

Make taxpayers' life easier: Shome panel

A government panel on tax reforms has recommended sweeping changes, including pre-filled returns for individuals, a common return for I-T and wealth tax, and an overhaul of the administration to focus on customer satisfaction and reduce disputes.

The Tax Administration Reforms Commission (TARC), headed by Parthasarathi Shome, has said that the government needs to ensure that refunds are paid, with interest, within a stipulated timeframe. This, it said, would be possible if a separate allocation is made in the Budget, a long-standing demand in the wake of delays which has been ignored by the finance ministry.

Further, it said that the permanent account (PAN) number should be used by several other government agencies, including for provident funds, customs, excise and service tax. Multiple agencies currently issue several identity numbers, making it tough for the government to track transactions.

The focus is also on reducing disputes and litigation and is in line with the new government's promise to provide a non-adversarial tax regime. To begin with, Shome reiterated the need to do away with retrospective taxation as a matter of principle.

Reiterating the need to do cut down disputes, the Tax Administration Reforms Commission (TARC), headed by Parthasarathi Shome, has said, "The fundamental approach should be collaborative and solution-oriented. Both the boards must immediately launch a special drive for review and liquidation of cases currently clogging the system by setting up dedicated task forces," the report said, adding that this process should be completed within a year.

TARC has also called for regular consultations with stakeholders on issues of tax disagreement and tax law changes and has recommended a permanent body for such a dialogue. The panel also said that the decision of the Ombudsman should be final and binding and called for a massive revamp of the administrative structure by merging the two wings - CBDT and CBEC - and scrapping the post of revenue secretary. The panel also recommended a common return for excise and service tax.

It has called for proper training of all tax officials as regards customer orientation. "Sufficient funds must also be allocated to conduct customer research including in particular on customer surveys," the report added.

The panel has also stated in its report that the decision of the tax Ombudsman should be binding on tax officials. To bring independence and effectiveness to the office of the Ombudsman, non-government professionals should also be inducted to this post.

It went on to suggest that tax returns should include a brief mention on litigation that may be ongoing to protect taxpayers from allegation of non-disclosure, suppression or attempts to evade income disclosure.

Customer or taxpayers are at focus of the report with the committee suggesting that 10% of the budget should be spent on taxpayer services. Similarly, at least 10 per cent of the budget for tax administration should be earmarked for ICT-based services.

There is also a suggestion that taxpayers rate their experience while filing the return.

TARC was set up in August 2013 to suggest improvements in tax administration and policy. In 2014, India was ranked 152 out of 185 countries on the ease of paying taxes in the World Bank's "Doing Business" indicators. "This is a stark indication of the gap between where we are and where we ought to be," said the report, running into 500 pages.

For large taxpayers, it has recommended that taxpayer service delivery be located under one umbrella and that the CBDT and CBEC should jointly function in this regard.

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