

09

**STANDING COMMITTEE ON FINANCE
(2024-25)**

EIGHTEENTH LOK SABHA

**MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE)**

**DEMANDS FOR GRANTS
2025-26**

NINTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

March, 2025/ Phalguna, 1946 (Saka)

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(2025-26)**

Presented to Lok Sabha on 19th March, 2025

Laid in Rajya Sabha on 19th March, 2025



**LOK SABHA SECRETARIAT
NEW DELHI**

March, 2025/ Phalguna, 1946 (Saka)

CONTENT

REPORT

Composition of the Committee (iv)

PART-I NARRATION ANALYSIS

		Page No.
Chapter - I	INTRODUCTORY	1
Chapter - II	ORGANISATIONAL SET-UP OF THE DEPARTMENT OF REVENUE	1
Chapter- III	OVERVIEW OF DEMANDS FOR GRANTS (2025-26)	3
Chapter- IV	ANALYSIS OF DEMANDS AND PAST PERFORMANCE	4
	A. Demand No. 35 - Department of Revenue (HQ)	4
	B. Demand No. 36 – Direct Taxes	11
	C. Demand No. 37 – Indirect Taxes	19
Chapter- V	TAX COLLECTION	24
Chapter- VI	TAX REFUND AND TAX ARREARS	35
Chapter- VII	TAX DISPUTE RESOLUTION	40
Chapter- VIII	STRENGTHENING TAX ADMINISTRATION	45

PART-II

OBSERVATIONS/ RECOMMENDATIONS OF THE COMMITTEE 48

ANNEXURES

Annexure- I	Details of construction projects related to Demand No.36	57
Annexure- II	Details of construction projects related to Demand No.37	63

APPENDICES

Appendix – I	Minutes of the Sitting of the Committee held on 24.02.2025	67
Appendix – II	Minutes of the Sitting of the Committee held on 18.03.2025	70

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 Ninth Report (Eighteenth Lok Sabha) on 'Demands for Grants (2025-26)' of the Ministry of Finance (Department Revenue).

2. The Demands for Grants (2025-26) 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 24th February, 2025. 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 (2025-26).

4. The Committee considered and adopted this Report at their Sitting held on 18th March, 2025.

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;
18th March, 2025
Phalguna 27, 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 2025-26 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 (2025-26) 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:

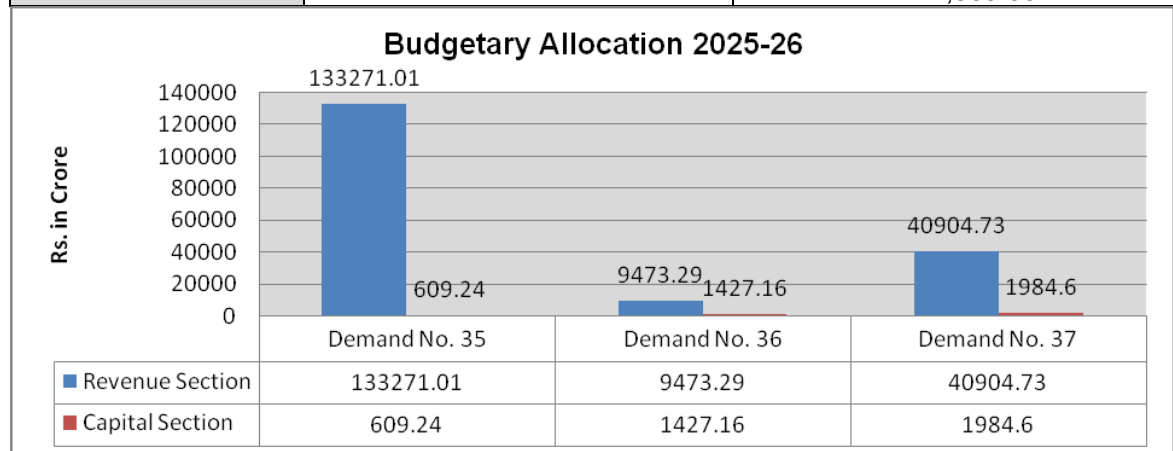
- i. Commissionerates/Directorates under Central Board of Indirect Taxes and Customs
- ii. Commissionerates/Directorates under Central Board of Direct Taxes
- iii. Central Economic Intelligence Bureau
- iv. Directorate of Enforcement
- v. Central Bureau of Narcotics
- vi. Chief Controller of Factories
- 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 (2025-26)

3.1 The detailed Demands for Grants (2025-26) of the Ministry of Finance were presented to Lok Sabha on 10 February, 2025. The details of the Demand No. 35, 36, and 37 for the year 2025-26 related to the Department of Revenue are as follows:

(Rs. in crore)

Demand No. 35 Department of Revenue (HQ)	Description	BE 2025-26
	Total-Revenue Section	1,33,271.01
	Charged	0.00
	Voted	1,33,271.01
	Total-Capital Section	609.24
	Charged	0.00
	Voted	609.24
	Total (Revenue Capital)	1,33,880.25
	Charged	0.00
Voted	1,33,880.25	
Demand No. 36 Direct Taxes	Description	BE 2025-26
	Total-Revenue Section	9,473.29
	Charged	0.00
	Voted	9,473.29
	Total-Capital Section	1,427.16
	Charged	0.00
	Voted	1,427.16
	Total (Revenue& Capital)	10,900.45
	Charged	0.00
Voted	10,900.45	
Demand No. 37 Indirect Taxes	Description	BE 2025-26
	Total-Revenue Section	40,904.73
	Charged	0.00
	Voted	40,904.73
	Total-Capital Section	1,984.60
	Charged	0.00
	Voted	1,984.60
	Total (Revenue& Capital)	42,889.33
	Charged	0.00
Voted	42,889.33	



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 Ministry in their written reply have stated that the total proposed Budget provision under the Demand No. 35 of Department of Revenue for the FY 2025-26 is Rs. 1,33,880.25

crore. Out of this Rs. 1,33,271.01 crore is under the Revenue Section and Rs. 609.24 crore is for expenditure under Capital Section.

4.5 On the revenue side, major provision are proposed as below:

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.500.00 crores has been kept for the year 2025-26 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.130640.51 crores) 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.

4.6 In the establishment related expenditure of Revenue Headquarters & its Secretariat and various attached offices [Central Economic Intelligence Bureau (CEIB); 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.382.45 crore has been estimated for 2025-26 against the RE 2024-25 of Rs.371.22 crore. Further, the BE 2025-26 provision for Enforcement Directorate has been kept as Rs.550.75 crore for Revenue expenditure in comparison to BE of Rs. 470.00 Crore & RE of Rs.519.93 crore for 2024-25. A budget provision of Rs. 350.00 crore has been kept towards payment of User Charges to GSTN for the year 2025-26 against the RE 2024-25 provision of Rs. 565.00 crore under Demand No.35- Department of Revenue.

4.7 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) and newly created Goods and Service Tax Appellate Tribunal (GSTAT) functioning under the department.

4.8 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. 525.00 crore (approx.) has been kept for 2025-26.

4.9 Under the Capital Section, the major requirement (Rs. 383.50 crores) is under the MH 4059, to meet out the various infrastructural related proposals of Enforcement Directorate and Central Bureau of Narcotics.

4.10 Object-wise details in respect of Demand no. 35-Department of Revenue of the budgetary allocation under the Capital Section for 2025-26 are as under:

Object Heads under Capital Section	BE 2025-26 (Rs. in crore)
Motor Vehicles	2.62
Machinery and Equipment	16.92
Other Capital Expenditure	0.08
Information, Computer Telecommunications (ICT) Equipment	147.53
Buildings & Structures	113.73
Infrastructural Assets	1.80
Furniture & Fixtures	51.56
Arms and Ammunitions (Capital)	2.66
Upgradation/Procurement of Heritage Assets and N.E.C.	0.06
Other Fixed Assets	2.26
Land	270
Total (Capital Section)	609.24

4.11 Below is the past three years' performance in respect of Capital Section:

(Rs. In thousands)

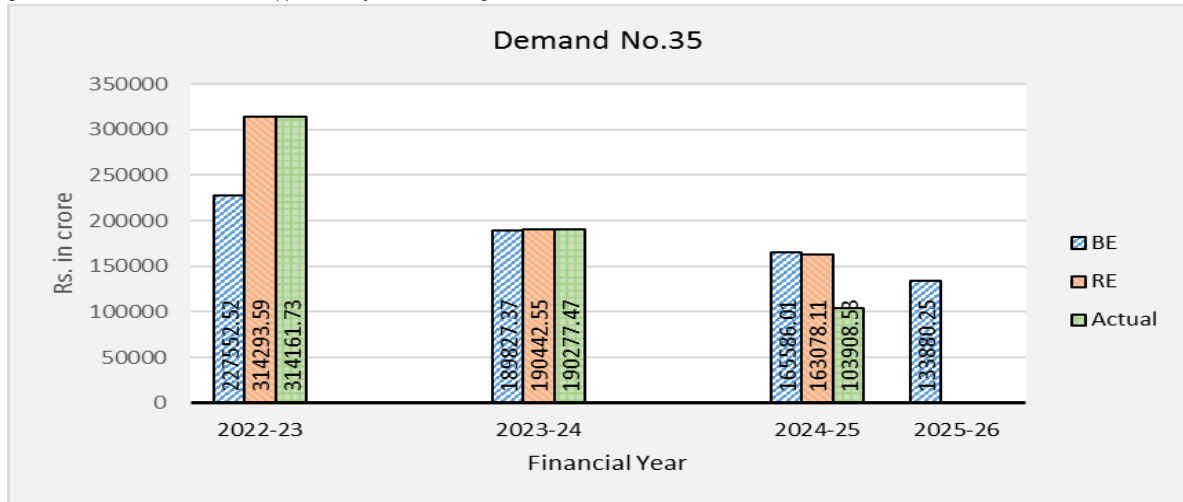
Object Heads	BE 2022-23	Actual 2022-23	BE 2023-24	Actual 2023-24	BE 2024-25	Actual till 14th Feb, 2025
Motor Vehicles	-	-	51785	34607	148100	827
Machinery and Equipment	11600	18301	143000	162617	166250	56243
Major Works	31300	271527	-	-	-	-
Investment	100	0	100	0	-	-
Other Capital Expenditure	-	-	0	0	140000	0
Information, Computer Telecommunications (ICT) Equipment	-	-	886915	630090	784250	441701
Buildings & Structures	-	-	4300	634334	1345200	465
Infrastructural Assets	-	-	50	26926	7500	4614
Furniture & Fixtures	-	-	93870	76593	164005	78218
Arms and Ammunitions (Capital)	-	-	4525	12198	18200	79
Upgradation/ Procurement of Heritage Assets and N.E.C.	-	-	700	100	600	47
Other Fixed Assets	-	-	12655	3654	55495	3825
Land	-	-	500	1022833	2490000	609570
Total	43000	289828	1198400	2603952	5319600	1195589

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

(Rs. in crores)

Demand No.35									
Section	BE 22-23	RE 22-23	Actual 22-23	BE 23-24	RE 23-24	Actual 23-24	BE 24-25	RE 24-25	Actual 24-25 (till 11.02.2025)
Revenue	227548.22	*314259.29	314132.75	189707.53	190135.79	190017.07	165054.05	162602.37	103789.11
Capital	4.30	34.30	28.98	119.84	306.76	260.40	531.96	475.74	119.42
Total	227552.52	314293.59	314161.73	189827.37	190442.55	190277.47	165586.01	163078.11	103908.53

*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.



4.13 The performance details of Capital Section for the years 2024-25 are given below:

(Rs.in crore)

Object Head	BE	RE	Exp. Upto December, 2024	Remarks
Motor Vehicles	14.81	3.72	0.08	The fund was proposed in BE for GSTAT infrastructure, however, due to delay in getting Office space for Principal and State Benches, the allotted fund is reduced from BE to RE.
Machinery and Equipment	16.62	12.31	4.81	Proposal of Office of CCF is under consideration/examination.
Other Capital expenditure	14.00	0.01	0.00	The fund was proposed in BE for GSTAT infrastructure, however, due to delay in getting Office space for Principal and State Benches, the allotted fund is reduced from BE to RE.
Information, Computer, Telecommunications (ICT) equipment	78.42	140.67	39.38	The additional requirement is for Project FINnet 2.0 in Office of FIU-IND.

Buildings and Structures	134.52	51.62	0.02	The funds is reduced as the Office complex for Principal Bench, GSTAT was not materialised as the said complex were already sold.
Furniture & Fixtures	16.40	13.53	5.89	Proposals are under consideration/examination.
Arms and Ammunitions (Capital)	1.82	2.72	0.01	Proposals are under consideration/examination.
Other Fixed Assets	5.55	1.29	0.25	The fund was proposed in BE for GSTAT infrastructure, however, due to delay in getting Office space for Principal and State Benches, the allotted fund is reduced from BE to RE.
Land	249.00	249.00	60.96	Proposals for purchasing of land for the Office of Enforcement Directorate are under consideration/examination.

4.14 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 2022-23

Total Budget provision under the Demand No 35 of Department of Revenue for the FY 2022-23 is Rs.227552.52 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.106000.00 crores has been kept for the year 2022-23 to meet the expenditure on payment of compensation to States/UTs with legislatures. This estimate was based on trend of collection of cess/ AG certified revenue figures of FY 2017-18, 2018-19, 2019-20, 2020-21 and 2021-22 of states. An amount of Rs.120000.00 crores compensation cess was also kept towards transfer to GST compensation Fund. This estimate is based on trend of collection of revenue. GST Compensation payable to States/UTs is provisionally calculated on bi-monthly basis and is subject to adjustment on receipt of revenue figure as audited by CAG. An amount of Rs.115661.5572 crore has already been released against the Budget Estimates of Rs.106000 crore to the States/UTs Government with legislature as GST compensation till December, 2022.

However, at RE stage, the Budget Provision has now been enhanced to Rs. 247295.02 crore against the BE 2022-23 provision of Rs.227552.52 crore, which is mainly due to provision of additional fund amounting to Rs.9662.00 crore and Rs.10000.00 crore towards release of GST compensation to States/Union Territories Government with legislature and transfer to GST Compensation Fund respectively. Further under Capital Section, provision of Rs.30.00 crore has been kept in RE 2022-23 for purchase of land and ready-built accommodation for Enforcement Directorate. The excess requirement under RE is to be met through supplementary. An amount of Rs.19728.49 crore (Rs.19698.49 crore under Revenue Section and Rs.30.00 crore under Capital Section) through token/technical/cash supplementary has been provided in 1st batch of supplementary demands for grants (December, 2022) taking into account the savings/recoveries/receipts under the same section of the Grant in 2022-23.

FY 2023-24

The total proposed Budget provision under the Demand No 35 of Department of Revenue for the FY 2023-24 is Rs.189827.37 crores. Capital Expenditure forms a small part of the total budget grant and is Rs119.84 crore.

Department of Expenditure vide Notification dated 16th December, 2022, has 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 has been inserted. As per the description/definition of the newly created object heads, some of the newly created object heads for which presently, the expenditures are 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 ₹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.

Against the BE 2023-24 provision of Rs.189827.37 crores, the Revised Estimates was fixed as Rs.190277.46 crore has been made after leaving the saving of Rs.165.09 crores.

FY 2024-25

The Budget Estimates in 2024-25 has been reduced from Rs.165586.01 crore [Revenue Section: Rs.165054.00 and Capital Section: Rs.531.96 crore] to Rs.159638.11 crore [Revenue Section: Rs.159162.37 and Capital Section: Rs.475.74 crore]. In the Revenue Section & Capital Section, the reduction has been primarily on account of decrease of budget for Goods & Service Tax Appellate Tribunal.

The total Expenditure upto 31.12.2024 is Rs.71860.62 crore [Rs.71748.76 crore under Revenue Section and Rs.111.85 crore under Capital Section] i.e. 45.01% of the budget of the RE. Utilization under Revenue Section is 45.07% of RE under Revenue Section whereas utilization under Capital Section is 23.51% of RE under Capital Section.”

4.15 When asked by the Committee about the quantum of re-appropriation of funds for the Financial Year 2024-25 in respect of Demand No. 35 – Department of Revenue, it was stated that the amount was Rs. 249.29 crore and the same was within the prescribed limits.

4.16 It was also stated that a token supplementary of Rs 0.01 Crore was obtained in the first batch of supplementary and a token supplementary of Rs. 0.02 Crore has been proposed in the second and final batch of supplementary during 2024-25.

4.17 The Committee pointed out that the budgetary utilizations during the previous two years have been 99.96% of the Revised Estimates, however, for 2025-26, the utilization (upto Dec.2024) against RE has been only 45.01%. When asked by the Committee about the probability of utilizing the remaining funds in the last three months of the fiscal year, the Department replied that as of 14th February, 2025, 63.72% of the funds has already been utilised against RE 2024-25 in respect of Demand No.35 (Department of Revenue). There is a

strong possibility that quantum of utilisation of funds in the remaining period of current financial year, will align with the previous year trends i.e. 99.96%.

4.18 The GST Appellate Tribunal (GSTAT) is the Appellate Authority established under the Central Goods and Services Tax Act, 2017, to hear various appeals under the said Act and the respective State/Union Territories GST Acts against the orders of the first appellate authority. It consists of a Principal Bench and various State Benches. The process of original adjudication as well as the first appeal happens through individual officers under the Act but the second appeal against the orders of the first appellate authorities under Central as well as State tax administration lies with the GSTAT constituted under the CGST Act. GSTAT has been provided the responsibility to hear appeals under all the four GST laws passed by Central as well as State officers. Therefore, this is the first forum at which the adjudication process converges under all GST laws and across all tax administrations.

4.19 As per the approval of the GST Council, the Government has notified the Principal Bench, to be located at New Delhi, and 31 State Benches at various locations across the country. The Committee was informed that the process for appointment of Judicial Members and Technical Members is already in progress. The Tribunal will ensure swift, fair, judicious and effective resolution to GST disputes, besides significantly reducing the burden on higher courts. It is envisaged that the establishment of the GSTAT would further enhance the effectiveness of the GST system in India and foster a more transparent and efficient tax environment in the country.

4.20 Regarding the Committee's recommendation in the previous year's Report on Demands for Grants, which suggested that all remaining works related to the GST Appellate Authority (GSTAT) should be completed expeditiously to ensure it becomes fully functional at the earliest, the Department has informed the Committee as follows:

“In the light of recommendation of the Committee above, it is stated that the work related to the constitution of the Principal Bench and State Benches of GSTAT has been notified vide Notification No. S.O. 3048(E) dated 31.07.2024. The appointment of the President of the Principal Bench has been notified vide Notification No. 01/2024 dated 20.05.2024. Interviews have been conducted and Appointment of Members is under process. 953 post of sub-ordinate staff has been created and appointment of the staff is also under progress. The recruitment Rules (RR) of Group 'C' has been notified vide Notification no. G.S.R. 340(E) dated 21.06.2024 and Recruitment Rules (RR) of Group A&B is under process. Jurisdiction of State Benches of GSTAT has been notified vide notification no. S.O. 5063 (E) dated 26.11.2024.”

4.21 When the Committee pointed out the delays in operationalization of GST Appellate Authority and desired to know the current status, the Secretary, Revenue deposited before the Committee as under:

“GSTAT will then have both Central and State matters. Some issues will only be settled by the Principal Bench of the Tribunal, and some will be settled by the State Benches. Sir, the number of places has also been decided and notified. Work is ongoing; many places have been hired. A lot of infrastructure work is in progress. Also, in many States, the Committees have given their names for appointment of members, and that is under approval process.

At the state level, the committees are chaired by the Chief Justice of the High Court and there are other members at the state level. At the Central level also, either Chief Justice India or Supreme Court Judge will be chairing the Selection Committee. So, one is, bringing the infrastructure. Another is to bring in the members and staff, and third is the technology. So, the technology is being brought at the Central level. The e-courts project has also been extended and the President has already seen it and tested it. So, very soon he will start hearing cases.”

B. Demand No. 36 – Direct Taxes

4.22 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).

4.23 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.

4.24 In regard to Demand No.36, a Budgetary Estimate for FY 2025-26 has been kept at Rs. 10,900.45 crore which includes an amount of Rs 9,473.29 crore for Revenue segment and Rs 1,427.16 for Capital segment.

Revenue Section

4.25 Below are the object head wise details of the requirement of funds for the Financial Year 2025-26 under various Object Heads of the Revenue:

(Rs. in crore)

S. No.	Object Head Code	Object Head Name	Actuals 2023-24	B.E. 2024-25	R.E. 2024-25	Proposed B.E. 2025-26
1	2	3	4	5	7	8
		Revenue Section				
1	01	Salaries	3,251.19	3,560.00	3,377.10	3,512.18
2	02	Wages	79.53	90.00	90.04	91.09
3	03	Overtime Allowance				
4	05	Rewards	25.57	30.00	26.51	26.51
5	06	Medical Treatment	58.42	62.00	80.00	62.00
6	07	Allowances	2,359.39	2,650.00	2,821.51	2,990.80
7	08	Leave Travel Concession	23.53	29.25	28.00	25.00
8	09	Training Expenses	15.87	42.26	36.03	30.00
9	11	Domestic Travel Expenses	85.28	74.50	100.00	75.00
10	12	Foreign Travel Expenses	2.03	2.00	2.01	3.00
11	13	Office Expenses	995.71	975.00	1100.00	1,125.00
12	14	Rent, Rate & Taxes for Land and Building	863.29	701.82	605.78	600.00
13	15	Royalty	0.00	0.00	0.00	0.00
14	16	Printing and Publication	2.39	3.30	3.30	4.00
15	18	Rent for others	370.58	300.00	370.00	350.00
16	19	Digital Equipment	87.81	68.34	90.00	90.00
17	24	Fuel and lubricants	35.21	24.00	24.00	35.00
18	26	Advertising & Publicity	69.99	75.00	70.00	70.00
19	27	Minor Civil and Electric Works	88.07	125.00	125.00	125.00
20	28	Professional Services	136.65	105.00	145.00	125.00
21	29	Repair and Maintenance	24.64	25.40	26.48	45.00
22	32	Contributions	0.26	1.01	0.64	0.64
23	40	Awards and Prizes	0.19	1.00	0.15	0.15
24	41	Secret Service Expenditure	54.89	42.00	47.49	47.49

25	49	Other Revenue Expenditure	8.83	18.28	13.05	10.00
26	50	Other Charges				
27	96	Swachhta Action Plan (OE)	19.39	20.26	20.26	30.43
28	99	Information Technology (OE)				
		Total (Revenue)	8658.64	9025.42	9202.35	9473.29

4.26 The Salient features of the Demand related to Revenue Section, as furnished by the Department, are as under:

Salaries

The allocation for F.Y. 2025-26 towards 'Salaries' has been kept as per the ceiling at **Rs. 3512.18 Crore**, which is **37.07 %** of the Revenue Grant of **Rs. 9473.29 Crore** and **32.22 %** of the total Grant of **Rs. 10900.45 Crore** for F.Y. 2025-26.

Wages

There is a likelihood of hired expenditure under the object head wages as per revision of minimum wages under labour law and the estimated expenditure for F.Y. 2025-26 under this head is projected at **Rs. 91.09 Crore**, which is **0.96%** of the Revenue Grant of **Rs. 9473.29 Crore** for F.Y. 2025-26.

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's head. The projection under this object head has been kept at **Rs. 26.51 Crore** for B.E. 2025-26, which is **0.28%** of the Revenue Grant of **Rs. 9473.29 Crore** for F.Y. 2025-26.

Medical Treatment

The estimated expenditure for F.Y. 2025-26 under this head is projected at **Rs.62.00 Crore**. The figure is reduced by **Rs.18.00 Crore** as compared to R.E. 2024-25 figure of **Rs. 80.00 Crore** as which is **0.65 %** of the Revenue Grant of **Rs. 9473.29 Crore** for F.Y. 2025-26.

Allowances

The estimated expenditure for F.Y. 2025-26 towards 'Allowances' has been communicated as per the ceiling at **Rs. 2990.80 Crore**, which is **31.57 %** of the Revenue Grant of **Rs. 9473.29 Crore** for F.Y. 2025-26.

Leave Travel Concession

The estimated expenditure for F.Y. 2025-26 under this head is projected at **Rs. 25.00 Crore**. The figure decreased by Rs.3.00 Crore as compared to last year's figure of **Rs. 28.00 Crore** as anticipated expenditure is expected to be on the lower side due to less requirements.

Training Expenses

The estimated expenditure for F.Y. 2025-26 under this head is projected at **Rs.30.00 Crore**. The figure decreased by **Rs.6.03 Crore** as compared to last year's figure of **Rs. 36.03 Crore** as anticipated expenditure is expected to be on the lower side due to less requirements.

Domestic Travel Expenses

The estimated expenditure for F.Y. 2025-26 under this head is projected at **Rs.75.00 Crore**. The figure decreased by **Rs.25.00 Crore** as compared to last year's figure of **Rs.100.00 Crore** as anticipated expenditure is expected to be on the lower side. The expenditure under this head was on the higher side in the last year due to General Elections where the officers were deployed as Expenditure Observers by the Election Commission.

Foreign Travel Expenses

The estimated expenditure for F.Y. 2025-26 under this head is projected at **Rs.3.00 Crore**. The figure decreased by **Rs.0.99 Crore** as compared to last year's figure of **Rs. 2.01 Crore** as

anticipated expenditure is expected to be on the higher side due to requirements submitted by the field formations.

Office Expenses

The estimated expenditure for F.Y. 2025-26 under this head is projected at **Rs.1155.43 Crore** (including the estimated expenditure of Rs. 30.43 Cr. under the Object Head "Swachhta Action Plan SAP). The figure is increased by **Rs. 35.17 Crore** as compared to last year's figure of **Rs. 1120.26 Crore** as anticipated expenditure is expected to be on the higher side due to revision of the wages paid to outsourcing employees as well as the increase in electricity & water charges etc.

Rent, Rates & Taxes

The estimated expenditure for F.Y. 2025-26 under this head is projected at **Rs. 600.00 Crore**. The figure decreased by **Rs. 5.78 Crore** as compared to last year's figure of **Rs. 605.78 Crore** as anticipated expenditure is expected to be on the lower side due to less requirements from the field formations.

Printing and Publication

The estimated expenditure for F.Y. 2025-26 under this head is projected at **Rs. 4.00 Crore**. The figure increased by **Rs. 0.70 Crore** as compared to last year's figure of **Rs. 3.30 Crore** as anticipated expenditure is expected to be on the higher side due to more requirements from the field formations.

Rent for Others

The estimated expenditure for F.Y. 2025-26 under this head is projected at **Rs. 350.00 Crore**. The figure decreased by **Rs. 20.00 Crore** as compared to last year's figure of **Rs. 370.00 Crore** as anticipated expenditure is expected to be on the lower as per requirements submitted by the field formations.

Digital Equipments

The estimated expenditure for F.Y. 2025-26 under this head is projected at **Rs. 90.00 Crore**. There is no fluctuation as compared to last year's figure and the same stands at **Rs. 90.00 Crore** as last year.

Fuel and Lubricants

The estimated expenditure for F.Y. 2025-26 under this head is projected at **Rs. 35.00 Crore**. The figure increased by **Rs. 11.00 Crore** as compared to last year's figure of **Rs. 24.00 Crore** as anticipated expenditure is expected to be on the higher side due to more requirements from the field formations.

Advertising and Publicity

The estimated expenditure for F.Y. 2025-26 under this head is projected at **Rs. 70.00 Crore**. There is no fluctuation as compared to last year's figure and the same stands at **Rs. 70.00 Crore** as last year.

Minor Civil and Electric Works

There is no change in this object's head. The allocation for F.Y. 2025-26 under this object head has been kept at **Rs. 125.00 Crore**, which is **1.32%** of the Revenue Grant.

Professional Services

The estimated expenditure for F.Y. 2025-26 under this head is projected at **Rs. 125.00 Crore**. The figure decreased by **Rs. 20.00 Crore** as compared to last year's figure of **Rs. 145.00 Crore** as anticipated expenditure is expected to be on the higher side due to more requirements from the field formations.

Repair & Maintenance

The estimated expenditure for F.Y. 2025-26 under this head is projected at **Rs.45.00 Crore**. The figure increased by **Rs. 18.52 Crore** as compared to last year's figure of **Rs. 26.48 Crore**.

Contributions

The estimated expenditure for F.Y. 2025-26 under this head is projected at **Rs. 0.64 Crore**. There is no fluctuation as compared to last year's figure and the same stands at **Rs. 0.64 crore** as last year.

Awards & Prizes

The estimated expenditure for F.Y. 2025-26 under this head is projected at **Rs. 0.15 Crore**. There is no fluctuation as compared to last year's figure and the same stands at **Rs. 0.15 crore** as last year.

Secret Service Expenditure

The estimated expenditure for F.Y. 2025-26 under this head is projected at **Rs. 47.49 Crore**. There is no fluctuation as compared to last year's figure and the same stands at **Rs. 47.49 crore** as last year.

Other Revenue Expenditure

The estimated expenditure for F.Y. 2025-26 under this head is projected at **Rs. 10.00 Crore**. The figure decreased by **Rs. 3.05 Crore** as compared to last year's figure of **Rs. 13.05 Crore** as anticipated expenditure is expected to be on the lower as per requirements submitted by the field formations.

Capital Section

4.27 In the capital section Rs. 1427.16 crores have been proposed for BE 2025-26. The breakup of the expenditure is given in tabular form as under:

(Rs. in crore)

Object Head Code	Object Head Name	Actuals 2023-24	B.E. 2024-25	R.E. 2024-25	Proposed B.E. 2025-26
	Capital Section				
MH 4059	Capital Outlay on Public Works				
72	Building and Structures	211.69	288.10	240.02	240.02
73	Infrastructural Assets	0.00	1.92	1.45	0.99
78	Lands	30.50	21.99	2.01	6.17
	Total (Major Head 4059)	242.18	312.01	243.48	247.18
MH 4075	Capital Outlay on Misc.Gen. Services				
51	Motor Vehicles	0.00	5.00	1.36	3.00
52	Machinery and equipment	4.61	20.00	20.00	35.00
60	Other Capital Expenditure	0.00	0.75	0.75	1.00
71	Information, Computer, Telecommunications (ICT) Equipment	835.52	750.00	1750.00	800.00
72	Building and Structures	1.27	2.00	2.00	2.00
74	Furniture and Fixtures	36.66	36.69	36.87	47.00
77	Other Fixed Assets	00	4.00	0.75	1.00
	Total (Major Head 4075)	878.06	818.44	1811.73	889.00
MH 4216	Capital Outlay on Housing				
72	Building and Structures	61.59	110.00	157.98	189.98
73	Infrastructural Assets	0.00	0.03	0.03	0.99
78	Lands	0.27	74.48	159.60	100.01
	Total (Major Head 4216)	61.86	184.51	317.61	290.98
	Total (Capital)	1182.1	1314.96	2372.82	1427.16

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

The allocation for F.Y. 2025-26 towards Building and Structures (Office Buildings and Govt. Residential Buildings) has been kept as per the ceiling at **Rs. 432.00 crore**, which is **30.27%** of the total Capital Grant of **Rs. 1427.16 crore** and the same is **3.96%** of the total Grant of **Rs. 10900.45 crore**. Details of construction works related to Demand No.36 are given at Annexure-I.

Information, Computer and Telecommunication (ICT) equipment

The allocation for F.Y. 2025-26 towards 'Information, Computer and Telecommunication (ICT) equipment' has been kept as per the ceiling at **Rs. 800.00 Crore**, which is **56.05 %** of the Capital Grant and the same is 7.34% of the total grant of **Rs. 10900.45 crore**.

Furniture and Fixtures

The projection under this object head has been kept at **Rs. 47.00 Crore** for B.E. 2025-26, which is **3.29 %** of the Capital Grant. The fund has been increased by **Rs. 10.13 crore** as anticipated expenditure is expected to be more as per increased requirement of funds from the field formations.

Motor Vehicle

The projection under this object head has been kept at **Rs. 3 crore** for B.E. 2025-26, which is **0.21%** of the Capital Grant of **Rs. 1427.16 crore**.

Other Fixed Assets

The projection under this object head has been kept at **Rs. 1 crore** for B.E. 2025-26, which is **0.07 %** of the Capital Grant of **Rs. 1427.16 crore**.

Machinery and Equipment

The projection under this object head has been kept at **Rs. 35 crore** for B.E. 2025-26, which is **2.45%** of the Capital Grant of **Rs. 1427.16 crore**.

Other Capital Expenditure

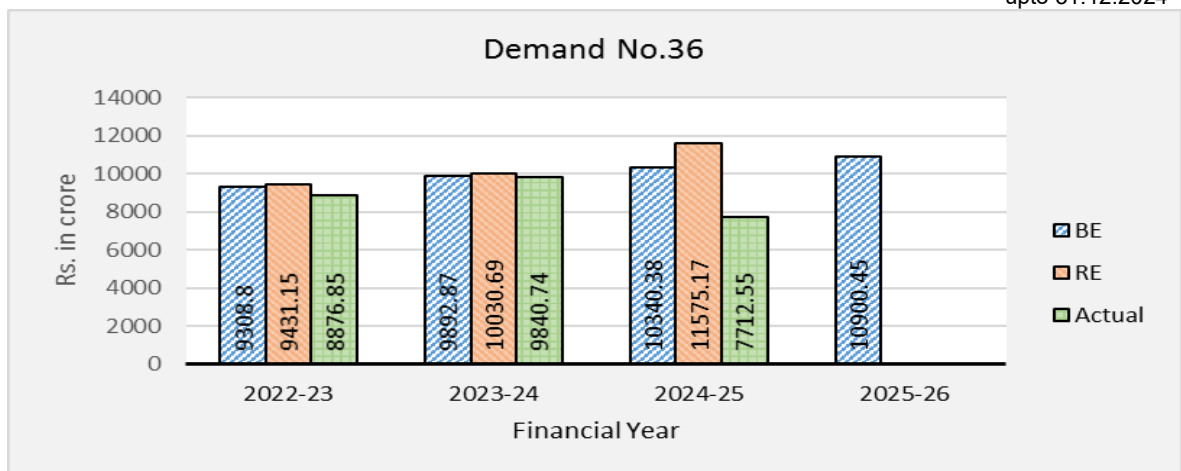
The projection under this object head has been kept at **Rs.1 Crore** for B.E. 2025-26, which is **0.07 %** of the Capital Grant of **Rs. 1427.16 crore**.

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

(Rs. in crore)

Section	BE 22-23	RE 22-23	Actual 22-23	BE 23-24	RE 23-24	Actual 23-24	BE 24-25	RE 24-25	Actual* 24-25
Revenue	8866.80	8759.43	8459.05	8282.87	8818.30	8658.64	9025.42	9202.35	6951.35
Capital	442.00	671.72	417.80	1610.00	1212.39	1182.10	1314.96	2372.82	761.20
Total	9308.80	9431.15	8876.85	9892.87	10030.69	9840.74	10340.38	11575.17	7712.55

* upto 31.12.2024



4.29 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:

“2022-23

The BE of Rs. 9308.80 Crore was enhanced to Rs. 9431.15 crore at RE stage i.e. an 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 up to 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).

2023-24

The BE of Rs. 9892.87 crore was enhanced to Rs. 10030.69 crore at RE stage i.e. an increase of Rs. 137.82 crore. Under the Revenue Section the allocation under ‘Salaries’ (including Allowances, LTC & Rewards) has increased slightly from Rs. 5850.98 crore at BE to Rs. 5851.77 crore at RE stage. Actual expenditure incurred upto 31.03.2024 was Rs. 9840.74 Crore (Rs. 8658.64 crore under Revenue Section and Rs. 1182.10 crore under the Capital Section). It shows that 98.11% of the budget as per RE was utilized. The utilization under Revenue Section works out to be 98.19% of RE, whereas utilization under Capital Section works out to be 97.50% of RE. The amount surrendered in F.Y. 2023-24 was Rs. 519.00 crore (including Rs. 399.60 crore technical supplementary to be considered as surrender).

2024-25

The BE of Rs. 10340.38 crore was enhanced to Rs. 11575.17 crore at RE stage i.e. an increase of Rs.1234.79 crore. Under the Revenue Section the allocation under ‘Salaries’ (including Allowances, LTC & Rewards) has increased slightly from Rs. 6269.25 crore at BE to Rs. 6554.48 crore at RE stage. Actual expenditure incurred upto 31.12.2024 was Rs. 7712.55 Crore (Rs. 6951.35 crore under Revenue Section and Rs. 761.20 crore under the Capital Section). It shows that 66.63% of the budget as per RE was utilized. The utilization under Revenue Section works out to be 75.54% of RE, whereas utilization under Capital Section works out to be 32.08%of RE.”

4.30 The Committee pointed out that the utilization under Revenue Section works out to be 75.54% of RE, whereas utilization under Capital Section is 32.08% of RE (upto Dec.2024). When they asked how will it be ensured that the allocations are optimally utilized, the Department replied as under:

“The Capital Section consists of three Major Object Heads, namely; 4059, 4216 and 4075. The BE 2024-25 and RE 2024-25 figures for these Object Heads is as under:

(Rs. in crores)

Major Head	BE	RE
4059	312.01	243.48
4216	184.51	317.61
4075	816.44	1809.73
Total	1312.96	2370.82

Out of the total amount of Rs. 243.48 Cr. in 4059, the balance available with the directorate is Rs. 28 Crores approximately and the Budget Controlling Authority (BCA) New Delhi requires Rs. 25 Crores for the construction of the Office Building at Saket and will be fully utilized in the current FY.

Out of the total budgetary grant of Rs. 317.61 Crores, an amount of Rs. 160 Crores has been provisioned under 4216-Lands for the purchase of land at *Vibhuti Khand*, Lucknow. The Administrative Approval process is at an advanced stage and is likely to be fully utilized in the current Financial Year. The balance amount of Rs. 157 Cr. will be fully utilized during the FY 2024-25.

The major change in the RE was due to the increase in RE in Object Head 4075 which was increased by around Rs. 1000 Crores. The same is likely to be utilized as the bills are pending under the Object Head 4075.”

4.31 Under Major Head 4075, object head 71, Information, Computer, Telecommunications (ICT) Equipment, the Actual of 2023-24 was Rs. 835.52 crore, BE-2024-25 was Rs. 750 crore and the RE 2024-25 was Rs. 1,750 crore, whereas BE 2025-26 is Rs. 800 crore. When asked for the reason for a surge at RE 2024-25 and the amount actually utilized so far, the Department replied as follows:

“Under the Major Head (MH) 4075, Object Head 71, Information, Computer, Telecommunications (ICT), the surge in RE 2024-25 is due to following reason: - On recommendation of the PIB, revised estimate cost of Project Insight of Rs 2061.3 crores (including taxes) was approved by the Cabinet Committee on Economic Affairs(CCEA) on 16.08.2024. Consequently, the outstanding invoices of Project Insight Crore were paid in FY 24-25.

With regard to the fund utilization in respect of FY 2024-25, expenditure amounting to Rs. 643.65 Crore had been incurred under the head “ICT” till 19.12.2024. Additional funds amounting to Rs. 900 Crore were allocated to the Directorate of Income-tax (Systems) vide letter dated 28.01.2025. Out of this amount of Rs 900 Crores, expenditure amounting to Rs 558.97 Crore has been processed in the Directorate of Income-tax (Systems) and is awaiting payment to the recipient, pending approvals from the Zonal Accounts Officer. Expenditure is also expected to be incurred out of the remaining allocation (i.e. Rs 900 crore- Rs 558.97 Crore= Rs 341.03 Crores) under the head “ICT” in the months of February and March, 2025.”

4.32 Regarding the observation of the Committee in their previous year’s Report on DFGs 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), the Department has stated as under:

“The Directorate of Expenditure Budget has digitized the Budget related data using the Google Spreadsheet, which was earlier maintained in the Physical registers. The Department 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 integrate them with the Spreadsheet maintained by the Directorate. Subsequently, the Department has devised the Spreadsheet in the specific format that 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 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.

(a) The Department further strengthened the mechanism using the Google Workspace Accounts and Spreadsheets.

(b) The Department is regularly monitoring the expenditure of the various Budget Controlling Authorities (BCAs) vis-à-vis the funds allocated to them in Capital head, so as to ensure optimum utilization of the grants and minimize large savings/surrender of the amount.

(c) The Department in consultation with the o/o DIT (Infra) proposes to maintain the database of the Capital projects and the expenditure incurred on them, in the following format (Table A),

Sl. No.	Particulars of the Project	Total estimated Cost	Actual expenditure incurred till the preceding year	Remaining amount to be revalidated

and move the consolidated revalidation proposals directly in the April month of the F.Y. without waiting for the proposals from the field formations. This will ensure that the Revalidation process is completed early in the FY and funds can be allocated to the executing agencies in time.”

C. Demand No. 37 – Indirect Taxes

4.33 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.

4.34 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.

4.35 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.

4.36 Total Budget of Rs.42,889.33 crore has been provisioned in B.E 2025-26 [Rs. 40,904.73 crore under Revenue Section and Rs. 1984.60 crore under Capital Section], which includes a budget of Rs.30,835.25 crore for RoDTEP and various other Scrips Based Schemes. The B.E. 2025-26 excluding RoDTEP+other scrip-based schemes for an amount of Rs.12,054.08 crore is for meeting establishment related expenditure of CBIC such as Salaries, Allowances, Office Expenses etc. and Infrastructural projects of CBIC.

4.37 **Revenue Section-** On the Revenue side, expenditure on 'Salaries' (Rs.4300.00 crore) and 'Allowances' (Rs. 3701.71 crore) is estimated to be 10.51% and 9.05% of the total Budget under Revenue Section (Rs. 40904.73 crore) respectively. The increase of 6.69% over RE of previous FY 2024-25 (Rs.4030.50 crore) in 'Salaries' Head and 6.00% over RE of previous FY 2024-25 (Rs. 3492.18 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. 32423.52 crores, which is 79.27% of the total Budget under Revenue Section of Rs.40904.73 crore. Brief details of these heads are as under:

- (a) RoDTEP+other scrip-based schemes: Budget Estimate for FY 2025-26 is Rs.30835.25 crore, which is 6.76% more than that in RE 2024-25 (Rs. 28883.99 Cr.).
- (b) Office Expenses: The BE 2025-26 has been provisioned at Rs. 560.00 crore, which is 1.37% of the total Budget under Revenue Section (Rs. 40904.73 crore). There is an increase of 2.71% in the budget over RE 2024-25 (Rs. 545.20 crore). The increase is mainly on account of establishment related expenses.
- (c) Rent, Rates & Taxes for Land and Building: The BE 2025-26 has been provisioned at Rs.465.00 crore which is 1.14% of total Revenue grant (Rs. 40904.73 crore). There is an increase of 4.49% in the budget over RE 2024-25 (Rs. 445.00 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 BE 2025-26 has been provisioned at Rs. 260.00 crore which is 0.64% of total Revenue grant (Rs. 40904.73 crore). There is an increase of 7.44% in the budget over RE 2024-25 (Rs. 242.00 crore). The increase is mainly on account of requirement of funds for hiring of vehicles.
- (e) Professional Services: The BE 2025-26 has been provisioned at Rs. 67.00 crore which is 0.16% of total Revenue grant (Rs. 40904.73 crore). There is an increase of 6.35% in the budget over RE 2024-25 (Rs. 63.00 crore). The increase is mainly on account of deficit court fees and payment in respect of Gold Conversion charges.
- (f) Reward: The BE 2025-26 has been provisioned at Rs. 108.00 crore which is 0.26% of total Revenue grant (Rs. 40904.73 crore). There is an increase of 1.89% in the budget over RE 2024-25 (Rs. 106.00 crore). The increase is mainly on account of reward to officers, Diwali bonus and Cash Award for Hindi Pratiyogita.
- (g) Domestic Travel Expenses: The BE 2025-26 has been provisioned at Rs. 128.27 crore which is 0.31% of total Revenue grant (Rs. 40904.73 crore). There is an increase of 16.92% in the budget over RE 2024-25 (Rs. 109.70 crore). The increase is mainly on account of envisaged increased domestic tour and travel.

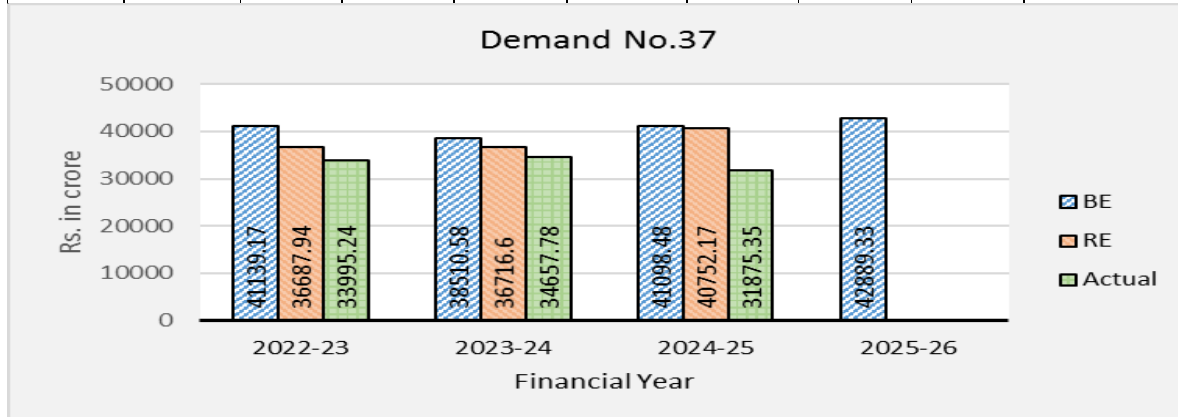
4.38 **Capital Section**-Budget Estimate for FY 2025-26 is kept at Rs. 1984.60 crore. There is a decrease of 16.35% against the RE 2024-25 under Capital Section (Rs.2372.39 crore). Brief details of these heads are as under:

- (a) **MH 4047 (Capital Outlay on Other Fiscal Services)**- The BE 2025-26 has been provisioned at Rs. 1211.35 crore which is 61.04% of total Capital grant (Rs. 1984.60 crore). There is a decrease of 23.18% from RE 2024-25 (Rs. 1576.80 crore). This decrease is mainly due to less requirement in IT related project, 1% Incremental Revenue Scheme and Furniture & Fixtures.
- (b) **MH 4059 (Capital Outlay on Public Works)**-The BE 2025-26 has been provisioned at Rs. 476.57 crore which is **24.01%** of total Capital grant (Rs. 1984.60 crore). There is a decrease of 12.65% from RE 2024-25 (Rs. 545.59 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 BE 2025-26 has been provisioned at Rs.296.68 crore which is 14.95% of total Capital grant (Rs. 1984.60 crore). There is an increase of 18.67 % over RE 2024-25 (Rs. 250.00 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. Details of construction works related to Demand No.37 are given at Annexure-II.

4.39 The details of fund allocation and utilization for the past three years, w.e.f. FY 2022-23, related to Demand No. 37, are as follows:

(Rs. in crore)

Section	BE 22-23	RE 22-23	Actual 22-23	BE 23-24	RE 23-24	Actual 23-24	BE 24-25	RE 24-25	Actual 24-25 (upto 20.02.25)
Revenue	39739.17	35749.94	33312.72	36305.58	34508.94*	33080.46	38859.86	38379.78	30782.92
Capital	1400.00	938.00	682.52	2205.00	2207.66	1577.32	2238.62	2372.39	1092.43
Total	41139.17	36687.94	33995.24	38510.58	36716.60	34657.78	41098.48	40752.17	31875.35



* Regular budget of Revenue Section was further increased by Rs. 25 crore (totalling to Rs. 34,533.94 crore) in Salaries and Allowances after Revised Estimates (RE) ceilings

4.40 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 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 93.18% of RE under Revenue Section whereas utilization under Capital Section was 72.76% of RE under Capital Section.

FY 2023-24

The Budget Estimates in 2023-24 were reduced from Rs. 38510.58 crore [Revenue Section: Rs. 36305.58 crore & Capital Section: Rs. 2205.00 crore] to Rs. 36716.60 crore in RE 2023-24 [Revenue Section Rs. 34508.94 crore and Capital Section Rs. 2207.66 crore]. Thereafter, a relaxation for Rs 25 crore was granted over and above the RE by the Budget division. Under Revenue Section, the reduction was primarily on account of decrease of budget for Scrips Based Schemes. Under Capital Section, increase was mainly in the provision of funds for Information Technology related Projects of CBIC.

The total expenditure up to 31.03.2024 was Rs. 34657.78 crore [Rs. 33080.46 crore under Revenue section and Rs. 1577.32 crore under Capital Section], i.e., 94.39% of the budget as per RE was utilized up to March, 2024. Utilization under Revenue Section was 95.86% of RE under Revenue Section whereas utilization under Capital Section was 71.45% of RE under Capital Section.

FY 2024-25

The Budget Estimates in 2024-25 has been reduced from Rs. 41098.48 crore [Revenue Section: Rs. 38859.86 crore & Capital Section: Rs. 2238.62 crore] to Rs. 40752.17 crore in RE 2024-25 [Revenue Section Rs. 38379.78 crore and Capital Section Rs. 2372.39 crore]. In the Revenue Section, the reduction has been primarily on account of decrease of budget for Scrips Based Schemes. Under Capital Section, increase is mainly due to additional provision of funds for Information Technology related Projects of CBIC.

The total expenditure up to 31.12.2024 is Rs. 24136.64 crore [Rs. 23238.96 crore under Revenue section and Rs. 897.68 crore under Capital Section], i.e., 59.23% of the budget of the RE has been utilized up to December, 2024. Utilization under Revenue Section is 60.55% of RE under Revenue Section whereas utilization under Capital Section is 37.84% of RE under Capital Section.”

4.41 In regard to Demand No. 37, the Committee pointed out that the overall actual expenditure (upto Dec. 2024) has been 59.23% of the RE 2025-26. The utilization under Capital Section has been 37.84% of the RE. When the Committee inquired about the likelihood of fully utilizing the funds in the remaining three months of the fiscal year, the Department responded as follows:

“The overall actual expenditure (upto Dec 2024) is 59.23% of the BE 2024-25 and expenditure under Capital Section is 37.84% of BE. This office is taking all necessary steps to further narrow the gap between allocation and utilization of budget. The field formations are being sensitized about the importance of sending accurate estimates of funds to ensure optimum utilization of the budget allocated through regular Emails and letters. Further, the expenditure incurred by the field formations is being monitored on monthly basis through e-Lekha portal. A team of officers from Expenditure Management Cell (EMC) is visiting the field formations and the offices handling sizeable Revenue/Capital Expenditure for realistic Budget forecasting and better utilization of funds. Follow-up with CPWD is also being done regarding utilization of funds transferred to them. This office is conducting regular webinars for educating field formations about optimum utilization of budget in the remaining 3 months of the fiscal year 2024-25.”

4.42 Regarding recommendation of the Committee in their previous year’s Report on Demands for Grants for close monitoring of fund utilization, the Department has stated:

“Keeping in view the above recommendation of the Standing Committee, utmost care has been taken in preparation of Budget Estimates for 2025-26. Further, the field formations have been sensitized about the importance of sending accurate estimates of funds to ensure optimum utilization of the budget allocated through regular Emails and letters. Further, the expenditure incurred by the field formations is being monitored on monthly basis through e-lekha portal. CBIC has already developed BEAMS application which is being utilized for better monitoring of expenditure vis –a –vis allocated funds. A team of officers from EMC is also visiting the field formations and the offices handling sizeable Revenue/Capital Expenditure for realistic Budget forecasting and better utilization of funds, and to help BCAs use BEAMS application to make budget allocation more effective. Follow-up with CPWD is also being done regarding utilization of funds transferred to them. This office has conducted webinar on 22.11.2024 for educating field formations about optimum utilization of budget and addressing any other issues being faced by them, etc.”

V. TAX COLLECTION

Direct Taxes

5.1 Below is the details of targets and collection in regard to Direct Tax:

(Rs. in crore)

Financial Year	Particulars	Corporation Tax	Personal Income tax	Other taxes incl. Wealth tax, Securities Transaction tax, etc.*	Total
2022-23	Budget Estimates	7,20,000	6,80,000	20,000	14,20,000
	Revised Estimates	8,35,000	7,90,000	25,000	16,50,000
	Actual Collection	8,25,834	8,08,221	29,631	16,63,686
2023-24	Budget Estimates	9,22,675	8,72,950	27,625	18,23,250
	Revised Estimates	9,22,675	9,90,325	32,000	19,45,000
	Actual Collection*	9,11,055	10,10,948	38,163	19,60,166
2024-25	Budget Estimates	10,20,000	11,50,000	37,000	22,07,000
	Actual Collection* (as on 31.12.2024)	7,39,994	8,31,654	42,924	16,14,572

Source: Pr.CCA, CBDT and Receipt Budget

*Provisional figures

5.2 Below are the details of collection of Net Central Indirect Taxes:

(Rs.in crore)

Tax Head	2022-23			2023-24			2024-25 (Apr-Nov) [P]		
	RE 2022-23	Actual Collection	% of RE Achieved	RE 2023-24	Actual Collection	% of RE Achieved	RE 2024-25	Actual Collection	% of RE Achieved
Customs Duty (Cash + Scrip)	210000	213372	101.6	218680	233119	106.6	237745	156465	65.8
Central Excise Duty	320000	319000	99.7	303600	305362	100.6	319000	199413	62.5
Service Tax	1000	431	43.1	500	425	85.0	100	96	95.7
Sub-Total (Non-GST)	531000	532803	100.3	522780	538906	103.1	556845	355974	63.9
CGST	724000	718522	99.2	811600	820622	101.1	910890	603873	66.3
IGST	-	4748	-	-	-4850	-	-	-27854	-
Compensation Cess	130000	125862	96.8	145000	141436	97.5	151009	99598	66.0
Sub-Total (GST)	854000	844384	98.9	956600	962058	100.6	1061899	675617	63.6
Total Net Central Indirect Taxes (GST + Non-GST)	1385000	1377187	99.4	1479380	1500964	101.5	1618744	1031591	63.7

Source: Receipt budget, Pr.CCA (CBIC); [P] = Provisional

5.3 Details of direct taxes are as under:

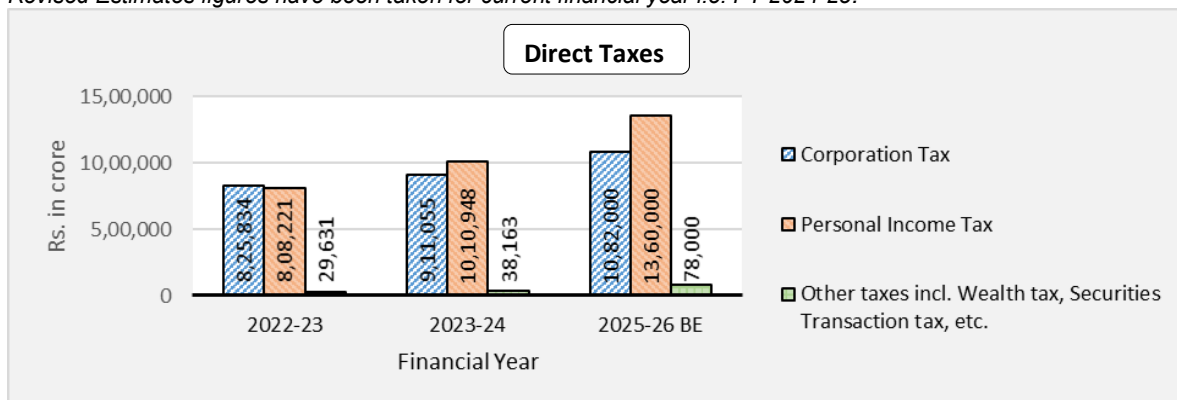
(Rs. in crore)

Financial Year	2022-23	Growth %	2023-24	Growth %	2024-25 (RE)	Growth %	2025-26 (BE)	Growth %
Corporation Tax	8,25,834	15.98%	9,11,055	10.32%	9,80,000	7.57%	10,82,000	10.41%
Personal Income Tax	8,08,221	20.02%	10,10,948	25.08%	12,02,000	18.90%	13,60,000	13.14%

Other taxes incl. Wealth tax, Securities Transaction tax, etc.	29,631	9.86%	38,163	28.79%	55,000	44.12%	78,000	41.82%
Total Tax	16,63,686	17.79%	19,60,166	17.82%	22,37,000	14.12%	25,20,000	12.65%

Source: Receipt Budget, Time Series Data.

Note: 1. The growth percentage is calculated on increase in collection from previous Financial Year.
2. The actual collection figures of direct taxes for the entire FY 2024-25 will be known after 31.03.2025, therefore, Revised Estimates figures have been taken for current financial year i.e. FY 2024-25.



5.4 Details of new taxpayers who have filed Income Tax Returns (ITRs) in the last three years, are as under:

New Taxpayers* added	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25 (upto 17.02.2025)
	66,61,327	72,52,435	77,24,190	72,48,481

* New Taxpayers are 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.

5.5 Actual number of tax return filed since FY 2018-19 is given below alongwith the taxpayer base. The taxpayer-base consists of taxpayers who have either filed any return or in whose case tax has been deducted at source in the earlier financial year:

Financial Year	Return of income filed during FY	The tax-payer base at the end of the previous FY
2018-19	6,33,18,586	8,45,21,487
2019-20	6,48,65,888	8,98,27,420
2020-21	6,72,08,614	8,22,83,407
2021-22	6,96,35,446	8,70,11,926
2022-23	7,40,10,269	9,37,76,869
2023-24	8,09,03,315	10,41,13,847

5.6 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 FYs 2020-21 to 2022-23 are given below:

Sr. No.	NMS Campaign	Number of Taxpayers selected for Campaign	Number of Taxpayers who filed their Income tax return
1.	2020-21	68,45,662	7,20,592
2.	2021-22	83,21,305	10,33,979
3.	2022-23	44,75,956	8,81,996

5.7 It was further stated that 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.

5.8 The Centre Government notified e-Assessment Scheme in 2019 to facilitate faceless assessment of income tax returns through completely electronic communication between tax officials and tax payers. The initiative of faceless assessment is expected to increase ease of compliance for taxpayers as the cost and anxiety of taxpayers are likely to be greatly reduced. Thereafter, a Faceless Income Tax Appeals was launched in September, 2020. Under Faceless Appeals, all Income Tax appeals has to be finalised in a faceless manner under the faceless ecosystem with the exception of appeals relating to serious frauds, major tax evasion, sensitive & search matters, International tax and Black Money Act. Under the Faceless Appeals, in income tax appeals, everything from e-allocation of appeal, e-communication of notice/ questionnaire, e-verification/e-enquiry to e-hearing and finally e-communication of the appellate order, the entire process of appeals has to be online, dispensing with the need for any physical interface between the appellant and the Department. It was expected that this will provide not only great convenience to the taxpayers but will also ensure just and fair appeal orders and minimise any further litigation.

5.9 When the Committee raised issues related to Faceless Assessment, the Chairman, CBDT deposed before the Committee as under:

“There are challenges in this because at times, it is a random allocation of cases to the assessing officer. It may be possible that a particular type of a case is given to assessing officer who may not be having expertise in that. So, we are trying to actually resolve as to how do we actually randomize while we are randomizing the cases but at the same time, there should be intelligence in the system to understand that this is the right group of assessing officers who may be able to better address and assess the income. We are working on it and I hope that this financial year, we will be able to take those steps.”

5.10 When the Committee sought information on the positions taken for resolving rectification requests, which are not always addressed under faceless assessment, the Department provided the following response:

“Rectification proceedings u/s 154 of the Income-tax Act, 1961 (“The Act”) in respect of orders related to processing and assessment are mainly undertaken by Central Processing Centre (CPC) and the Jurisdictional Assessing Officers (JAOs). The functionality to file online rectification application against the processing order passed by CPC is already available and CPC processes such applications in a faceless manner through its automated processing rules. Rectification requests which are either 'Rejected' by CPC for non-adherence to the various online

validations or those which require some manual intervention/documents to be filed, are transferred to the JAOs.

Further, in the month of January 2025, the functionality to file online rectification application against any other order has also been made available to taxpayers. Taxpayers can now file online application for rectification in the e-filing portal through their login credentials. All such applications are inwards in the Income Tax Business Application (ITBA) and populated in the work list of JAO or concerned authority for taking further action.”

Indirect Taxes

5.11 The detailed head-wise break-up of Indirect Taxes for the above-mentioned years is as follows:

Net Central Indirect Taxes

(Rs. in crores)

Tax Head	Actual	Growth	Actual	Growth	RE	Growth	BE	Growth
	2022-23	%	2023-24	%	2024-25	%	2025-26	%
Customs	2,13,372	6.8%	2,33,119	9.3%	2,35,000	0.8%	2,40,000	2.1%
Union Excise Duty	3,19,000	-18.4%	3,05,362	-4.3%	3,05,000	-0.1%	3,17,000	3.9%
Service Tax	431	-57.4%	425	-1.3%	100	-76.5%	100	0.0%
Total [Non-GST]	5,32,803	-9.9%	5,38,906	1.1%	5,40,100	0.2%	5,57,100	3.1%
CGST	7,18,522	21.5%	8,20,622	14.2%	9,08,459	10.7%	10,10,890	11.3%
IGST	4,748	124.1%	(4,850)	202.2%	-	-	-	-
GST Compensation Cess	1,25,862	20.1%	1,41,436	12.4%	1,53,440	8.5%	1,67,110	8.9%
Total [GST]	8,49,132	21.6%	9,57,208	12.7%	10,61,899	10.9%	11,78,000	10.9%
Total Indirect Taxes	13,81,935	7.2%	14,96,114	8.3%	16,01,999	7.1%	17,35,100	8.3%

Source: Receipts Budget

5.12 Details of month-wise Net Central GST (CGST + IGST (residual) + GST Compensation Cess) collections and Refunds w.r.to GST for FY 2024-25 is as follows:

Month-wise Net GST Collection & GST Refunds for FY 2024-25			
Amount in Rs. Crores			
Month	Gross Central GST Collection [P]	GST Refunds	Net Central GST Collection [P]
April	1,59,037	15,852	1,01,585
May	1,27,853	23,918	71,201
June	1,32,063	15,381	83,133
July	1,41,071	18,666	84,585
August	1,43,517	15,835	90,734
Sept.	1,36,932	17,828	83,460
Oct.	1,41,977	16,474	82,935
Nov.	1,38,170	16,396	77,984
Dec.	1,30,236	17,775	77,605
FY 2024-25	12,50,854	1,58,124	7,53,222

Source: PrCCA (CBIC); [P]=Provisional;

Note: Gross Central GST includes Gross CGST, IGST (Domestic + Imports) and GST Compensation Cess (Domestic + Imports)

- *GST Refunds include refunds w.r.to CGST, IGST (Domestic + Imports) and GST Compensation Cess (Domestic + Imports)*
Net Central GST includes Net CGST + IGST (residual) + GST Compensation Cess

5.13 When being asked by the Committee about the issues that are being faced/raised by the stakeholders/ organizations/ association in regard to GST, the Department has stated as follows:

“The issues faced/raised by the stakeholders/ organizations/ association in regard to GST are request for amendment in provisions of rules/ laws, request for clarification in respect of ambiguity in interpretation of provisions (wherever the provisions are interpreted by different field formations or taxpayers in different manner), request for Amnesty schemes for waiver of tax dues, interest or penalty etc. in certain cases, and request for extension of time period for filing applications, appeals and returns etc.

All such requests are examined and wherever action is required to be taken, Agenda Note regarding the same are prepared and discussed before Law Committee, whose recommendations are then placed before GST Council for deliberation, since all GST related decisions are taken on the recommendations of GST Council, which is a Constitutional body under Article 279A of Constitution of India.

In addition, few implementations related issues are received in respect of actions done/ required to be done by field formations, which are examined closely. Further, field formations are continuously sensitized through Circulars, Instructions etc. alongwith standard operating procedures to ensure that all matters are dealt with in accordance with provisions of CGST Act and Rules made thereunder within time period as specified under the provisions of the Act.

Further, in some cases, system related grievances are raised, which are promptly taken up for resolution with GSTN and wherever required, such cases are also raised before IT grievance redressal committee for resolution.”

5.14 Apprising the Committee of the steps taken/planned to expand the tax net in the country and the hurdles and challenges being faced, the Department in their written reply has stated as follows:

Direct Taxes

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.

Faceless Schemes – A series of futuristic reforms have been introduced in the domain of Direct Tax administration for the benefit of taxpayers and economy. This started with faceless assessment in electronic mode involving no human interface between taxpayers and tax officials. The same has been expanded in form of faceless appeals and penalty schemes.

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.

Pre-filing 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.

E-Verification Scheme - The Department receives information on financial transactions of various types from Sources/Reporting Entities. Under the Scheme, the taxpayer is informed of data inaccuracies/ missing data on the basis of this information received. By providing the taxpayer an opportunity to correct the same prior to scrutiny, this Scheme aims to promote Voluntary Compliance.

Updated Return - Section 139(8A) of the Act facilitates the taxpayer to update his return anytime within two years from the end of the relevant assessment year so that he can file an updated return by voluntarily admitting omissions or mistakes and paying an additional tax as applicable. Further, E-verification scheme allows tax-payers to disclose their unreported or under-reported income in the updated Income Tax Return.

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 vide Finance (No.2) Act, 2024 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%.

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 vide Finance (No.2) Act, 2024 to also 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.

Promotion of cruise-shipping industry in India

The aim is to make India an attractive cruise tourism destination, to attract global tourists to cruise shipping in India and to popularise cruise shipping with Indian tourists. Participation of international cruise-ship operators in this sector will encourage development of this sector and enable access to international best practices. A new section 44BBC, which deems twenty per cent of the aggregate amount received/receivable by, or paid/ payable to, the non-resident cruise-ship operator, on account of the carriage of passengers, as profits and gains of such cruise-ship operator from this business.

Some other steps taken to expand the tax net in the country are as under:

- (i) Phasing out of exemptions and deductions and simplification/rationalisation of tax laws.
- (ii) Awareness programmes to generate awareness about the instalments of advance tax, timely payment of self-assessment tax and regular assessment tax, etc.

- (iii) Launch of mobile app (available on Android/IOS platform) and responsive version of the Tax Payer Services (TPS) section at the national website called “Aaykar Setu” to facilitate online payment/calculation of the taxes.

5.15 In regard to steps taken/planned to expand the tax net in respect of Indirect Taxes it was stated as follows:

CUSTOMS

Digital Measures:

- Implementation of Use of ICETABs: - As a measure of trade facilitation, transparency and efficiency in Customs processes, CBIC has enabled use of ICETAB for speedy examination of import consignments. ICETAB is a mobile tablet device with an exclusive Mobile Application to enable examining officers to see all the relevant documents electronically by Customs Officers and also facilitates quick upload of the examination report on the go in real time basis and making the examination process transparent and faster. (Circular No. 10/2024-Customs dated 20.08.2024 refers).
- India-Korea Electronic Origin Data Exchange System (EODES): Recently, India and South Korea have launched the India-Korea Electronic Origin Data Exchange System (EODES). It is aimed at facilitating the smooth implementation of the India Korea Comprehensive Economic Partnership Agreement (CEPA) by way of electronic exchange of origin information between the two customs administrations in respect of the goods traded under the CEPA. This would facilitate faster clearance of imported goods. This initiative would enhance the Customs cooperation, automates data exchange, and is expected to set a global standard in international Customs collaboration.
- Disbursal of Drawback through PFMS: - With effect from 5th June, 2024; payment of Drawback amounts into the exporters' accounts will be facilitated through the Public Finance Management System (PFMS). This facility enables the payment scrolls generated at different locations for onward transmission and electronically credited into the exporters' bank accounts linked with PFMS.
- Launch of Exchange Rate Automation Module: - In order to facilitate the trade by bringing more stability against exchange rate fluctuations, an automated module be available for viewing of the common public on www.icegate.gov.in. (Reference Circular- 07/2024 dated 25.06.2024).
- Pilot Project on use of videography in cases requiring 100% examination of cargo at JNCH: JNCH has always been at the forefront of trade facilitation, technology adoption and ease of doing business. Building upon this approach, JNCH had conducted a pilot project to carry out the examination under videography of a few consignments marked for 100% examination. It is expected to not only foster a professional approach among officers but also result in transparency in the examination process.

Regulatory Simplifications/Enablements:

- Mutual Recognition Agreements (MRAs): Mutual recognition of Authorized Economic Operators is a key element to secure and facilitate global trade to strengthen end-to-end security of supply chains while providing higher facilitation to trade at the global level. In alignment with World Customs Organisation (WCO) SAFE Framework of Standards, MRAs have become the international face and

connecting link of the domestic AEO Programme of various countries. CBIC has consistently worked towards increasing the number of MRAs. In November, 2024, a global event on Authorized Economic Operators (AEO) was organized by CBIC in collaboration with World Bank wherein various stakeholders including global participants took part.

- Export-related benefits on Courier Shipments: CBIC has enabled necessary legal changes to enable exporters to claim Duty Drawback, RoDTEP, and RoSCTL benefits for exports made through courier mode. This will provide boost to e-commerce shipments from India. (Notification No. 60/2024-Customs (N.T.) amending the Courier regulations and a Circular No. 15/2024-Customs refers).
- Sea Cargo Manifest and Trans-shipment Regulations (SCMTR): To enable pre-arrival processing and clearance on arrival, Reporting by Sea carriers have been modified by way of new regulations namely Sea Cargo Manifest and Transshipment Regulations (SCMTR). The same is being rolled out in phases across different sea ports. Such information is expected to assist in better risk management resulting in faster clearance to the compliant trade.
- Customs Tariff related amendments: For better trade monitoring/ statistical purpose/ implementing technical regulations etc., 43 new Custom Tariff Headings (CTHs) were inserted and amendments to align with WCO HS were also incorporated. Separate CTHs for E-bicycle, Blended Aviation turbine fuel, Defence sector products like armour, bridges, etc. have been created. Further, additional details during import of Coal, Synthetic or reconstructed diamonds have been added for purposes of import/ export declarations. This change will enable better monitoring of imports/exports and to aid in policy making.
- Use of Electronic Certificates of Origin: CBIC endeavours to replace the system of paper CoO (Certificates of Origin) used for preferential trade to e-CoO. In the new trade agreements, use of e-CoO is being introduced, while for the old FTAs, discussions have been initiated with partner countries. Accordingly, vide various instructions to field formations and trade, it has been clarified that e-CoO issued electronically by the Issuing Authority of the respective country shall be a valid document for claiming the preferential benefit under India UAE CEPA, India Australia ECTA, India-Japan CEPA and India-Sri Lanka FTA respectively.
- Encouraging Women participation in International Trade: Encouraging women's participation in international trade is crucial for fostering economic growth, promoting gender equality, and advancing global development. CBIC, vide Circular, has enabled women representation across different job roles and functions of international trade be it as traders, customs brokers, freight forwarders, or customs brokers.
- Inclusion of gender specific infrastructure facilities to be provided by the Custodian CCSP-CFS/AFS/ICD under the HCCAR, 2009: In the matter, Circular has been issued to enhance gender inclusivity in logistics, in addition to existing infrastructure. Key measures include: Gender-responsive Infrastructure, providing Care Services, formation of Internal Complaints Committees, arrangement of training Sessions, facility Upgrades, additional facilities to encourage women participation.

GST

- 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.
- Special Drives: Special drives have been successfully completed against those involving fake Input Tax Credit (ITC) and clandestine supply of goods and services.
- 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. Back Office functionality has been made operational resulting in direct access of GSTN database.
- 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. Further, a meeting was held between officers of CBIC and CBDT, wherein it was proposed that DGs of CBIC and CBDT shall have quarterly meeting with their counterpart.
- 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 ₹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.
- Reward scheme: A reward scheme to informers is in place for reporting of tax evasion by public resulting into identification of missing taxpayers.
- MSMEs, engaged in the supply of goods, are exempted from taking GST registration upto a turnover of Rs. 40 lakhs (other than some special category States where the exemption from registration is upto turnover of Rs. 20 lakhs). MSMEs engaged in the supply of services are exempted from GST registration if their turnover is less than Rs. 20 lakhs. This ensures that no GST compliance is required by such small units below the above threshold turnover and no GST is required to be paid by such units upto the said threshold turnover.
- To ease the compliance burden on small tax payers, an optional composition scheme has been introduced in GST where taxpayers engaged in supply of goods with turnover below Rs. 1.5 crore can pay tax on lumpsum basis at the rate of 1% of their turnover on quarterly basis instead of, charging tax in each invoice. Such taxpayers under composition scheme are required to file a return on annual basis, thus reducing their compliance burden substantially. In the case of services, the threshold turnover for availing benefit of composition scheme has been fixed at Rs. 50 lakhs.
- Small taxpayers having an annual turnover less than Rs. 5 crore have also been given an option to file their GST returns on quarterly basis, under the Quarterly Returns Monthly Payment (QRMP) scheme where number of returns for such small units has been substantially reduced.
- Small taxpayers having turnover less than Rs. 2 crore have been exempted from filing annual returns under GST thus reducing their compliance burden.
- Unregistered suppliers and composition taxpayers have been permitted to make intra-state supply of goods through E-Commerce Operators (ECOs). This has opened the huge e-commerce market for them to sell their goods without taking

registration under GST and without payment of any tax upto threshold turnover of registration.

- Various technological initiatives have been taken for simplification of GST compliances for small taxpayers such as facility of filing of Nil returns through SMS, auto population of GST returns on the GST portal and facility of making GST payment through UPI, debit cards, credit cards, IMPS, RTGS etc.
- For helping smaller taxpayers and to provide them relief, various amnesty schemes have been introduced from time to time in respect of extension in date of return filing, waiver/ reduction of late fee and interest, extension of time of filing of appeals with appellate authority, extension of time for filing application for revocation of cancellation of registration, etc.
- To incentivize timely payment by buyers to MSMEs, especially when supplies are made to large businesses, provisions of GST already provide that a registered person must pay to the supplier, the value of the goods and/or services along with the tax within 180 days from the date of issue of invoice.
- GSTN system has been integrated with RBI Public Tech Platform for frictionless Credit which has helped small taxpayers in easier access to bank loans based on their GST registration.
- Considering the difficulties faced by the taxpayers during the initial years of implementation of GST, it has been decided to conditionally waive interest and penalty in respect of demand notices issued in cases where fraud, suppression, etc. are not involved, for the financial years 2017-18, 2018-19 and 2019-20 by introduction of section 128A of the CGST Act, 2017, subject to payment of the tax dues upto a specified date. This measure will benefit a large number of taxpayers, especially smaller taxpayers, and will help them to settle their demand cases with payment of due tax liability for these initial years.
- To reduce government litigation, monetary limits have been fixed below which appeals will not be filed by the department before the GST Appellate Tribunal, High Court, and Supreme Court, subject to certain exclusions.
- It has also been decided to reduce the amount of pre-deposit for filing of appeals under GST to ease cash flow and working capital blockage for the taxpayers.
- Department is also using data analytics, third party data sources and information technology system-based tools to identify potential taxpayers who remain outside the tax framework, thereby making efforts to broaden the tax base.
- Besides, the Government undertakes extensive campaigns across various media platforms, including social media, to raise awareness about the benefits of tax compliance and to broaden the tax base and to include those who are still outside the tax net.

5.16 In regard to challenges/hurdles being faced in expanding the tax net related Indirect Taxes, it was state as follows:

- (i) In fake ITC cases, the challenges relate to masterminds who operate the fake ITC generation through control and management of a complex web of entities created across jurisdictions. Such challenges are being met through coordination with multiple stakeholders, including law enforcement agencies.

- (ii) Non recording of transactions especially in B2C category by small businesses and suppliers of service.

5.17 Details of GST Tax evasion/fraud detected by Central GST Department during the last three financial years:

Total Number of GST Offence Cases			
Period: April 2021 to December 2024			
Period	No. of Cases	Detection	Recovery
		(In Rs. Cr.)	(In Rs. Cr.)
2021-22	12574	73238	25157
2022-23	15562	131613	33226
2023-24	20582	230332	31758
2024-25 (upto December 2024)	23675	188415	20128
Total	72393	623598	110269

5.18 When the Committee raised the issue of ITC frauds and desired to know the measures being taken by the Government to address it, the Secretary, Revenue deposed before the Committee as follow:

“Now, we have taken a number of steps on the fake ITC. For example, in the KYC itself, Aadhaar-based KYC has been done because somewhere some fellow just opens a firm and if he gets a GST number, then he can issue the invoices. Secondly, the bank account has to match with the name of the firm, which is in the GST system. We have also said that credit in GSTR-3B would be given only if the credit appears on the GSTR-2B. So, we have taken a number of steps and we are also bringing in the Invoice Management System (IMS). We have brought in IMS as an option right now, and subsequently this will be made mandatory in which the people will have to accept the ITC. Like, there is a buyer and there is a seller. The seller sells it, and then buyer has to get the ITC. So, they have to accept each other in the IMS of GST Portal. And once this system is fully operational, then it will be possible that this kind of frauds will not happen. There will be only a risk of one month and not more than one month. So, these things have been tested. We have also been talking to the trade because we do not want to implement any system in a hurry not taking them into confidence. So, a number of discussions have taken place, and on a trial basis this system has been opened. Many people have started using it.”

5.19 The Government has given an exemption in Personal income Tax up to Rs. 12 lakhs to provide direct benefit to middle class taxpayers by reduction of their taxes. A clear strategy for providing direct relief was worked out through change in slabs accompanied with higher rebate for lower- and middle-income groups. The Department in their written reply has stated that the following key facts were considered for taking such a decision:

- (i) Number of taxpayers who will benefit;
- (ii) The class which will benefit from such a step;
- (iii) How it will be a force multiplier in giving boost to consumption; &
- (iv) Impact on revenue in short and medium term.

5.20 It was further stated by the Department that by calculating the benefit derived by taxpayers in different brackets of income multiplied by the number of taxpayers in those

brackets, the total revenue foregone on relief in tax slabs, rates and rebate has been worked out at Rs. 1 lakh crore. The new slab rate and higher rebate on an income upto Rs. 12 lac would provide additional funds in the hands of taxpayers (especially middle class) which is expected to boost consumption and aggregate demand in the economy. This is expected to incentivise a large section of working middle class leading to better productivity and overall higher growth in economy.

5.21 During the deliberation, the Committee pointed out that the Government has announced to provide tax relief in Direct Tax amounting to Rs. 1 lakh crore. However, the tax collection targets for the fiscal year 2025-26 have been enhanced by more than 14% compared to the previous year. When the Committee inquired about how these targets will be achieved, the Secretary of Revenue explained as follows:

“Right now, PIT includes about Rs. 1.5 lakh crore of business income. Be that as it may, when we have proper accounting systems, then we will be able to get better data. But if I look at the data as it is, if you see the taxes on income, there has been a fair amount of good growth, like 20 per cent or 20 per cent plus over the last three to four years. In 2021-22, the actuals were 42 per cent, but I am not counting it because it was after the COVID year. Then, of course, we have 19.7 per cent, that is, about 20 per cent in 2022-23; 25 per cent growth in 2023-24; and in 2024-25, our RE figures show about 20 per cent growth. There has been a good buoyancy. If we calculate, in terms of buoyancy, then it was 1.25 in 2022-23; 1.87 in 2023-24; and 1.47 in 2024-25. For 2025-26– which is the year when we are providing the relief, of course, the return will be filed in the assessment year 2026-27, but TDS will start in 2025-26 itself– we have assumed a much more moderate growth on this. Instead of 20 per cent or 25 per cent growth, we have taken a growth of 14 per cent. And in buoyancy it is taken as 1.25 instead of 1.5, 1.75 or 2, which is there. So therefore, we have assumed the figures which are more consistent with the fact that now this amount of revenue is not going to come.”

VI. TAX REFUNDS AND TAX ARREARS

6.1 Below is the information on the quantum of tax related refunds during the last 3 years along with the average time taken to process the same:

Direct Taxes

Financial Year(FY)	Number of Refunds issued	Amount of Refund (in Rs Crore)	Average Time* taken for processing Income tax returns
2021-22	2,49,28,636	2,20,656.86	26 days
2022-23	3,20,55,070	2,99,911.89	16 days
2023-24	3,49,68,724	3,87,816.08	10 days

*Note: 1. The average processing time relates to all returns filed for the given AY. Separate average processing time for refunds is not available.

2. The refund is determined and ready for credit in the bank account once the Income tax return is processed. However, in some cases, the credit of refund gets delayed due to failure of validation of bank account by the taxpayers.

Indirect Taxes

					Rs.in Crores
Financial year	CGST	IGST (Domestic + Exports)	GST Compensation Cess (Domestic + Exports)	Customs Duty	Union excise
2021-22	26,884	1,21,563	2,937	26,032	918
2022-23	29,534	1,52,001	2,372	33,475	1,150
2023-24	30,903	1,46,730	2,359	28,253	1,229

Source: PrCCA, CBIC

*Average time for issuing GST Refunds of all categories except refund of IGST on export is 45 days

*Average time for refund of IGST on export is 7 days.

*Average time for refund of Customs Duty including Drawback is 7 days.

6.2 Below are the year-wise data of tax arrears and cumulative amount of tax arrears at present:

Direct Taxes

(Rs in Crore)

Summary of Outstanding Tax Demands - Year wise		
Financial Year (FY)	Demand raised in the FY	Cumulative Tax arrears at the end of FY
2019-20 and earlier years	10,55,906	10,55,906
2020-21	74,663	11,30,569
2021-22	7,16,337	18,46,906
2022-23	5,16,831	23,63,738
2023-24	13,47,333	37,11,071
2024-25 (upto 14.02.2025)	5,96,130	43,07,201

* Note: The difference in figure for FY 2019-20 to F.Y. 2023-24 as provided in reply to List of Points for DFG 2024-25 is on account of demands that have been reduced and collected during the intervening period between 07.10.2024 and 14.2.2025.

Indirect Taxes

Category-wise Pendency for the year 2022-23 (upto Mar, 2023)							
							(in Crores)
S.No.	TAX COMPONENT	PENDING ARREARS IN LEGAL FORUM AT THE END OF THE MONTH	PENDING RESTRAINED ARREARS (BIFR/DRT/OL) AT THE END OF THE MONTH	CASES PENDING WHERE APPEAL PERIOD IS NOT OVER AT THE END OF THE MONTH	PENDING RECOVERABLE ARREARS AT THE END OF THE MONTH	PENDING WRITE OFF PROPOSAL CASES AT THE END OF THE MONTH	PENDING ARREARS AT THE END OF THE MONTH
1	Central Excise	64222.16	7143.06	1941.06	12174.86	110.49	85591.63
2	Customs	32714.75	7360.07	2141.41	13449.29	155.54	55821.06
3	Service Tax	147896.87	7904.51	16297.26	22005.50	49.81	194153.95
4	GST	4041.23	2630.30	3816.50	1394.24	0.66	11882.93
Total		248875.01	25037.94	24196.23	49023.89	316.5	347449.57

Category-wise Pendency for the year 2023-24 (upto Mar, 2024)							
							(in Crores)
S.No.	TAX COMPONENT	PENDING ARREARS IN LEGAL FORUM AT THE END OF THE MONTH	PENDING RESTRAINED ARREARS (BIFR/DRT/OL) AT THE END OF THE MONTH	CASES PENDING WHERE APPEAL PERIOD IS NOT OVER AT THE END OF THE MONTH	PENDING RECOVERABLE ARREARS AT THE END OF THE MONTH	PENDING WRITE OFF PROPOSAL CASES AT THE END OF THE MONTH	PENDING ARREARS AT THE END OF THE MONTH

1	Central Excise	63739.86	7001.24	2713.99	11973.82	77.28	85506.19
2	Customs	51944.34	7869.03	25330.16	25395.99	136.57	110676.09
3	Service Tax	168095.09	9561.07	19182.67	33674.58	42.07	230555.47
4	GST	11076.20	3229.20	24987.32	6062.42	57.12	45412.28
	TOTAL	294855.49	27660.54	72214.14	77106.81	313.04	472150.03

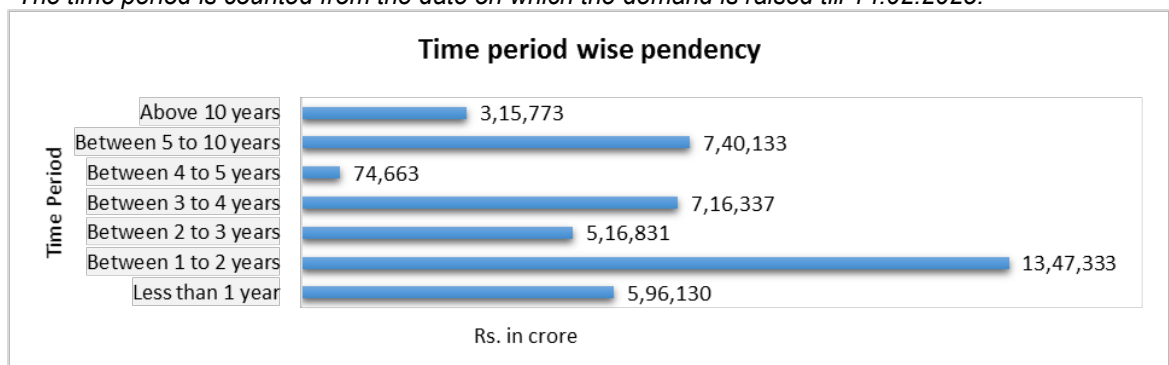
Category-wise Pendency for the year 2024-25 (upto Dec, 2024)							
							(in Crores)
S.No.	TAX COMPONENT	PENDING ARREARS IN LEGAL FORUM AT THE END OF THE MONTH	PENDING RESTRAINED ARREARS (BIFR/DRT/OL) AT THE END OF THE MONTH	CASES PENDING WHERE APPEAL PERIOD IS NOT OVER AT THE END OF THE MONTH	PENDING RECOVERABLE ARREARS AT THE END OF THE MONTH	PENDING WRITE OFF PROPOSAL CASES AT THE END OF THE MONTH	PENDING ARREARS AT THE END OF THE MONTH
1	Central Excise	58751.53	6988.80	3275.53	12619.47	113.99	81749.32
2	Customs	88978.64	9174.10	13655.65	23938.77	89.75	135836.91
3	Service Tax	171436.64	11388.80	16074.41	41868.18	63.10	240831.13
4	GST	40024.88	5772.37	37281.04	24123.09	208.47	107409.85
	TOTAL	359191.69	33324.07	70286.63	102549.51	475.31	565827.21

6.3 The details of pendency period of the arrears (Direct and Indirect Taxes) are as given under:

Direct Taxes

Summary of Outstanding Demand - Time period wise pendency*	
Period of Pendency	Outstanding Demand (in Rs Crore)
Less than 1 year	5,96,130
Between 1 to 2 years	13,47,333
Between 2 to 3 years	5,16,831
Between 3 to 4 years	7,16,337
Between 4 to 5 years	74,663
Between 5 to 10 years	7,40,133
Above 10 years	3,15,773
Total	43,07,201

*The time period is counted from the date on which the demand is raised till 14.02.2025.



Indirect Taxes

The age-wise pendency of the pending recoverable arrears as on December, 2024 is as below:

Category	Number of cases	Amount involved	Age-wise pendency							
			Less than 1 year		1 -2 Years		2-5 Years		More than 5 years	
			No.	Amount	No.	Amount	No.	Amount	No.	Amount
Central Excise	14331	12733.46	2863	3111.50	683	683.72	1738	1661.85	9047	7321.40
Customs	72592	24016.20	22675	10872.80	13554	3470.52	15797	4382.05	20566	5290.82
Service Tax	116273	41931.28	62082	24571.93	18995	6290.04	18868	6012.67	16328	5056.64
GST	52463	24123.09	48242	21268.44	3712	2359.35	508	495.28	1	1.29
TOTAL	255659	102804.03	135862	59824.67	36944	12803.63	36911	12551.85	45942	17670.15

6.4 On being asked by the Committee for the reasons for such pendency, following information was furnished:

Direct Taxes

(Rs. in Crore)

Category wise Outstanding Demands	Outstanding Demand as on 14.02.2025
Arrear demand is correct and collectible	14,11,350
Appeal pending against attachment of properties	236
Assessee not traceable (to the extent it is likely to affect recovery)	5,96,160
No assets/inadequate assets for recovery (to extent of inadequacy)	9,25,389
Pending Write Off	1,369
Protective Demand	20,062
Demand stayed by Courts/Income Tax Appellate Tribunal (ITAT)	2,35,483
Arrear demand duplicate entry	775
Arrear demand correct and difficult to recover	-
Arrear demand does not exist	502
Partial adjustment of demand	1,30,771
Cases before Settlement Commission	383
Demand covered by instalments (only to the extent not recoverable during the month)	1,266
Demand, the recovery of which is not being pursued on account of assessee's stay petition pending consideration by I. T. Authorities.	34,029
TDS / Prepaid taxes mismatch	26,025
Demand not enforceable as Bank Guarantees obtained under MAP process	1,080
Rectification pending on account of duplication of entries	21,952
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	9,193
Cases pending before NCLT under IBC-2016	1,47,089
Companies in Liquidation	80,705
Insolvency proceedings	15,779
Demand stayed by I T Authorities	2,11,981
Assets jointly attached with other agencies except BIFR	6,437
Notified persons under the Special Court (Trial of offences relating to Securities Act, 1992)	38,551
Any other reasons for which the demand is considered difficult to recover	3,90,635
Total	43,07,201

Indirect Taxes

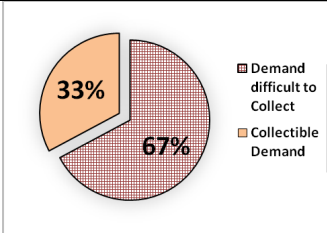
The reasons for such pendency are:

- a) In certain cases, the collection process becomes challenging when units have been closed and the defaulters are not traceable.
- b) Most of the traceable parties were not able to pay. However, the recovery proceedings like issuance of garnishee notices etc. have been issued in such cases.
- c) Many units or their operational creditors have moved NCLT as per the Insolvency & Bankruptcy Code, 2016.
- d) Most of the cases are still under active recovery action. Attachment of property in many cases is under process.
- e) In many cases defaulters whose bank accounts have been frozen 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.

6.5 On being asked by the Committee how much tax arrears are collectable, it was informed as under:

Direct Taxes

The details of tax arrears ("Demand") classified as Demand Difficult to Collect and Collectible Demand are as under:

	Outstanding *Demand (in Rs Crore)	
Demand difficult to Collect	28,95,851	 <p>A pie chart illustrating the distribution of tax arrears. The chart is divided into two segments: a larger red segment representing 'Collectible Demand' at 67%, and a smaller orange segment representing 'Demand difficult to Collect' at 33%. A legend to the right of the chart identifies the colors: a red square for 'Demand difficult to Collect' and an orange square for 'Collectible Demand'.</p>
Collectible Demand	14,11,350	
Total Outstanding Demand	43,07,201	

* As on 14.02.2025.

Indirect Taxes

Till December, 2024 Rs. 1,02,549.51 Cr. tax arrears (Indirect taxes) are pending recoverable. [Central Excise: Rs.12619.47 Cr., Customs: Rs.23938.77 Cr., Service Tax: Rs.41868.18 Cr., GST: Rs.24123.09 Cr.]

6.6 When the Committee expressed concern over the huge arrears of demand and desired to know the possible steps, including a moratorium, that can be taken to address this, the Chairman of CBDT deposed before the Committee as follows:

"We have around Rs. 43,00,000 crore of arrear demand which is a cause of concern for us. Partly, this is a legacy issue. This arrear pertains to mid-90s also because earlier what used to happen was there was essentially a manual registers that we were keeping. The process of digitizing those registers started somewhere in 2010 or 2011. But it was partly manual and partly digitized. And at that point in time, if you remember the PAN were not the identifiers. At that point in time, when we talk about mid-90s or even early 2000s, PANs were not being quoted.....Since we have all those demands in our registers installed in a digital format, now there is a possibility that we can actually take these calls, otherwise, it was difficult."

6.7 Further explaining the issues of huge tax demand arrear, the Secretary, Revenue, deposed before the Committee as under:

“A lot of this demand is also fictitious. For example, if we bring to the system what was happening earlier in the manual system, they were not accounting for the interest. Suppose they cannot collect any demand, nothing is there, nobody is there. Now that is a demand, so they are not able to collect. Now the system will calculate every year interest also. Earlier now interest is not getting calculated. So, when they brought to the system, suddenly Rs. 5 lakh crore it increased, because now for every year the income tax penalty is very heavy. So, every year of delay will keep on adding to the demand, which is in any case non-collectible.”

VII. TAX DISPUTE RESOLUTION

7.1 Below is the data related to litigation in respect of Direct and Indirect Taxes pending in various fora/courts:

Direct Taxes

Financial Year	Court/Fora	Appeals Pending at the end of the Financial Year	Amount disputed at the end of the Financial Year (Rs. In Crore)
2021-2022	CIT (A)	5,02,111	14,18,631
	ITAT	19,238	3,05,087
	High Court	27,950	3,31,245
	Supreme Court	4,379	27,736
2022-2023	CIT (A)	5,25,367	16,33,989
	ITAT	21,805	2,89,565
	High Court	32,510	3,88,803
	Supreme Court	4,330	39,663
2023-2024	CIT (A) and JCIT (A)	5,48,278	16,90,424
	ITAT	20,296	8,56,576
	High Court	38,099	5,64,554
	Supreme Court	5,916	23,067
2024-25 upto September,2024	CIT (A) and JCIT (A)	5,49,666	18,16,222
	ITAT	23,903	6,85,422
	HC	41,764	4,52,503
	SC	6,011	25,323

Note: The CBDT has enhanced the monetary limits of filing appeals by the Department before the ITAT, HC and SC to Rs. 60 Lakhs, 2 Cr. and 5 Cr., respectively vide Circular No. 9/2024 dated 17th September, 2024. The impact of enhancement of the monetary limits will be visible in reduction of pendency of appeals by the end of the Financial Year 2024-25.

Indirect Taxes

Sl. No.	Tax Head	Pendency as on 31.03.22 (2021-22)		Pendency as on 31.03.23 (2022-23)		Pendency as on 31.03.24 (2023-24)	
		No.	Amount (Rs. In crores)	No.	Amount (Rs. In crores)	No.	Amount (Rs. In crores)
1	2	3	4	5	6	7	8
1	Central Excise	28,453	1,14,952	25,981	1,07,941	23,034	1,83,812
2	Service Tax	36,577	1,88,146	43,294	1,99,266	43,370	2,90,376
3	Customs	39,697	50,676	38,493	1,25,573	38,014	1,52,290
4	GST	8,781	13,475	10,729	22,758	22,197	1,14,188
5	Total(1 to 4)	1,13,508	3,67,250	1,18,497	4,55,538	1,26,615	7,40,665

Court/Fora Wise Pendency of Appeals

Forum	2021-22		2022-23		2023-24	
	No. of appeals	Amount (Rs. In crores)	No. of appeals	Amount (Rs. In crores)	No. of appeals	Amount (Rs. In crores)
Supreme Court	3,259	46,071	2,916	47,794	2,874	73,411
High Court	20,142	92,735	19,340	1,10,158	22,346	1,99,894
CESTAT	57,959	2,16,470	59,280	2,81,224	56,075	4,37,365
Settlement Commission	54	118	59	117	46	117
Commissioner (Appeals)	27,574	8,895	31,148	12,215	31,243	22,164
AddlCommr./ Jt. Commr (Appeal)	4,520	2,961	5,754	4,030	14,031	7,714
Total	1,13,508	3,67,250	1,18,497	4,55,538	1,26,615	7,40,665

Time Period of Pendency in Respect of above is as Under

S.No.	Financial Year	Less than 1 Year	1-3 Year	3-5 Year	More than 5 Year
1	2021-22	49427	28256	16011	19814
2	2022-23	54333	26285	16522	21357
3	2023-24	62025	26677	15713	22200

7.2 When the Committee desired to know the prime reason for tax litigation pendency – increasing number of litigations or slow pace of dispute resolution, it was submitted as under:

Direct Taxes

“At the first appellate level, the data with respect to fresh appeals instituted during the year and disposed of in the corresponding period is presented below:

Financial Year	Fresh Appeals instituted during the year	Appeals disposed of during the year
2021-22	1,03,501	72,958
2022-23	1,46,548	1,24,568
2023-24	1,30,458	1,11,282
2024-25 (till Dec, 24)	1,10,201	1,11,174

As evident from the above table, the prime reason for litigation pendency at the first appellate level is increase in the number of fresh appeals instituted over the years. Further, despite 40% shortage of manpower at first appellate level, the disposal of appeals is increasing.

Indirect Taxes

In GST, appeals have shown increasing trend due to following reasons:

(a) CBIC vide Notification Number No. 13/2022-Central Tax dated 05.07.2022 excluded period between 1 March 2020 and 28 February 2022 for computation of the limitation period for filing of refund application u/s 54 & 55 and issuance of orders for recovery of erroneous refunds u/s 73(9). Further the said notification also extended the time limit specified under sub-section (10) of section 73 for issuance of order under subsection (9) of section 73 of the said Act, for recovery of tax not paid or short paid or of input tax credit wrongly availed or utilized, in respect of a tax period for the financial year 2017-18, up to the 30th day of September, 2023.

Thus due to extension of limitation period, there was an increase in appeals filed.

(b) As per sections 73 Central Goods and Services Tax Act, 2017, the proper officer has to pass order within three years from the due date for furnishing of annual return for the financial

year to which the tax not paid or short paid or input tax credit wrongly availed or utilised relates to or within three years from the date of erroneous refund. The said time limit is five years under section 74 of the Act *ibid*. Further under section 73(2) of the act, the notice can be issued up to three months prior to time limit of three years and six months prior to time limit of five years (section 74(2) of the act). Thus there is time limit for issuing adjudication order is three months and six months respectively. However, for adjudicating the resultant appeals there is no time limit prescribed. As a result, the number of pending appeals has increased.

(c) It is also stated that the Goods and Services Tax Appellate Tribunals (GSTAT) have been notified recently. Therefore, the number of appeals against the orders of first Appellate Authorities has been rising.

7.3 Below are the details of the total yearly cost of tax litigation resolution for the last three years:

Direct Taxes

Financial Year	Litigation Expenditure (Rs. Crore)
2021-22	37.88
2022-23	32.08
2023-24	45.31
2024-25 (upto 19.02.2025)	20.49

Indirect Taxes

Financial Year	Litigation Expenditure (Rs. Crore)
2021-22	32.33
2022-23	44.01
2023-24	62.43

7.4 When asked by the Committee about the measures taken to address the issue of litigation, it was stated as under:

Direct Taxes

“The following steps have been taken by the Income Tax Department to revamp the tax litigation system to reduce pendency:

- 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 JCIT(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 incentivised 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 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) has been empowered to set aside ex-parte assessment orders.
- The Government of India has introduced Direct Tax *Vivad se Vishwas* Scheme, 2024 ("the DTVSV Scheme 2024") as a onetime measure of dispute resolution. As per the scheme, the appellant, in whose case objections before DRP/ appeal/writ petition/ special leave petition has been filed by him or by the Income Tax Authority or both, can avoid litigation by paying the amount, decided by the designated authority as per the Scheme.
- The CBDT has enhanced the monetary limits of filing appeals by the Department before the ITAT, HC and SC to Rs. 60Lakhs, 2 Cr. And 5 Cr. in 2024. The revision of monetary limits of filing appeals has been undertaken from time to time.
- In the sphere of international taxation, the Department has adopted the Advance Pricing Agreement ("APA") under section 92CC of the Act. An APA is an agreement between the tax administration and the taxpayer, which determines, in advance, the Arm's Length Price ("ALP") or specifies the manner of the determination of ALP (or both), in relation to an international transaction. The APA programme has contributed immensely in prevention/ resolution of protracted tax disputes by providing tax certainty to taxpayers.
- The Rule 44G of the Income Tax Rules deals with the issue of implementation of Mutual Agreement Procedure ("MAP"). MAP is an alternate tax dispute resolution mechanism available to the taxpayers under the DTAA's for resolving disputes giving rise to double taxation or taxation not in accordance with DTAA's.
- In line with the international best practice Government of India has also incorporated a scheme of Advanced Tax Ruling in the Act and accordingly, the CBDT has constituted 3 Boards of Advance Ruling as per Section 245-OB of the Act. A non-resident investor can obtain certainty on its liability towards income tax even before undertaking the investment in India. Further, even a resident entity can obtain a Ruling on the taxability of a transaction and avoid long-drawn litigation, as the Scheme is also available to a resident taxpayer seeking an advance ruling concerning its tax liability arising out of one or more transactions, valuing Rs.100 crore or more in total.

Indirect Taxes

Following steps have been taken by CBIC 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 (as withdrawn) 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.

(d) In CESTAT, cases involving similar issues are being bunched for priority disposal.

(e) 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.

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

(g) 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.

(h) 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.

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

7.5 When the Committee desired to know the experience of Alternate Tax Dispute Redressal (*Vivad se Vishwas* Scheme) in speeding up resolution of pending cases, including the cost and time taken as compared to the conventional mechanism, it was stated as under:

"The Government has introduced Direct Tax *Vivad Se Vishwas* Scheme, 2024 ("the DTVSV Scheme 2024") through Chapter IV of the Finance (No. 2) Act, 2024 as a onetime measure of alternate dispute resolution. The experience of *Vivad se Vishwas* Scheme has been summarized below:

- 40,597 eligible assesses have opted for DTVSV, 2024, from 1.10.2024 to 18.02.2025. The scheme is in progress and therefore it is expected that more taxpayers will opt for the scheme in future.
- It is important to note that the Government of India had previously introduced the *Vivad Se Vishwas* Scheme, 2020 ("VsV Scheme 2020") in the Union Budget 2020, which was enacted through the *Direct Tax Vivad Se Vishwas Act, 2020*. The Scheme got a very encouraging response from the taxpayers as total of 1,39,384 eligible assesses opted for DTVSV, 2020.
- The dispute settlement under the *Vivad Se Vishwas* Scheme is cost effective since the scheme has resulted in reduction of litigation cost, generation of revenue, utilisation of manpower for pending litigation and substantial reduction of pending income tax litigation. The cost incurred on outreach programme organized of DTVSV, 2024 scheme till date is approximately 12Cr.
- Further as per Section 92 of Chapter IV of the Finance (No. 2) Act, 2024 *Direct Tax Vivad Se Vishwas Scheme, 2024*, provides for various timelines for issuance of Form 2, Form 3 whereas in conventional litigation there is no fixed time frame for disposal of appeals."

VIII. STRENGTHENING TAX ADMINISTRATION

8.1 Technology, including Information Technology (IT), Data Management, Cyber security and Artificial Intelligence (AI), play a transformative role in tax administration by enhancing efficiency, transparency and compliance. Digital platforms, such as e-Filing, Centralised Processing Centre (CPC), Income Tax Business Applications (ITBA) and Insight, have streamlined tax processing, automated routine tasks and promoted voluntary compliance. Online portals have enabled taxpayers to access tax information easily, minimizing physical interactions, reducing errors and improving service delivery.

8.2 **Direct Taxes:** It was stated that the Information Technology Systems under the Central Board of Direct Taxes (CBDT), Department of Revenue, are managed by the Directorate of Income- tax (Systems). The Directorate of Income-tax (Systems) oversees various digital initiatives and projects that are implemented and operated by Managed Service Providers (MSPs), who are also contractually obligated to ensure cyber security readiness in each project. The associated costs attributable to such Cyber Security related aspects are incorporated into the overall project costs. The expenditure in respect to the various Information Technology projects being underway in the Directorate of Income-tax (Systems) is incurred under the head: "Information, Computer, Telecommunications" (ICT). During the last five years, the details of expenditure incurred by the Directorate of Income-tax (Systems) under the head "Information, Computer, Telecommunications" (ICT) are as under:

Financial Year	Total expenditure incurred (In Rs Crores)
2019-20	474.26
2020-21	632.05

2021-22	295.09
2022-23	730.75
2023-24	760.94
2024-25*	643.65

* Funds amounting to Rs. 643.65 Crore were allotted to the Directorate of Income-tax (Systems) under the head "ICT" till 19.12.2024. The same has been utilized in full. Additional funds amounting to Rs. 900 Crore were allocated in January, 2025. Out of this, expenditure amounting to Rs 558.97 Crore has been processed by uploading the bills on the PFMS portal and is pending for approval from the Zonal Accounts Officer. The expenditure out of the balance funds (i.e. Rs 900-Rs 558.97 Crore = Rs 341.03 Crores) is expected to be incurred in the months of February and March, 2025.

Indirect Taxes

Sr. No.	Period	Amount (excluding Tax)(Rs in Crores)
1	2020-21	541.03
2	2021-22	477.77
3	2022-23	348.85
4	2023-24	693.00
5	2024-25	1,000.00

8.3 When the Committee asked for the details of the incidents of attempts/cyber-attacks on Tax System of the country, it was stated as under:

Direct Taxes

The IT infrastructure of the CBDT has not witnessed any successful cyber-attack.

Indirect Taxes

In the calendar year 2024, total number of cyber security attempted attacks on CBIC's IT ecosystem were 1.27 crores. All these attempted attacks were successfully blocked by various cybersecurity tools deployed at the various layers of our system. These attempts can be broadly classified as command-and-control virus, trojan, phishing, threat injection, malicious traffic, ransomware, distributed denial-of-service (DDoS) attacks, malware, insider threats, API attacks, man-in-the-middle (MITM) attacks, supply chain attacks, vulnerabilities, poor access management, social engineering, and zero-day exploits."

8.4 On being asked whether any survey has been undertaken by the Government/Private agency regarding the perception/experience of the people of the Income Tax Return mechanism, it was stated as follows:

"The e-filing portal of the Income Tax Department has a functionality to capture the feedback of the users on the services provided, at the time of logging out from the e-filing portal. However, the CBDT has not undertaken any survey regarding the perception/experience of the people on Income Tax Return Mechanism."

8.5 While explaining the need to invest in technology and infrastructure, the Secretary, Revenue deposited before the Committee as under:

"On capital side, I would like to say that we have a lot of a need in this Department. One we have to invest in technology in a big way because everywhere the kind of data that we are handling, is multiplying. So, all of the systems are getting upgraded. So, we will need a lot of money on that side. Secondly, we have also an issue of lots and lots of buildings. We would be collecting something like GST and put together something like Rs. 37 lakh crore, but they have still huge number of buildings which are on rentals....we have to see that in some of those places, the rentals are too high to not to have some of those buildings in. So, therefore, there will be a need because

after all, a tax department, a sovereign function and there has to be this building. It is not a temporary thing. So, I think we need to invest there. Only question is that in some of the places, the land is not there which we are trying to organize. Some of lands of BSNL and MTNL are available now. We are negotiating with them to get those lands and there, they can do it. Housing satisfaction level is also not very good. It is very difficult for the officers if they are in Mumbai. They do not get house. It is very difficult. Rentals are too high. So, I think hopefully, we would be able to organize land. In Mumbai, the main issue is land. In Delhi also, the main issue is land. So, we are trying to see wherever we have and once you do that, then we can have some of their housing projects and some of the office projects get going. That has been our effort. So, all three sides, technology, housing and office buildings will continue to need some more money which we are prepared to provide from the finance side but this logistics issue only we have to settle in terms of land.”

PART- II

OBSERVATIONS/ RECOMMENDATIONS

Budgetary Allocation

Demand No.35

1. The Committee note that, with regard to Demand No. 35, which pertains to the Department of Revenue (HQ), there is a Budgetary Estimate (BE) of Rs. 1,33,880.25 crore for the Financial Year (FY) 2025-26. This includes Rs. 1,33,271.01 crore under the Revenue Section and Rs. 609.24 crore under the Capital Section. The Committee's scrutiny reveals that, although the Budgetary Estimate (BE) for the Capital Section has increased by 14.5% compared to the previous year, there was a shortfall in utilization during the previous year. For 2024-25 the BE of Rs. 531.96 was reduced to Rs. 475.74 crore at the stage of Revised Estimate (RE) and the actual utilization (till 11.02.2025) is only Rs. 119.42 crore. The Committee observe that the Capital Section has some important components such as 'Information Computer, Telecommunications (ICT) equipment' and 'Building and Structure' which are vital for the effective functioning of the Department. For ICT, the BE of Rs. 78.42 crore was revised upward to Rs. 140.67 crore; however, the actual utilization (upto December, 2024) is Rs. 39.38 crore only. Similarly, for Building and Structure, BE of Rs. 134.52 crore was reduced to Rs. 51.62 crore, and the actual utilization stands at only Rs. 0.02 crore. The Committee believe that the underutilization of funds under the Capital Section may not only result in delayed or deprived intended services or outcomes, but there is always a risk of cost escalation due to factors such as inflation, fluctuations in material prices, and the potential for increased labor costs over time. The Committee also note that the enhanced funds of Rs. 140.67 crore under ICT at the Revised Estimate (RE) stage are allocated for FINnet 2.0—an advanced platform utilized by the Financial Intelligence Unit - India (FIU-IND) to improve the processes of receiving, processing, analyzing, and disseminating information related to suspicious financial transactions - and the Budgetary Estimate (BE) for 2025-26 for ICT has been set at Rs. 147.53 crore, the Committee emphasize the need for close monitoring of the project progress. This will ensure the optimum utilization of funds for the timely execution of these critical projects without any delays. The Committee would also like to be

apprised of the progress made regarding the FINnet 2.0 project at the time of furnishing Action Taken Notes.

(Para No. 1, Recommendation No. 1)

GSTAT

2. The Committee note that The GST Appellate Tribune (GSTAT) is the Appellate Authority established under the Central Goods and Services Tax Act, 2017, to hear various appeals under the said Act and the respective State/Union Territories GST Acts against the orders of the first appellate authority. It consists of a Principal Bench and various State Benches. As per the approval of the GST Council, the Government has notified the Principal Bench, to be located at New Delhi, and 31 State Benches at various locations across the country. The Committee further note that the Tribunal will ensure swift, fair, judicious and effective resolution to GST disputes, besides significantly reducing the burden on higher courts. It is also envisaged that the establishment of the GSTAT would further enhance the effectiveness of the GST system in India and foster a more transparent and efficient tax environment in the country. However, the Committee find that the GSTAT is yet to be operationalised. In regard to progress of work, the Ministry has submitted that the constitution of the Principal Bench and State Benches of GSTAT has been notified on 31.07.2024, with the President's appointment notified on 20.05.2024. Interviews for members are in progress, and 953 subordinate staff positions have been created with appointments underway. Recruitment rules for Group 'C' have been notified on 21.06.2024, while those for Group A and B are in progress. The jurisdiction of State Benches was notified on 26.11.2024. The Department has also assured that hearing of cases will start very soon. The Committee acknowledge that numerous considerations, infrastructure developments, and formalities need to be addressed before the operationalisation of the Tribunal. Nonetheless, given the time that has elapsed since the notification for its inception, the Committee recommend that utmost efforts be made to expedite and complete the remaining work related to GSTAT, ensuring it is operationalised at the earliest so that the envisaged benefits can be reaped without any further delay.

(Para No. 2, Recommendation No. 2)

Demand No.36

3. The Committee note that 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). Despite this the Committee find that there have been considerable variations in BE, RE and Actual figure related to this Demand. For the year 2024-25, the Budgetary Estimate of Rs. 10,340.38 crore was revised upward to Rs. 11575.17 crore; whereas, the actual utilization (upto 31.12.2024) is Rs. 7712.55 crore which is 66.63% of the RE. Under Capital Section, the underutilization of fund is more significant as against the RE of Rs. 2,372.82 crore only Rs. 761.20 crore could be utilized (upto 31.12.2024) which work out to just 32.08% of the RE. In regard to the reason for the same, it has been submitted that the major change in the RE was due to the increase in Object Head 4075 which was increased by around Rs. 1,000 crores. It has been assured that the amount is likely to be utilized as the bills are pending under the Object Head 4075. Nevertheless, the Committee would like to recommend that sincere efforts be made to ensure the optimal utilization of funds allocated under this Head. Further, the Committee also emphasize the necessity of stronger financial discipline to prevent underutilization or the bunching of expenditures towards the end of the fiscal year in future.

(Para No. 3, Recommendation No. 3)

4. In regard to observation of the Committee in their previous year's Report on DFGs (2024-25) pertaining to the Demand No.36 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), the Department has stated that the Directorate of Expenditure Budget has digitized the Budget related data, automated the allocation of funds; integrated the expenditure data which facilitated the monitoring of their budget. The Committee express their satisfaction with the efforts made by the Department to strengthen the budgetary monitoring system and hope that these efforts will lead to the optimal and balanced utilization of allocated funds. The

Committee also expect to be informed about the effectiveness of the new system when furnishing the Action Taken Notes.

(Para No. 4, Recommendation No. 4)

Demand No.37

5. The Committee note that the budgetary provisions 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) and various other Scrips-Based Schemes. The Committee find that there is a budgetary estimate of Rs. 42,889.33 crore for the year 2025-26, consisting of Rs. 40,904.73 crore under the Revenue Section and Rs. 1,984.6 crore under the Capital Section. However, the Committee also find that the past track record under the Demand No.37 as far as optimum utilization of funds are concerned leaves much to be desired. Even for the year 2024-25, the actual utilization (up to 20.02.2025) is Rs. 31,875.35 crore, which is 78.2% of the revised estimate (RE) of Rs. 40,752.17 crore, with only about a month remaining in the fiscal year. The underutilization of funds is more conspicuous under the Capital Section, where only 46% of the Revised Estimate could actually be utilized till the said period. In regard to efforts being made to ensure optimum utilization of funds, the Committee have been apprised that the field formations have been sensitized about the importance of sending accurate estimates of funds to ensure optimum utilization of the budget allocated through regular Emails and letters. Further, the expenditure incurred by the field formations is being monitored on monthly basis through e-lekha portal. The CBIC has already developed BEAMS application which is being utilized for better monitoring of expenditure vis –a –vis allocated funds. However, the Committee find that these efforts are yet to be translated into improved performance by the Department in terms of utilization of the allocated funds. The Committee, therefore, recommend stricter monitoring of the budgetary assessment and fund utilization processes at the highest level to ensure that the efforts being made in this regard also yield the desired results.

(Para No. 5, Recommendation No. 5)

Bifurcation of Personal Income Tax Data

6. During the deliberations of the Committee with the Department, it emerged that at present, Personal Income Tax (PIT) also includes about Rs. 1.5 lakh crore of business (non-corporate) income apart from individual income. The Committee observe that there have been instances when concerns have been raised from various quarters that the collection of Personal Income Tax (PIT) in the country has surpassed Corporation Tax as PIT may not accurately reflect the true picture. The Committee believe that ideally, there should be separate data for Business Income and Individual Income for better analysis and understanding of income patterns in the country. This would also help in formulating targeted tax policies, identifying areas where tax evasion might be occurring, and addressing the peculiar needs and challenges of individuals and businesses separately. The Committee, therefore, recommend that ways and means should be explored to segregate the data of Personal Income Tax (PIT) as early as possible. It is needless to emphasize that the details of all concrete efforts made in this regard will be shared with the Committee when furnishing Action Taken Notes.

(Para No. 6, Recommendation No. 6)

Tax Arrears

7. The Committee note that there are huge cumulative tax arrears of Rs. 48,73,028 crore, including Rs. 43,07,201 crore pertaining to Direct Taxes (upto 14.02.2025) and Rs. 5,65,827 crore to Indirect Taxes (upto Dec. 2024). The Committee also find that in respect of Direct Taxes, Rs. 10,55,906 crore tax arrears are pending for five or more years. The Committee has been given to understand that some of the arrears date back even to the mid-1990s. The Committee further note that as per tax authorities, out of Rs. 43,07,201 crore arrears, Rs. 28,95,851 crore which comes to 67%, is difficult to collect. The Committee also find that a lot of this demand arrear is also fictitious. Before the digitisation of processes, a manual register system was in place, which did not account for interest. However, the current system now calculates interest

annually. Since income tax penalty is very heavy, every year of delay will keep on adding to the demand, which is in any case remains non-collectible. The Committee express their concern over the present scenario and believe that there is a pressing need to review the tax assessment system to make it more efficient in collection of taxes, keeping in view the ground realities. The Committee are of the view that while genuine demands should be strictly collected, the Tax Authorities should also undertake a thorough introspection of the existing tax assessment system and remain sensitive to the hardships faced by honest taxpayers due to erroneous or inflated tax demands. The Committee, therefore, recommend that, since all the tax records have been digitized, it is high time to take decisive interventions, including writing off demands/ imposing moratoriums, to reduce and trueing up the huge backlog of demand arrears in a time-bound manner.

(Para No. 7, Recommendation No. 7)

Faceless Assessment and Appeals

8. The Committee note that faceless e-Assessment Scheme was notified in 2019 and subsequently a Faceless Income Tax Appeals was launched in 2020, with a view to extend greater convenience to the taxpayers, ease of compliance, ensure fairness in the process and to minimise litigation. The Committee are of the opinion that these initiatives were the need of the hour and also have achieved their endeavour to a great extent. The Committee, however, observe that there are certain issues that are causing hardship to taxpayers in some cases that need to be addressed to make the system more convenient and effective. The Committee note that under faceless assessment, cases are allocated randomly, so there may be possibility that a peculiar type of a case is assigned to an assessing officer who may not have expertise in that area. Therefore, the Committee recommend that there is a need to make the system intelligent enough to match cases with the appropriate group of assessing officers who are better equipped to assess the income and address issues. Under faceless appeal system also, there are instance where taxpayers face challenges with online filing and hearings, as adapting to the digital format can

pose difficulties for some individuals. The Committee, therefore, recommend that these issues should be addressed promptly by taking appropriate corrective measures to improve overall faceless eco-system. Furthermore, the Committee believe that conducting a regular survey to understand the perceptions/ experiences/ challenges faced by taxpayers in filing/ assessment/ appeal processes will go a long way in gathering valuable feedbacks for making necessary changes and improvements to the existing system.

(Para No. 8, Recommendation No. 8)

Tax Litigation Pendency

9. The Committee note that the total numbers of appeals pending at various fora has increased from 5,53,678 in 2021-22 to 6,21,344 in 2024-25. Similarly, the amount involved has also risen from Rs. 20,82,699 crore to Rs. 29,79,470 crore during this period. Despite the introduction of the Joint Commissioner of Income Tax (Appeals) [JCIT(A)] alongside the Commissioner of Income Tax (Appeals) [CIT(A)] in 2023, no improvement has been observed at the Departmental Appellate level. Instead of decreasing, the number of appeals has slightly increased from 5,48,278 in 2023-24 to 5,49,666 in 2024-25. The Committee also observe that there is a 40% shortage of manpower at first appellate level. The Committee further observe that only 40,597 eligible assesseees opted for the Direct Tax *Vivad-Se-Vishwas* Scheme, 2024, between 1.10.2024 and 18.02.2025, compared to 1,39,384 eligible assesseees who opted for the previous Direct Tax *Vivad-Se-Vishwas* Scheme, 2020. Although the Department is optimistic and expects more taxpayers to opt for the scheme in the future as it is still ongoing, this remains an issue warranting attention. The Committee further note that the cost of litigation to the Government was about Rs. 108 crore in 2023-24. The Committee express their concern over the pendency of tax-related litigation in the country and emphasize the need for systemic reforms, as the measures taken so far have not succeeded in bringing out any significant improvement in the prevailing condition. The Committee believe that the focus of the Government on simplification of tax-related Acts and Rules would certainly

reduce a lot of litigation. However, the issue of the existing pendency of tax litigation, which is considerable in number, amount and duration, also needs to be addressed in a mission mode. The Committee, therefore, recommend that the Government should constitute an expert panel to meticulously examine this matter and propose appropriate remedial measures. The Committee also desire that this matter should be addressed with utmost sincerity and urgency.

(Para No. 9, Recommendation No. 9)

Strengthening Tax Administration

10. The Committee observe that in recent years, several technological initiatives have been undertaken to strengthen tax administration in the country. The role of technology in tax administration is evolving continuously, and its importance has increased manifold. The Committee also observe that data handling requirements are increasing, necessitating system upgrades, which involve a considerable amount of funds. The Committee further feel that cybersecurity threats to such a massive data system are a genuine concern that requires utmost attention. In the calendar year 2024, the total number of attempted cybersecurity attacks on CBIC's IT ecosystem was 1.27 crores. Although none of these attempts succeeded, the sheer number itself speaks volumes. The Committee also believe that Artificial Intelligence (AI) can play a vital role in enhancing user experience, detecting and preventing fraud – particularly related to Input Tax Credit (ITC) of GST – and analyzing data to promote better tax compliance. Another issue brought to the Committee's attention is that, despite tax agencies collecting lakhs of crores in revenue, a significant number of their buildings are still rented. Considering the tax department performs a sovereign function that is not of a temporary nature, investing in owning buildings seems both a logical and prudent decision. In view of this, the Committee, emphasize that no compromises should be made concerning the technological and infrastructure requirements of tax agencies, as these will ultimately serve as crucial tools to enhance revenue collection in the country. However, they desire that there should be a clear-cut roadmap to

ensure that these projects are executed timely and properly, without cost or time overruns. The Committee expect that such a roadmap will be shared with them at the time of furnishing Action Taken Notes.

(Para No. 10, Recommendation No. 10)

New Delhi;
18th March, 2025
27 Phalgun, 1946 (Saka)

BHARTRUHARI MAHTAB
Chairperson,
Standing Committee on Finance

Details of construction projects related to Demand No.36

S. No	Projects of Name	Estimated Cost (fig in Rs. thousands)	Revised Estimated Cost (if any) fig in Rs. thousands)	Reason for time/cost overrun (if any)	Allocation till date fig in Rs. thousands)	Initial timeline	New timeline	Reason for time Delay (if any)
1.	Construction of office building at Nagarcoil, Madurai	71432	87332	Work was hampered due to heavy monsoon that adversely affected the progress of the project.	71432	02.04.2023	31.12.2025	Work was hampered due to heavy monsoon that adversely affected the progress of the project. Additional fund of 1.59 Crore required is on account of entrance gate, arch, paver block and other miscellaneous works.
2.	Construction of 76 numbers of Type IV, 304 numbers of Type III, 152 numbers of Type II quarters for Income Tax Department in Central Revenue Quarters, Anna Nagar, Chennai	2605347	NA	NA	2604647	12.08.2023	31.03.2025	Delay in approvals from CMDA led to delay in project.
3.	Construction of 38 numbers of (G+19) Type-VI quarters for Income Tax Department at Aayakar Bhawan Complex, Nungambakkam, Chennai	654314	NA	The entire building portion of the project is completed. With regards to the work of construction of car parking for 7.33 Crore unsuccessful call for	654314	17.09.2023	31.10.2025	The entire building portion of the project is completed. With regards to the work of construction of car parking for 7.33 Crore unsuccessful call for tender by CPWD resulted in delay

				tender by CPWD resulted in delay.				
4.	Construction of Residential quarters at Nagarcoil, Madurai	45513	NA	Work was hampered due to heavy monsoon that adversely affected the progress of the project.	45513	02.04.2023	31.03.2025	Work was hampered due to heavy monsoon that adversely affected the progress of the project.
5.	Construction of office Building (Basement + G + 19 floors) at plot No 4,5 & 6, Infantry Road, Bengaluru.	246,91,00	NA	NA	92,22,24	31.03.2025	01-12-2025	1. Proposed date of commencement of project was 25.01.2022. However, due to delay in obtaining local body approvals, construction work started on 21.12.2022.
6.	Construction of Office and 30 Nos. of Type-III residential quarters at Porvorim, Goa	49,46,94	NA	NA	20,00	24 Months - As per P.E	NA	The contractor engaged by the CPWD is in the process of obtaining local body approvals.
7.	Construction of Compound Wall to the ITD property at (i) Ganeshpur, Belagavi and (ii) Vishweshwarayya Nagar, Belagavi	i) 89,71 ,(ii) 20,66,	NA	NA	50,00	(i) 8 months - As per P.E (ii) 4 months - As per P.E	NA	Construction of the compound wall is in progress.
8.	Office Building at Arera Hills Bhopal	83.83	NA	NA	74.25	31.03.202	31.03.2025	Due to Covid-19

9.	Construction of Office Building at Daltonganj	2,67,44	NA	NA	1,00,00	15 Months (03 months for pre-construction activities and 12 months for execution of work)	NA	The project is approved by the DIT(Infr.), New Delhi. However, construction work is not started yet due to non-demarcation of the land.
10.	Construction of Office Building at Bhagalpur	18,24,97	NA	NA	1,00,00	27 Months (03 months for Pre-construction activities & 24 months for execution)	NA	The PCCA, CBDT, New Delhi has issued LOA recently. The CPWD is in process of floating the Tender. The work is expected to be started during F.Y. 2024-25.
11.	Construction of office building at Plot at Sec-29,	99.96		NA	45.00	NA	NA	NA
12.	Construction of residential complex at Sec-53	99.95		NA	12.00	NA	NA	NA
13.	Construction of 48 residential quarters and community hall/club house/guest house at Hadapsar, Pune	377832	427907	Delay occurred due to legal hurdles i.e. legal suit at City Survey office by DhondibaKawade in	422337	23.11.2016	NA	1.The project is completed however, the electricity and water connection to the project is in active consideration

				r/o challenging boundaries of plot on 30.04.2016, hence work stopped for some time and cost of the materials have increased due to time extension.				with local authorities.
14.	renovation/ upgradation and beautification of corridor, toilets and gate no, 3 of Aayakar Bhawan MK Road, Churchgate Mumbai-20 Including internal Electrification	114451	NA	NA		23617	31.03.2025	
15.	carrying out the work "Up-gradation, structure and misc. civil repairs of Central Revenue Apartments, Cassimitha, N.D. Road, Mumbai including electrical installation, fan	100795	NA			31.03.2026	31.03.2026	Tender is yet to be floated

16.	Purpose of construction of office building at plot no 196 Backbay Reclamation Nariman Point Mumbai for Income Tax Department Mumbai	2201527	2480000	Construction escalation due to delay of projects and award of arbitration in favour of contractor	22016	Dec-24	May -25	
17.	Construction of Income Tax office Building and Residential Quarters (Type II - 4 Nos (F/S), Type III-4 Nos (F/S), Type IV-04 Nos (F/S) & Type V-1 No (Duplex) and Guest House Including Internal Sanitary Installation, water Supply and Drainage at Kashipur (Uttarakhand)	7,90,36	17,36,55	land dispute between UP Awas Vikas and Govt. of Uttarakhand.	7,90,36	Not known		Drawings of the building were approved by the Income Tax Department vide letter No. 11D/Kashipur/Bldg/CIT/Hld/2 008-09 dated 06-03-2009 but approval of the same from local authority could not be obtained due to land dispute between UP Awas Vikas and Govt. of Uttarakhand. Finally, drawings were approved by the local authority on 27-05-2015 and the various hindrances occurred during execution of work and extra work cropped up during execution of work.
18.	Construction of 115 nos. Of residential quarters and guest house along with	91.53 Cr.	102.79Cr	1)The revised estimated PCC includes an escalation in the GST rate from	102.79Cr.	June, 2022	May 2025	Civil Construction is almost completed. Electricity supply is partially made i.e. 444 kVA supplied out of the

	community centre for income tax department at gadakana, bhubaneswar			12% to 18%. Component. 2) Demand note of TPCODL of Rs. 3.18 cr for providing electricity connection for 1354 kVA.				requirement of 1354 kVA for which demand note of Rs. 3.18 cr was raised by TPCODL. A/A and F/S and Funds for the same has just been received on 06.02.2025. Executing agency (M/s Bridge and Roof) are in the process of tendering for securing connection of 1354 kVA from TPCODL, which includes installation of RMU and subterranean cable laying over 2.5 kms.
19.	Construction of 8 Nos Type-IV Qtrs and 5 Nos Type -v Qtrs for Income Tax Department at Yendada Visakhapatnam	106576	nil		106576	08.11.2023	25.02.2025	No cost overrun.

Annexure-II**Details of construction projects related to Demand No.37**

S. No.	Zone / Commissionerate	Proposal in brief	Major Head	Sanctioned cost of project (Rs. in Cr.)	Actual cost of project (Rs. in Cr.)	Cost overrun	Date of completion as per PE	Expected date of completion
1	Mumbai Zone-I Customs	Construction of Office complex and residential quarters at Customs Enclave Plot, Wadala, Mumbai through CPWD at a cost of Rs. 495.5 Cr. for office complex and Rs. 480 cr. For residential complex Office space 30000 sqm. Total qtrs. -769	4059	975.72			November, 2023	April, 2026
2	NACIN Palasamundram	Construction of New Academy of NACIN at Palasamudram (V), (Hindupur) Ananthpur Dist., Andhra Pradesh	4059	702.27	840.86	138.59	September, 2023	March, 2025
3	Hyderabad CGST/ Medchal	Construction of Office building (GF+28 Storeyed) & residential quarters at Khajaguda village, Serilingampally Mandal, Hyderabad	4059	644.63			September, 2027	May, 2027
4	Chennai Cus.	Construction of residential qtrs. at Anna Nagar, Chennai. Total land- 1,06,086 sqm. Total qtrs.-726 Type wise qtrs.- Type-II=288 Type-III=288 Type-IV=150	4216	348.77			October, 2021	March, 2025
5	Guwahati CGST	Construction of combined office cum residential projects for CGST Shillong, Customs (NER) Shillong, CGST Audit Comm'te and NACIN Shillong	4059	256.23				Oct, 2027

6	Guwahati CGST	Construction of combined office cum residential projects for CGST Shillong, Customs (NER) Shillong, CGST Audit Comm'te and NACIN Shillong	4059	256.23			Oct, 2027	Oct, 2027
7	Delhi CGST	Construction of residential qtrs. at Dwarka Total land- 17832 sqm. Total qtrs.-256 Type wise qtrs.- Type-IV=168 Type- V=52 Type- VI=36 Total 7 Towers	4216	227.00			July, 2022	March, 2025
8	Meerut CGST Zone / CGST Ghaziabad	Construction of office building for CGST Ghaziabad, Audit-II, at Ghaziabad 8658.01 sq mtr	4059	116.42			April, 2022	March, 2025
9	Chennai Cus. (Gen)	Construction of office accommodation building for Chennai Customs Audit and Import Comm'te and Partner Govt. Agencies at Jaffer Syarang Street, Chennai.	4059	91.64			November, 2024	April, 2025
10	Mumbai-II Cus. / Nhava Sheva (Gen.)	Construction of additional office building (G+7) (To provide more space to officers of Mumbai Zone-II) at JNCH NHAVA SHEVA Dist. Raigad-Mumbai Available area - 14900 sqm. Office space - 8551.80 sqm.	4059	80.61			June, 2025	Jan, 2026
11	DRI (HQ) Delhi	Construction of office building for DRI (HQ.) at Vasant Kunj, Delhi	4059	74.5	99.39	24.89	Jan, 2024	March, 2025
12	Chandigarh CGST / Jalandhar	Construction of office cum residential qtrs.and boundary wall at Jalandhar for CGST Jalandhar Commissionerate Total land - 06 acre Total qtrs.- 116 Type wise qtrs.- Type-II=19 Type-III=62 Type-IV =32 Type-V A=01 Type-V B=01 Type-VI=01	4216	67.57			December, 2020	March, 2025

13	DRI Kolkata	Construction of office building for DRI (G+6) storied with basement, KZU at Kolkata 2134.17 sq mtr	4059	64.50			August, 2021	Feb, 2025
14	Ahmedabad CGST/ Bhavnagar	Construction of office building for CGST Commissionerate and Customs Division at Bhavnagar Total land 7104 sqm. Office space-4807.50 sqm.	4059	56.30			July, 2025	July, 2025
15	Chennai Cus. VIII (Gen.)	Construction of 36 residential quarters (18 Type-V and 18 Type-VI) at Nungambakkam, Chennai. (Total 36 quarters)	4216	49.02			October, 2022	March, 2025
16	NACIN Hyderabad	Construction of RTI, NACIN, at Attapur, Hyderabad Total built up area- 11940 sqm.	4059	46.71			December, 2018	March, 2025
17	Hyderabad CGST	Construction of office building for Hyderabad Custom Commissionerate at Mamidipally, Hyderabad.	4059	44.62			December, 2024	Oct, 2025
18	Pune CGST / Kolhapur	Construction of office building for CGST Commissionerate Kolhapur, at Tarabai Park, Kolhapur-reg. Land area: 12854.8 sqm. Office space : 9244.1 sqm.	4059	42.44			October, 2022	March, 2025
19	Jaipur CGST Zone / Udaipur	Construction of new office building for Udaipur CGST Comm'te 3315 sq mtr	4059	42.07			March, 2022	March, 2025
20	DRI	Construction of office premises for Directorate of Revenue Intelligence, Zonal Unit, Ahmedabad	4059	39.86			October, 2026	October, 2026
21	DRI	Construction of office premises for Directorate of Revenue Intelligence, Zonal Unit, Ahmedabad	4059	39.86			October, 2026	October, 2026
22	DRI Lucknow	Construction of DRI Lucknow Zonal Unit office at Plot No. 07/13-B-2, Gomti Nagar Extension, Lucknow	4059	36.68			April, 2024	March, 2025

23	Visakhapatnam CGST Zone / Tirupati	Construction of office building at Tirupati	4059	36.11			May, 2025	May, 2025
24	Panchkula CGST Zone / Rohtak	Construction of office building in Sector- 3, Rohtak for Central Excise Commissionerate, Rohtak.	4059	34.47			October, 2017	Completed
25	Mumbai CGST Zone / Palghar	Construction of 3 Div. offices and 14 ranges offices on plot bearing Nos P-34 at MIDC, Boisar-reg. 4553 sq mtr.	4059	33.25			October, 2021	Completed
26	DRI Chennai	Construction of office building of DRI Zonal Unit at Trustpuram Kodambakkam, Chennai	4059	31.38			Dec, 2023	Oct, 2025
27	Guwahati CGST/ Imphal	Const. of office building and boundary wall at Lamphel at Imphal	4059	30.08			August, 2027	August, 2027
28	Guwahati CGST/ Imphal	Const. of office building and boundary wall at Lamphel at Imphal	4059	30.08			August, 2027	August, 2027
29	DRI Hyderabad	Construction of office building for DRI Hyderabad Zonal Unit at Jubilee Hills at Hyderabad	4059	24.14			April, 2025	April, 2025
30	Ahmedabad Cus. Zone / Jamnanagr	Construction of Staff quarters at Jamnagar	4216	19.42			September, 2024	March, 2025
31	Lucknow CGST Zone / Agra	Const. of new office building for CGST Division at Aligarh.	4059	13.08			August, 2023	March, 2025

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

The Committee sat on Monday, the 24th February, 2025 from 1430 hrs. to 1645 hrs
in Committee Room 'C', Parliament House Annexe, New Delhi.

PRESENT

Shri Bhartruhari Mahtab - Chairperson

LOK SABHA

2. Shri P. P. Chaudhary
3. Shri Gaurav Gogoi
4. Shri K. Gopinath
5. Shri Harendra Singh Malik
6. Thiru Arun Nehru
7. Shri N. K. Premachandran
8. Smt. Sandhya Ray
9. Dr. Jayanta Kumar Roy
10. Shri Manish Tewari
11. Shri Balashowry Vallabhaneni

RAJYA SABHA

12. Dr. Ashok Kumar Mittal
13. Shri Yerram Venkata Subba Reddy
14. Shri S. Selvaganabathy
15. Shri Sanjay Seth
16. Smt. Darshana Singh

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 |

WITNESSES

Department of Revenue

1. Shri Tuhin Kanta Pandey, Finance Secretary & Secretary (Revenue)
2. Shri Vivek Aggarwal, Additional Secretary (Revenue)
3. Shri Manoj Sahay, Additional Secretary & Financial Advisor
4. Shri Balasubramanian Krishnamurthy, Joint Secretary, TPRU
5. Shri Ravi Agrawal, Chairman, CBDT
6. Shri Sanjay Kumar Agarwal, Chairman, CBIC
7. Shri Harinder Bir Singh Gill, Member, CBDT
8. Shri Ramesh Narain Prabat, Member, CBDT
9. Shri Shashank Priya, Member, CBIC
10. Shri Vivek Ranjan, Member, CBIC
11. Shri Surjit Bhujabal, Member, CBIC
12. Shri T. Kipgen, ADG (Expenditure Budget), CBDT
13. Ms. Limatula Yaden, Joint Secretary, TRU-I, CBIC
14. Shri Sachin Jain, Joint Secretary, TRU-II, CBIC
15. Shri Raman Chopra, Joint Secretary, TPL-I, CBDT
16. Shri Pankaj Jindal, Joint Secretary, TPL-II, CBDT
17. Shri Upendra Singh Yadav, Commissioner, Investigation-GST
18. Shri Gaurav Singh, Commissioner, GST Policy Wing

2. At the outset, 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 (2025-26) 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. The following major issues, among other things, were discussed during the sitting:
- (i) Budgetary allocation for Demand No. 35, Demand No. 36 and Demand No. 37 – requirements and utilization of funds under Revenue and Capital Sections.
 - (ii) Tax collection – targets and achievements, impact of exemptions announced in the Budget, Corporation and Personal Income Tax (PIT), Tax Arrears
 - (iii) Tax litigation – amount under litigation, reasons for pendency of cases and remedial measures, need for innovative and time bound interventions, *Vivad-se-Vishwas* Scheme, provision of filing updated tax returns
 - (iv) GST related issues – ITC fraud cases and remedial measures, establishment of GST Appellate Tribunal,
 - (v) Tax Assessment and Scrutiny – issues related to Faceless Assessment, resolution of rectification requests, objectivity and use of technology, Virtual Digital Assets
 - (vi) Manpower related issues – increasing numbers of appeals, filling vacant positions
 - (vii) Use of technology – Automation, Artificial Intelligence and Machine Learning, Digitization of tax records and services

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 ten days to the Secretariat.

The witnesses then withdrew.

The Committee then adjourned.

A verbatim record of the proceedings has been kept.

Minutes of the Seventeenth sitting of the Standing Committee on Finance (2024-25). The Committee sat on Tuesday, the 18 March, 2025 from 1500 hrs to 1545 hrs in Committee Room '62', Samvidhan Sadan (SS), New Delhi.

PRESENT

Shri Bhartruhari Mahtab – Chairperson

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. Shri Chudasama Rajeshbhai Naranbhai
10. Thiru Arun Nehru
11. Shri N. K. Premachandran
12. Dr. C. M. Ramesh
13. Prof. Sougata Ray
14. Dr. Jayanta Kumar Roy
15. Dr. K. Sudhakar
16. Shri Manish Tewari
17. Shri Balashowry Vallabhaneni
18. Shri Prabhakar Reddy Vemireddy

RAJYA SABHA

19. Dr. Ashok Kumar Mittal
20. Shri S. Selvaganabathy
21. Shri Sanjay Seth
22. Dr. Dinesh Sharma
23. Smt. Darshana Singh
24. Shri Pramod Tiwari

SECRETARIAT

1. Shri Vinay Pradeep Barwa - Director
2. Shri Kuldeep Singh Rana - Deputy Secretary

3. 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. Eighth Report on Demands for Grants (2025-26) of the Ministry of Finance (Departments of Economic Affairs, Expenditure, Public Enterprises and Investment & Public Asset Management);
- ii. Ninth Report on Demands for Grants (2025-26) of the Ministry of Finance (Department of Revenue);
- iii. Tenth Report on Demands for Grants (2025-26) of the Ministry of Corporate Affairs;
- iv. Eleventh Report on Demands for Grants (2025-26) of the Ministry of Planning;
- v. Twelfth Report on Demands for Grants (2025-26) of the Ministry of Statistics and Programme Implementation; and
- vi. Thirteenth Report on Demands for Grants (2025-26) of the Ministry of Finance (Department of Financial Services).

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.