

CBDT relaxes scrutiny norms in a few cases

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The Central Board of Direct Taxes has decided to relax norms on scrutiny of tax payers whose premises have been surveyed by the officials, a step aimed at encouraging evaders to pay up.

"The decision is likely to provide relief to thousands of taxpayers and it would save them from harassment at the hands of taxmen apart from litigation costs," said a senior Finance Ministry official. The decision has been taken following Finance Minister P Chidambaram's assertion that government wanted to send a message that those who comply with the tax laws would not be harassed by the tax officials.

CBDT has decided to exempt a taxpayer from scrutiny after a survey if his account books are not impounded, there is no retraction of income declared during the survey and income declared excluding additional tax demanded by the department is not less than the last fiscal, the official said.

He said the decision would immediately save about 15,000 taxpayers, whose premises were surveyed in 2006-07 and those who filed returns last year, from scrutiny. Going by earlier norms, they would have to appear before the assessing officer for scrutiny of their returns.

Under the scrutiny norms, the tax officials would issue a notice to the assessee to appear in person on a particular day and provide detailed information relating to statements of all bank accounts, matching of money withdrawals with expenses, including those on credit cards besides cross-checking the perks, and scrutinies other incomes like interest-free loans.

Income Tax officials said the scrutiny would usually require taxpayers to hire chartered accountants or corporate lawyers to represent their case before the department. In 2008-09, the Department is expected to scrutinise 3.8 lakh returns. Of this, about 2.50 lakh cases will be selected through the Computer Aided Scrutiny Selection (CASS) while another 1.30 lakh will be chosen manually.

Under Section 133 A of the Income Tax Act, the tax official could conduct survey at the business and residential premises of a taxpayer to examine books of accounts, documents, stocks, business records and cash. In 2007-08, the direct tax collections, including personal income tax and corporate tax stood to Rs 3,14,468 crore.

It witnessed an increase of 38.61 per cent to Rs 57,373 crore in the first quarter of this fiscal as compared to Rs 41,391 crore mopped up during the same period a year ago.