



# IAS PARLIAMENT

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## New Taxpayer's charter

### Why in news?

The Centre has launched a platform for faceless assessment and appeals of tax, and a new Taxpayer's Charter.

### What is Taxpayers' Charter?

- Taxpayers' Charter was announced by the Finance Minister in her Budget 2020 speech.
- The aim of introducing the charter is to build a trust between a tax payer and the tax administration and reduce harassment.
- It provides responsibilities of the Income Tax (I-T) department towards the taxpayers.
- It also lists duties of the taxpayers towards the I-T department.
- The objective is to enhance the efficiency of the delivery system of the I-T Department.

### What is the need for a new charter?

- Only a small fraction of the 130 crore people in the country are paying taxes.
- So, there is certainly a need to improve the compliance level.
- This can be done only by coaxing people to voluntarily come forward and pay tax, without the fear of the taxman harassing them.
- The new platform for faceless assessment and appeals of tax, along with the Charter, is an attempt by the Centre to hold out the olive branch to the taxpayers.
- The 14-point Charter states that taxpayers can look forward to fair and reasonable treatment from tax authorities.
- They can look at an efficient mechanism for appeal and review and a system that maintains confidentiality of the taxpayers' information.



# TAXPAYERS' CHARTER

## THE INCOME TAX DEPARTMENT

### is committed to

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| <p>1. <b>provide fair, courteous, and reasonable treatment</b><br/>The Department shall provide prompt, courteous, and professional assistance in all dealings with the taxpayer.</p> <p>2. <b>treat taxpayer as honest</b><br/>The Department shall treat every taxpayer as honest unless there is a reason to believe otherwise.</p> <p>3. <b>provide mechanism for appeal and review</b><br/>The Department shall provide fair and impartial appeal and review mechanism.</p> <p>4. <b>provide complete and accurate information</b><br/>The Department shall provide accurate information for fulfilling compliance obligations under the law.</p> <p>5. <b>provide timely decisions</b><br/>The Department shall take decision in every income-tax proceeding within the time prescribed under law.</p> <p>6. <b>collect the correct amount of tax</b><br/>The Department shall collect only the amount due as per the law.</p> <p>7. <b>respect privacy of taxpayer</b><br/>The Department will follow due process of law and be no more intrusive than necessary in any inquiry, examination, or enforcement action.</p> | <p>8. <b>maintain confidentiality</b><br/>The Department shall not disclose any information provided by taxpayer to the department unless authorized by law.</p> <p>9. <b>hold its authorities accountable</b><br/>The Department shall hold its authorities accountable for their actions.</p> <p>10. <b>enable representative of choice</b><br/>The Department shall allow every taxpayer to choose an authorized representative of his choice.</p> <p>11. <b>provide mechanism to lodge complaint</b><br/>The Department shall provide mechanism for lodging a complaint and prompt disposal thereof.</p> <p>12. <b>provide a fair &amp; just system</b><br/>The Department shall provide a fair and impartial system and resolve the tax issues in a time-bound manner.</p> <p>13. <b>publish service standards and report periodically</b><br/>The Department shall publish standards for service delivery in a periodic manner.</p> <p>14. <b>reduce cost of compliance</b><br/>The Department shall duly take into account the cost of compliance when administering tax legislation.</p> |
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### and expects taxpayers to

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| <p>1. <b>be honest and compliant</b><br/>Taxpayer is expected to honestly disclose full information and fulfil his compliance obligations.</p> <p>2. <b>be informed</b><br/>Taxpayer is expected to be aware of his compliance obligations under tax law and seek help of department if needed.</p> <p>3. <b>keep accurate records</b><br/>Taxpayer is expected to keep accurate records required as per law.</p> | <p>4. <b>know what the representative does on his behalf</b><br/>Taxpayer is expected to know what information and submissions are made by his authorised representative.</p> <p>5. <b>respond in time</b><br/>Taxpayer is expected to make submissions as per tax law in timely manner.</p> <p>6. <b>pay in time</b><br/>Taxpayer is expected to pay amount due as per law in a timely manner.</p> |
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*Taxpayers can approach the Taxpayers' Charter Cell under Principal Chief Commissioner of Income tax in each Zone for compliance to this charter. For more information, visit <http://incometaxindia.gov.in>*

## What is a significant part?

- The Charter's most important part is the promise that the tax authorities shall not be too intrusive in inquiry and examination, or enforcement.
- This part is what the most taxpayers will be hoping that the Centre adheres to.

## How the Centre implements the Charter?

- The Central Board of Direct Taxes (CBDT) issued an order.
- This **restricts survey** under Section 133A to only the investigative wing of the I-T department and the Commissionerates of TDS.
- As per the existing rules, any I-T officer could enter any place under his/her jurisdiction, to inspect books of accounts and other documents.
- The Centre restricting such intrusive actions (raids) will provide relief to both individual as well as corporate tax payers.

- The number of raids and the resultant tax demands has risen quite sharply in recent times.
- Tax demands amounting to ₹11 trillion had been raised towards the end of March 2019, of which 86% were under dispute.

### **What needs to be done?**

- The Finance Ministry must communicate to all the officers on the ground about presenting a friendlier interface to taxpayers.
- This communication is particularly important this year, when tax revenue is going to contract sharply.
- Faceless assessments and appeals, if resolved in a timely manner, can be the right way forward to improve the tax-paying experience.

**Source: Business Line**



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