

Taxation reforms: CBDT to hire a private consultant for recast

In a first, India's apex direct taxes body is looking to hire an outside consultant to get its house in order, setting the stage for big-ticket taxation reforms and changes in the way the department functions. The consultant would advise the Central Board of Direct Taxes on restructuring, bringing in an outsider's perspective to the department that is looking to become more taxpayer friendly.

"There is a thinking that an outside expert be roped in," said a finance ministry official, adding that the idea is to get some perspective available with the corporate sector. The Narendra Modi-led NDA government promised a non-adversarial, fair and stable tax regime soon after it took over last year and is keen to improve tax administration. CBDT has 12 directorates, including the latest one created to take care of taxpayer facilities. These directorates, handling crucial functions such as investigation, systems, international taxation, vigilance and human resource development were structured in a complex manner, having been created over time as the need arose.

For example, in one case, two directors in one directorate would report to a member on the board handling another charge, creating complications in the day-to-day functioning.

The initial idea behind the proposed structuring was to address such structural issues that undermined efficiency in daily functioning, but now the board is keen to carry out a wider exercise to bring about more efficiency and focus, and also ready the organisation for new challenges. Until now, any internal restructuring was tasked to departmental officers, which merely resulted in patchwork to address immediate issues. An outside expert is expected view the structure with a fresh outlook.

"This is welcome news- bringing in an outsider always helps in getting a fresh perspective and views from outside the organisation. These are some of the best practices followed by successful organisations," said Neeru Ahuja, Partner, Deloitte Haskins & Sells. "Also, change management is easier achieved. It is also a common practice in some of the developed economies for government and tax departments to hire professionals from outside." CBDT's counterpart on the indirect taxes side is leaning on third party audits to assess taxpayer services.

This comes even as the tax authorities are working on many ideas to make the department friendlier and a comprehensive review of the income tax Act has begun. In a major shift, tax authorities are working on email-based scrutiny wherein the taxpayer will not be required to have any physical interface with tax officials. In a complete departure in its functioning style, the department is also now going to people and organising camps in semi-urban and rural areas to give out permanent account numbers.

(Economic Times)