

Deal firmly with illegal charity: CBDT to IT dept

A taxman should dig out solid proof against “black sheep” entities in the country who claim illegal income tax exemptions from the government in lieu of doing charity, the Central Board of Direct Taxes (CBDT) told the income-tax (I-T) department.

Asking tax sleuths to crack down on such activities which lead to huge loss of revenue, the apex policy-making body of the tax department asked them to deal with these cases “firmly” as activities of non-profit organisations (NGOs) had grown considerably, adding their “regulation” was essential in view of huge taxes “foregone”.

“Separating black sheep from white sheep is not an easy task, especially when the tax evaders pull wool over the taxmen’s eyes. However, this is a task with which all tax officers are familiar. Their expertise lie in providing proof of the real colour rather than merely naming the colour which even a layman can do. While this needs to be done in any jurisdiction, in the case of charities, the default colour is white and the officers need to be careful in handling them with sensitivity and discretion. Charities are encouraged as matter of public policy which is effected through tax policy and tax administration needs to be in line with the same,” CBDT said in its latest strategy paper.

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The body also addressed a letter dated June 5 to income-tax (I-T) officers, expressing concern the rectification or grievance applications filed by taxpayers were not being dealt with promptly.

“The Citizen’s Charter of the department requires applications for rectification are disposed of within two months, beginning the end of the month when the application is received,” said CBDT in the letter.

The department directed all rectification applications received up to March 31, 2015, be disposed of on or before June 20, 2015. Sunil Shah, Partner, Deloitte Haskins & Sells LLP said it was in spirit of the department’s commitment to provide a fair tax regime. “The assessing officers have also been advised to promptly settle the grievances related to verification of demand. This initiative will go a long way in resolving several issues, which are routine but numerous. This will not only serve to liquidate several demands raised through clerical errors but also help taxpayers realise funds which are locked up in tax refunds,” said Shah.

(Business Standard)