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.

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 Commisionerates 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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