

A new e-filing portal – A leading or a limping solution

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The Indian government has been extolled for the many new initiatives on the digital front that has been introduced encompassing various aspects of the economy. Digitalisation has taken the world by storm and India has also been in the forefront of introducing new digital measures across the economy. This year's Budget was also a digital budget. The government has also introduced measures for all the assessments up to the Income-tax Appellate Tribunal (ITAT) level, to be faceless. This is being achieved with an objective to achieve ease of compliance and reduce discretion. These measures are very humble and are indeed sincere attempts to increase the overall efficiency of the operations and increase productivity. However, they bring with it their own set of challenges as digitalization is a change which may probably face most resistance by a whole generation seeing themselves struggling to keep pace with the ways of operating in the new walks of life.

To further take ahead the step of digitalization and to reduce the processing time for income-tax returns, the Income-tax department launched a new e-filing portal on 7th June this year. This initiative indicates the government's resolve to embrace digitalization and reap its benefits in the long run especially during the trying pandemic times. It would be a surprise if such fast paced measures are not met with its own set of challenges and hurdles. The date 7 June seems to be synonymous with revolutionary developments in the sphere of taxation across the world as it was on this date 4 years ago that India signed the Multilateral Instrument (MLI) in Paris while committing itself to the Base Erosion and Profit Shifting (BEPS) measures initiated by Organisation of Economic Co-operation and Development (OECD). Co-incidentally, the Union Minister for Law & Justice, Communications and Electronics & IT, formally launched the e-filing portal of ITAT, 'itat e-dwar' few days ago. Hope has been expressed that with the combination of digital court room, virtual hearings and 'Mobile Application' providing judicial information, paperless courts will soon be a reality in ITAT. Only time will tell if that would indeed be a fruitful reality.

Since its launch on 7th June, there were numerous glitches/issues in the functioning of the new portal. The Ministry of Finance invited suggestions on such glitches/issues from various stakeholders. As per sources, the Ministry received more than 2000 issues and representation points from various stakeholders. To address these issues, a meeting was held on 22 June amongst the Finance Ministry, the vendor and various stakeholders.

While the issues have already been brought up on the discussion table, some imminent ones may just go on to denote the gravity of the situation and the measures that may now be needed to set right the situation. For e.g. to start with, the access to one's own account in the income-tax portal has itself been a challenge witnessed by many for the project to be a non-starter. In some cases, newly incorporated companies/firms etc. have been unable to get the first-time registration done on the portal. This may impact the other commercial aspects which would be dependent on having a unique identification number for taxation purposes. In many cases, senior citizens, whose income details enable them to file the income-tax returns much ahead of the schedule were also denied the permission to upload the income-tax return on the portal. This may put a strain on the portal when all the taxpayers flood the

system to access it for adhering for compliances. Even the new utility viz. the Json utility is not properly functional resulting in denying the taxpayers to file their income-tax returns.

There are numerous such issues, big and small, where each issue needs to be addressed in the most immaculate and detailed manner. The issues have been taken up earnestly and attempts are being made to resolve them with timelines in place.

A Press Release was issued by the government a week ago, wherein it was stated that work has commenced to fix the technical issues noticed in the functioning of the portal and resources have been augmented for execution of the project on hardware and application side, where some issues have already been identified and fixed. Further, it was also stated that certain issues in regard to e-proceedings, Form15CA/15CB, Tax Deducted at Source (TDS) statements, Digital Signature Certificate (DSC), viewing of past Income-tax returns etc. are expected to be resolved in about a week's time.

One can expect that it may take some time for the finer nuances to be addressed and tested before implementing them to ensure a hassle-free portal. With this, one can expect addressing the aforesaid bottlenecks, some other bigger technical glitches may need more time and testing to establish the veracity of the applications and error-free operation.

Way forward

For more than a year, we have witnessed a completely new way of living which was never imagined, particularly the digital ways of doing things not only in the sphere of tax laws but spanning across all walks of life cutting across borders. On the Indian demographic front, where we are still struggling to come out of the second wave, a question arises as to whether the new income-tax e-filing portal was really the need of the hour considering the ongoing system has already incorporated many changes in the last few years.

Without prejudice to the above, ideally, when a new system of a big magnitude (like the income-tax portal) is launched, some inherent checks need to be in place to ensure a seamless functioning. 'Operational efficacy' is the stepping-stone of any new system on the basis of which the success of the system can then be ascertained. For this, an 'exhaustive testing' producing accurate output is a protocol which needs to be adhered to before the system goes live. Probably, a dry run ought to have been performed to iron out the discrepancies before the portal could have gone live. Even now, a dry run would be ideal to test the efficacy of the new portal. Secondly, taking into account that the new system would have teething problems which any new system is likely to have, it may not at all be out of place for the government to have both the old and the new systems run parallel to ensure that compliance is not being compromised along with a smoother a transition to advanced compliance systems.

In hindsight, even when the new portal is operational with 100 per cent efficiency, the old portal should be in use for a few months for the taxpayers so that a gradual and a seamless transitioning would help achieve the desired objectives of the government of ease of compliance and a reduction in a discretionary way of functioning.

(Source: Taxmann.com)