

High-income taxpayers to get priority treatment and extra facilities

Welcome priority taxpayer, how may I help you? That could be the greeting you may get from the taxman, an encounter that's traditionally been far from friendly.

Central Board of Direct Taxes (CBDT) has begun work on a plan based on the recognition that 80 per cent of India's direct tax is paid by 20,000 individuals and entities.

There is a strong view in government circles that they be accorded better treatment along the lines of priority customers, an official said.

Such a priority taxpayer will be able to meet a tax official across the table to resolve questions over liability.

Any assessment order on such taxpayers will be vetted by a specialist in that sector before being issued to the company, according to the proposal under discussion.

This will help reduce litigation and disputes that India's tax system is burdened, it is hoped. "A taxpayer is like a customer to the department," said the official. "One who pays more tax should have some additional facilities."

Another category of taxpayers comprises those who will get better treatment but are prone to evasion and therefore need to be monitored through data feeds. A third category is of individual taxpayers in the Rs 5-10 lakh annual pay bracket. They will get completely non-intrusive service with an emphasis on e-filing, e-assessment and e-scrutiny, said the official.

As part of the plan, the income tax department is also working on jurisdiction-free assessment, which means the officer concerned doesn't have to be located in the same area as the taxpayer. It is also moving to an environment in which all communication between the department and the taxpayer will be electronic.

"All these changes will require amendment to the income tax law that can be taken up in the next budget," the official said. Some of these changes have been already presented to Prime Minister Narendra Modi and he has backed a taxpayer friendly, non-adversarial regime, the official said.

"There is a dire need to have a resolution mechanism at the first stage of the dispute itself, wherein tax payers, especially large tax payers, could discuss with revenue authorities and arrive at a decision/resolution in time," said Vikas Vasal, national leader, tax, Grant Thornton India LLP. "This would go a long way in India bringing in transparency, ease of doing business and will cut down on unnecessary disputes and litigation in the country."

Tax jurisdictions across the globe have adopted different practices to address tax issues and provide guidance to taxpayers, especially large ones, to help facilitate ease of doing business, provide certainty and cut down on costly litigation.

(Economic Times)