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Central Action Plan

2018-19

Central Board of Direct Taxes

Ministry of Finance

Government of India

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INTRODUCTION

The Vision 2020 document adopted by the Income-tax Department envisages an efficient and effective tax administration, progressive tax policy and improved tax compliance. The Action Plan 2018-19 must work towards accomplishing this vision.

2. The Action Plan for 2017-18 was a comprehensively re-modeled plan that sought to address all the current priorities in a holistic manner. It laid special emphasis on a number of critical areas such as litigation management, improving quality in diverse areas of work and strengthening compliance and enforcement functions. The plan worked well and resulted in enhanced levels of performance in all functions across the board.

3. This Action Plan for 2018-19 retains the broad structure of the plan for 2017-18 and seeks to consolidate the achievements made, while re-emphasising priorities within the framework of the overall Vision. A new chapter on Widening of Tax Base has been added, so as to highlight the critical importance of this area. The Chapter on Audit has been omitted, since the CITs(Audit) are already functioning under instructions and SOPs formulated by the Directorate of Income-tax (Audit and Inspections). The separate chapter on Prosecution and Compounding has been omitted and the relevant targets, in consolidated form, have been incorporated in the Chapter on Assessment Units (prosecution targets for TDS units already form part of the Chapter on TDS). Targets in various key result areas have been re-calibrated in the light of experience gained.

CHAPTER I

ALLOCATION OF BUDGET TARGETS

1. DIRECT TAXES COLLECTION DURING FY 2017-18

The major head-wise direct taxes collection during FY 2017-18 are as under:-

Head of Tax	Budget Estimates 2017-18 (Rs. in crore)	Revised Estimates 2017-18 (Rs. in crore)	Actual Collection 2017-18 # (Rs. in crore)	%age of RE Achieved
Corporate Tax	538745	563745	571131	101.31%
Personal Income Tax (including FBT, etc)	433487	433487	419942	96.88%
Securities Transaction Tax	7768	7768	11881	152.95%
Total	980000	1005000	1002954	99.80%

Source- Pr CCA, CBDT; Provisional / Unaudited

2. TARGETS FOR FY 2018-19

The details of the Budget Estimates for FY 2018-19 as compared to the Actual Collections for 2017-18 (Prov.) are as under:-

Head of Tax	Actual Collection FY 2017-18 (Rs. in crore)	Budget Estimates 2018-19 (Rs. in crore)	% increase of BE for FY 2018-19 over Actual Collection of FY 2017-18
Corporate Tax	571131	621000	8.73%
Personal Income Tax (including FBT, etc)	419942	518000	23.35%
Securities Transaction Tax	11881	11000	(-) 7.42%
Total	1002954	1150000	14.66%

2.1 The Budget target for each cadre-controlling Pr. CCIT has been fixed keeping in view the revenue potential of the Region, which is based on the weighted average growth rate of net collections of last three years, giving highest weight to the immediately preceding year. The statistical growth rate for a Region has been further moderated by averaging it out with the all-India targeted growth rate so as to narrow the gap between all-India growth rate and the target growth rate given to the Region. Moreover, factors significantly affecting the potential of revenue for a particular Region have also been taken into account for making necessary adjustments in the regional targets so as to allocate the Budget Estimates reasonably and equitably.

2.2 Securities Transaction tax target is almost entirely allocated to Mumbai, as it contributes almost entire collection under this Head.

3. ALLOCATION OF TARGETS

The targets fixed for various cadre-controlling Pr CCsIT for FY 2018-19 are as per the Table below:

**TABLE : ALLOCATION OF BUDGETARY TARGET FOR FY 2018-19
MAJOR HEAD-WISE TO VARIOUS PRINCIPAL CCIT REGIONS**

(Rs in crore)

Pr CCIT Region	Corporate Tax	Personal Income Tax	Securities Transaction Tax	TOTAL
Gujarat	26071	29499		55571
Karnataka & Goa	61483	61577		123060
Madhya Pradesh & Chattisgarh	12194	13261		25455
Odisha	7362	4788		12151
West Bengal & Sikkim	27207	19403	50	46661
North West Region	21176	28845		50021
Tamil Nadu & Puducherry	43136	38935	75	82146
Kerala	7648	11680		19328
Delhi	86868	63808	10	150686
North East Region	3831	4526		8357
Andhra Pradesh & Telangana	26987	33858		60845
Rajasthan	10390	11849		22240
Uttar Pradesh (West)	14095	12925		27020
Uttar Pradesh (East)	2554	10650		13205
Mumbai	237666	122268	10865	370800
Nagpur	1712	4194		5906
Bihar & Jharkhand	4517	10102		14619
Pune	26101	35830		61931
TOTAL	621000	518000	11000	1150000

The above targets should be further allocated down to various field units under the jurisdiction of Pr. CCIT keeping in view the past performance and revenue potential of different charges.

CHAPTER II

REDUCTION AND CASH COLLECTION OUT OF ARREAR DEMAND

The arrear demand, including demand not fallen due as on 31st March has increased from Rs. 10,52,084 crore as on 01.04.2017 to Rs. 11,22,752 crore (Provisional) as on 01.04.2018. This arrear demand has been taken into consideration for fixing the targets of reduction and cash collection of arrear demand for FY 2018-19.

2. In 2017-18, gross reduction of arrear demand as on 01.04.2017 was achieved to the extent of Rs. 3,24,528 crore, including cash collection of Rs. 44,633 crore. This translated into a reduction of 31 % of the brought forward demand, which was a significant achievement. However, additional net current demand of Rs. 4,62,412 crore was raised during 2017-18, of which only Rs. 76,641 crore could be reduced during the year, including cash collection of Rs. 52,537 crore. Thus, there was a net accretion of Rs. 61,243 crore to the figure of outstanding demand. While the causative factors responsible for the huge amount of additional demand need to be addressed separately, it is imperative that concerted efforts continue to be made to reverse the trend of increasing arrear demand and to initiate the process of reducing the figure to more manageable levels.

3. Accordingly, for the year 2018-19, the target of Reduction in Arrear Demand has been retained at 40 % of the total demand as on 01.04.2018. The PCCIT Region-wise allocation of this target is given in Table 2 below:

TABLE 2
ALLOCATION OF TARGET FOR REDUCTION IN ARREAR DEMAND FOR FY 2018-19

(Rs. in crore)		
Sl. No.	PRINCIPAL CCIT REGION	TARGET FOR REDUCTION IN ARREAR DEMAND
1	PCCIT (INT. TAX.)	54,202
2	MUMBAI	1,56,124
3	GUJARAT	23,179
4	AP & TELANGANA	11,481
5	RAJASTHAN	2568
6	NAGPUR	610
7	PUNE	11,311
8	UP WEST	3302
9	UP EAST	10,973

10	MP & CHATTIGARH	7205
11	BENGALURU	16,341
12	TAMIL NADU	10,587
13	KERALA	2912
14	ODISHA	2166
15	NORTH EAST REGION	468
16	WB & SIKKIM	30,276
17	BIHAR & JHARKHAND	3469
18	DELHI	92,645
19	NORTH WEST REGION	9281
GRAND TOTAL		449100

The inter-se targets may be reviewed in December, 2018.

4. Reconciliation of arrear demand on CPC portal, early disposal of appeals and passing of appeal effect orders at an early date are critical to the achievement of the targeted reduction in arrear demand. While targets for early disposal of appeals have been set out in Chapter III, specific targets for reconciliation of arrear demand as well as for giving effect to appeal orders are fixed as under:

Reconciliation of arrear demand	<ul style="list-style-type: none"> • Reconciliation of arrear demand to be completed by 31.08.2018
Passing of appeal effect order	<ul style="list-style-type: none"> • All pending appeal effect orders should be issued by 31.07.2018 • In all other cases, appeal effect orders should be passed within two months from the date of receipt of the order.

5. The overall target for reduction in arrear demand shall include a target of cash collection of arrear demand, which is a distinct target and required to be achieved independently. This target of cash collection of arrear demand has been worked out on the basis of the following formula:

S No	Description	Base Amount (Rs. in crore)	Percentage in terms of the Base Amount	Target amount (Rs. in crore)
1	Net Collectible Demand as on 01.04.2018 [as reported vide item no. 10 of CAP-1 for March 2018]	20,159	80	16,127
2	Demand not fallen due as on 01.04.2018 [as reported vide item no.5 of CAP-1 for March 2018]	8,570	20	1,714
3	Demand stayed by Courts/ ITAT [as reported vide item no. 9(j)of CAP I for March 2018]	87,035	5	4,352
4	(a) Demand stayed by I.T. Authorities [as reported vide item no. 9 (k) of CAP-I for March 2018]	85,525	10	8553
	(b) Demand covered by instalments [as reported vide item no. 9 (l) of CAP-I for March 2018]	4,416	20	883
	(c) Demand, the recovery of which is not being pursued on account of assessee's stay petition pending consideration by the I.T. Authorities [as reported vide item no. 9 (m) of CAP-I for March 2018]	18,513	20	3,703
5	Demand difficult to recover on account of no/inadequate assets [as reported vide item no. 9 (c) of CAP-1 for March 2018]	4,96,849	5	24,842
6	Assessees not traceable [as reported vide item no.9(b) of CAP-I of March 2018]	76,919	5	3,846
7	Demand difficult to recover for any other reason [as reported vide item No. 9(s) of provisional CAP-I for March 2018]	48,653	10	4,865
			Total	68,885

6. The above formula includes a 5 % weightage in respect of demand where assesses are not traceable. Experience has shown that in at least a few such cases, the assesses can be traced out with proper efforts, including searches on internet, use of ITS data and enquiries through banks.

7. In order to provide focused attention to the handling of stay granted cases, the following strategies shall be adopted:

S No	Description	Base Amount (Rs. in crore)	Target
1	Demand stayed by Courts/ITAT [as reported vide item no. 9 (j) of CAP-1 for March 2018]	87,035	<ul style="list-style-type: none"> • Identification of all the stay granted matters by 31.07.2018 • Formulation of action plan by PCsIT for vacation of stay and early disposal of appeals by 31.07.2018 • Provision of necessary inputs by AO and Addl. CIT Range to the CIT(DRs) for proceedings before the ITAT • CIT(DRs) will not seek adjournments in normal course • PCIT will personally attend court proceedings in stay matters before Hon'ble High Court
2	Demand stayed by I.T. Authorities [as reported vide item no. 9 (k) of CAP-I for March 2018]	85,525	<ul style="list-style-type: none"> • All the pending remand reports should be sent to CsIT(A) by 30.09.2018 • Remand reports u/s 250(4) in stay granted matters should be sent within 30 days

8. The PCCIT Region-wise allocation of the target for cash collection out of arrear demand is given in Table 3 below:

TABLE 3
ALLOCATION OF TARGET FOR CASH COLLECTION OF ARREAR DEMAND FOR FY 2018-19

		(Rs in crore)
Sl. No.	PRINCIPAL CCIT REGION	TARGET FOR CASH COLLECTION OUT OF ARREAR DEMAND
1	PCCIT (INT TAX.)	11,685
2	MUMBAI	20,906
3	GUJARAT	2,718
4	AP&TELANGANA	1,678

5	RAJASTHAN	552
6	NAGPUR	134
7	PUNE	1,062
8	UP WEST	604
9	UP EAST	2,366
10	MP & CHATTIGARH	1,421
11	BENGALURU	3,507
12	TAMIL NADU	1,784
13	KERALA	782
14	ODISHA	769
15	NORTH EAST REGION	91
16	WB & SIKKIM	4694
17	BIHAR & JHARKHAND	684
18	DELHI	11,885
19	NORTH WEST REGION	1,563
GRAND TOTAL		68,885

9. Targets for reduction and cash collection out of arrear demand have been specified in Tables 2 and 3 above at the level of PCCIT. The PCCsIT will further allocate these targets in accordance with the specified formula to the respective CCITs/DGITs in their region. Such allocation of targets should be completed by 31st July, 2018 and intimated to the Directorate of Recovery for monitoring purposes.

10. Achieving the above targets will require a broad-based strategy covering various areas of litigation management, including targeted disposal of appeals by CIT(Appeals) and effective handling of cases pending in Courts/ITAT, and specific targets for TROs. The plan in respect of these areas is set out in Chapter III and V that follow.

CHAPTER-III

LITIGATION MANAGEMENT

“The rising litigation with the taxpayers and the quantum of revenue locked up in appeals is a matter of serious concern that requires attention.” – Vision 2020

Litigation is not only a cost on the credibility of a tax administration system but also an indicator of the robustness and fairness of a system of taxation. Litigation has been rising over the years and has now assumed grave proportions, as is evident from the following data:

No. of appeals pending with CsIT (A) as on 01.04.2017	3,28,173
No. of appeals disposed of by CsIT (A) during FY 2017-18	1,23,480
No. of appeals pending with CsIT (A) as on 01.04.2018	3,21,843
Demand involved in appeals with CsIT (A) as on 01.04.2018	Rs.6.38 lakh crore
Demand stayed by ITAT/Courts as on 01.04.2018	Rs.87,035 crore

Such high volume of litigation has resulted in rendering a huge amount of tax as uncollectible. Besides, it is a major impediment towards creating an environment of tax certainty for the taxpayers. It also involves infructuous costs on account of efforts to realize taxes blocked in these appeals. The substantial progress made last year is required to be continued with renewed vigour so as to bring down the quantum of litigation and unblock the revenue involved.

PART A – TARGETS FOR CIT (APPEALS)

2. The pendency of appeals with CsIT (A) and demand locked therein has been increasing over the years. Analysis of the work done last year reveals the following:

	Revenue involved	Pending On 01.04.2017	Disposals	New filings	Pending On 01.04.2018
A1	more than 50 crores	1295	1033	579	841
A2	1 to 50 Cr	34488	9813	11694	36369
A3	10 L to 1 cr	76771	23723	35701	88749
B	Less than 10 Lakhs	215619	86205	1743	131157
C	Current Less than 10 L	0	2706	67433	64727
		328173	123480	117150	321843

- Total appeals pending where demand is less than 10 Lakh are 1,95,884 as on 01.04.2018, which shows a decline of about 9% from the corresponding figure as on 01.04.2017. However, the pendency is still very large, and includes 1,15,706 appeals where demand is less than Rs. 2 lakhs. A special focus is required on such cases during the current year.
- In regard to high demand appeals, there is a decline of 35% in A1 category but an increase in pendency of A2 and A3 categories of 5 % and 16% respectively.
- The appeals pending as on 01.04.2018 include 22256 appeals that are more than 5 years old.

3. The results of last year's action plan strategy in litigation management at the level of CIT(A) are encouraging. There has been a reduction in overall litigation, particularly in cases involving very high quantum of demand, as also in cases with tax demand of less than Rs.10 lakhs which have a wide-spread impact on taxpayers. It is therefore reasonable to continue with a similar action strategy for the current fiscal, to meet the core objectives of budget collection, reduction in outstanding demand and litigation management. Accordingly, a two-pronged strategy as in last year, with slight modifications to deepen the impact, shall be adopted this year, too, having proportionate focus on optimizing disposal in terms of numbers and on maximizing disposal of appeals involving high quantum of demand.

3.1 It is seen that the appeals pending in different categories are not evenly distributed amongst PCCIT regions, as also within each PCCIT region. Hence the targets for disposal are being set at the level of PCCIT regions, and at micro level there shall be norms for disposal of appeals by individual CITs(A). In order to ensure optimum distribution of work and maximum disposals, the PCCIT/CCITs may redistribute the cases in such a manner as to attain/exceed the targeted disposals. The allocations of pending appeals may also be reviewed periodically to ensure that each CIT(A) delivers results in accordance with the norms laid down hereunder. Further, the PCCITs/CCITs shall endeavor to ensure disposal of older appeals on priority, particularly appeals that have been pending for more than 5 years.

3.2 Accordingly, the targets and norms for FY 2018-19 in respect of disposal of appeals pending with CsIT (A) in each PCCIT Region are set out as under:

A. Each PCCIT Region shall ensure:

- a. Disposal of at least 25% of appeals that involve demand of Rs.10 lakhs or more in categories A2, and A3 and 100% of appeals pending as on 01.04.2018 that involve demand of Rs.50 crore and above (category A1);
- b. Disposal of at least 90% of appeals that involve demand of less than Rs.2 lakhs (new category B3);
- c. Disposal of at least 70% of appeals that involve demand of less than Rs.10 lakhs, inclusive of the targeted disposal in B3 (less than 2 lakh demand) category.

B. Each individual CIT (A) shall be expected to dispose of a minimum of 550 appeals, or achieve a minimum of 700 units during the year. In PCCIT regions where the average number of Category B3 appeals pending with CITs(A) is more than 500, each individual CIT(A) shall be expected to achieve a minimum of 800 units during the year.

C. In Regions where the targeted disposal as at A above translates into numbers of units that fall short of the norms for individual CITs(A) stated at B above, the PCCITs concerned shall scale-up the targets stated at A above so as to ensure satisfaction of the norms. Such scaling-up shall be done, as far as possible, in respect of Category A2 appeals followed by Category A3 appeals.

D. Correspondingly, in Regions where the targeted disposal as at A above translates into numbers of units that are significantly higher than the norms for individual CITs(A) stated at B above, the PCCITs concerned may scale-down the targets stated at A above, in consultation with the Member (A&J). Such scaling-down shall be done, to the extent possible, only in respect of Category B appeals.

3.3 The above targets, along with demarcation of units, are represented by the following Table:

TABLE 4

Target	Category			Unit Per Appeal	Remarks
25%	A (>10 lakhs)	A1	Above 50Cr	3	No inter-se priority except 100% disposal of A1.
		A2	Above 1 Cr to 50 Cr	2	
		A3	Above 10 Lakhs to 1 Cr	1	
70%	B (< 10 lakhs)	B1	Filed before 1.4.2015 (2-10 lakhs)	1	No inter-se priority except 90% disposal of B3
		B2	Filed from 1.4.2015 to 31.3.2018 (2-10 lakhs)	1	
		B3	All appeals filed before 31.03.2018 (demand < 2 Lakhs).	1	
Balance	C (< 10 lakhs)	C	Current Appeals Filed during FY 2018-19	1	May be disposed of with approval of PCCIT/CCIT

3.4 For the purpose of evaluation of performance of an individual officer holding additional appellate charge(s) during the year/part-year, the aggregate disposal including in the additional charge(s) held, shall be considered.

3.5 The individual norm of 550 appeals or 700 units stated above may also be varied by the PCCIT concerned in respect of CITs (A) within his jurisdiction, having regard to the number and categories of appeals pending for disposal with the CITs(A), so as to attain maximum output and optimum work allocation. However, each PCCIT Region as a whole must achieve the targets of disposal of 25% of appeals involving demand exceeding Rs.10 lakhs and above, 90% of appeals involving demand less than Rs.2 lakhs and 70% overall in Category B appeals.

3.6 The above targets should cumulatively result in a significant increase in disposal of appeals with CITs(A) and substantially reduce the pending appeals carried forward, as well as unlock the demand locked therein of about Rs.4.5 lakh crore.

ACTION ITEMS:

- (1) Category A appeals involving demand above Rs. 50 Crore and pending as on 01.04.2018 shall be disposed of by 31.12.2018.
- (2) The priority for disposal of appeals in different Categories shall be as under:

- (i) Higher priority shall be given to appeals involving demand of less than Rs.2 lakhs and filed up to 31.03.2018 (Category B3). There shall be no inter-se priority within the Category.
 - (ii) The next priority shall be given to disposal of appeals involving demand of Rs.10 lakhs and above (Category A), irrespective of the year in which the appeals are filed. There shall be no inter-se priority within the Category, except that appeals involving demand of Rs.50 crore and above shall be disposed of by 31.12.2018. Different sub-categories shall earn 1, 2 or 3 units respectively as indicated in Table 4 above.
 - (iii) Lowest priority shall be given to appeals involving demand of less than Rs.10 lakhs and filed during the current FY 2018-19 (Category C). Such appeals can be disposed of, with approval of the CCIT concerned, if there is inadequate number of appeals of Category A or B pending with him. The CIT (A) may also dispose of any such appeal on priority, if so directed by the PCCIT/CCIT concerned.
 - (iv) Appeals of the same assessee relating to different years involving substantially similar issue(s) or inter related issue(s) may be disposed of irrespective of the Category to which they belong, if one of the appeals falls for priority disposal. In respect of group search & seizure cases, the CIT (A) may dispose of appeals of group cases irrespective of the category to which they belong if one of the appeals falls for priority disposal.
 - (v) Appeals pending for more than 5 years shall be given priority within each Category. PCCITs shall endeavor to liquidate the pendency of such appeals during the year.
 - (vi) Cases set aside and restored to the CIT (A) by Courts/ITAT are to be disposed of on priority. These shall get points as per regular category.
 - (vii) Appeals involving Transfer Pricing issues shall earn 1 unit in addition to the normal number of units specified against the relevant category in Table 4.
 - (viii) Appeals in cases where returned losses have been reduced or converted into income in assessment will be entitled to normal units specified in Table 4, on the basis of notional tax on the amount of disputed additions
- (3) **Incentive for quality orders:**
- (i) With a view to encourage quality work by CITs(A), **additional credit of 2 units shall be allowed for each quality appellate order** passed. The CIT (A) may claim such credit by reporting such orders in their monthly DO letter to the CCIT concerned. Quality cases would include cases where-
 - (a) enhancement has been made,
 - (b) order has been strengthened, in the opinion of the CCIT, or
 - (c) penalty u/s 271(1)I has been levied by the CIT(A).
 - (ii) The concerned CCIT shall examine any such appellate orders referred to him by the CIT(A), decide whether any of the cases reported deserve the additional credit

and convey the same through a DO letter to the CIT(A), which can be relied upon while claiming the credit at the year end.

(4) **Action on part of Pr. CCIT /CcsIT:**

- (i) To ensure a rational distribution of workload, especially of A and B category appeals amongst CsIT (A), Pr. CCIT/CCITs shall carry out intra-city and inter-city reallocation of workload, which may be reviewed at the end of every quarter. The re-distributing and re-allocating the workload shall be done in such a way that all the CsIT(A) in the respective Region have, as far as possible, sufficient number and distribution of appeals of various categories required to meet the above mentioned targets. The exercise should be completed by 31th July, 2018.
- (ii) After redistribution of workload, targets for each CIT (A) may be communicated to the Member (A&J), CBDT before 15th August, 2018 with a copy to the Zonal Member.
- (iii) PCCITs/CCITs should take necessary steps to ensure that necessary resources and infrastructure, including secretarial support, are provided to CITs(A) so as to enable them to discharge their duties efficiently and meet Action Plan Targets. A suitable mechanism should also be devised to ensure that remand reports are sent to the CIT (A) in time.
- (iv) CCITs should monitor the working of the CITs(A) on quarterly basis including by conducting regular Inspections as per the targets assigned.

(5) Evaluation of performance of a Region and of individual CITs(A) would be done by the Zonal Members on the basis of achievements of overall targets as well as targets in respective categories. The performance evaluation would be on the basis of disposal uploaded on the Appeal module of ITBA.

PART B: REPRESENTATION BEFORE CIT(A)

4. Proper representation before CIT(A) is essential for quick disposal of appeals as well as for improving the quality of appellate orders. Timely submission of remand reports and proper representation before CIT(A) in appropriate cases is therefore of utmost importance.

4.1. The AO shall submit all remand reports pending as on 30.06.2018 latest by 30.09.2018 and henceforth the AO shall submit remand report within 30 days from date of receipt of the remand order of the CIT(A). The Range heads shall closely monitor this work.

4.2. Further, each AO shall identify the top 20 cases of quality assessments and shall make proper representation in these cases before CIT(A), either personally or by filing written submissions. The Joint/Addl. CIT Range will identify top 20 cases of the Range and will personally monitor proper representation in these cases before the CIT(A).

PART C – APPEALS WITH ITAT/COURTS

5. There are a large number of cases where appeals for various assessment years, involving similar issues, are pending at different levels in the ITAT/High Court/Supreme Court. In many cases, such appeals have been pending for several years and Departmental Representatives/Counsel are unable to press for disposal in the absence of adequate resources and support from the field formations. This back-log of litigation not only blocks collectible revenues (total demand stayed by Courts/ITAT as on 01.04.2018 is Rs. 87,035 crore), but also generates further litigation due to similar issues arising in assessments being made year after year. Thus, even though there has been a reduction in the number of appeals being filed by the Department, the number of disputes pending in Courts/ITAT has been increasing over the years.

6. Managing litigation pending in Courts/ITAT therefore needs to be addressed in a concerted and focused manner as under:

6.1 Every PCIT shall identify top 30 litigation cases of assesses in his Charge where important issues are pending at one or more appellate levels in ITAT/HC/SC as also with CIT(A), based on:

- Importance of the issue
- Revenue potential
- Recurring nature of the issue
- Stay granted appeals/cases

6.2 After identification, the cases with common or similar issue(s) shall be bunched. Where there are common or similar issues in cases across CCIT regions within a PCCIT region, the bunching shall be done at the level of PCCIT.

6.3 The PCCIT or CCIT shall then nominate a resource person (of the level of PCIT/CIT) or form a team (headed by a PCIT/CIT) for each case or bunch of cases. Where cases involve issues relating to international taxation and/or transfer pricing, officers from International Taxation and/or Transfer Pricing charges may be involved.

6.4 The resource person or the team (as the case may be) shall devise the strategy required to deal effectively and efficiently with the case(s) and appeals lying at different levels. They shall prepare written briefs and submissions and shall assist CIT (DR)/Department Counsel on real time basis in proper representation before ITAT/HC/SC, including being present at hearings to the extent possible, filing written submissions and taking other actions as required. They shall also make required efforts for early fixation of cases, vacation of stay orders and such other matters. The Assessment Wing shall be actively involved in defending the interest of revenue in the litigation affairs.

6.5 In order to ensure effective representation in all other category of top litigation cases (non-bunching cases) the PCIT concerned shall constitute a team headed by Range head for effective representation before ITAT/HC/SC which shall include drafting of briefs and proper briefing to CIT(DR), Sr. Standing Counsel, ASG, SG and AG as the case may be. The team will periodically monitor proceedings before ITAT/HC/SC. The briefing team for ASG/SG/AG shall be headed by PCIT/CCIT and it is expected that PCIT will personally attend these cases before HC/SC.

7. It has been noticed that proper attention has not been paid to the prosecution cases resulting in long drawn prosecution proceeding before the courts and award of punishment in very small number of cases. There is a need to address this problem in a concerted and focused manner. The PCITs shall ensure drafting and filing of error free prosecution complaints in consultation with Standing Counsel of the department and effective representation before Courts by way of proper briefing to Standing Counsel. The PCCIT/CCIT shall identify prosecution complaints pending for more than two years and will devise case-specific litigation strategy for effective representation to enable the Courts to take a final view in the matter at the earliest.

8. The following targets are laid down in this regard:

**TABLE 5
MANAGING LITIGATION IN COURTS/ITAT**

1	Reconciliation by PCITs/CITs of the total pendency of appeals before ITAT/HC/SC	By 31.07.2018
2	Completion of process of withdrawal of appeals as mandated separately by Board	By 31.07.2018
3	(a) Identification of 30 top litigation cases as above	By 31.07.2018
	(b) Bunching of cases and nomination of resource persons	By 15.08.2018
	I Preparation of written submissions	By 31.08.2018
	(d) Assistance to CIT(DR)/Department Counsel	On-going

CHAPTER IV

SERVICE DELIVERY AND REDRESSAL OF GRIEVANCES

The Income-tax Department has issued Citizen's Charter of 2014 which is a declaration of its vision, mission and its commitment towards maintenance of standards of service delivery to the tax payers. Therefore, the timelines mentioned with respect to each of the key services mentioned therein are to be adhered to by each of the Income-tax authorities responsible for providing such services to the tax payers.

2. Redressal of grievances of the taxpayers remains a key area of commitment of the Department. The substantial progress made in this area needs to be continued with increased emphasis.

2.1 The following timelines are prescribed for disposal/resolution of grievances registered at different levels mentioned below.

TABLE 6
DISPOSAL/RESOLUTION OF GRIEVANCES

1.	Grievances received from PMO/FMO/MPs/CBDT/any other high priority source	Within 15 days of receipt by Assessing Officer concerned
2.	Grievances received through CPGRAMS online portal	Within 30 days of receipt by CBDT.
3.	Grievances/cases where taxpayer has responded to AO Notice u/s 245 of the Income-tax Act, 1961 informing about outstanding demand to be adjusted against refund	Within 30 days of receipt
4.	Grievances/cases where taxpayer has responded to CPC Notice u/s 245 of the Income-tax Act, 1961 informing about outstanding demand to be adjusted against refund	Within 15 days of receipt
5.	Grievances received through e-Nivaran	Within 30 days of receipt
6.	Any other Grievances received directly by the Assessing Officer or Grievance Cell through any other source	Within 30 days of receipt

CHAPTER-V

ASSESSMENT UNITS (Including International Taxation & Transfer Pricing, Exemptions)

In the Vision 2020 strategic plan document, the Department aims to formulate processes which would facilitate progressive tax policies and easy compliance as well as ensure enforcement of tax laws with fairness. This is to be achieved by an enabling policy environment and augmenting the revenue mobilization apparatus for optimum revenue collection under the law, while maintaining taxpayer confidence in the system.

2. The assessment units have a very significant role in achieving the aforementioned goals since they have the maximum public interface and therefore represent the image of the Income tax Department in the eyes of the taxpayers. Use of the assessment mechanism for effective but fair enforcement requires an efficient risk-management strategy. Enhancing the quality of assessments and making extensive use of processed and available information are, therefore, essential parts of compliance and risk-management strategy.

3. Equally important is the need to pursue the collection of outstanding demand and recovery of tax-arrears through effective use of the powers conferred under the law.

4. E-governance is now firmly established as a strategic tool for transforming governance and improving the quality of services provided to the taxpayers. Integrating back office information processing systems with the Internet to provide an online interface to the taxpayers is the key for transiting to an era of e-governance. The Department has ushered in an era of e-assessments for bringing in an assessee-friendly paperless assessment framework. New sub-sections (3A), (3B) and (3C) have also been inserted in section 143 through the Finance Act, 2018, announcing a proposed new scheme of assessment that will eliminate the interface between the Assessing Officer and the assessee to the extent technologically feasible, optimize utilization of resources and introduce a team-based assessment with dynamic jurisdiction. Meanwhile, an integrated scheme of e-assessment has been launched during FY 2017-18 through the ITBA platform. All efforts must be made to make the scheme a success and instructions issued by the Board in this regard must be complied with in letter and spirit.

5. In the background of the above priorities, Assessment units must focus on:

i. Achievement of Budget collection target including targets for reduction and cash collection of arrear and current demand;

ii. Ensuring quality of assessments and following up with strict action against tax-evaders;

iii. Making effective use of available information; and

iv. Ensuring efficient delivery of taxpayer services including timely disposal of pending grievances.

6. Targets for assessment units are accordingly set out as under:

TABLE 7

TARGETS FOR ASSESSMENT UNITS

S. No.	Key Result Area	Target / Activity	Time frame (by)
A	Budget Collection	100% Collection of Budget Targets fixed (Region-wise targets are as per Chapter I)	31.03.2019
B Assessment Work			
1	Scrutiny assessments	Completion of time barring assessments	31.12.2018
		CCIT to ensure completion of at least 15% non-time barring assessments (Target for CCITs)	31.01.2019
C1 Recovery / Reduction of Demand			
1		100% of the target fixed for cash collection of arrear demand (Region-wise targets are as per Chapter II)	31.03.2019
2	Cash collection by AO	20% of the current demand raised during the year	31.03.2019
3	Reduction by AO	40% reduction in arrear demand as on 1.04.2017 (including cash collection as at 1. Above)	31.03.2019
4	NCLT matters	Identification, processing and filing of petitions before NCLT in all cases requiring restoration of companies in the records of the ROC	31.08.2018
5	TRO's Action Plan	Disposal of 20% of brought forward TRCs or 150 TRCs by each TRO	31.03.2019
6		Cash collection of 10% of brought forward demand indicated in the TRCs	31.03.2019
7	Write-off	Identification of fresh cases for write-off	30.09.2018
8		Submission of proposals for write off to the Board or Committees in the cases identified as above	31.12.2018
C2 Arrear Demand Reporting			
1		Preparation of Dossier cases with	From Quarter

	Reconciling Dossier Data with Accounting System(CPC-FAS)	demand exceeding Rs. 3 Cr. Based on data available in CPC FAS	ending 30.06.2018
2		Preparation of Dossier cases with demand exceeding Rs. 30 Lac but less than Rs. 3 Cr. Based on data available in CPC FAS	From Quarter ending 30.09.2018
D Information received by AO			
1	All information received by the AO from different sources, including I&CI, Inv Wing, AIMS, FATCA etc. [Directorates of Investigation and I&CI to ensure that all information for and upto FY 2016-17 is sent to AOs by 30.09.2018]	Information received up to 31.03.2018	Reconciliation of information received and submission of reconciliation report to Range head 31.07.2018
			Feedback / Action Taken Report on each case to be submitted to Range head 30.09.2018
		Information received 01.04.2018 onwards	Feedback / Action Taken Report on each case to be submitted to Range head Within 3 months from the end of the month of receipt of information by the AO
E AUDIT			
1	Receipt Audit	Brought forward pendency of Receipt Audit Objections and Draft Paras of C&AG / LAR as on 01.04. 2018	Replies to be sent by 31.08.2018
2		Receipt Audit (Major & Minor) Objections received after 01.04.2018	Reply to be sent on the objections contained in the LAR through the Pr. CIT to the A G / D A G - within 45 days of receipt of LAR
3		Draft Paras of C&AG received during financial year	Report on Draft Paras to be sent through Pr. CCIT to the CBDT- within 30 days of receipt of Draft Para or 30/11/2018,

			whichever is earlier.
4	Internal Audit	Brought forward pendency of Internal Audit Objections as on 01.04.2018	Settlement by 30.09.2018
5		Settlement through Pr. CIT of Major Audit Objections received on or after 01.04.2018	Within 4 months of receipt of audit paras as prescribed in Instruction No. 3 of 2007.
6		Settlement through Range Head of Minor Audit Objections received on or after 01.04. 2018	Within 4 months of receipt of audit paras as prescribed in Instruction No. 3 of 2007.
F Prosecution and compounding			
1	Cases already identified by 31.03.2018 for prosecution under sections 276C, 276CC or any other section	Completion of processing and filing of prosecution complaint in appropriate cases	30.09.2018
2	Cases identified during the year	Identification of fresh cases by AO in each quarter and submission to Range head	Within 15 days of the end of each quarter (cases identified in first two quarters to be submitted by 15.10.2018)
3		Processing of proposals and passing of sanction orders by PCIT/CIT in appropriate cases	By end of quarter immediately succeeding quarter in which proposal is received
4		Filing of prosecution complaints, complete in all respects	Within 30 days of sanction accorded by PCIT/CIT
5	Compounding	Disposal of all compounding applications pending as on 01.04.2018	31.07.2018
G	Widening of tax base		As per Chapter VI
H	Grievance redressal		As per Chapter – IV
I	Exchange of Information		As per Chapter –IX

ACTION ITEMS:

1. Uploading of paper returns and processing of e-returns by AO

The following two actions by the AO are important for timely capturing of information for the purposes of reporting and for completion of processing and selection of cases for scrutiny:

- (a) Uploading of paper returns:- 100% of manual returns pending for processing and filed between 01.04.2018 and 30.06.2018 should be uploaded by 31.07.2018.
- (b) Processing of e-returns:- 100% of e-returns pushed to AO's portal by CPC and pending for processing, to be processed by 31.07.2018.

2. Planned disposal of scrutiny assessments (B.1)

(1) Assessments in limited scrutiny category should be completed preferably by 31.10.2018 and in accordance with Board's Instructions.

(2) As a consequence of amendments made in section 153 of the Act, scrutiny assessments for AY 2018-19 and AY 2019-20 will get time-barred on 30.09.2020 and 31.03.2021 respectively. Thus, assessments for two assessment years may be required to be completed during the year 2020-21. It is therefore necessary that a certain minimum number of non-time-barring assessments are completed during 2018-19 and 2019-20. The targets set out above accordingly require a minimum of 15 % of non-time-barring assessments to be completed during the current year. This target is for the PCCIT Regions as a whole and is a mandatory target. The AO-wise targets in this regard may be fixed accordingly in the respective PCCIT Regions, having regard to the nature and quantum of workload with different charges in the Region.

(3) These non-time-barring assessments are required to be completed by 31.01.2019, so that the officers can devote sufficient time to recovery and collection efforts. The cases to be disposed of should therefore be selected at the earliest and proceedings initiated well in time, so that assessments can be completed by 31.01.2019.

(4) CCITs shall ensure rational distribution of assessment workload, so that every Assessing Officer completes a reasonable number of assessments during the year. Where assigning adequate number of cases to ITOs is not possible under the existing Instructions, specific references shall be made through Pr. CcsIT to the Zonal Member. The CCITs shall also ensure that disposal of adequate number of time-barring assessments takes place on an on-going basis and cases are not accumulated for disposal at the fag end of the limitation period.

3. Enhancing Quality of Assessments

(1) Internal discussions within groups of officers have proved to be very effective in enhancing the ability of Assessing Officers to deal with complex as well as recurring issues. The Pr. CIT/CIT should organize in-house workshops, at least 1 in every quarter, for guidance of the Assessing Officers and to discuss the approach to be adopted on various issues to improve quality of assessments.

(2) The Range heads must take responsibility for enhancing the quality of assessments. They shall identify an appropriate number of important cases in their Ranges and monitor and guide the Assessing Officers during the assessment proceedings in these cases. They should resort to the provisions of section 144A wherever necessary and issue clear and specific directions to the AOs, identifying relevant issues and detailing the approach to be taken.

(3) Each Range is required to report at least 20 quality assessments completed as a result of such monitoring and guidance during the year. The assessment orders passed in these cases should be (i) speaking orders, (ii) error-free from audit point of view, (iii) compliant with the principles of natural justice, (iv) having appropriate detailing and marshaling of facts and relevant legal provisions wherever additions / disallowances are being made, and (v) avoiding frivolous additions or disallowances leading to high pitched assessment.

(4) The powers of review and inspection by the superior authorities should be utilized in an effective and timely manner as an instrument of ensuring quality assessments. This function should not be left to the fag end of the Financial Year.

(5) In order to recognize good quality assessment cases done by the Assessing Officers as well as to boost their morale, each CCIT should assess the quality cases reported by the AOs in their region and recommend Certificates of Appreciation to 1 Range head and 3 AOs for each CCIT region for best quality of assessment orders. The Certificates shall be issued by the Pr. CCIT concerned by 20.04.2019. This would be in addition to any reward scheme that may be announced by the Board.

4. Emphasis on recovery functions (C.1)

(1) A large number of companies have been struck off from the records of the ROC during last year. In several cases of such companies, petitions for restoration of registration are required to be filed before the NCLT so as to be able to pursue recovery of demands raised in their cases. AOs must identify all such cases at the earliest and ensure filing of petitions by 31.08.2018.

(2) Where the total number of TRCs with any TRO is less than 150, the target of 20% should be suitably enhanced by the respective Pr. CIT.

(3) Each TRO should complete at least 2 auctions in suitable cases in respect of the Pr.CIT Charge and effect recovery during the financial year itself.

(4) Each TRO shall also conduct at least 10 recovery surveys in suitable cases. The Pr. CIT is required to monitor the identification of cases for such survey. Recovery surveys should preferably be conducted in each quarter and not left to the fag-end of the Financial Year. The surveys should be done by the TRO with support from the concerned Range Heads to make them more effective.

(5) The Pr. CITs shall be responsible for the accomplishment of the above targets and action items by TROs and the results achieved by TROs shall be taken into account in evaluating the performance of Pr. CITs.

(6) In cases where assets or bank balances lie abroad, and where India's tax treaties (DTAAs/TIEAs/MCA) provide for assistance in collection of taxes, requests may be made to

foreign tax authorities through FT&TR Division to collect the 'revenue claim' or take conservancy measures in accordance with the provisions of the relevant treaty. The procedure in this regard along with other relevant details may be extracted from the updated Manual on Exchange of Information that was released by the Board in 2015.

5. Processing of information received by AO (D.1)

This item relates to all specific information received by the AO for further action. This could be from I&CI, Investigation Wing, AIMS, FATCA, other AO's, third parties etc. This is valuable information which must be kept track of and acted upon with speed.

(1) The AOs shall, in the first instance, take stock of the information already received by them and pending for initiation of action as on 31.03.2018 and reconcile the same with the respective sources, including I&CI and Investigation Wing. The pendency shall be reported in the form of a reconciliation report, to the Range head by 31.08.2018. Action Taken Reports regarding such information must be submitted to Range heads by 31.10.2018, as specified in the targets set out above.

(2) Information received during the current year shall be properly recorded by the AO and Range heads shall monitor the action taken thereon on a regular basis.

(3) It has been noticed over the past few years that a large amount of un-processed information, where action is getting barred by limitation by the end of the year itself, is being sent to the AOs by the Investigation Wing and I&CI during the last few days of the year. This has resulted in issue of a large number of notices under section 147, often without bringing adequate facts on record, thereby creating avoidable pendency of assessment proceedings and infructuous work. It has therefore been specified in the Action Plan itself that all information with I&CI and Investigation wing, pertaining to all Fys for and upto FY 2016-17 and required to be forwarded to the AOs, shall be sent to the field officers latest by 30.09.2018. This requirement is also laid down separately in this Action Plan, in the Chapter pertaining to I&CI and Investigation. PCITs should liaise with the concerned PDITs(Inv) and DITs(I&CI) to ensure that such information is received in time, and also ensure that the AOs initiate action only after analyzing all relevant facts.

6. Prosecution and compounding

Targets in respect of prosecution work have been consolidated and re-cast such that the work will be done in quarterly cycles, thereby enabling field officers to have a better control over the work. This should also help in identifying a larger number of potential cases.

(1) Assessing Officers shall identify potential cases with regard to all relevant sections of the Act, including sections 276C(1), 276C(2), 276CC as well as other sections like 276D, 277, 277A and 278, at the end of each quarter. Proposals along with draft show cause notices will be submitted to the Range heads within 15 days of the end of each quarter, who should then forward the same with their comments to the PCIT/CIT within a week. The PCITs/CITs shall ensure that the cases are processed expeditiously, so that decisions are taken and sanctions accorded in appropriate cases before the end of the quarter immediately succeeding the quarter in which the proposal is received by the PCIT/CIT.

(2) PCITs/CITs shall personally ensure that prosecution complaints are filed expeditiously, are properly drafted and are complete in all respects. An SOP for each type of offence may be developed so that all requirements for filing of a legally and procedurally proper complaint are met. PCITs/CITs may also ensure proper follow-up of cases after filing of the complaints, so that court proceedings are expedited.

CHAPTER VI

WIDENING OF TAX BASE

Widening of tax base is an important policy objective of the CBDT. In the Financial year 2017-18 various initiatives were taken to increase the tax base and the number of new return-filers, which have shown appreciable results. About 1.06 crore new filers (persons who were not included in the filer base as at the beginning of the year and had filed returns during the year) were added during F.Y. 2017-18.

2. The Indian economy is growing at a rapid pace. Considering the increased economic activities both in organized as well as unorganized sectors, there is scope for further widening of the direct tax base of the country. New opportunities for identification of potential tax payers have opened up due to data mining and data analytics conducted by the Systems Directorate, Directorate of I&CI, Investigation Wing and TDS/TCS charges. The effective utilization of these data by the field officers would result in identification of a large number of potential tax payers. In addition to use of disseminated data, local intelligence, inputs from market associations, trade bodies and professional bodies should also be gathered and used to identify non-filers. The awareness meetings and outreach programmes (refer chapter XIII) may also be used to encourage voluntary compliance, especially in Tier 2 & 3 cities. The Principal Chief Commissioners should also develop a regional strategy keeping in view the specific profile of these regions to significantly widen the tax base this year.

3. Filer base consists of persons who have filed return in any of the previous three Financial Years. New filer is defined as a person who is not included in the filer base at the beginning of the year and who has filed return in the current financial year. The Board has fixed an overall target of adding 1.25 crore new return filers during the current financial year. The targets in this regard for different regions have been worked out on the basis of the following parameters, with appropriate weightage:

- Filer base at the beginning of FY 2018-19
- New filers added during FY 2017-18
- Non-filers identified under NMS 7 (AY 2017-18)

4. Keeping in view the above parameters, the targets for adding new filers during this year for different regions are set out as under:

TABLE 8

CCA Region	Target for New Filers	CCA Region	Target for New Filers
AP & Telengana	10,40,218	North West Region	11,48,489
Bihar & Jharkhand	5,35,772	Odisha	2,34,574
Delhi	7,22,339	Pune	11,33,950
Gujarat	9,88,101	Rajasthan	6,20,637
Karnataka & Goa	7,95,626	Tamil Nadu	10,36,645
Kerala	3,70,800	UP(East)	6,67,504
MP & CG	6,85,651	UP(West)	6,60,533
Mumbai	6,65,911	WB & Sikkim	7,38,063
Nagpur	2,06,437		
North East Region	2,48,750	Total	1,25,00,000

All efforts should be made to achieve these targets which will be monitored on a quarterly basis.

CHAPTER VII

INTERNATIONAL TAXATION & TRANSFER PRICING

International taxation and transfer pricing have emerged as foundational pillars supporting the edifice of direct taxation in India. Increasing globalization of Indian businesses, the growing need of foreign enterprises to capitalize on low-cost Indian skilled resources and their ever-expanding thirst for new and deeper markets, have resulted in a dramatic enhancement of the scope and importance of these areas.

2. The policy in the field of international taxation must focus on ensuring that the Indian tax base does not get eroded and is, in fact, continuously augmented so as to ensure just and fair taxation in India of incomes arising from cross-border arrangements and transactions. Effective use of information is the key to achieving these objectives. Relevant data is to be extracted on a real time basis from the information contained in Forms 15CA/CB that is filed by persons remitting funds overseas with or without tax withholding. An effective strategy is to be formulated for utilization of information contained in Form 15CC filed by Authorised Dealers and in Form 49C in respect of Liaison Offices registered with RBI.
3. The goals for these areas are accordingly set out as under:

TABLE 9

Sl. No.	Target / Activity	Time frame by
A	International Taxation	
1	Risk parameters for selection of high risk remittance data to be re-formulated (in consultation with Systems)	31.07.2018
2	High risk remittance data for FY 2017-2018 culled from Forms 15CA/CB to be pushed to AO on ITBA by Systems	30.09.2018
3	Verification of high risk remittance data for FY 2017-18 and initiation of action	31.12.2018
4	High risk data for FY 2018-19 to be culled on real-time basis and pushed to AO:	
i)	1 st tranche for Apr-Sept, 2018	31.10.2018
ii)	Quarterly tranches thereafter	Within 1 month of end of each quarter

5	Verification of 1 st tranche of high risk remittance data for FY 2018-19	31.03.2019	
6	Enforcement Action	Surveys/spot verifications – at least 10 during the year by each TDS officer and at least 2 during the year by other AOs	Ongoing Basis
7	Order u/s 201 & 201 (1A)	Orders in all appropriate and pending cases where 15CA/CB verification was carried out during FY 2017-18	31.07.2018
		Orders in all appropriate cases of high risk remittance data pertaining to FY 2017-18 out of cases verified during the year as at Sr. No. 3 above	15.02.2019
8	Formulation of SOP by PCCIT (IT&TP) for analysis of data in Form 15CC and Form 49C in consultation with Systems		31.12.2018
9	Formulation of SOP by PCCIT(IT&TP) for Equalization Levy returns, in consultation with Systems		31.12.2018
B	Transfer Pricing		
1	Transfer pricing-Completion of Transfer Pricing audits getting time- barred on 31.10.2018	50% By 31.07.2018 100% By 31.10.2018	
2	Completion of Transfer Pricing audits getting time- barred on 31.10.2019	30% By 31.03.2019	

ACTION ITEMS

1. Verification of high-risk remittance data

The major part of collections in international taxation charges comes from TDS, i.e. tax withheld from remittances made to non-residents. The strategy to augment revenue through TDS requires a combination of proactive measures related to enforcement, capacity building (external and internal) and leveraging of available information. Experience gained from the verification of remittance data carried out last year has highlighted the need to apply more focused and effective risk parameters in selecting high-risk data for verification. Equally important is the need to process more current information and gradually progress to a state where high-risk information is identified, processed and acted upon on a real time basis.

(1) A set of revised risk parameters for selecting high-risk remittance data from Forms 15CA/CB shall be formulated at the earliest by a team of officers to be nominated by PCCIT(IT&TP), in consultation with the Directorate of Systems. These parameters will be applied to the data for FY 2017-18 and relevant information selected and made available to AOs by 30.09.2018.

(2) CITs(IT)/(IT&TP) shall review the SOPs developed last year for the processing of 15CA/CB information, so as to increase the efficiency of the process and ensure much faster and result-oriented verification.

(3) Processing of information in Form 15CC: With effect from 01.04.2016, the furnishing of information in Form 15CA has been classified into 4 parts- Part A, Part B, Part C and Part D. If the remitter/deductor certifies in part D of the form that the remittance is not chargeable to tax under the Act, there is no requirement of furnishing other details of the transaction specified in Form 15CA/CB. Further, rule 37BB(3) provides a long list of payments of specified nature that do not require submission of Forms 15CA and 15CB. It is therefore imperative that some basic monitoring of such payments should be carried out to check misuse of these relaxations provided in the Rules. This would need processing of information contained in Form 15CC, which is a quarterly statement required to be filed electronically by every authorized dealer and provides basic details of all foreign remittances made through that dealer. This data has not been tapped so far. An SOP for risk-based analysis of 15CC data shall accordingly be formulated by PCCIT(IT&TP), in consultation with Systems and all efforts should be made to begin implementing the same during the year itself.

(4) It is not known whether all authorized dealers are complying with the requirement to file Form 15CC. A separate target for compliance management in this regard has been incorporated for the Directorate of I&CI and included in Chapter IX.

2. Monitoring of TDS statements

TDS statements filed by top 100 deductors (based on the deduction made by them in the corresponding period of the previous FY) shall be monitored by each AO and instances of lower TDS should be verified.

3. Certificates/determinations under sections 197/195

(1) These certificates and orders should be issued expeditiously and in any case within the periods specified in the Citizen's Charter. At the same time, Range heads must ensure that certificates for lower or Nil deduction of tax are not given without adequate scrutiny of the facts. **Where orders under section 195 are passed determining an amount of tax to be deducted, a copy of the order should be endorsed to the Assessing Officer of the deductor for the purposes of section 40(a)(i).**

(2) The CPC (TDS) has introduced a new feature in Form 26 AS (Part-G) showing various TDS demands of the concerned PAN (including demands in respect of TANs mapped with

that PAN). Also, 'Aggregated TDS Compliance' view is available to field TDS Officers on the AOS Portal of the CPC (TDS) for this purpose. In addition, IT demand outstanding against PAN of the applicant is also available on the system. These features will help the AOS in visualizing the demands against the tax payer, and should be used for recovery as also while considering issuance of certificate u/s 197/195 of the Act.

4. Enforcement actions

Surveys are the most effective tools for detection of non-compliance with withholding tax requirements. Even in regular assessment work, ascertaining detailed facts has now become the key to making strong assessments in international tax cases. Each AO in charge of TDS is accordingly required to carry out at least 10 surveys or spot verifications during the year. Other AOs are expected to conduct at least 2 surveys each during the year. The following indices may be useful for selecting cases for TDS survey:-

- i. Cases where information requested in the course of verification of 15CA/CB data is not being furnished or appears to be deliberately delayed;
- ii. Cases where information filed in Form 49C indicates substantial business activity;
- iii. Analysis of newspaper reports/information available through internet indicates significant tax consequences of transactions/dealings;
- iv. Cases in prosecution list (where TDS has not been deposited after deduction);
- v. Cases reported by the Assessing Officer where huge disallowance u/s 40(a)(i)/(ia) of the Act has been made;
- vi. Grievance petitions filed by the deductee;
- vii. Analysis of cases decided by Courts/ITAT in favour of Revenue.

5. Action on defaults in immovable properties transactions based on AIR Information:

Data on sale of immovable properties over threshold limit available in AIR returns may be obtained and matched with transactions on which TDS has been deducted u/s 195 to generate list of defaulters, on which action can be taken by AOs. It has been observed in several cases that the buyer of the property only deducts 1% TDS on purchase of immovable property from NRI's, which actually requires TDS @20%. These are high-risk cases which need to be taken up on priority basis. Necessary co-ordination with DIT(I&CI)/Systems Directorate should be made in this regard by CITs(IT)/(IT&TP).

6. Liaison offices ('LO')

Information in Form 49C is required to be filed electronically by Non-residents having Liaison office(s) in India. It is an annual return, to be filed in pursuance of Section 285 of the Act and within 60 days of the end of the financial year in accordance with Rule 114DA. Form 49C is a strong tool for procuring information about the activities of Liaison Offices, so as to verify the claim of the non-resident that its presence in India is non-taxable. Presently, no systematic procedure has been prescribed for verification of form 49C so far. An SOP for effective utilization of this information shall be formulated by the

PCCIT(IT&TP) and all efforts shall be made to implement the same during the year in a time bound manner. Compliance management functions in this regard are included in the targets set for the Directorate of I&CI.

7. Equalization levy

The 'Equalization Levy' introduced by Finance Act, 2016 requires an annual return to be furnished electronically by the payer in Form No.1 on or before 30th June immediately following the relevant financial year. This is a new and unique tax that must be properly implemented due to its significance and future potential. At present, access to the Form No. 1 is available only with the AO of the payer/remitter who is normally a resident. However, the levy actually relates to income of the non-resident recipient and needs to be correlated with the gross receipts of that non-resident. Therefore, access to the Form No. 1 needs to be given to officers of International taxation charges in respective regions and monitoring of payments of Equalization Levy on the basis of such forms needs to be done in a time-bound manner. PCCIT(IT&TP) shall take necessary steps for formulation of an SOP for treatment of Equalization Levy returns.

8. Transfer Pricing

As a consequence of amendments made in section 153 of the Act, the limitation periods for scrutiny assessments for AY 2018-19 and AY 2019-20 are getting curtailed. Correspondingly, transfer pricing audits will also have to be completed for these years within shorter time periods. It is therefore necessary that a certain minimum number of non-time-barring audits are completed during 2018-19 to 2020-21. The targets set out above accordingly require a minimum of 30 % of non-time-barring audits to be completed during the current year itself.

CHAPTER –VIII

TDS UNITS

The importance of Tax Deduction at Source as a non-obtrusive but powerful instrument for preventing tax evasion, widening the tax base and augmenting revenues has been growing over the years. The contribution of TDS to the overall gross direct taxes collections during FY 2017-18 was about 41.16%. Effective and efficient TDS administration therefore remains a key area, not only for achieving the above mentioned objectives but also for providing better taxpayer service.

2. The goals for FY 2018-19 are accordingly set out as under:

TABLE 10

TAX DEDUCTION AT SOURCE

Sl. No.	Key Result Area	Target/Activity	Action to be taken by	Time frame by
1	To ensure compliance by Govt. Principal Account Officers/Deductors	Reconciliation of TDS reported by AINs with payments through OLTAS by State Ags based on report available on TRACES portal	CIT(TDS)	One month after the end of due date of filing TDS statement
2		Creation of Online Facility on TRACES for surrender of AINs not under use	CPC(TDS)	30.09.2018
3	Collection and reduction of demand (Arrear Demand)	20% of Manual uploaded demand as on 01.04.2018	AO(TDS)	31.03.2019
4		40% of short payment demand as on 01.04.2018(System Generated)	AO(TDS)	31.03.2019
5		50% of Late Payment Interest Demand as on 01.04.2018(System Generated) including 100% of such demand created after 01.06.2015	AO(TDS)	31.03.2019
6		50% of Late filing fees	AO(TDS)	31.03.2019

Sl. No.	Key Result Area	Target/Activity	Action to be taken by	Time frame by
		demand as on 01.04.2018		
7	Collection and reduction of demand (Current Demand)	30% of current demand raised during the year by AO(TDS)	AO(TDS)	31.03.2019
8	Capacity Building of Stakeholders	Organize focused sector specific and provision specific TDS awareness seminars including for Government deductors	Addl. CIT(TDS)	Not less than one in a month
9		<i>Corporate connect for TDS Compliance'</i> by CIT(TDS) for PANs mapped to respective TDS charges	CIT(TDS)/ CPC(TDS)/ Addl. CIT(TDS)	One in a quarter
10	Enforcement Action	Surveys/spot verifications	AO(TDS)	At least 30 per AO during the year
11		Passing of Order u/s 201 and 201(1A) in all cases of Survey conducted	AO(TDS)	Within 3 months from the end of the month in which Survey took place
12		Identification of Cases of Non or Short Deduction of TDS for levy of Penalty u/s 271C	AO(TDS)	At least 10 per AO
13		Examination of cases for Penalty u/s 271C	Addl CIT(TDS)	At least in 25 cases
14	Taxpayer Service	Disposal of application for lower rate TDS certificate	AO(TDS)	Within one month from the end of the month in which application is received
15		Prompt remedial action to address TDS mismatch grievance	AO(TDS)	Within two month from the end of the month in which grievance is received
16		Disposal of application for		Within one month from

Sl. No.	Key Result Area	Target/Activity	Action to be taken by	Time frame by
		<i>challan</i> correction/refund approval/TAN closure		the end of the month in which application is received
17	Audit Compliance	Action on observations/objections raised in Performance/System/RAP audit and closure of IAP objections	AO(TDS)	Within 3 months of receipt of audit report
18	Prosecution & Compounding	Identification of potential cases for prosecution in accordance with compliance rating module approved by the Board, and disseminating the list to CIT (TDS)	CPC (TDS)	One month after due date for filing of Return of Income by Deductors.
19		Identification of potential cases for prosecution as a result of survey or other information or verification or proceedings	AO (TDS)	At least 10 per AO
20		Disposal of prosecution proposals (Filing /Compounding)	CIT(TDS)	Within 6 months of receipt of proposal and disposal of at least 100 cases in a year
21		Finalization of Compounding Proposals pending as on 31.3.2018	CCIT/CIT(TDS)	30.09.2018
22	Finalization of other compounding proposals	CCIT/CIT(TDS)	Within 90 days of application	

Notes:

- (i) System generated demand in respect of statements filed from 01/06/2015 shall be mandatorily collected by the AO.
- (ii) System generated demand in respect of late payment interest and late filing fee is collectible and should be collected to the maximum possible extent.

- (iii) TDS CAP – I available on AO Portal of CPC TDS gives bifurcation of demand under various categories. AO shall ensure that data related to demand difficult to recover as per Column 9 of CAP-1 reports are uploaded on TRACES portal on a regular basis.
- (iv) CIT(TDS) shall ensure that all assessing officers do capture the completion of enforcement actions (notice u/s 201, prosecution, penalty, TDR etc.) on TRACES portal. No manual demand in respect of TDS shall be maintained in the manual D & CRs. All such demand has to be uploaded/created in the AOs Portal of the CPC TDS. The TDS demand either created by CPC TDS or by the AO TDS should not be reported in the normal CAP-I statement, as CAP I for all the TDS jurisdictions is being compiled by the CPC TDS. CPC TDS may ensure that there is no duplication of demands.

ACTION ITEMS

The strategy to augment revenue through TDS requires a combination of proactive measures related to enforcement, capacity building (external and internal) and leveraging of information that is now available with the Department through the CPC(TDS). Following action items are laid down as guidance to the field officers though they may formulate area specific strategies as per specific need and priority.

A. CAPACITY BUILDING:

a. TDS workshops and awareness programs can be conducted for all categories of deductors including government deductors. The programs can be targeted for those deductors who were not exposed to such programs earlier or those categories of deductors where there is less compliance. In corporate connect programs for companies, banks etc., it should be ensured that the senior functionaries attend the meetings to understand compliance requirements and the serious consequences of TDS violations for the entity as well as the principal officers.

b. Huge demands are pending in the system (TRACES) since long, related to short deductions, short payments, non-payment of interest, late filing fee etc. In some cases, mere correction / revision in the statements by the deductors can reduce the infructuous demands. Therefore, TDS AOs should take initiatives to educate the listed defaulters in this regard. If the demands are found to be genuine, the same have to be collected immediately.

c. Meetings should also be conducted with the Chartered Accountants and TDS Consultants regarding the preparation, submission and correction of TDS statements and payments. Auditors should be reminded of notifying the TDS violations clearly in the audit reports.

d. TDS officers should be in regular touch not only with other Officers and wings in the department, but also with the TDS officers in other jurisdictions and regions to gather information related to TDS violations from the information in tax returns, search and seizure actions, survey actions, and other proceedings.

e. CPC (TDS) conducts regular workshops, tutorials and troubleshooting guidance through video conferencing, conference calls and other online facilities. TDS officers should make use of these avenues to clarify their doubts so that they can be more efficient and also provide better services to deductors and taxpayers. One Nodal Officer may be nominated by each CIT (TDS) to interact with CPC (TDS) on a regular basis.

B. CASH COLLECTION/REDUCTION:

a. There are huge demands pending in the System related to statements filed since FY 2007-08. With the facility to file corrections available to the deductors and the technological capacity to process the correction statements within 4-5 days of their receipt by CPC (TDS), it is possible to resolve the demand expeditiously. The field AOs should generate the list of defaulters from TRACES and issue letters to the defaulters detailing the method to resolve the issues online. The system generated demands related to short payment, late payment interest, late deduction interest, late filing fees (for statements filed after 01/06/2015) are to be compulsorily collected. The 'Unconsumed challans' report on the portal would give a 360 degree view of cases where short payment default is identified and informs whether any challan is available for matching.

b. The targets for collection and reduction of arrear demand have been rationalized in this year's plan, having regard to the experience gained and the fact that some of the officers, particularly ITOs(TDS), have a very large number of entries and the process is time consuming. The revised targets must be met without fail.

c. All demands raised should be entered on the AOs portal of the CPC (TDS) and efforts should be made to collect the demands within the financial year itself.

d. In order to ensure correct and prompt reporting and collection of TDS by state governments, the Range heads should closely interact with the State Accountant General and treasuries, and provide necessary guidance to minimize errors and delays.

C. ISSUANCE OF CERTIFICATES UNDER SECTION 197

a. Circulars and instructions issued by the CBDT shall be followed while issuing certificates under section 197. The data in the system indicate that certificates are issued in cases where huge demands are pending, PAN holder is a non-filer of returns, and tax-foregone is substantial.

b. The CPC (TDS) has introduced a new feature in Form 26 AS (Part-G) showing various TDS demands of the concerned PAN (including demands in respect of TANs mapped with that PAN). Also, 'Aggregated TDS Compliance' view is available to field TDS Officers

on the AOS Portal of the CPC(TDS) for this purpose. In addition, IT demand outstanding against PAN of the applicant is also available on the system. These features will help the AOS in visualizing the demands against the tax payer, which may be used for recovery and also while considering issuance of certificate u/s 197 of the Income Tax Act.

D. ENFORCEMENT ACTIONS

(1) Surveys:

(i) Surveys are the most effective tools for detection of non-compliance in TDS/TCS and identifying defaults u/s 40(a)(i)/(ia)/(iii) of the Act – information that can be passed on to the A.O. of the deductor. **A new target of at least 30 surveys/spot verifications by each AO during the year has been incorporated in this plan.**

(ii) CPC (TDS) would regularly provide useful reports/ inputs to field officers that may be used for identifying survey cases. The following indices may be useful for selecting a case for survey:-

- i. Cases in prosecution list (Cases where TDS/TCS not deposited after deduction);
- ii. Trend of TDS payment in stark contrast to other deductors in similar business;
- iii. Cases showing negative trend in payment (under a particular Section as compared to preceding FY);
- iv. Tax evasion petitions (regarding non deduction of TDS);
- v. Cases reported by the Assessing Officer with huge disallowance u/s 40(a) (ia) of the Act;
- vi. Habitual late filers/non-filers of TDS Statement (late filing/non filing is closely linked to late payment or non/short deduction);
- vii. Negative growth in TDS payment as against healthy growth in Advance tax payment;
- viii. Cases where frequent corrections have taken place and also where the name of deductors is changed on regular basis
- ix. Cases of sick units or units with negative operating margins (as indicated in Auditreport u/s 44AB of the Act);
- x. Grievance petition filed by the deductee;
- xi. Analysis of newspaper reports/information available through internet;
- xii. Analysis of case laws decided in favour of Revenue.

(2) Initiation of Prosecutions & Disposal of Compounding Applications:

There are a number of cases where the deductors have failed to pay the TDS/ TCS or have kept the amount with them & paid such amount after substantial time into the credit of the Central Government as required in Chapter XVII-B. Initiating prosecution in these cases is an effective deterrence to non-compliance of TDS/TCS provisions. Standard Operating Procedures including compliance rating module approved/issued by CBDT may be followed while processing cases. Adequate publicity in local newspapers could be given to the action

taken on Prosecution & also acceptance of compounding proposals, as this would prompt other defaulters to come forward with compounding proposals. **Timelines and expected output have been rationalized in this Action Plan in view of experience gained last year.**

(3) Penalty u/s 271C for failure to deduct whole or any part of TDS:

Surveys and other enforcement actions reveal in many cases that either the deductor has not been deducting the tax at all or has been deducting at low rates. In appropriate cases, initiation of penalty proceeding u/s 271C is warranted to dissuade the deductor from indulging in such exercise that has a direct bearing on tax revenue. The CPC(TDS) also gives a detailed list of deductors in whose case short deduction demand has been raised. **New targets have accordingly been incorporated in this plan, requiring identification and examination of a minimum number of cases from the angle of possible levy of such penalties.**

(4) Tax Default Reports (TDRs):

The CPC (TDS) shall compile information about the compliance of the deductor in terms of filing of TDS statements, payment of taxes, reporting of inconsistent data and default patterns. On the basis of this compilation a 'Tax Default Report' for a TAN (deductor) would be made available to the field TDS Officer for examination and further follow up, as deemed fit. **The reports can also be of assistance to pick up cases for surveys/prosecutions.**

(5) Reporting transactions with "High Value" under 'PAN NOT AVAILABLE':

A large number of instances have been noticed where the deductors are making PAN errors in the deductee rows in the TDS statements by way of either mentioning 'Invalid PANs' or 'PAN not available' in the corresponding column. **Accordingly, CsIT (TDS) may advise the deductors to insist upon furnishing of valid PAN by the taxpayers in case of high value transactions. Deductor-wise list of transactions is available as MIS on the AOS portal of the CPC(TDS) –[please see 'PAN error' report & 'Deductors with highest no of PAN errors' report.]** Pursuance of these cases could result in minimizing TDS mismatch cases on the one hand while helping in identification of new assesses on the other, thus augmenting revenue.

(6) Action on information of Defaulters available in 3CD Reports:

In online 3CD Reports, the information is available on non-deduction, short deduction, failure to deduct, failure to deposit, short deposit and delay in deposit. Moreover, the information of failure to deduct and lower deduction under wrong section is not available in TDS statements. Therefore, the data of 3CD reports is very useful. Action can be taken in this regard by the AOS to boost revenue and improve compliance. CPC(TDS) must coordinate with Assessment Module and generate the Reports for use by TDS AO.

(7) Action on defaults in immovable properties transactions based on AIR

Information:

Data of sale of immovable properties over threshold limit from AIR returns can be matched with transactions on which TDS has been deducted u/s 194IA of the Income Tax Act to generate list of defaulters, on which action can be taken by TDS AOs. These transactions are not visible to TDS AO as they are PAN based. CPC(TDS) may coordinate with Assessment Module to generate such facility.

E. ACTION AGAINST NON-FILERS

Non-filing of TDS statements results in consequential mismatch of TDS in the case of deductee taxpayers and consequent avoidable grievances. The CPC(TDS) shall provide a window to the taxpayers to flag non-compliance on the part of the deductor. This feedback shall be made available to the relevant field TDS officer for further action. List of non-filers of TDS statements would also be available to the field TDS Officers on the MIS section of the AOs portal.

F. OTHER STRATEGIES

- i. **Monitoring of TDS statements of top 100 Deductors** I the deduction made by them in the corresponding period of the previous FY by each AO TDS in their respective charges.
- ii. **Monitoring of Government Deductors:**
 - a) Monitoring compliance in filing of Form 24G by the PAO / Treasury Officers (the AIN holders) would also sensitize them towards dissemination of BIN to the Govt. deductors.
 - b) The 24G Statements filed by the AIN holders could be utilized to issue notices to Government Deductors to file their TDS statements in time.
 - c) Notices to AIN defaulters and cleaning up of AIN database by getting the data of AINs who are non-filers/have requested for closure.
 - d) Identification of PAOs/Tos/CDDOs who have not taken AINs. Follow up action to ensure such PAO/Tos/CDDOs (based on report available on TRACES portal) to obtain AIN
- iii. **Monitoring of Monthly TDS remittance from salaries** is required, both from the private sector as well as Government Departments.
- iv. To collect information from the State Government about the Plan Outlay of all major contracts in the various departments and monitor TDS payments from the same and also the sub-contracts involved therein.

- v. It is settled law that State Government undertakings are separate legal entities and are therefore, liable to Income-tax. It has been observed that the Banks have been defaulters in non-deduction of TDS on interest to these State Governments PSUs, Corporations, Autonomous Bodies and Development Authorities. This area needs sensitization and education of deductors.
- vi. E-commerce has emerged as a huge business in the past few years. This involves advertisement on the websites/portal of various organized and unorganized agencies, payments for job work – building website, translation of pages, data entry of text, research etc. This area promises to yield significant revenue.
- vii. Large scale non compliance of TDS Provisions by local bodies (especially Panchayats) has been noticed in some regions. A special drive to ensure compliance by the local bodies can be helpful in boosting revenue. Such drive can have three-pronged strategy to ensure (i) that all local bodies having liability to deduct TDS obtain TAN (ii) coordination with their administrative department and special drive for their education and (iii) surveys.
- viii. Collection of tax at source is an area to augment considerable revenue as more areas have been included under this provision. TDS officers may conduct random surveys to ensure compliance.
- ix. Lastly, Standard Operating Procedure (SOPs) for administering TDS incorporating the re-engineered processes circulated by the CPC-TDS should be adhered to.

CHAPTER IX

INVESTIGATION, INTELLIGENCE AND CRIMINAL INVESTIGATION

The core functions of the Directorate of Intelligence and Criminal Investigation emanate from section 285BA of the Income-tax Act read with the relevant Rules related to the filing of Statement of Financial Transactions (SFT) by various entities. The scope of SFT and the process of filing was substantially changed in the year 2016 and, therefore, running of outreach programmes and educating the filers is a critical compliance management function of the Directorate. Access to credible and processed information is vital for the efficient functioning of the Income-tax Department. It is, therefore, essential that complete and correct filing of the SFTs be ensured. Running of specific pilot projects to identify areas which can be of importance for deepening and widening the tax base, verification of non-PAN data and the processing of the FATCA / CRS inbound data forwarded to the Directorate, continue to be extremely important functions of the Directorate. Certain additional compliance management functions have been added this year to the scope of work of the Directorate, as explained later in this Chapter.

2. No targets for Directorates of Investigation have traditionally been incorporated in Action Plans, considering the nature of work and functions performed in those Directorates. However, the interplay between the Investigation Wing and the Assessment Units has thrown up certain issues that need to be addressed through a structured plan. A large amount of un-processed information, where action is getting barred by limitation by the end of the year itself, is being sent to the AOs by the Investigation Wing and I&CI during the last few days of the year. This has resulted in issue of a large number of notices under section 147, often without bringing adequate facts on record, thereby creating avoidable pendency of assessment proceedings and infructuous work. A target for the Investigation Wing that can resolve this issue, has been added in this Chapter.

3. The Action Plan for the Directorate of I&CI is accordingly set out as under:

TABLE 11

Sr.No.	Target Activity	Time Frame By
I&CI		
A	Compliance Management - Form 61A	
1	Preparation of Master List of persons required to file SFT for FY 2017-18 in accordance with Rule 144E, for which due date of filing is 31.05.2018. Data to be provided by Directorate of Systems.	31.07.2018
2	2 outreach programs to be conducted each quarter by every DIT(I&CI) wherein the registration and filing issues should also be addressed.	Quarterly
3	2 inspection/ surveys of filers to be conducted by every	Quarterly

	DIT(I&CI) to determine the correctness of filing and ensuring filing of SFT statements by all persons required to do so.	
B	Verification of Non-PAN/Demonetisation Data	
1	Completion of verification of Non-PAN data passed on by the Risk Assessment Cell during FY 2017-18 and pending as on 01.04.2018 (including demonetization data as well as data from earlier verifications of high value transactions).	31.12.2018
2	Selection of Cases by the Risk Assessment Cell out of the Non-PAN AIR data from AIRs/SFTs filed for FY 2016-17, in accordance with approved SOP	31.08.2018
3	Completion of verification of selected cases	31.03.2019
C	Pilot Projects data collection/verification	
1	Completion of data collection for all pilot projects approved by the Board in FY 2017-18	31.07.2018
2	Analysis of data and selection of cases for verification with the approval of DGIT (I&CI).	31.08.2018
3	Completion of verification of cases selected	31.01.2019
4	Collection of data for new Pilot projects approved during F.Y 2018-19	30.09.2018
5	The collected data to be analysed and cases for verification to be selected	31.03.2019
D	Compliance Management: FATCA and CRS, Form 61B	
1	Conducting Regular seminars and interaction programs for filers of Form 61B by DGIT(I&CI) in coordination with Systems Directorate and Competent Authority for issues arising in CRS and FATCA filing	Ongoing
2	Conducting “Train the Trainers” program for officers of I&CI by DGIT (I&CI) specifically targeting compliance management for FATCA and CRS	31.08.2018
3	Compliance review of the filers of Form 61B by the DsIT in accordance with the Guidelines approved by the CBDT for this purpose.	As per Approved Guidelines of the Board.
E	Inbound FATCA/CRS data:	
1	Completion of verification and dissemination of actionable cases out of FATCA data for Calendar Year 2015 (received in FY 2016-17) and pending as on 01.04.2018	31.10.2018
2	Processing, verification and dissemination of information received from Directorate of Risk Assessment out of FATCA/CRS data for Calendar Year 2016 (received in FY 2017-18)	31.12.2018
F	Other Information received under AEOI	
1	Processing and completion of verification of information received in non-standard format and pending as on 01.04.2018	31.08.2018
2	Processing, verification and dissemination of information	Within 4

	received after 01.04.2018	months of receipt
G	Compliance management – Forms 15CC & 49C	
1	Preparation of Master Lists of Authorised Dealers required to file Form 15CC under Rule 37BB and of non-residents required to file Form 49C under Rule 114DA, in respect of FY 2017-18	31.09.2018
2	Compliance review of filers of Forms 15CC and 49C and necessary action to ensure filing for FY 2017-18	31.12.2018
INVESTIGATION WING		
H	Co-ordination with assessment units	
1	Identification of all information available in the form of STRs, CTRs, TEPs , NMS data etc. and pertaining to years upto FY 2016-17, which is not considered actionable by Investigation Wing	30.09.2018
2	Dissemination of all such information for and upto FY 2016-17 to respective assessment charges	31.10.2018
3	STRs/CTRs considered not actionable, other than F1 or high category retained by Investigation Directorate, to be disseminated to respective assessment charges	On going

ACTION ITEMS

(1) Non-PAN data for FY 2015-16 was passed on to the I&CI Directorate only in February, 2018, so pendency as on 01.04.2018 includes almost the entire data for FY 2015-16. The timeline for verification of this data has accordingly been extended to 31.12.2018. However, it must be ensured that 100% of the cases are verified and action completed by 31.12.2018.

(2) Non-PAN data for FY 2016-17 must be provided by Directorate of Systems to the Directorate of Risk Assessment at the very earliest and preferably by 31.07.2018. Only then will it be possible for Risk Assessment to pass on the same to I&CI ,along with risk parameters, by 31.08.2018.

(3) With the setting up of the Committee on CRS and FATCA under the DG(Risk Assessment), the initial processing of all such inbound information received during FY 2017-18 onwards is being carried out under SOPs developed by that Committee. Part of the information that is considered to be significant and immediately usable by Investigation Wing or by Assessing Officers, is expected to be sent to them by the Directorate of Risk Assessment. A substantial portion of other information that is considered important is expected to be further processed by the Directorate of I&CI. The targets in respect of inbound FATCA/CRS information have been modified accordingly.

(4) With effect from 01.04.2016, the rules in regard to furnishing of information in Form 15CA/CB by persons making foreign remittances have been considerably relaxed. No information is required to be submitted under Rule 37BB in respect of a large category of transactions, except for a quarterly statement required to be filed by authorized dealers in Form 15CC. It is therefore imperative that some basic monitoring of such payments should be carried out to check misuse of these relaxations provided in the Rules. This would need processing of information contained in Form 15CC, which is a quarterly statement required

to be filed electronically by every authorized dealer and provides basic details of all foreign remittances made through that dealer. This data has not been tapped so far. An SOP for risk-based analysis of 15CC data is being formulated by PCCIT(IT&TP), in consultation with Systems. It is not known whether all authorized dealers are complying with the requirement to file Form 15CC. A separate target for compliance management in this regard has therefore been incorporated for the Directorate of I&CI and included in this Chapter.

(5) Similarly, information in Form 49C is required to be filed electronically by Non-residents having Liaison office(s) in India. It is an annual return, to be filed in pursuance of Section 285 of the Act and within 60 days of the end of the financial year, in accordance with Rule 114DA. Form 49C is a strong tool for procuring information about the activities of Los, so as to verify the claim of the non-resident that its presence in India is non-taxable. Presently, no systematic procedure has been prescribed for verification of form 49C so far. An SOP for effective utilization of this information is being formulated by the PCCIT(IT&TP). Targets for compliance management functions in this regard have therefore been included in this Chapter for the Directorate of I&CI.

(6) The Investigation wing holds a huge amount of information, including information in the form of STRs/CTRs, part of which may not be relevant for the purposes of the Wing. It has been seen that a large quantity of such information, which has remained un-utilised by the Investigation wing, is pushed to the assessment units towards the fag end of the period of limitation prescribed for taking action under the relevant provisions of the Act. Consequently, assessment proceedings are initiated by Aos in several cases without there being adequate facts on record. With a view to remedy this situation, targets have been specified at H in the Table above, requiring the timely transmission of information to the assessment formations. This target applies equally to the Directorate of I&CI, in respect of information received by it from the Investigation wing and required to be passed on to the assessment charges.

(7) It must also be noted that information contained in STRs/CTRs is essentially in the nature of intelligence, which is required to be stored in a systematic fashion for retrieval as and when necessary. The Directorate of I&CI should carry out this function, in respect of all such information that is not immediately utilized by the Investigation wing. Hence the targets specified in the Table above include an item relevant to this area.

CHAPTER-X

EXCHANGE OF INFORMATION UNDER TAX TREATIES

TABLE 12

Sr. No.	Key Result Area	Target/ Activity	Time frame by	Reporting
A	Making requests for information under Exchange of Information provisions of tax treaties			
1	Requests for information and feedback	Where information/ evidence available in foreign Countries/ jurisdictions may be necessary for the purposes of assessment/ investigation, request for information in time-barring cases should be made under the provisions of tax treaties through the FT&TR Division, as per the procedure prescribed in the Manual on Exchange of Information, well before time barring date	One month before time barring date. Where the time available is less than one month, request to be sent only with approval of concerned CCIT/DGIT(Inv)	Quarterly, in formats prescribed
2		Clarification sought by foreign authorities in respect of EOI requests should be provided in time.	Within 15 days of receipt by Pr. CIT/ Pr. DIT/ CIT/ DIT concerned	
3		Feedback on utilization of information including additional	Within one month of completion of	

		tax demand raised on completion of assessment should be provided to FT&TR Division.	assessment	
B	Capacity building			
1	Training on making requests under tax treaties and maintaining confidentiality	Each Pr. CIT/Pr. DIT shall conduct one day training programme for the officers of their charge on Exchange of Information including framing of requests. The training programme should also cover data protection safeguards and guidelines to maintain the confidentiality of tax treaty information as per ISO 27001	31.10.2018	As and when completed, in format prescribed by FT&TR division
C	Handling requests made by tax authorities of foreign countries	Requests received from foreign tax authorities for information to tackle tax evasion and avoidance in their country under the provisions of the tax treaties should be given high priority by the officer concerned and all efforts should be made to provide comprehensive and	Within 30 days of the receipt of request by the officer concerned	Quarterly

		quality information in a timely manner.		
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ACTION ITEMS

Reports on the above action points is to be furnished by PCCIT / DGIT (Inv.) to JS (FT&TR-I/II) as per the proforma circulated separately. Revised Manual on Exchange of Information brought out by the Board in 2015 should be referred to and complied with.

CHAPTER XI

COMPUTER OPERATIONS

TABLE 13

Sl. No.	Key Result Area	Target Activity	Time frame by
A	I.T. Infrastructure		
1		Preparation and Updation of Hardware inventory and Software inventory and linkage to ITD hierarchy on ITBA system as per process or on stand-alone basis (separately for network and non-networked devices)	30.09.2018 and then Quarterly
2		Assessment of additional requirement of IT Infrastructure including RSA tokens, PCs and related equipment, Bandwidth Identification of requirement of new network nodes and send the requirement	31.07.2018 and then Quarterly
3		Review and reporting of bandwidth congestion at any site in the region through R-NOC facility	Monthly
4		Preparation, review and correction of linkage of ITD hierarchy with room and building to facilitate online building wise address book	31.07.2018 and then Quarterly
B	I.T. Security		
1		Implementation of Information Security Policy and Procedures (ISPP) in Category A buildings (Refer CISO Instruction No. 1/2015)	31.12.2018
2		Implementation and maintenance of desktop policy which includes removal of unauthorized hardware and software on all networked PCs.	30.09.2018 and then Quarterly
3		Appointment of Nodal Officer (By Designation) in each Office Building (under intimation to Systems Directorate) and assigning the security, upkeep of Communication Room and other IT infrastructure.	30.09.2018 and then Quarterly

		Inspection and upgrade, if required, of Communication Rooms as per the advisory of the Directorate of Systems	
C	I.T. Training		
1		CsIT(CO)/RTIs/MSTUs to organize training programmes for ITBA applications	As per plan to be circulated by ITBA team
2		CsIT(CO) along with RTIs/MSTUs to organize and manage training for Project Insight	As per training plan to be circulated by Project Insight team
D	PAN and AIS		
1		Migrating of PANs from OLD & ORPHAN Jurisdictions to Jurisdictional AO.	31.07.2018
2		Updation/Correction/Standardization of hierarchy, roles, privileges, AO codes/ position codes for all offices on AIS/ITBA system	31.08.2018 and then Quarterly
3		Inspection of TIN Facilitation Centres and PAN Facilitation Centres of both Service Providers in the Jurisdiction of the RCCs and submission of check list/ Inspection report	Monthly
4		Completion of Duplicate Resolving of PANs, Core-field Updation activity in PAN received online through both Service Providers on daily basis and redressal of grievances related to PANs.	Pendency report should be submitted by 10 th of every month.
5		Circulation of Lists of deleted/deactivated PANs received from both PAN Service Providers to the respective Assessing Officers, train them regarding restoration of deleted/de-activated PANs, if needed and send back the response received from AOs to the respective Service Providers on regular basis.	Pendency report should be submitted by 10 th of every month.
6		Impart training regarding event marking of PANs and compliance of the Third Party Verification report received from PAN Service Providers.	Pendency report should be submitted by 10 th of every month.

7		Timely action on the letters/ grievances received from the PAN service providers for fast delivery of PAN cards.	Pendency report should be submitted by 10 th of every month.
E	OLTAS		
1		Resolution of <i>challan</i> attribute correction requests	Within 1 week of request
F	Problem Resolution		
1		Maintain and update FAQs, Instructions and list of resource persons	Quarterly
2		Provide inputs to Pr. DGIT(S) related to new FAQs and unresolved issues	Quarterly

CHAPTER XII

EXEMPTION RELATED WORK

The exemption charges have two fold functions, one akin to the normal assessment charges and the other where registrations/approvals are granted/accorded as per the various provisions of the Act and mandated by the jurisdiction order dated 14.11.2014. For the assessment functions, the targets set out in earlier chapters shall be equally applicable to the exemption charges. For the second function, even though timelines are statutorily prescribed, the following specific target areas, along with the time frames, are identified to avoid any grievance in the relevant matters and to ensure smooth functioning of the charge.

TABLE 14

S.No.	Target/Activity	Time frame by
A	Creation and updation of databases	
1	The erstwhile jurisdictions dealing with matter of exemption need to identify and transfer all records including the registers maintained pertaining to , inter alia, grant of registration/approval in cases falling under the jurisdiction of CCIT(Exemptions),to the respective CsIT (Exemptions)	31.08.2018
2	Uploading and updating of database (along with verification) by CsIT (Exemptions) of all cases related to section 12A/12AA and 80G of the Act, including cases received from other jurisdictions, not uploaded so far in ITBA system or on website incometax.gov.in	31.10.2018
3	Verification of all cases approved u/s 35(1)(ii)/(iii) with regard to the compliance of requirements of rules 5D(5)/5E(4A)	By 30.09.2018 for the pending cases as on 01.04.2018 and within four months from the end of the month for the new cases/ new returns files.
4	Appeal effect: Giving effect to the orders of judicial authorities setting aside the refusal to grant registration/approval to the file of CIT(E)	Within 6 months of receipt of such orders in the office of CIT(E)

ACTION POINTS

(1) Various reports are required to be submitted by the Exemption charges to the higher authorities including the CBDT in respect of different provisions of the Act. The time frame provided for submission of reports on various provisions such as sections 10(46), 11(1)(c) and other sections of the Act should strictly be adhered to by the AOs so to avoid any further grievance/inconvenience.

(2) Appeal effect to the orders of ITAT/High Court/Supreme Court in the matters of registration/approvals, **reversing the order of CIT(E)**, should be given scrupulously within six months of the receipt of such orders.

(3) The database of cases not within the jurisdiction of any CIT(E) is to be made available by Directorate of Systems, so that the cases can be transferred to the respective PCITs. Similarly, several cases are lying with other PCIT's which are required to be transferred by them to jurisdictional CIT(E). This exercise should be completed at the earliest. Further, physical records/old records must be transferred immediately upon transfer of a particular case from or to Exemption. Corresponding obligation is on the PCITs in regular assessment charges for transfer of cases to jurisdictional CIT(E) at the earliest.

CHAPTER XIII

COMMUNICATION STRATEGY

TABLE 15

Sr. No.	Key Result Area	Target
1	Organize interactive outreach sessions for taxpayers to educate them on specific initiatives/provisions/procedures/schemes	1 program every month for each PCIT
2	Talks in schools and other educational Institutions	1 visit every quarter for each PCIT

ACTION ITEMS

1. Taxpayer outreach programs shall be conducted so that every Range Head conducts Interactive sessions/workshops to educate taxpayers on specific tax provisions and procedures and to highlight initiatives taken by the Department. This is a critically important area for achieving the objectives of a fair and transparent administration and high standards of taxpayer service, which ultimately translate into higher levels of voluntary compliance.

The topics for interaction should be identified based on parameters such as low tax awareness, amendments in IT Act, new procedures/schemes, sectors where there are low tax compliance, etc. Sessions may also be conducted in co-ordination with industry/Trade/Professional associations.

2. The educational Institutions to be covered should include different kinds of institutions i.e., Professional Colleges, Management Institutions, Schools etc. to be decided by the Pr.Cs IT /CsIT from among the Institutions falling within their territorial jurisdiction so as to avoid any overlap. In case a Pr.CIT/CIT does not have any Institutions in his territorial jurisdiction or does not have territorial jurisdiction, the institution to be covered by his officers/officials should be decided by the concerned CCIT in consultation with the Pr.CCIT keeping in mind practical aspects and to ensure maximum coverage within the region.

Frequency of visits may be increased considering the local requirements so that a sizeable number of educational institutions in the city get to participate in this initiative. If considered beneficial, visit of students to the Income Tax offices may also be organized.
