

## **E-filing of income tax returns may cross 50% this year**

E-filing of income tax returns has increased so substantially over the past two years that the income tax department believes paper filing of returns would soon become a negligible proportion of the total. The department also says that e-filing, combined with its highly efficient and automated centralized processing facility in Bangalore, will free much of its resources to do the things the department should actually be doing, which is to track black money and conduct investigations into tax frauds.

Sanjai Kumar Verma, commissioner of income tax in charge of the Centralized Processing Center (CPC), said that 91 lakh out of the approximately 3 crore returns filed in 2010-11 were e-filed. He expects the e-filed number to rise to between 1.5 crore and 2 crore this year. The total number of returns filed this year may remain roughly the same as last year following the exemption from filing granted this year to those whose incomes are below Rs 5 lakh. "This year we expect more than 50% of returns to be e-filed. In a few years, only those in remote areas and those who are not technologically savvy will remain with paper filing," Verma said. E-filing's attraction comes from a couple of reasons. One, it's become very simple. And if you can't do it yourself, there are a number of agencies that have emerged to help with e-filing at nominal costs.

And two, e-filed returns are being processed much faster and therefore refunds are happening faster. "Prior to the CPC, refunds used to take 15-18 months. Now it's just 89 days. People are eager to get their refunds quickly, and that's encouraging them to e-file," Verma said. The CPC is working to bring the refund time down to one month. The CPC is an income tax department initiative in collaboration with Infosys Technologies that began in 2009. Infosys provides the technology, and runs the processing centre including its call centre services. Everything related to the returns processing and tax refund, including a banking service and a postal service, is being brought under a single roof to increase the efficiency of the whole system. Before CPC, much of the process was manually done and in different centres around the country. "Earlier, a lot of time was spent on processing. Now that we have drastically reduced that, we should be able to focus on investigations and tracking black money," Verma said.

Vast numbers of people are believed to be paying taxes much lower than they should, or completely evading the tax net. The 3 crore returns filed shows that less than 3% of Indians currently pay income tax. (Times of India)