

Tax Department Paid Rs 42,903 Crore Interest on Tax Refunds

The tax department has incurred an expenditure of Rs 42,903 crore on interest payments on refunds during the 6-year period ended 2013-14 without approval of Parliament, official auditor CAG said today.

The Comptroller and Auditor General (CAG), in its report, said as in the past, the Budget for 2013-14 made no provision for interest on refunds and an expenditure on interest on refunds amounting to Rs 6,598 crore was incurred by CBDT, in contravention of provisions of the Constitution.

"Expenditure of Rs 42,903 crore on interest payments had been incurred over a period of last six years (ending 2013-14) without obtaining approval of Parliament through necessary appropriation," the CAG report titled 'Accounts of the Union Government' said.

Detailing the expenditure on interest payments by the Central Board of Direct Taxes (CBDT), the CAG said Rs 6,666 crore was spent during 2012-13, Rs 6,486 crore (2011-12), Rs 10,499 crore (2010-11), Rs 6,876 crore (2009-10) and Rs 5,778 crore (2008-09).

The Finance Ministry has reiterated its stand that the classification of interest on refunds of excess tax as reduction in revenue by the Ministry is in conformity with the constitutional provisions and in no manner dilutes or negates parliamentary control of public purse.

"The reply of the Ministry is not acceptable as the interest on refund of excess tax is an item of expenditure and cannot be treated as a reduction in revenue," the report added.

The CAG remarked that the CBDT has been classifying interest on refunds of excess tax as reduction in revenue and this incorrect practice has been commented upon successively in CAG's audit reports, but no corrective action has been taken by the government.

(NDTV)