

**Press Information Bureau
Government of India
Ministry of Finance**

02-February-2016 17:32 IST

Government sets-up Tax Policy Research Unit and Tax Policy Council to bring consistency, multidisciplinary inputs, and coherence in Tax Policy

The Tax Administration Reform Commission (TARC) have in their First Report, identified handling of tax policy and related legislation as one of the areas which needs structural modifications. Observing that currently, this is handled in the two Boards i.e. CBDT and CBEC, independently in the Tax Research Unit (TRU) and Tax Policy and Legislation (TPL) wings, the proposals of the Boards reach the Finance Minister in separate channels. To bring consistency, multidisciplinary inputs, and coherence in policy making, TARC has recommended that a Tax Council supported by a common Tax Policy and Analysis (TPA) unit should be established to cater to needs of both direct and indirect taxes. Comprising tax administrators, economists, and other specialists such as statisticians, tax law experts, operation research specialists and social researchers should be set-up for both the Boards.

Considering the above, the Government has created a Tax Policy Research Unit (TPRU) and Tax Policy Council.

Details are given below.

TAX POLICY RESEARCH UNIT (TPRU)

The Tax Policy Research Unit (TPRU) will be a multi disciplinary body with the following objectives:-

- (i) Carry-out studies on various topics of fiscal and tax policies referred to it by CBDT and CBEC and will provide independent analysis on such topics;
- (ii) Will also prepare and disseminate policy papers and background papers on various tax policy issues;
- (iii) Will assist Tax Policy Council chaired by FM in taking appropriate tax policy decisions; and
- (iv) Liaise with State Commercial Tax Departments.

For this purpose the TPRU may also interact with various research institutions, wherever necessary. The TPRU will prepare for every tax proposal an analysis covering the following three points:-

- The legislative intent behind the proposal, i.e., why this proposal is being framed and what is the policy objective.
- Expected increase or decrease in tax collection through the proposal; and
- The likely economic impact (positive or negative) through the proposal (other than the effect on tax collection)

Tax Policy Research Unit (TPRU) shall comprise of officers from both the Central Board of Direct Taxes (CBDT) and Central Board of Excise and Customs (CBEC) as well as economists, statisticians, operational researchers, legal experts. Member (L&V), CBDT and Member (Budget), CBEC will be the link officer between TPRU and CBDT and CBEC. The unit will be headed by an officer of the level of Chief Commissioner at functional level alternatively from CBDT and CBEC for a fixed tenure, who will directly report to Revenue Secretary.

TAX POLICY COUNCIL

With an aim to have a consistent and coherent approach to the issue of tax policy and having regard for need to have an interdisciplinary approach, a Tax Policy Council under the Union Finance Minister with 9 other members as given below is constituted;

- | | | |
|---|---------------------------------|----------|
| 1 | Finance Minister | Chairman |
| 2 | MOS (F) | Member |
| 3 | Dy Chairman, NITI Aayog | Member |
| 4 | MOS (I/C) Commerce and Industry | Member |

5	Finance Secretary	Member
6	Secretary, DEA	Member
7	Revenue Secretary	Member
8	Secretary, Commerce	Member
9	Secretary, DIPP	Member
10	Chief Economic Advisor to FM	Member

- The Chairman, CBDT and Chairman, CBEC shall be special invitees.

The Tax Policy Council will look at all the research findings coming from Tax Policy Research (TPRU) Unit and suggest broad policy measures for taxation. The Council will be advisory in nature, which will help the Government in identifying key policy decisions for taxation.

- *****

DSM/MAM/KA