

## **Tax dept to soon notify changes in scrutiny process to help honest taxpayers**

Do you find yourself at the receiving end of the income-tax department's scrutiny year after year despite being an honest taxpayer, just because you go on multiple foreign trips in a year and make high-value cash deposits?

Well, you may soon get some relief, with the income-tax department looking to rationalize the scrutiny process for taxpayers picked out by the computer-assisted selection system, or CASS.

In an effort to reduce harassment of taxpayers, the department will soon issue some clarifications to the scrutiny process.

“We will clarify that if a taxpayer has been picked up for scrutiny for two consecutive years and no addition has been made, he will not be scrutinized again,” said a senior official of the income-tax department, on condition of anonymity.

Addition refers to the practice of the tax department to add to the income of the taxpayer and, therefore, increase the tax liability in case it finds, during scrutiny, that the assessee has under-reported his or her income.

“The problem is that in CASS, an assessee may be picked repeatedly because of certain high-risk transactions like huge cash dealings,” the official said.

The tax department gets around 40 million income-tax returns of both individuals and companies and less than 1% of these returns are selected for scrutiny. Modifying the scrutiny process will ensure that the same set of taxpayers does not get picked up for scrutiny year after year despite paying all taxes. This will also mollify industry to a certain extent as it has repeatedly alleged harassment by the income-tax department.

Speaking at an industry event recently, then revenue secretary Shaktikanta Das had said that the government is working on making the scrutiny as non-intrusive as possible. He had added that the government will strive towards achieving a business-friendly environment.

Over the last few months, the government has taken a number of steps to improve taxpayer services. It has made it easier to file tax returns online. It has also speeded up the process of issuing refunds to taxpayers.

Earlier this week, the tax department issued instructions to field officials for manual scrutiny of returns wherein procedure for selection of cases for 2015-16 was elaborated. Cases with an addition of over Rs.10 lakh will be picked up for scrutiny. In addition, for transfer pricing cases, scrutiny will be done where an addition of more than Rs.10 crore has been made. However, it announced that CASS scrutiny guidelines will be issued separately.

B.M. Singh, former chairman of the Central Board of Direct Taxes, said the move is necessary to reduce harassment of taxpayers. “There are many cases where there are big additions and the tax

department has no choice but to scrutinize them every year. But at least in cases where no such additions have been made, there is a case for providing relief to taxpayers,” he said.

*(HT Mint)*