

No Taxman Can Terrorise Assesses of Scrutiny: CBDT

Seeking to allay concerns of taxpayers, CBDT has asked them not to get terrorised by threats of their cases being wilfully chosen for "scrutiny" by the taxman as the procedure is fully electronic and devoid of any human intervention.

The taxman is empowered to undertake a scrutiny procedure, under section 143 (3) of the Income-tax Act, against any taxpayer if he/she is suspected to have not filed a correct return of his/her income or it is detected that the income has escaped proper assessment.

Despite only one per cent of cases coming under this procedure every year, an I-T summon in this regard creates uneasiness in the mind of the taxpayers for fear of harassment and a cumbersome procedure of visiting I-T office with piles of documents a number of times.

Central Board of Direct Taxes (CBDT) Chairperson Anita Kapur, during her recent interaction with the media, took up this case for a special mention and assured that her department has vowed that no taxpayer would be terrorised by this power vested in the hands of I-T officials.

"There is a lot of mis-information going around that the Assessing Officer will put a case into scrutiny... You have to get this message across for us also that no AO can, at his choice, select a case for scrutiny. There are certain mandatory criteria and if you fall within that you will get selected which is done by our electronic platform called the Computer Assisted Scrutiny System (CASS).

"The selection process is kind of taken away and there is no discretion involved (on the part of the taxman). There are certain risk parameters (fed in the CASS system). You hit a flag, you get selected. You don't hit a flag, you don't get selected," she said, exhorting taxpayers not to unnecessarily fear of this stringent power executed by the taxman.

Ms Kapur, however, said in cases where the AO suspects "blatant" tax evasion, they are fully authorised and empowered to undertake a detailed scrutiny of the case and call for additional documents.

The Central Board of Direct Taxation (CBDT) chairperson said the apex policy making body of the I-T department has instructed its field offices that even when a case lands at their desk for scrutiny, the taxman's queries should be "specific" and not roving or general.

"We have told our officers just limit your scrutiny to that indicator (for which the case was flagged for scrutiny) and don't go beyond that indicator so that even that little bit of detailed requirement which an AO normally would ask...

(is not asked). We have asked our AO that please get limited to the point of scrutiny and that takes care of our normal scrutiny (procedure)," she said.

CBDT had last September suppressed all earlier directives on this subject and issued a fresh set of stern instructions that asked the taxman to not "harass" assesses on the pretext of scrutiny and also not drag such cases "unnecessarily".

The directive then had added that beginning October 15, 2014 an I-T notice for scrutiny will have further details mentioned in it as to why an assessee's case has been called for examination.

The CASS is an intelligent risk-based system where the I-T department has fed some red-flag indicators like multiple cash transactions in quick time, transactions of large unexplained sums and credit or debit of money from an assessee's account to an overseas location among others, to select cases for scrutiny.

Ms Kapur said only one per cent of the total cases amounting to 3-4 lakh assessee's are selected for the scrutiny procedure every financial year.

(NDTV)