

CBDT forms panel to examine industry-based tax assessment system

CBDT has constituted a new committee to examine the feasibility of implementing a new tax assessment system of 'industry-based jurisdiction' instead of the current system of territorial revenue collection in the country.

The six-member committee, to be headed by a Principal Commissioner-rank officer of the Income Tax Department, has been created to act on the recommendations of the Tax Administration Reform Commission (TARC) which had submitted its report to the Finance Ministry early this year.

TARC, headed by Parthasarathi Shome, had recommended creation of such a nation-wide system for the direct taxes (income tax) collection system as it believed it will enable the department to "efficiently carry out its tasks with service orientation".

The committee, according to the terms of reference charted out by CBDT, will "carry out analysis of prevailing territorial jurisdiction in the I-T department and study of its various aspects keeping in view the various responsibilities assigned and discharged by the assessing officers" who are located across the country.

The I-T department, at present, has more than 550 regular assessment ranges varying from mofussil areas and small towns to metropolitan cities and they have jurisdiction on taxpayers based on the territorial limits set by the municipal and administrative authorities of the state or Union government.

"The TARC suggestion was to have assessment ranges in the I-T department based on industry or sectors like Information Technology, banking, SEZ, government service and others. The new committee will take an all-India view and submit its report to CBDT.

"While this is huge task to be implemented, CBDT may refer the committee's findings to the ministry for the next step to be taken in this regard," a senior official said.

The committee has also been asked by CBDT to study the "efficacy of existing dedicated ranges dealing with cases of trusts, association of persons, professionals and industry- specific jurisdiction in some corporate sector charges, with a view to examining the feasibility of implementing the same on all-India basis in a phased manner," the terms of reference for the committee said.

The committee constituted last week has been given a month's time to do its job and submit its report to the apex-policy making body of the tax department by October 15.

(Economic Times)