(Systems), CBDT
11. Shri Raman Chopra, JS(TPL-I), CBDT
12. Shri Vinay Kumar Singh, JS(FT&TR)-I, CBDT
13. Shri Shashi Bhushan Shukla, Commissioner(Investigation), CBDT
14. Shri T. Kipgen, ADG (Expenditure Budget), CBDT
15. Shri Sanjay Kumar Agrawal, Chairman, CBIC
16. Shri Alok Shukla, Member (Administration and Vigilance)
17. Shri Shashank Priya, Member, CBIC
18. Shri Surjit Bhujabal, Member, CBIC
19. Shri Vivek Ranjan, Member, CBIC
20. Shri Sanjay Kumar Mangal, Member, Prl. Commission, GST, CBIC
21. Ms. Monika Sharma, SDE, ED

2. At the outset, the Chairperson appreciated the services of Shri Ramkumar Suryanarayanan, Joint Secretary, Lok Sabha Secretariat, especially with respect to the quality of Reports presented by the Committee. Then, the Chairperson welcomed the witnesses to the Sitting of the Committee and apprised them of the agenda, i.e., examination of the Demands for Grants (2024-25) of the Department of Revenue (Ministry of Finance), the main topics for the discussion and the provisions of Directions 55(1) and 58 of the Directions by the Speaker. After the customary introduction of the witnesses, the Chairperson initiated the discussion on the subject.

3. Thereafter, the Committee inter alia deliberated upon the following issues:

(i) Budgetary allocation and utilization – reasons for surrender of funds, need for improvement in budgetary estimation

(ii) Capital Expenditure – details of projects, time and cost overrun, efforts to utilize optimum funds.

(iii) Collection of taxes - Reasons for higher collection under head Income other than Corporation than Corporation Tax, increase in tax arrears, Taxation on Crypto currency and gaming

(iv) GST – reasons for decrease in collection growth, increase in number of cases of GST evasion, efforts to improve compliance, need to simplify tax provisions, fraudulent GST Input Tax Credit cases, decriminalization of certain cases in GST

(v) GST compensation cess and its extension, Payment of GST compensation to the States

(vi) Tax Litigation – need to fast track disposal of cases, setting up of GST Appellate Tribunals, cases under PML Act, *Vivad* se *Vishwas* Scheme

(vii) Tax Administration - Simplification of Income Tax Act, sharing of tax data by the government agencies, Tax Evasion informer system, tax collection cost

(viii) Human Resource Management - Reasons for a large number of vacancies in CBDT and CBIC, action against officers indulging in corrupt practices/ overreaching their power

4. The witnesses responded to the queries raised by the Members. The Chairperson then directed the representatives of the Department of Revenue (Ministry of Finance) to furnish written replies to the points raised by the Members, which could not be readily replied by them during the discussion, within seven days to the Secretariat.

The witnesses then withdrew.

The Committee then adjourned.

A verbatim record of the proceedings has been kept.

Appendix – II

Minutes of the Seventh sitting of the Standing Committee on Finance (2024-25)

The Committee sat on Wednesday, the 04 December, 2024 from 1500 hrs to 1530 hrs in Committee Room 'G-074', Parliament Library Building, New Delhi.

PRESENT
MEMBERS

Shri Bhartruhari Mahtab – Chairperson

LOK SABHA

2. Shri P. P. Chaudhary
3. Shri Lavu Sri Krishna Devarayalu
4. Shri Gaurav Gogoi
5. Shri Kishori Lal
6. Shri Harendra Singh Malik
7. Shri Chudasama Rajeshbhai Naranbhai
8. Thiru Arun Nehru
9. Shri N. K. Premachandran
10. Dr. C. M. Ramesh
11. Dr. Jayanta Kumar Roy
12. Shri Prabhakar Reddy Vemireddy

RAJYA SABHA

13. Shri Milind Murli Deora
14. Dr. Ashok Kumar Mittal
15. Shri Sanjay Seth
16. Dr. Dinesh Sharma
17. Smt. Darshana Singh
18. Shri Pramod Tiwari

SECRETARIAT

1.	Shri Gaurav Goyal	-	Joint Secretary
2.	Shri Vinay Pradeep Barwa	-	Director
3.	Shri Kuldeep Singh Rana	-	Deputy Secretary
4.	Shri T. Mathivanan	-	Deputy Secretary

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee. Thereafter, the Committee took up the following draft reports for consideration and adoption:

i. First Report on Demands for Grants (2024-25) of the Ministry of Finance (Departments of Economic Affairs, Expenditure, Financial Services, Investment & Public Asset Management and Public Enterprises).

ii. Second Report on Demands for Grants (2024-25) of the Ministry of Finance (Department of Revenue).

iii. Third Report on Demands for Grants (2024-25) of the Ministry of Corporate Affairs.

iv. Fourth Report on Demands for Grants (2024-25) of the Ministry of Planning.

v. Fifth Report on Demands for Grants (2024-25) of the Ministry of Statistics and Programme Implementation.

vi. Sixth Report on Action Taken by the Government on recommendations contained in 59th Report (Seventeenth Lok Sabha) on the subject 'Cyber Security and Rising Incidence of Cyber/White Collar Crimes'.

vii. Seventh Report on Action Taken by the Government on recommendations contained in 66th Report (Seventeenth Lok Sabha) on the subject 'Performance Review and Regulation of Insurance Sector'.

After some deliberations, the Committee adopted the above draft Reports with minor modifications and authorised the Chairperson to finalise them and present the Reports to the Parliament.

The Committee then adjourned.