



JOINT COUNCIL OF ACTION

OF

INCOME TAX EMPLOYEES FEDERATION & INCOME TAX GAZETTED OFFICERS ASSOCIATION

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Joint Convenors

KP Rajagopal & Bhaskar Battacharya

No.P-1/VII-CPC/12-15
2014

Dated: 28th July,

To
The Member Secretary,
VII th Central Pay Commission,
New Delhi.

Madam,

Sub: Memorandum to the 7th Central Pay Commission on issues of Officers and Staff of Income Tax Department.

On behalf of the Joint Council of Action of Income Tax Employees Federation & Income Tax Gazetted Officers, we submit the memorandum for the consideration of the Commission.

The staff side, National council, JCM vide their letter in NC-JCM-2014/7th CPC dated 30th June 2014 have submitted a memorandum in respect of issues common to all Central Government Employees. We are in full agreement with the views canvassed therein and endorse the same fully.

As indicated in detail in the introductory Chapter, we have made certain submissions to elucidate the views and contentions in respect of the Service conditions and pay and perquisites of the Officers and staff of the Income Tax Department. We request that the 7th Central Pay Commission may consider our submissions and make appropriate recommendations to the Government.

Thanking you,

Yours faithfully,

(KP Rajagopal) (Bhaskar Battacharya)

Joint Convenors.

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MEMORANDUM TO THE
VII CENTRAL PAY COMMISSION

BY

JOINT COUNCIL OF ACTION

OF

Income Tax Employees Federation (ITEF)

&

Income Tax Gazetted Officers Association (ITGOA)

IN THE DEPARTMENT OF REVENUE

CENTRAL BOARD OF DIRECT TAXES

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PREFACE

The 6th Pay Commission's recommendations were implemented with effect from 1.1.2006. One of the major recommendations of the 6th CPC was to overhaul the then existing pay structure, which had been based on the time scale pay system into four pay bands and about 17 Grade Pays. The Grade Pay was indicative of the hierarchical positions in the service. The purpose, though not clearly specified, was to progressively introduce a productivity linked pay structure. The change over, effected without any discussions, deliberations or interaction with the Staff side created a piquant situation in many organizations including ours. The various anomalies that arose from the implementation of the said recommendations were subjected to discussion both at the National level (National Council JCM Anomaly Committee) and at the Departmental Levels (Departmental Anomaly Committees of various Ministries) but with no tangible result. The Departmental Council of the Ministry of Finance set up a Departmental anomaly Committee headed by the Additional Secretary, Department of Revenue. It had one or two sittings, which resulted in no resolution to the problem. Faced with the policy of procrastination, the Income Tax Employees Federation had to, by compulsion, threaten industrial action, in the wake of which the Grade Pay assigned to Inspectors of Income Tax (i.e. Rs 4200) was revised to Rs 4600. However, all other anomalies raised in the Departmental Council remained unresolved. The employees look upon the 7th Central Pay Commission to disband the Pay Band Grade Pay system. The said aspiration is reflected in the consensus that was reached in the Staff Side of the National Council and the memorandum of the Staff Side submitted on 30th June 2014 to the Commission has strongly pleaded for abolition of the Grade Pay System.

Income Tax employees Federation(in short ITEF), which represents the entirety of the non-gazetted employees of the Income Tax Department had entered into an agreement with the Government of India, as was the case with majority of the other Departments of the GOI, in 1964 to become part of the negotiating machinery JCM. Right from its inception, the representatives of ITEF do take part in the deliberations of the JCM at national, departmental and at regional levels. ITEF is affiliated with Confederation of Central Government Employees and Workers. Income Tax Gazetted Officers Association (in short ITGOA) represents the promote Officers in the Department. They are affiliated with the Confederation of Central Government Gezatted Officers Associations. Both the organizations and their representatives are party to the deliberation at the apex level and the formulations made in respect of Pay structure, allowances, perquisites and benefits and other service conditions by the apex level organizations to which they are affiliated are with the consent of ITEF and ITGOA. Incidentally we may mention that the Government have recognized only the

following three service organizations in Income tax Department to represent the respective distinct categories of employees and officers.

INCOME TAX EMPLOYEES FEDERATION	To represent all non-gazetted Group B&C employees numbering about 62,000
INCOME TAX GAZETTED OFFICERS ASSOCIATION	To represent all Gazetted Group B and All Group A Officers who got promoted from Group B to A numbering about 10,500
IRS (IT) ASSOCIATION	To represent all IRS Officers who are directly recruited.

This is a unique feature and the monolithic character of these organizations is not challenged. For the last three decades, ITEF and ITGOA have been functioning together and have developed identical views on all matters concerning the service conditions of the personnel in the Income Tax Department. They conduct joint negotiations and a system of periodical meeting with the CBDT has come about over the years. Together the two organizations i.e. ITEF and ITGOA presently represent 97% tax personnel i.e. all except the directly recruited IRS Officers. In the fitness of things we, therefore, consider it as a right approach to submit a joint memorandum to the 7th CPC on issues that are specific to the employees and promote Officers of Income Tax Department.

We have suggested the pay structure for employees and Officers of Income Tax Department, taking into account the level of responsibility, functions assigned, the arduous nature of duties and above all the need to maintain the horizontal and vertical relativities vis-a-vis officers in other Governmental organizations and the Cadres and grades within the Department. Being the integral part of the JCM and affiliated to Confederation of CGE & Workers and Confederation of Gazetted Officers Association, we fully endorse the views canvassed by the Staff side of JCM, in their memorandum submitted to the Commission on 30th June 2014. The pay structure evolved by the Staff Side is after intense and thorough discussions. We have adopted the said pay structure in suggesting pay scales to different categories/cadres/grades in our Department. The suggestions made and conclusions arrived at in the memorandum of the Staff Side on determination of minimum wage, dearness allowances, facilities, perquisites etc. reflect the consensus view of the Central Govt. Employees Organizations and may please be taken as the product of common perception of the mass of the Central Government Employees, Officers and Workers. As we are in full agreement with the views and suggestions incorporated in the said memorandum, we plead that the said memorandum may be considered part I of our memorandum to the 7th Central Pay Commission. We also fully endorse the views and suggestions made by the Confederation of Central Government Gazetted Officers' Organisations in its memorandum submitted 30.6.2014 and the same may be considered as Part II of this memorandum.

Department of Revenue.

The Department of Revenue under the Ministry of Finance exercises control in respect of matters relating to all the Direct and Indirect Taxes through two statutory Boards namely, the Central Board of Direct Taxes (CBDT) looking after matters relating to levy and collection of all Direct Taxes and the Central Board of Excise and Customs (CBEC) looking after matters relating to levy and collection of Customs and Central Excise duties and other Indirect taxes. Both the Boards are headed by a Chairman who is also ex-officio Special Secretary to the Government of India. The two Boards were constituted under the Central Board of Revenue Act, 1963 with effect from 1.1.1964. At present, the CBDT has seven Members and the CBEC has five Members.

Department of Revenue employs large number of employees and Officers. Presently it ranks the fifth among the employing Ministries, first being Railways, followed by Home Affairs, Defence and Posts in that order. The number of personnel employed by the Department of Revenue is about 1.77 lakhs. It has the largest number of Group A and B Posts (Group B Gazetted 26,436 + 41090 Group B Non-Gazetted and 10027 Group A Officers. The total amount of Revenue collected by the two wings of the Department of Revenue as on 31.3.2013 was of the order of Rs 10,31,174 crores, of which Direct Taxes accounted for Rs 5,58,965 crores (54.20%). In fact the country's economic health depends upon the fine performance of the Department of Revenue, for any shortfall in its collection will have a telling impact over the functioning of other sectors of economy and the country's development itself.

In our memorandum submitted to the 5th CPC, we detailed the overall functions of the Department of Revenue, as under which is germane even today.

“Collection of taxes, be it directly from a person's income or indirectly from various other sources of economic activity is not an easy task, especially in the background of growing social respectability the tax evaders in the country commands. A revenue officer is per-force to master various Acts, Rules, Notifications, and Executive instructions and is to strike a delicate balance between the rights of the citizenry and the intention of the legislature in the performance of his duties. To augment collection of taxes and to bring to book the tax evaders the Revenue Officers have to undertake raids and searches, survey and surveillance operations as part of their duty. The normal functions carried out within the office is also no less arduous and complex in character. There is absolutely no fixed hours of duty for the Executive Officers and large

number of various other sections of the employees as well, as very often they are called upon to perform search and surveillance duties for more than fifty hours at a stretch. It is, therefore, in all respects operational Department, requiring certain measures of autonomy to enable the officers to function effectively whose actions and decisions will have far reaching impact on the quantum of tax collections. Categorisation of the Department of Revenue as an administrative Department of the GOI is the outcome of an inadequate appreciation of the complexity of the work of collection of taxes”.

The lack of appreciation on the part of the general administrative wing of the Government of India of the functions of the Revenue Department resulted in the mechanical application of the executive instruction issued in 2000 to prune the size of various organisations. The said executive fiat was to abolish two-third of the vacancies for enabling the Department to fill up the other one-third vacancies. The instruction was in vogue for a period of 9 years and in deference to the said instructions large number of posts were abolished creating insurmountable difficulties to the very functioning of the Department. The concept of effecting economy in expenditure by pegging the workforce or physically reducing the manpower must not have an application to Revenue Department as it is bound to be counter-productive in the longer run. We may quote, as it is relevant, the observation of Dr. Raja Chelliah Committee in para 10.2 & 10.3 of their interim report to the Government. D.r Raja Chelliah was appointed to head the tax Reforms Committee.

10.2. “Certain important administrative policy issues, however, deserve brief mention in this interim report because of the urgent need for initiating suitable action in regard to them. First and foremost among them is the need to tone up the administration. No amount of tax reform, rationalisation or simplification can substantially improve tax compliance, unless there is a substantial improvement in public perception regarding the efficiency, technical competence, integrity and ability of the tax authorities to relentlessly pursue and punish tax evaders, without political or other interference. For this, the morale of the work force should improve. The Govt. should recognise the paramount importance of the Revenue departments and should spare no efforts in improving their conditions of service, technical skills and work environment.

10.3 taking into account the vital role that the revenue department should play in garnering adequate resources for ensuring the security of the country as well as substantial economic growth with social justice, the committee is firmly of the view that the salary scale and promotional prospects of officers and staff in

the Revenue department should atleast be comparable with the best that Government officers to its employees.”

Both the 5th and 6th CPC did not adequately address the issue referred to by Dr.Raja Chelliah Committee. We have no hesitation to go on record to state that the recommendations of the last two Pay Commissions were the product of prejudice and incorrect evaluation of the functions and duties assigned to Revenue Officials. The post 5th CPC and 6th CPC periods witnessed eruption of anger which ultimately resulted in the Govt. setting up Committees to look into the grievances as a result of which the pay scales of Inspectors of Incometax and Central Excise/Customs and Income Tax Officers/ Superintendents had to be revised. The Government’s intervention howsoever laudable it is, achieved only cosmetic changes. The assigned pay scales of very many cadres of employees and Officers are not comparable with similar grades in the Central Secretariat and Indian Audit & Accounts Department, with whom the horizontal parity had existed all along.

The Two Boards which came into existence in 1964 through an Act of Parliament do not enjoy any autonomy with regard to financial matters. For a better functioning of the Department of Revenue, financial powers are to be delegated to Boards. Once the quantum of expenditure budget is earmarked, the Boards should have the power and autonomy to regulate the same to suit their priorities within the frame work and parameters of the Budget. To make it possible, the Board’s must have a financial advisor of the level of a Joint Secretary. It is a basic principle of sound management that accountability and authority should go hand in hand. The CBDT and CBEC therefore, must be delegated with financial autonomy with a view to improve the working conditions.

Before we proceed to make our submissions on the Pay Structure and other service conditions required to be assigned to personnel in Income Tax Department in view of the peculiar and specific tasks assigned, we may mention briefly of the structure and functions of the Department, the targets to be achieved, performance expected of etc, in the following chapters and the proposal for redesigning the pay structure.

INCOME TAX DEPARTMENT.

The Central Board of Direct Taxes, governing the affairs of the Income Tax Department under the Department of Revenue in the Finance Ministry employs large number of personnel. In terms of number of Officers both Group B and Group A, it is the largest and can be termed as an Officer oriented organisation of the Govt. of India. The annual collection of direct taxes had been growing steadily. The all out efforts of the Income Tax department accounted for this stupendous growth in the collection of tax revenue which presently accounts for 55% of gross revenue receipts of the Government. Part of this is on account of unearthing of unaccounted money which at times requires working in very difficult and life threatening conditions dealing with notorious and dreaded members of the society. The onerous task entrusted and discharged by the Officers and employees in the Department is seldom appreciated and they are sometimes relegated to a secondary position in terms of pay and perquisites, career progression thus giving room for discontent and frustration amongst its personnel. We are of the firm opinion that a better pay structure and perquisite must be considered for the tax personnel to encourage them to give in their best.

The Central Board of Direct Taxes administers the following Acts: -

1. Income Tax Act, 1961;
2. Wealth Tax Act, 1957;
3. Expenditure Tax Act, 1987;*
4. Benami Transactions (Prohibition) Act, 1988;
5. Chapter VII of Finance (No.2) Act, 2004 (Relating to Levy of Securities Transactions Tax);
6. Ch. VII of Finance Act 2005 (Relating to Banking Cash Transaction Tax);

The Central Board of Direct Taxes is primarily responsible for administration of various Direct tax laws. The Central Board of Direct Taxes is a statutory authority functioning under the Central Board of Revenue Act, 1963. The Income Tax Department plays a crucial role in the national context. The vision of the Income Tax Department is to be a partner in the nation building process through a just, reasonable and progressive tax policy, efficient and effective tax administration and by encouraging voluntary compliance. While discharging various statutory functions, enforcing of tax laws with fairness, the Department attempts to deliver quality services and make compliance easy. The Income Tax Department inter alia provides resources to finance public spending for attainment of the requisite socio-economic objectives. The Central Board of Direct Taxes is composed of a Chairman and six members viz.:

1. Member (Income Tax)
2. Member (Legislation and Computerisation)
3. Member (Revenue)
4. Member (Personnel & Vigilance)
5. Member (Investigation)
6. Member (Audit & Judicial)

The field formations of the Income Tax Department is with 18 Principal Chief Commissioners and to provide assistance to CBDT, various Directorates' are set-up at New Delhi. To augment and supervise the functioning of the Investigation wing which has the responsibility of detecting tax evasion and creating deterrence, there are 19 Director Generals. The Chief Commissioners of Income Tax/Director Generals of Income Tax are assisted by Commissioners of Income Tax/Directors of Income Tax in their jurisdictions. The first appellate authority i.e. the Commissioners of Income Tax (Appeals) who perform the work of disposal of appeals against the orders of the assessing officers functions within the Department.

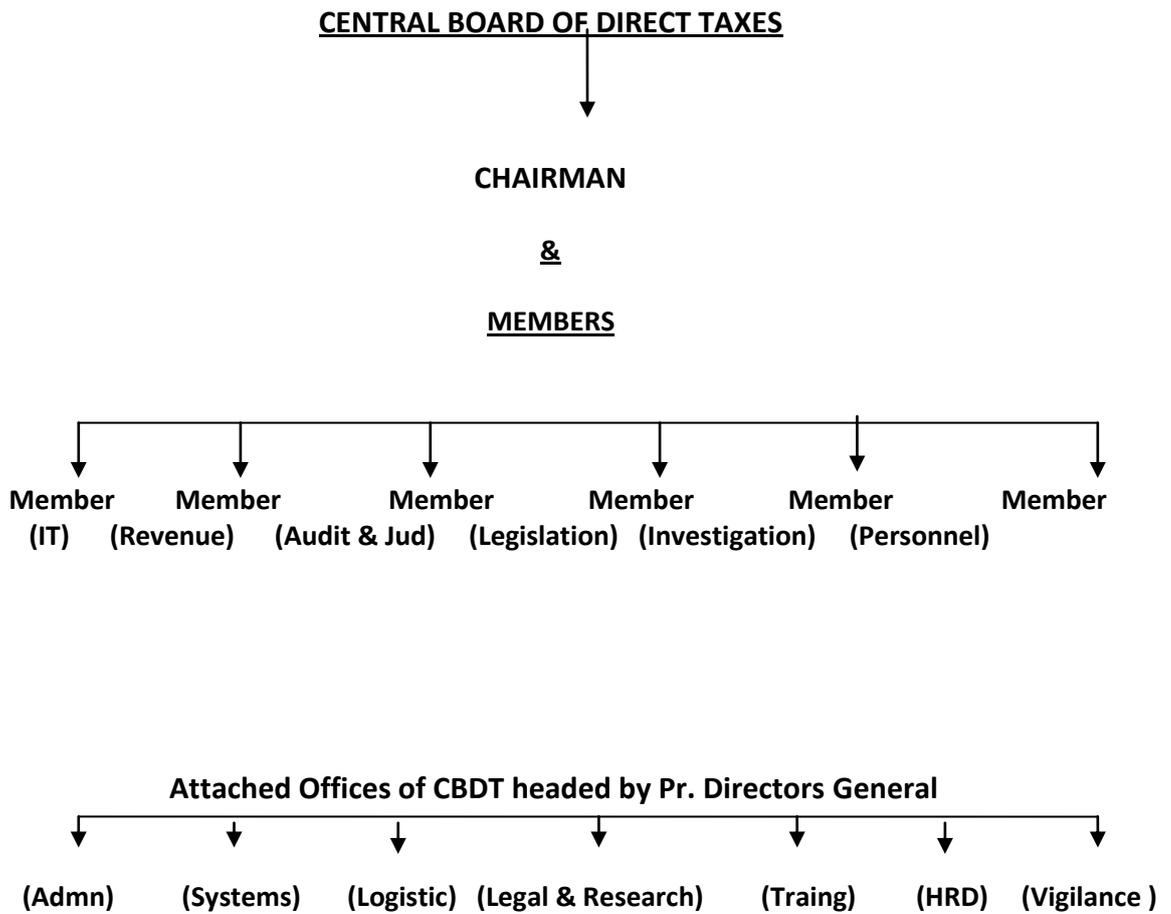
Since 2001-02 the share of direct taxes is steadily & progressively increasing in India. As against a collection of Rs. 38,895 Crores in 1996-97 (working out to 24%), the tax collection of Income Tax Department i.e. Direct Taxes for the year 2013-14 was Rs. 6,36,000 Crores, which is now about 55% of country's Revenue receipts. The cost of collection of Direct Taxes is one of the lowest in the world as can be evidenced from the following table.

Year	Total Collection	Cost of collection	%age of collection	Direct Tax GDP ratio
2000-01	68305	929	1.36	3.25
2001-02	69198	933	1.35	3.03
2002-03	83088	984	1.18	3.38
2003-04	105088	1050	1	3.81
2004-05	132771	1138	0.86	4.1
2005-06	165216	1194	0.72	4.47
2006-07	230181	1349	0.59	5.36
2007-08	314330	1687	0.54	6.26
2008-09	333818	2248	0.67	5.93
2009-10	378063	2726	0.72	5.85
2010-11	446935	2698	0.6	5.82
2011-12	493959	2979	0.6	5.5
2012-13	558965	3278	0.59	5.58

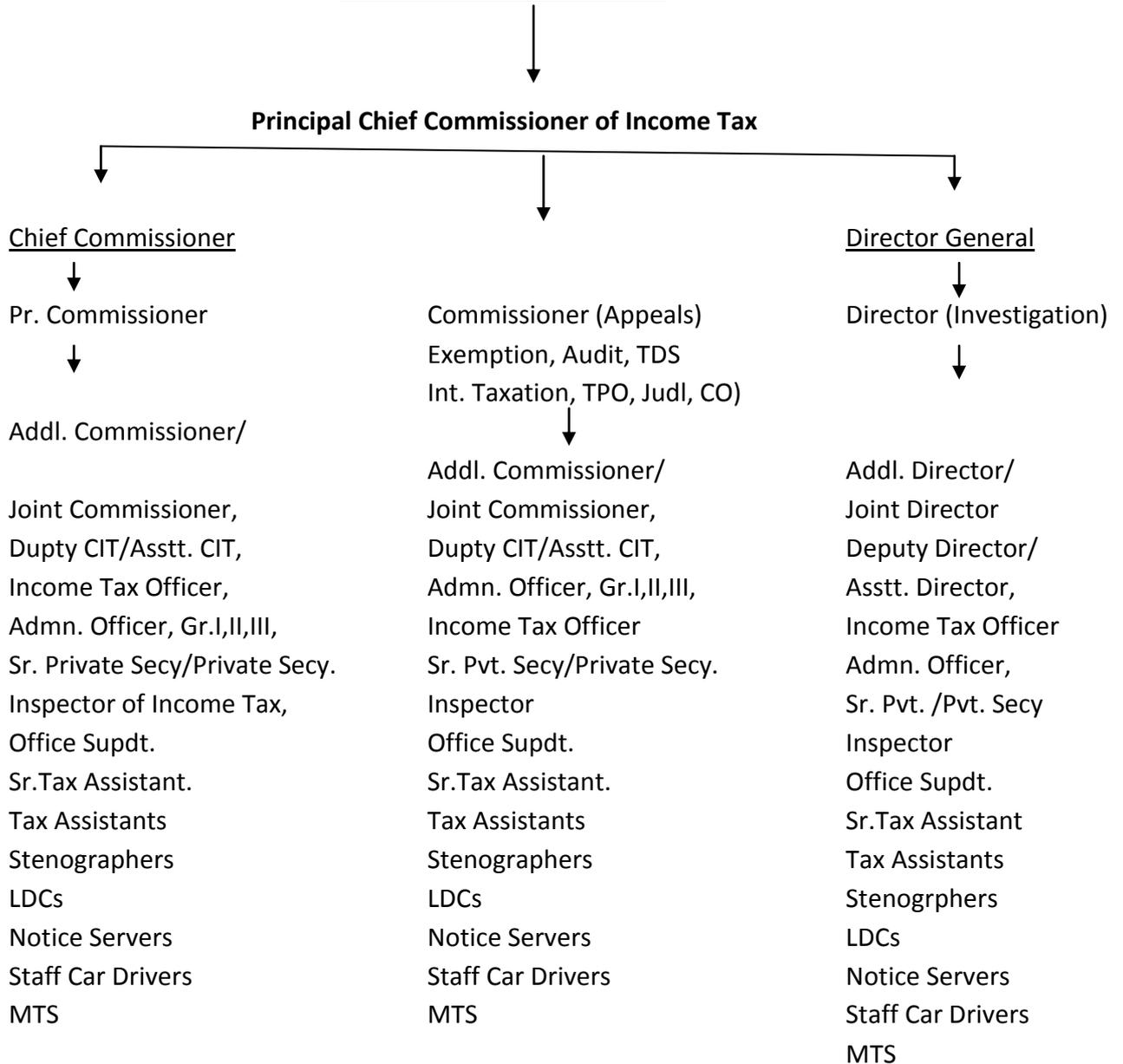
In the recent years, Direct Taxes has become the major source of tax revenue of the Government of India and is growing at an average annual rate of 24% . Due to changing business environment, opening of Indian economy to global market coupled with complexity of the tax laws, increased workload and taxpayers' expectation, tax administration has become a difficult task. A Revenue officer has to mandatorily master various Direct Taxes, Allied Acts, Rules, Notifications, Circulars, Citizen Charter along with technical capabilities to detect evasion, devise strategies for improving compliance. There is urgent need for continuous improvement of internal efficacy and efficiency. To augment tax collection, a revenue officer has to make efforts not only to upgrade various functional areas including investigation, taxpayers' service, advocacy skill, knowledge about international taxation etc. but also to undertake search and seizure, survey and surveillance operations and recent addition of criminal investigation and court monitored investigation including financial irregularities to check black money menace in the country. The economic offences have established close connection with criminal activities with cross border or international ramifications with possible threat to national security.

The fixed hours of duty is the right of every employee and is available in all organizations of Government of India. However, this dictum/facility is denied practically for all tax Officers and Officials not by any valid order of the Government of India but due to sheer compulsion of work, be it in Assessment or audit, Investigation, Search and surveillance. The officials of Income Tax Department cannot be equated with any other organs of the Central Government as they are involved in highly specialized jobs, matching the best brains of the highly paid Tax Consultants and economic offenders and facing the wrath of the criminals. Any amount of additional expenditure incurred on their overall betterment would in turn result in higher yield of tax collection for the Govt. It is the admission of the Finance Minister that the cost of collection in this country is about 0.59%, which includes pay and perquisites of the Income Tax officials. Therefore, a slight percentage increase in the cost of collection by way of better pay and perquisites would be a good investment and would result in cascading growth in the revenue collection as well as better tax compliance. In fact, it is a misnomer to treat the investment on the Revenue Organizations as an additional expenditure on the exchequer. It must be rightfully treated as an investment and, therefore, their pay issues have to be separately considered from the point of view of making prudent investment for the overall growth of the nation.

The Organisational Set-up of the Income Tax Department is given below:



Field Formation of CBDT



As on 01-4-2014 after the approval of the Cadre Restructuring proposal by the Government, which is in the process of implementation, the respective sanctioned strength of various cadres in the Department is as under:

Group A		Group B		Group C	
Pr. Chief Commissioner/ Principal Director General	26	Income Tax Officer	5942	Inspector of Income Tax	13265
Chief Commissioner/ Pr. Director	91	Sr. Admn. Officer	21	Executive Assistant	19809
Pr. Commissioner/ Pr. Director	300	Admn. Officer Gr.II	428	Tax Assistant	12781
Commissioner/ Director	635	Admn. Officer Gr.III	935	Stenographer Grade-II	2005
Addl./Jt. Commissioner/Addl. /Joint Director	1575	Sr. Private Secretary	417	Notice Servers/Staff Cat Drivers	3969
Deputy/ Asst. Commissioner / Deputy/Asst. Director	2294	Private Secretary	630	Multi Tasking Staff	11130
Total	4921		8373		62959

This gives a total strength of Gazetted and non-gazetted employees at 76253. Against this the strength of Gazetted officials is 13,294 and non-gazetted is 62959.

It is an admitted fact that there is scope for improvement in every field of departmental functions. The number of assesses as on 31.3.2014 stood at 3.9crores, which works out to hardly 3.1% of the country's population. The uncollected arrears of taxes is huge (4 lakh crores) even after voluntarily compliance has become the emphasis of Department's functioning. All these indicate of certain inherent limitations, constraints and deficiencies in the functioning of the department. Only a fully motivated and contended workforce will be able to rise to the level of facing the stupendous task.

A comprehensive inquiry into the working of the Department was made by the Direct Taxes Inquiry Committee headed by Justice Shri K.N. Wanchoo, retired Chief Justice of the Supreme Court. On running the tax administration the Committee observed –

“We are not saying something new when we suggest that Income Tax personnel “should be given better pay-scales. Nicholas Kaldor expressed dissatisfaction with the pay-scales of Officers in the Income tax Department, and felt that it was fundamentally wrong to pay officers, on whose attitude and conduct very large sum of money may depend, at such extremely meagre rates. The Direct Taxes Administration Enquiry Committee was convinced that the Officers of the Income Tax Department in particular require special consideration in respect of pay scales and conditions of service, having regard to the nature of their work and the difficult duties they have to perform. The Committee felt that it was but fair that the pay-structure of all ranks, especially in respect of the Gazetted Officers of this Department, should be commensurate with their powers and responsibilities.”

We have in the preceding paragraph drawn a sketch of the present structure, functioning, its constraints, deficiencies etc. and emphasised the enormity of the task of the Department in the national context to underline the uniqueness of the functioning of the Income Tax Department so that the 7th CPC may be able to consider our submissions and suggestions in their proper perspective.

Functions assigned to the Personnel of various cadres .

Income Tax Officers.

We briefly give in this Chapter the functions assigned to various cadres /grades of Personnel in the Income Tax Department. As could be seen from the number of posts sanctioned for each group of officers, the Income Tax Department is basically an officer oriented department. Except at the general administrative wing, every action is initiated at the middle management level of officers. Prior to the introduction of Summary assessment scheme, processing of returns, scrutinising and making assessments were to be done manually by the assessing officers in all cases. Faced with acute manpower deficiency and increasing workload, it was decided that majority of the returns are to be summarily disposed of i.e. without undertaking any scrutiny or investigation into the state of affairs. The advent of modern technology, computerisation led to the processing of return of income by Centralised Processing Centre i.e CPC located at Bangalore. Presently it is the CPC which process the electronically filed return of income. A percentage of such processed return (Presently 2%) is taken up scrutiny, investigation etc. and thereafter thorough enquiry; the cases are completed by the concerned assessing officer who has jurisdiction over the case.

The increased induction of information technology tools has presently thrown up larger avenue for investigation. The fund of information that is accessed by this department from various sources, mostly through the advanced technology and in a few cases manually is presently available for the officers at their system as and when they take up the cases for scrutiny and inquiry. The technology has relieved the employees and officers of the monotonous nature of work and has enabled them to concentrate on core functions, where human endeavour is not dispensable. This has changed the work scenario and the job character has undergone vast strides in the last half of a decade. From the level of a Tax Assistant to an Assessing Officer, the impact of technology is felt. None is presently deployed to do routine jobs, which requires no application of mind. However this revolutionary change, which has received appreciation and admiration both from the employees and tax payers , has also sowed the seed of a certain discontentment amongst the officers and employees for they rightly feel that the pay structure has not kept pace with the changed job character of the cadres in Income Tax Department. We shall also briefly mention the various types of functions the employees and officers are called upon to discharge.

Assessment functions are presently assigned to a team of officers headed by an Income Tax Officer or Assistant Commissioner of Income Tax or Deputy Commissioner of Income Tax depending upon the nature and volume of income generated by the assessed entity. As on date, assessees who have income beyond Rs.25 lakhs in Metropolitan cities and 20 lakhs in other places come under the jurisdiction of the team headed by an Assistant Commissioner/Deputy Commissioner, There are about 20 distinct areas of function where the Officers and their team members are deployed. They are:

1. Assessment and related functions; 2. Search & Seizure Operations; 3. General Administrative work; 4. Collection of arrear demands; 5. Tax evasion; 6. Prosecution and Judicial; 7. Internal Audit; 8. Tax Deducted at Source and related functions; 9. Tax Recovery; 10. Appeal functions; 11. Advocacy functions; 12. Computer operations; 13. Investigation; 14. Intelligence and Criminal Investigation; 15. Acquisition and auctioning; 16. Fraud detection; 17. Public Relation; 18. Transfer Pricing; 19. Advance Ruling and 20. International Taxation.

It is evident from the above that the Officers and other subordinate personnel, especially Inspectors of Income Tax are assigned with job of a high pedestal and the functions so assigned has no parallel. Inspectors of Income Tax are the persons responsible to provide assistance to the Officers by making investigation and inquiry into the affairs connected with the generation of income of each tax payer. We may refer to the observation made by the 3rd CPC in their report (para 58) which is reproduced hereunder.

58. For certain types of posts and functions outside comparison in fact breaks down because these functions and posts are unique to the Government Instances such as those of the Customs and Excise staff, Income Tax Officers, Controllers of Exports & Imports, Air Traffic Controllers, the entire Armed Forces and para-military organizations, readily come to mind. The only rational way of fixing the salary levels of these categories of staff would be an assessment of their work content, the results being moderated, if necessary, by internal comparison and the establishment of horizontal relativities between such personnel and other personnel according to well-established criteria. This was more or less what the Priestly Commission also recommended in the U.K for specialized categories peculiar to the Government.

An assessing officer acts as a quasi-judicial authority (undertaking the work of a judicial officer or a judge), an investigator as well as law enforcing officer (undertaking the work of a Police Officer), a Pleader as well as Solicitor (discharging the duty of a law

officer in MOL), an Accountant as well as an Auditor(performing the duty of an officer of Audit & Accounts Service), a Service Provider to Tax Payers (parallel may be drawn to job profile of the officers of any Social Sector Service Providing Department)and last but not the least an Administrator (heading an independent office thus acting just like a Central Secretariat Officer). Though undertaking the assessment work plays the pivotal role in the job profile of an ITO, probably he has the largest spectrum of job profile under his belt across all Central Government Group B officers. Assessment work itself is most crucial one in the backdrop of its contribution to national exchequer, but its actual importance lies in its inherent involvement in the act of decision making, the most precious thing in good governance.

Inspectors of Income Tax is the person next in command of a unit below the assessing officer, be that officer an ITO, ACIT or DCIT. He is considered the eyes and ears of the Department, as stated in the Inspectors manual. Inspectors of Income Tax is an authority stipulated in the Act and hence an Executive. Besides the functions assigned in the area of assessment, Inspectors are the mainstay of search and seizure and survey operations. Even in the follow-up measures to be taken after such operations, the role of Inspectors is immense. Inspectors duty in the Department is varied and extensive and could be seen from the duty list, which the most formidable and largest (ANNEXURE-A). We must confess that the duty list so meticulously prepared by the Department cannot be considered as fully exhaustive. The IT Act empowers the Commissioner of Income Tax to assign any functions to Inspectors under Section 125(1)(b). In short assigned functions to an Inspector include the duties like survey, enquiry, search & seizure, assisting the assessing officers in various stages of assessment, the examination of accounts, execution of distress warrants, heading internal audit parties, processing prosecution jobs, judicial work including keeping liaison with Courts and Tribunal and vigilance enquiries. While the Inspectors have to undertake multifarious out-door work, they have to come into contact with tax evaders and even criminals of the underworld. Considered this way, job of Inspector is no less hazardous than that of an Inspector of CBI or IB. Unlike the Police Inspectors, the Inspectors of Income Tax is not provided with any arms for protection while on duty. The records of the department are replete with scores of violent incidents where the Inspectors were at the receiving end.

During the period between 1991 to date, i.e. after the neo-liberal policies were ushered in, Indian economy underwent great structural changes. The first and foremost department of Government of India which received its impact in great measure was the Income Tax Department. With the intrusion of trans-national corporation and managerial changes effected in Indian Companies replaced the Indian business practices. Consequently the very functioning of the department had to be

overhauled. The Department has to undertake cadre restructuring twice during the period. Statue was amended on several occasions. The officers were to be trained to keep pace with the fast emerging change; they had to keep abreast of the latest trends and developments in trade and commerce, learn the new practices in the stock market, be enlightened of the new enactments like Fringe Benefit Tax, Banking Cash Transaction Tax, Security Transaction Tax, Contract Act, the amendments to transfer of property tax, partnership tax, Stamp Duty Act, Evidence Act etc.. The online computing technology replaced all manual register and book keeping process – AST, TAS, OLTAS, i-taxnet and MIS, e-filing of returns and converting manual return into e-forms. As mentioned elsewhere in the Memorandum the work of an officer prior to taking up the case for the scrutiny like scrutinising the Annual Information Report from the Banks, Financial Institutions, information received from the Registrar of Properties, Clubs, Electricity Boards etc. enormously increased.

After liberalization of the economy the quantum and importance of international transactions increased manifold, which involves too many intricacies. Accordingly, incidence of deliberate non-disclosure of true income/wealth has compounded requiring the department to invoke special methods of assessments of the value of the international transactions through the mechanism of Transfer Pricing. Under this scheme, income from international transactions is computed by having regard to the arm's length price of the products involved in the transactions. This also requires a set of specialized officers who have to determine the arm's length price.

TDS is a major source of collection in the department for which a separate TDS wing is maintained. TDS collections increased from 58.83% of total non-corporate collection in FY 2011-12 to 62.81% in 2012-13. This wing monitors compliance to the provisions relating to TDS as laid down in the IT Act. The officers in the TDS wing discharges the assessment functions in a limited way. Charitable and religious trusts take away huge exemptions under the IT Act and hence it is necessary to assess whether such trusts are claiming the exemptions in a proper manner by strictly following the provisions of the Act or not. For this purpose, the assessment of the trusts is centralized in a separate wing called the Exemption Wing where such monitoring is done.

As indicated in the preceding paragraphs, the assessment and other functions are assigned to a team of officials headed by ITO, AC or DC. Assistant Commissioners or Deputy Commissioners are Group A Officers and belong to organised Group A Services. Since there is complete parity in pay and other benefits for Group A Officers across the Departments, we only suggest replacement scale of pay for the pay presently assigned to them. But there is another disturbing trend, which is very much worthy for present Present Pay Commission's brainstorming and intervention. During the period between two consecutive Pay Commissions, some Ministries/ Departments tweak with pay

scales of different posts arbitrarily by simply upgrading them and when the matter is brought to the knowledge of the next CPC by other similarly placed officers' organization, the CPC refrains from intervening in those issue showing 'historical relative parity'. As a result, the disparity deepens, heart burn increases, de-motivation spreads and lastly anomaly leads to endless litigations. So, Pay Commissions should be open to all such proposals and dispose them of only after considering each case in the back drop of the analogy of job profiles, contribution to nation-building and *real historical relative parity* since 1st CPC. If 'relative parity' remains as lip service, we would miss the opportunity for next 10 years to douse the resentment and minimize the anomaly/ litigation.

In view of the above, in the case of Income Tax Officers, we plead that they must be placed in the replacement scale of PB-2 with Grade Pay of Rs 5400 (Rs. 78000) with the provision that they are elevated to the scale of pay equivalent to PB-3 grade pay of Rs 5400 after four years (Rs. 88000). This is presently the position obtaining in the case of Accounts Officers of the IA & AD Department. In other words our suggestion is to maintain parity in Pay between the Income Tax Officer and Accounts Officers of the IA & AD Department. Similarly the Income Tax Inspectors who are presently in PB-2 with grade pay of RTs 4600/- be placed on par with Asstt. Accounts Officers of the IA & AD who are placed in PB-2 with grade pay of Rs 4800 by the VI-CPC. The Inspectors of Income Tax may be assigned the pay scale which shall be replacement scale of Rs PB-2 which Grade Pay of Rs 4800/- (i.e. Rs 74000) or whatever higher pay scales the Commission would assign to the Asst. Accounts Officers of I A & AD Department. The oft-repeated demand of the Income Tax Officers for decades, which was denied on the specious plea of repercussion elsewhere, is that on promotion as Group A Officers, they must be placed in the Senior time scale and not in Junior time scale of pay. It is a brazen injustice to equate an Officer who have the experience of not less than 10 years in functioning as an assessing Officer with a person, recruited afresh from the market, no doubt through the tough civil service examination. They must be placed on promotion in Sr. Time scale of pay i.e. as Deputy Commissioners as is the case with the Assistant Executive Engineers in CPWD and Section Officers of the Central Secretariat. In the case of Section Officers of the Central Secretariat they are promoted as Under Secretaries in the pay scale of Group A Officer Sr. Time scale of pay. It is in recognition of the principle of rewarding experience the promotion Cadre in both the above two organisations are kept at the senior time scale position.

Ministerial Cadres

The 6th CPC in its bid to de-layering the grades merged all cadres in the time scales of pay of 5000-8000, 5500-9000 and 6500-10,500. Later the Government by an executive order took out the grades and cadres carrying the pay scale of 6500-10,500 and assigned them with a higher scale of pay. The impact of the recommendation of the 6th CPC was the merger of Grades in the two scales of Pay. In Income Tax Department, the ministerial cadres are in the following grades:

1. Lower Division Clerks	PB-1	GP 1900
2. Tax Assistant	PB-1	GP 2400
3. Sr. Tax Assistant	PB-1	GP 4200
4. Office Superintendent	PB-1	GP 4200
5. Stenographer Gr. III	PB-1	GP 2400
6. Stenographer Gr. II	PB-1	GP 4200
7. Stenographer Gr. I	PB-1	GP 4200

The 6th CPC also recommended that the Cadre of Stenographers be merged in the Ministerial Cadre and the combined cadre of Sr. TA, OR, Stenographer Gr. II and Stenographer Gr. I may be placed under the nomenclature of Executive Assistant. The Income Tax Employees Federation which represents the employees in these cadres are in agreement with the Government's decision. They may therefore, constitute the merged combined cadre called the Executive Assistant. We however, seek that the merged cadre may be under the nomenclature of "Tax Executives". We also suggest that the Cadre of LDCs, which has a total strength of 311, having no distinct job may be abolished and their strength added to the Cadre strength of Tax Assistant.

The major functions to be assigned to the merged cadre of Tax Executives shall be the functions assigned to Tax Assistants and Senior Tax Assistants. The need for retention of the cadre of Tax Assistants in the Department, in our opinion, shall only be for a short while. Once computerisation is extended to all areas and the manual returns cease to be filled or its number getting drastically reduced, the present functions assigned to the cadre of tax Assistant will become redundant. Presently large chunk of Tax Assistants are deployed to carry out functions earmarked for Senior Tax Assistants. The question of up-gradation of the posts of Tax Assistant being an exercise rightly to be entrusted to a Cadre restructuring Committee, we are not raising that issue before the Commission. We submit that since the possibility of large number of Tax Assistant in the future is likely to be redundant and the need for extra manpower in the cadre of Sr. Tax Assistant might arise, a re-engineering of this cadre by altering the present ratio of sanctioned strength will be needed.

We have appended to this memorandum (in Annexure-A) the duties assigned to Tax Assistants and Senior Tax Assistants We must bring to the kind notice of the Commission that ours is the only department in Government of India, which prescribes the passing of a qualifying examination for every promotion. For a Tax Assistant to be promoted as Sr. Tax Assistant, he must qualify the Ministerial Staff Examination. A Sr. Tax Assistant cannot be elevated as Inspector unless he qualifies the Departmental Examination with 50% marks. No person can become an Income Tax Officer unless he passes the Officers Examination with 60% marks. A cursory glance through the syllabus of the examination will reveal the extent of knowledge to be acquired by an employee. The syllabus is devised taking into account the requirement of day to day functioning .We append a copy thereof to this memorandum (Annexure-2). For the sake of brevity, we do not intend to place a graphic picture of the duties assigned. We have detailed the functions of Officers and Inspectors in the preceding paragraphs. The employees in the Ministerial Cadres are to carry out such work which will enable the Officer to attend to the core functions. They must have independent knowledge, aptitude and ability to ensure that the requisite assistance is provided.

Office Superintendants as a distinct Cadre may not exist in the days to come. But supervisory functions cannot be eliminated. The functions, hitherto carried out by the Supervisory staff are difficult to be handled by Sr. Tax Assistants. Our suggestion in the matter is to revive the Special Pay Scheme for which a unanimous view of the staff side has already been presented in their memorandum. The grant of Special Pay will obviate the creation of a separate Pay scale for Office Supdt. and at the same time provide satisfaction and financial benefit to those who are asked to shoulder additional responsibility.

In fine our suggestion is:

- a) To abolish the post of LDCs (number 311) and place them in the grade of Tax Assistant.
- b) Tax Assistants are placed in the replacement scale of PB-1 with Grade Pay of Rs 2800 taking into account the additional responsibility assigned to them i.e. deputising for the Sr. Tax Asst. Presently they are in the grade pay of Rs 2400.
PB-1 Grade Pay 2800 equivalent Rs 46,000.
- c) Tax Executive be placed in the replacement scale of PB-2 Grade Pay of 4200 which is the present grade pay.
PB-2 Grade Pay Rs 4200- equivalent Rs 56000
- d) A Portion of the Tax Executive i.e. 20% may be placed in the Special Pay which must be equivalent to the deputation duty allowance i.e. 10%
Rs 56000 + Rs 5600.

The stenographers Gr. II and Grade I shall be merged with Tax Executive and Steno Gr. III with Tax Assistants.

Notice Servers.

This is a peculiar cadre available only in Income Tax Department. In the absence of a comparable Cadre elsewhere, determination of an appropriate Pay Scale for them poses a problem. All the Pay Commissions had however stated that their functions and duties are comparable with that of the postmen in Postal Department.

The principal functional duties are:

- a) To effect proper service of notices issued by various authorities under Direct tax Laws.
- b) To obtain proper acknowledgment of such service
- c) To make substituted service or service by affixture in cases of non-co-operation from them or in the case of those whose whereabouts are not known.
- d) To make return of service to the issuing officer
- e) To affect service of non-statutory notices against due acknowledgment.

Proper service of notices issued under various provisions of Direct Taxes Laws is vital to the assessment, recovery or penal proceedings. Such services to be valid in law must conform to the relevant provisions of the code of civil procedure failing which the entire proceedings get vitiated.

Presently the Notice Servers are kept in PB.1 with Grade Pay of Rs. 2000/=. We submit that the Pay scale of Notice Servers may be equivalent to what the 7th CPC propose to grant to the postmen of the Postal Department.

Common categories in the Income Tax Department:

The following categories exist in the Department which are common in all Departments of the Government of India including the Central Secretariat and Indian Audit & Accounts Department:

1. Pr. Administrative Officer,
2. Administrative Officer Gr. II
3. Administrative Officer Gr. III
4. Sr. Private Secretary
5. Private Secretary
6. Multi Tasking Staff.
7. Staff Car Drivers.
8. EDP Staff: Data Processing Assistants, Gr.A and B, Assistant Director, Jt. Director etc.

The nature of work of the categories of employees mentioned at Sl.No. 4,5,6,7 is comparable with the personnel with the same cadres in the Central Secretariat and Indian Audit & Accounts Department. Moreover, the personnel in the Income Tax Department, unlike those in the Central Secretariat or the Indian Audit and Accounts Department are liable and subjected to transfer on every promotion/change of cadre to faraway places. The frequent transfers disturb the family in so far as the Education of Children and other social well beings are concerned. The 6th CPC had recommended to maintain parity in pay Scale and other service conditions between the personnel of subordinate offices and the Central secretariat. The Government alters the Pay Scales every time the Pay Commissions set right the anomaly. The pay scale of Assistants in the Central Secretariat was revised by Govt. during the period between the 5th and 6th CPC. Normally Government does not entertain any Pay Scale revision once the Pay Commission is setup. But in the case of Central Secretariat Staff, The Government revised the Pay Scale after the 6th CPC came into being. The employees in the subordinate offices cannot therefore be faulted if they entertain the feeling that government does not act fairly when it comes to issues of the personnel in subordinate offices. This was more evident in the case of Assistants, Stenographer Private Secretary, senior Private Secretary, EDP cadres etc. We therefore request the 7th CPC to recommend that the Government maintain parity in the Pay Scales between the employees of Subordinate offices and Central Secretariat.

The Administrative officers in the Income Tax Department are in three Grades.

Principal A-O- P.B-3. GP. 6600

A-O. Gr.II PB-2. GP. 4800

A.O Gr.III. PB.2. GP. 4600

We humbly submit that the Pay Band and Grade Pay assigned to them are irrational and have to be reviewed. The Administrative Officer Grade III is in the Pay Band 2 with the Grade Pay of Rs4600 / whereas Section Officers in the Central Secretariat is presently in the Grade Pay of Rs. 4800/-. The Confederation of Central Government Gazetted officers Organisations in their memorandum, taking into account the work profiles of the officers in the field formations, have suggested that there should be parity in the pay scales and other service conditions between the Group B Officers of all Departments of the Government of India, especially with those in the central Secretariat and in the Indian Audit and Accounts Department. The Administrative officers are to supervise the functions of a large number of employees under them. Presently, In Income tax Department, we have hardly one Administrative Officer in a Commissioner ate. They are responsible for the entire financial transactions, administrative matters like maintenance of leave account, sanctioning advances, maintenance of the service register and plethora of other administrative matters

concerning a large number of officers and employees working in a Commissionerates. In fact a dispassionate reappraisal of the functions of an Administrative officer in the field formations and a Section Officer of the Central Sectt. will reveal the intrinsic higher value of responsibility assigned to the Administrative officers in the field formations.

The Sr. Private Secretaries and Private Secretaries in the Income Tax Department are attached with the Principal Chief Commissioner, Chief Commissioner, Pr. Commissioner and Commissioner of Income Tax i.e equivalent to the rank of Special Secretary, Additional Secretary and Joint Secretary cadre officers. It is also noteworthy to mention here that all the above authorities at various stages handle highly sensitive financial matters involving criminal and economic offences and as such, the Sr. Private Secretaries & private Secretaries attached to them are also consequently required to handle those sensitive and confidential matters. The VI Central Pay Commission has opined in favour of parity and recommended the same vide Para 3.1.9 of the report. We must add in this connection that while there has been no distinction in pay and other service conditions of Group A Officers, when he is posted in the field formation and the Central Secretariat, the so called "higher level" functions assigned to the personnel in the Central Secretariat in the case of Group B Officers has to be considered a myth to be discarded at the earliest.

There should not be differential treatment amongst the Group-B Gazetted Officers of the Central Government Departments as is the case with Group-A officers. Accordingly, in the case of Administrative Officer, Grade-II & III, and Private Secretary, Senior Private Secretary etc. our plea is to place them in the same replacement scale as demanded for the Group-B officers by the Confederation of Central Government Gazetted Officers Organisations to which we are affiliated on the premise to maintain parity between the field offices and the Central Secretariat and with the similarly placed personnel of the Indian Audit and Accounts Department.

Staff Car Drivers

Presently the Staff Car Drivers are in four grades In the Department. The Govt of India has taken a policy decision not to purchase vehicles and resorted to hiring of chauffeur-driven vehicles resulting in no recruitment to this cadre during the last a decade. Further many of them are presently without vehicles and without jobs. It is therefore, necessary that the existing Staff Car Drivers are provided with an option of coming to the main stream cadres on a one time relaxation basis. Our suggestion in this matter is to allow the eligible Staff Car Drivers to opt to becoming Tax Assistants in the department. They may be given training and allowed to take up the prescribed departmental Examination for further promotions.

The four grades were created taking into account the lack of promotional avenues for the Staff Car Drivers. Though initially it resulted in the reduction of waiting period for promotion, over the years the situation underwent change in as much as one is required to wait for more than the requisite residency period for promotion now. We therefore suggest that the scheme may be changed by retaining the existing 4 grades but the incumbents will be promoted to next grade as and when he completes the requisite residency period irrespective of the fact whether vacancy in that Grade exist or not.

Existing Pay Scales of the cadres which are specific to Income Tax Department and their replacement scales

S.No.	Cadre	Existing Pay Scales		Replacement GP sought	Comparative cadres in IA &A/ Cent. Sect.
		Pay Band	Grade Pay		
1	Income Tax Officer	2	4800	5400 – PB 2	SR. AuditAcct. Officer
2	Income Tax Inspector	2	4600	4800 – PB 2	Asstt.Accts/Audit Officer
3	Executive Assistants to be redesignated as Tax Executive.	2	4200	4600- PB-2	Sr/ Audit/ Accts Assistant in IA&AD /
4	Tax Assistant (entry scale)	1	2400	2800- PB -1	Auditors/ Accountants
5	Notice Server	1	2000	2000 PB- 1	Postman in Postal Dept.
	Common Categories	As per our submissions in the preceding paragraphs common to all GOI Departments including the IA&AD and Central Secretariat.			