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Central Action Plan

2017-18

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 2017-18 must work towards accomplishing this vision.

At the same time, the Action Plan must take note of the significant and current challenges faced by the Department. The major such challenges that need immediate attention are:

- (a) mounting litigation, which has choked the revenue stream and is leading to wastage of scarce resources;
- (b) increasing demand on compliance and enforcement functions, due to rapid expansion in the nature and number of sources of information and the huge volume of tax-related information that needs to be analyzed and then utilized;
- (c) the weaknesses in the prevailing assessment mechanism that is unable to provide the expected deterrence to tax evasion and avoidance;
- (d) the ever-increasing need to deliver quality taxpayer services and redress grievances; and
- (e) the need to provide a fresh impetus to quality of work in all areas, which has somehow been getting sacrificed at the touchstones of quantitative benchmarks.

This Action Plan 2017-18 seeks to address these priorities, within the framework of the overall Vision.

CHAPTER-I ALLOCATION OF BUDGET TARGETS

1. DIRECT TAXES COLLECTION DURING FY 2016-17

The major head-wise direct tax collections during FY 2016 -17 are as under:-

Head of Tax	Budget Estimates 2016-17 (Rs. in crore)	Revised Estimates 2016-17 (Rs. in crore)	Actual Collection 2016-17 # (Rs. in crore)	%age of BE/RE Achieved
Corporate Tax	493924	493924	484793	97.87%
Personal Income Tax (including FBT, etc)	345776	345776	354891	102.59%
Securities Transaction Tax	7398	7398	8998	121.62%
Total	847098	847098	848682	100.19%

Source- Pr. CCA, CBDT; # Provisional / Unaudited

2. TARGETS FOR FY 2017-18

The details of the Budget Estimates for FY 2017-18 as compared to the Actual Collections for 2016 -17 (Prov.) are as under:-

Head of Tax	Actual Collection FY 2016-17 (Rs. in crore)	Budget Estimates 2017-18 (Rs. in crore)	% increase of BE for FY 2017-18 over Actual Collection of FY 2016-17
Corporate Tax	484793	538745	11.13%
Personal Income Tax (including FBT, etc)	354891	433487	22.15%
Securities Transaction Tax	8998	7768	-13.67%
Total	848682	980000	15.47%

2.1 The Budget targets for each cadre-controlling Pr. CCIT/CCIT for Corporate Tax & Personal Income Tax (Major Heads) have been fixed keeping in view the revenue potential of the Region, which is based on the weighted average growth rate of 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 account all-India targeted growth rate so as to narrow the gap between all-India growth 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

Based on the methodology discussed in para 2.1 above, the targets for various Pr. CCsIT for FY 2017-18 have been fixed as per the Table below:

TABLE 1
**ALLOCATION OF BUDGETARY TARGET FOR FY 2017-18 MAJOR HEAD-
WISE TO VARIOUS PRINCIPAL CCIT REGIONS**

(Rs in crore)				
Pr CCIT Region	Corporate Tax	Personal Income Tax	Securities Transaction Tax	TOTAL
Gujarat	24528	22309	1	46838
Karnataka & Goa	55188	49565		104753
Madhya Pradesh & Chhattisgarh	11238	10935		22173
Odisha	5167	4562		9728
West Bengal & Sikkim	25067	16824		41891
North West Region	16846	24026		40873
Tamil Nadu & Puducherry	39758	31740	1	71499
Kerala	5834	9124		14958
Delhi	78004	53601	1	131606
North East Region	3268	3839		7107
Andhra Pradesh & Telangana	21250	25675		46925
Rajasthan	8691	9496		18187
Uttar Pradesh (West)	14008	11407		25415
Uttar Pradesh (East)	1948	9710		11658
Mumbai	201261	97327	7765	306353
Nagpur	1422	3613		5035
Bihar & Jharkhand	4477	8725		13202
Pune	20088	29610		49697
TOTAL	538045	422087	7768	967900
Central TDS	700	11400		12100
Grand Total	538745	433487	7768	980000

- 3.1 The above targets should be further allocated down the line in each Pr. CCIT Region, keeping in view the actual collection of last year and revenue potential of different charges.
- 3.2 The targets allocated by the Pr. CCIT shall be reviewed at the end of September, 2017 and December, 2017. Reallocations may be done by Pr. CCIT within the overall targets allocated to him by the Board.
- 3.3 The Board may also review the allocation of targets to Pr. CCIT Regions at the end of December, 2017

CHAPTER II

REDUCTION AND CASH COLLECTION OUT OF ARREAR DEMAND

The arrear demand, including demand nor fallen due as on 31st March has increased from Rs. 9,29,972 crore as on 01.04.2016 to Rs. 10,52,084 crore (Prov) as on 01.04.2017. This arrear demand has been taken into consideration for fixing the target of cash collection of Rs. 71513 crore for FY 2017-18.

2. In 2016-17, gross reduction of arrear demand was achieved to the extent of Rs. 1,99,490 crore, including cash collection of Rs. 38,944 crore. However, additional net current demand of Rs. 3,79,548 crore was raised, of which only Rs. 60,731 crore could be reduced during the year, including cash collection of Rs. 36,905 crore. Thus there was a net accretion of Rs. 1,19,327 crore to the figure of outstanding demand. While the causative factors responsible for this huge outstanding revenue need to be addressed separately, it is imperative that concerted efforts are 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 2017-18, a new target of Reduction in Arrear Demand by 40 % of the total demand as on 01.04.2017 has been set. The Pr. CCIT Region-wise allocation is given in Table 2 below:

TABLE 2
ALLOCATION OF TARGET FOR REDUCTION IN ARREAR DEMAND FOR FY 2017-18

(Rs. in crore)

Sl. No.	PRINCIPAL CCIT REGION	TARGET FOR REDUCTION IN ARREAR DEMAND
1	PR. CCIT (INT. TAX.)	49873
2	MUMBAI	142123
3	GUJARAT	16264
4	AP & TELANGANA	11998
5	RAJASTHAN	2815
6	NAGPUR	615
7	PUNE	13214

8	UP WEST	9710
9	UP EAST	8789
10	MP & CHATTIGARH	5773
11	BENGALURU	14332
12	TAMIL NADU	16115
13	KERALA	2423
14	ODISHA	1886
15	NORTH EAST REGION	463
16	WB & SIKKIM	31527
17	BIHAR & JHARKHAND	3418
18	DELHI	81248
19	NORTH WEST REGION	8250
GRAND TOTAL		420834

The inter-se targets may be reviewed in December 2017.

4. 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 of the overall reduction target. 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 01.04.2017 [as reported vide item no. 10 of CAP-1 for March 2017]	14964	80	11971
2	Demand not fallen due as on 01.04.2017 [as reported vide item no.5 of CAP-1 for March 2017]	7396	20	1479
3	Demand stayed by Courts/ITAT [as reported vide item no. 9 (j) of CAP-1]	118152	15	17723

		for March 2017			
4	(a)	Demand stayed by I.T. Authorities [as reported vide item no. 9 (k) of CAP-I for March 2017]	96283	10	9628
	(b)	Demand covered by instalments [as reported vide item no. 9 (l) of CAP-I for March 2017]	6855	20	1371
	(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 2017]	23838	20	4768
5		Demand difficult to recover on account of no/inadequate assets [as reported vide item no. 9 (c) of CAP-1 for March 2017]	417750	5	20887
6		Demand difficult to recover for any other reason [as reported vide item No. 9(s) of provisional CAP-I for March 2017]	73726	5	3686
		Total			71513

* Figures above are as per CAP-I March 2017

5. The Pr. CCIT Region-wise allocation of the target for cash collection out of arrear demand is accordingly given in Table 3 below:

TABLE 3
ALLOCATION OF TARGET FOR CASH COLLECTION OF ARREAR DEMAND FOR
FY 2017-18

(Rs in crore)

Sl. No.	PRINCIPAL CCIT REGION	TARGET FOR CASH COLLECTION OUT OF ARREAR DEMAND
1	PR. CCIT (INT TAX.)	7208
2	MUMBAI	18923
3	GUJARAT	2379

4	AP&TELANGANA	2341
5	RAJASTHAN	651
6	NAGPUR	90
7	PUNE	1343
8	UP WEST	1737
9	UP EAST	3701
10	MP & CHATTIGARH	1045
11	BENGALURU	3431
12	TAMIL NADU	4297
13	KERALA	702
14	ODISHA	469
15	NORTH EAST REGION	79
16	WB & SIKKIM	4402
17	BIHAR & JHARKHAND	456
18	DELHI	16715
19	NORTH WEST REGION	1543
GRAND TOTAL		71,513

6. Targets for reduction and cash collection out of arrear demand have been specified in Tables 1 and 2 above at the level of Pr. CCIT. The Pr. CCsIT will further allocate these targets in accordance with the specified formula to the respective CCsIT/DGsIT in their region. Such allocation of targets should be completed by 31st July, 2017 and intimated to the Directorate of Recovery for monitoring purposes.

7. 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 the Chapters 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 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 01.04.2016	2,59,718
No. of appeals disposed of by CsIT (A) during FY 2016-17	1,17,945
No. of appeals pending with CsIT (A) as on 01.04.2017	2,90,227
Demand involved in appeals with CsIT (A) as on 01.04.2017	Rs.6.11 lakh crore
Demand stayed by ITAT/Courts as on 01.04.2017	Rs.1.18 lakh crore

1.1 Such high volume of litigation has not only resulted in a huge quantum of revenue being unrealizable, but has also become a major constraint in achieving the policy objective of providing tax certainty to the taxpayers. Concerted action is therefore required 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 pendency reveals the following:

- (a) Of the 2,90,227 appeals pending as on 01.04.2017, about 28% are appeals filed before 31.03.2015.
- (b) 1,92,403 appeals pending as on 01.04.2017 (almost 67% of the total pendency) involve demand of less than Rs.10 lakhs, including more than 1 lakh appeals where the demand involved is less than Rs.2 lakhs.
- (c) As per ITBA, 1390 appeals pending as on 01.04.2017 involve demand of Rs.50 crore each, representing aggregate demand of Rs.4.26 lakh crore (about 70% of the total).

3. To meet the core objectives of budget collection, reduction in outstanding demand and litigation management, a two-pronged strategy shall be adopted with proportionate focus on optimizing disposal in terms of numbers and on maximizing disposal of appeals involving high quantum of demand.

3.1 Accordingly, the targets in respect of disposal of appeals by CsIT (A) during FY2017-18 are set out as under:

Each CIT (A) shall dispose of a minimum number of **500 appeals or earn 700 units** during the year, which must include disposal in ratios as below:

- a. Disposal of at least 30% of appeals that involve demand of Rs.10 lakhs and above, and 100% of appeals pending as on 01.04.2017 that involve demand of Rs.50 crore and above.
- b. Disposal of at least 70% of appeals that involve demand of less than Rs.10 lakhs.

3.2. The above targets should result, on All-India basis, in an aggregate disposal of about 1,63,000 appeals, which is expected to significantly reduce the pendency at the end of the year as compared to the pendency as on 01.04.2017, as well as unlock demand of about Rs.4.5 lakh crore.

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

TABLE 4

Target	700 UNITS or DISPOSAL OF 500 APPEALS FOR EACH CIT(A) FOR FY 2017-18				
	Category			Unit Per Appeal	Remarks
30%	A (>10 lakhs)	A1	Above 50Cr	3	Irrespective of date of filing of appeal. 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 – filed upto 31.03.2017)	B1	Appeals Filed Before 01.04.2014	1	No inter-se priority
		B2	Appeals Filed from 01.04.2014 to 31.03.2017	1	
Balance appeals to meet overall target	C (< 10 lakhs)	C	Current Appeals Filed during FY 2017-18	1	

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 target of 500 appeals or 700 units set out above may be varied by the Pr. CCIT concerned in respect of CsIT (A) within his jurisdiction, having regard to the number and Categories of appeals pending for disposal with the CIT (A). However, the targets of disposal of 30% of appeals involving demand of Rs.10 lakhs and above and 70% of appeals involving demand less than Rs.10 lakhs, must be achieved by each CIT(A) and in the Pr. CCIT Region as a whole.

ACTION ITEMS:

(1) **Category ‘A’ appeals involving demand above Rs. 50 Crore and pending as on 01.04.2017 shall be disposed of by 31.12.2017.**

(2) The priority for disposal of appeals in different Categories shall be as under:

- (i) Higher 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 31.12.2017. Different sub-categories shall earn 1, 2 or 3 units respectively as indicated in Table 4 above.
- (ii) The next priority shall be given to appeals involving demand of less than Rs.10 lakhs and filed up to 31.03.2017 (Category B). There shall be no inter-se priority within the Category.
- (iii) Lowest priority shall be given to appeals involving demand of less than Rs.10 lakhs and filed during the current FY 2017-18 (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) Cases set aside and restored to the CIT (A) by Courts/ITAT may be disposed of on priority, but shall not earn any extra units.
- (vi) 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.
- (vii) 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 CsIT (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 the monthly DO letter to the CCIT concerned. Quality cases would include cases where-
 - (a) enhancement has been made, or
 - (b) penalty u/s 271(1)(c) 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 31thJuly, 2017.
- (iii) After redistribution of workload, targets for each CIT (A) may be communicated to the Member (A&J), CBDT before 15thAugust, 2017 with a copy to the Zonal Member.

(iv) Pr.CCsIT/CCsIT should take necessary steps to ensure that necessary resources and infrastructure, including secretarial support, are provided to CsIT (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) CCsIT should monitor the working of the CsIT (A) on quarterly basis including by conducting regular Inspections as per the targets assigned.

(5) Evaluation of performance of a Region and of individual CsIT (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 – APPEALS WITH ITAT/COURTS

6. 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 01.04.2017 is Rs.1,18,150 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 perceptible 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.

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

7.1 Every CCIT shall identify 20 top litigation cases of assesses in his Region where important issues are pending at one or more appellate levels in ITAT/HC/SC as also with CIT(A), based on:-

- Importance of issues
- Revenue potential
- Recurring nature of the issue

7.2 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 Pr. CCIT region, the bunching shall be done at the level of Pr. CCIT.

7.3 The Pr. CCIT 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.

7.4 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. They shall also make required efforts for early fixation of cases, vacation of stay orders and such other matters.

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

TABLE 5
MANAGING LITIGATION IN COURTS/ITAT

1	Reconciliation by Pr. CITs/CITs of the total pendency of appeals before ITAT/HC/SC	By 31.07.2017
2	Completion of process of withdrawal of appeals as mandated separately by Board	By 31.07.2017
3	(a) Identification of 20 top litigation cases as above	By 31.07.2017
	(b) Bunching of cases and nomination of resource persons	By 15.08.2017
	(c) Preparation of written submissions	By 31.08.2017
	(d) Assistance to CIT(DR)/Department Counsel	Ongoing

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. With the setting up of the CPGRAMS portal and the launch of the e-Nivaran module in ITBA, it has become easier to monitor the receipt and disposal of grievances. 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 (which should be mandatorily registered on the e-Nivaran module as explained in the FAQs available on ITBA)	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 viewed by the Income-tax Department 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 Income-tax Department has ushered in the scheme of e-assessments for bringing in an assessee-friendly paperless assessment framework. Initially, taxpayers in seven specified cities were provided with the opportunity of being scrutinized under the e-mail based paperless assessment proceedings. A more integrated scheme of e-assessment is now being 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 including through e-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)	31.03.2018
B Assessment & Processing Work			
1	Transfer of PANs as per restructuring order	100% of such PANs	31.07.2017
2	Uploading of paper Returns	100% of manual returns pending for processing filed between 01.04.2017 and 30.06.2017	31.07.2017
3	Processing of e-returns	100% of e-returns pushed to AO's Portal by CPC pending for processing in 2017	31.07.2017
4	Scrutiny assessments	Completion of at least 10% non-time barring assessments especially those with potential to affect recovery during the current Financial year itself.	31.01.2018
C1 Recovery / Reduction of Demand			
1		100% of the target fixed for arrear demand (Region-wise targets are as per Chapter II)	31.03.2018
2	Cash collection by AO	20% of the current demand raised during the year	31.03.2018
3	Reduction by AO	40% reduction in arrear demand as on 1.04.2017 (including cash collection as at 1. above)	31.03.2018

4	TRO's Action Plan	Disposal of 20% of brought forward TRCs or 150 TRCs by each TRO		31.03.2018
5		Cash collection of 10% of brought forward demand indicated in the TRCs		31.03.2018
6	Write-off	Submission of replies to queries raised by the Board, DIT (Recovery) and Zonal, Regional and Local Committees in cases already referred		31.08.2017
7		Identification of fresh cases for write-off		30.09.2017
8		Write-off of arrears under ad-hoc and summary procedures		31.10.2017
9		Submission of proposals for write off to the Board or Committees in the cases identified as above		31.12.2017
C2 Arrear Demand Reporting				
1	Reconciling Dossier Data with CPC-Financial Accounting System(CPC-FAS)	Preparation of Dossier cases with demand exceeding Rs. 3 Cr. based on data available in CPC FAS		From Quarter ending 30.06.2017
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 30.09.2017
D Information received from the Directorate of I&CI				
1	Information sent to the AO after verification by I&CI	Information received by the AO up to 31.03.2017	Reconciliation of information received by the AO and submission of reconciliation report to I&CI	31.07.2017
			Feedback / Action Taken Report on each case to be submitted to I & CI	30.09.2017

		Information received by the AO 01.04.2017 onwards	Feedback / Action Taken Report on each case to be submitted to I & CI	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. 2017		Replies to be sent by 31.08.2017
2		Receipt Audit (Major & Minor) Objections received after 01.04.2017		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 30/11/2017, whichever is earlier.
4	Internal Audit	Brought forward pendency of Internal Audit Objections as on 01.04.2017		Settlement by 30.09.2017
5		Settlement through Pr. CIT of Major Audit Objections received on or after 01.04.2017		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. 2017		Within 4 months of receipt of audit paras as prescribed in Instruction No. 3 of 2007.

F Widening of tax base			
1	Addition of new taxpayers	Addition of new taxpayers as per target to be circulated separately	31.03.2018
2	Non-filers of return identified by the Systems Directorate under NMS cycle 1 & 2	Action as per SOP on P1 to P2 cases where last date of issue of notice u/s 148 is 31.03.2018	31.07.2017
3	Non-filers of return identified by the Systems Directorate under NMS cycle 3,4 and 5	Action on P1 to P2 cases where online response has been received	31.08.2017
4	Non-filers of return identified by the Systems Directorate under subsequent NMS cycles	Action on high priority cases pushed to field formation	Within 3 months of receipt from Systems Directorate
5	Action in non-PAN/invalid PAN cases reported in AIR/SFT transactions disseminated by Systems Directorate in FY 2017-18	Verification and population of PAN in disseminated cases. Issue of notices u/s 142(1)/148 of the Act, in appropriate cases	Within 3 months of receipt from Systems Directorate
G Verification of Cash Deposits (Demonetization data)			
1	Cash deposit data disseminated during FY 2017-18	Verification of cases as per new SOP to be circulated by CBDT.	As per SOP
H	Grievance redressal		As per Chapter - IV
I	Prosecution and Compounding of Offences		As per Chapter -XIII
J	Exchange of Information		As per Chapter -IX

ACTION ITEMS:

(1) **B1:** The work of PAN transfer as per the restructuring order should be completed by 31.07.2017 and a Certificate of completion should be given by each Pr. CIT by 07.08.2017. The Pr.CCsIT and CCsIT will strictly monitor timely completion of this work.

(2) **B4:** Assessments in limited scrutiny category, including cases under e-assessment scheme shall be completed preferably by 31.10.2017 and in accordance with Board's Instructions.

(3) CCsIT 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.

Enhancing Quality of Assessments

(4) 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.

(5) 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.

(6) 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 marshalling of facts and relevant legal provisions wherever additions / disallowances are being made, and (v) avoiding frivolous additions or disallowances leading to high pitched assessment.

(7) 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.

(8) 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 15.04.2018. This would be in addition to any reward scheme that may be announced by the Board.

Emphasis on recovery functions

(9) **C1.4:** 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.

(10) 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.

(11) 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.

(12) 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.

(13) **D:** This item relates to specific information received by the AOs in specific cases after verification by I & CI Directorate for further action by AOs. This is valuable information which must kept track of and acted upon with speed. The Directorate of I&CI shall formulate an SOP for this purpose.

CHAPTER VI

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 from the information contained in Forms 15CA/CB that are filed by persons remitting funds overseas with or without tax withholding.

3. The targets for these areas are accordingly set out as under:

TABLE 8

Sl. No.	Target / Activity	Time frame by
A	International Taxation	
1	High risk remittance data for FYs 2015-16 and 2016-17 culled from Forms 15CA/CB to be pushed into the Assessing Officer interface on ITBA by Systems Directorate in 2 tranches	1 st Tranche - 31.07.2017 2 nd Tranche - 30.09.2017
2	Verification by the Assessing Officers of the first tranche of high risk remittance data and initiation of action	31.10.2017
3	Verification by the Assessing Officer of the second tranche of high risk remittance data and initiation of action	28.02.2018
B	Transfer Pricing	
1	Completion of Transfer Pricing audits getting time-barred on 31.10.2017	50% By 31.07.2017 100% By 31.10.2017
2	Completion of Transfer Pricing audits getting time-barred on 31.10.2018	20% By 31.03.2018

Action items:

1. The Form 15CA/CB data pushed so far by the Systems Directorate pertains to transactions undertaken during FY 2013-14. This data shall be kept aside and pendency removed from the ITBA in a suitable manner in consultation with Member (L).
2. More current data pertaining to FYs 2015-16 and 2016-17 shall be processed on the basis of revised risk parameters formulated in consultation with Pr. CCIT (IT&TP) and made available to the Assessing Officers in two tranches as per the above schedule.
3. Risk parameters shall be reviewed and refined so as to ensure that manageable and quality information is provided to the Assessing Officers.
4. CITs (TP) must ensure that all cases are processed and TP audit orders passed on the ITBA system.

CHAPTER –VII

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 2016-17 was about 37%. 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 objectives for FY 2017-18 are accordingly set out as under:

TABLE 9
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		Notices to AIN defaulters and cleaning up of AIN database by getting the data of AINs who are non-filers/have requested for closure	CIT(TDS) & CPC(TDS)	One month after the end of due date of filing TDS statement
3		Identification of PAOs/TOs/CDDOs who have not taken AINs	CPC(TDS)/CIT (TDS)	One month after the end of due date of filing TDS statement

Sl. No.	Key Result Area	Target/Activity	Action to be taken by	Time frame by
4		Follow up action to ensure such PAO/TOs/CDDOs (based on report available on TRACES portal) to obtain AIN	CIT(TDS)	One month after the end of due date of filing TDS statement
5	Collection and reduction of demand (Arrear Demand)	20% of Manual uploaded demand as on 01.04.2017	AO(TDS)	31.03.2018
6		50% of short payment demand as on 01.04.2017 (System Generated)	AO(TDS)	31.03.2018
7		60% of Late Payment Interest Demand as on 01.04.2017(System Generated) including 100% of such demand created after 01.06.2015	AO(TDS)	31.03.2018
8		60% of Late filing fees demand as on 01.04.2017	AO(TDS)	31.03.2018
9	Collection and reduction of demand (Current Demand)	30% of current demand raised during the year by AO(TDS)	AO(TDS)	31.03.2018
10	Capacity Building of Stakeholders	Training on legal and technical aspects to field formations through partnership with DTRTI/MSTU/CPC(TDS)	CCIT(TDS)/CI T(TDS)	Ongoing Basis
11		Organize focused sector specific and provision specific TDS awareness seminars including for	CCIT(TDS)/CI T(TDS)	Not less than one in a month

Sl. No.	Key Result Area	Target/Activity	Action to be taken by	Time frame by
		Government deductors		
12		Corporate connect for TDS Compliance' by CIT(TDS) for PANs mapped to respective TDS charges	CIT(TDS)/CPC(TDS)	One in a quarter
13	Enforcement Action	Surveys/spot verifications	AO(TDS)	Ongoing Basis
14	Taxpayer Service	Disposal of application for lower rate TDS certificate	AO(TDS)	Within 30 working days of filing of application
15		Prompt remedial action to address TDS mismatch grievance	AO(TDS)	Within 30 working days of filing of application
16		Disposal of application for <i>challan</i> correction/refund approval/TAN closure		Within 30 working days of filing of application
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)	30.09.2017

Sl. No.	Key Result Area	Target/Activity	Action to be taken by	Time frame by
19		Identification of potential cases for prosecution as a result of survey or other information or verification or proceedings	AO (TDS)	Ongoing basis
20		Issue of S. 2(35) notices to Principal Officers and sending proposals in Form T to CIT(TDS) in cases of non-remittances identified in Surveys and in cases identified and disseminated by CPC (TDS) (during current year and earlier)	AO(TDS)	Within three months of receipt of information/detection
21		Issue of notices in all appropriate prosecution cases identified by CPC (during current year and earlier) and field AO on receipt of Form T from AO	CIT(TDS)	Within 30 days of receipt of Form T
22		Disposal of prosecution proposals (Filing /Compounding)	CIT(TDS)	At least 200 cases in a year
23		Filing of complaints by TDS AOs in sanctioned cases	CIT(TDS)/ AO (TDS)	Within two months from the end of the month in which sanction order is issued by CIT(TDS)
24		Finalization of Compounding Proposals	CCIT/ CIT(TDS)	Within 180 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
- (iv) CAP-1 reports are uploaded on TRACES portal on a regular basis.
- (v) 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. 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.

c. 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.

(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 of sick units or units with negative operating margins (as indicated in Audit report u/s 44AB of the Act);
- ix. Grievance petition filed by the deductee;

- x. Analysis of newspaper reports/information available through internet;
- xi. 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 have been given in the Action Plan Table given earlier.

(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) gives a detailed list of deductors in whose case short deduction demand has been raised. The TDS officers are advised to look into such cases for initiation of penalty proceedings and following up with reasoned penalty orders in appropriate cases.

(4) Equalization Levy:

The 'Equalization Levy' introduced by Finance Act, 2016 mandates that a person making payment to a nonresident, not having a permanent establishment in India, exceeding an aggregate amount of Rs. 1 lakh in a year, as consideration for specified services, will withhold tax at 6% of gross amount paid, as Equalization Levy and pay the same to the Government, in the same manner as tax deducted at source. This is a new and unique tax that is not on the same footing as personal income tax or corporation tax. **It represents the Government's decision to enact legal mechanisms that can ensure that multinational companies providing services in digital format in India and utilizing Indian resources do pay tax in India, even though they may not have a permanent establishment in India in terms of the relevant Double Taxation Avoidance Agreement.** It is a tax that must be enforced due to its significance and future potential. The Board may devise appropriate procedures for enforcement of the levy. Meanwhile, TDS formations, particularly in International Taxation charges, shall take appropriate action in this regard.

(5) 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 '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.

(6) 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 assesseees on the other, thus augmenting revenue.

(7) 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.

(8) 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.

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** vis-a-vis the deduction made by them in the corresponding period of the previous FY by each AO TDS in their respective charges.
- ii. **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. The 24G Statements filed by the AIN holders could be utilized to issue notices to Government deductors to file their TDS statements in time.
- 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 VIII

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, are also extremely important functions of the Directorate.

2. A specific Action Plan for the Directorate of I&CI is therefore necessary and is set out as under:

TABLE 10

Sr. No.	Target Activity	Time frame by
A	Compliance Management - Form 61A	
1	Preparation of list of persons required to file SFT for cash deposits during the period 9.11.2016 to 30.12.2016 (consequent on demonetisation) and taking appropriate action u/s 285BA(4), 285BA(5) and 271FA, against : a) Reporting persons not registered with Department. b) Registered reporting persons having not filed the SFT report. c) Registered reporting persons having filed inaccurate report. Data to be provided by Directorate of Systems.	31.07.2017
2	Preparation of Master List of persons required to file SFT for FY 2016-17 in accordance with Rule 144E, for which due date of filing is 31.05.2017. Data to be provided by Directorate of Systems.	31.07.2017
3	2 outreach programs to be conducted each quarter by every DIT(I&CI) wherein the registration and filing issues should also be addressed.	Quarterly

4	2 inspection/ surveys of filers to be conducted by every DIT(I&CI) to determine the correctness of filing and ensuring filing of SFT statements by all persons required to do so.	Quarterly
B Verification of Non-PAN/demonetized data		
1	Completion of verification of data pending as on 01.04.2017(including demonetization data as well as data from earlier verifications of high value transactions).	31.07.2017
2	- Selection of cases for verification out of the Non-PAN AIR data from AIRs filed for FY 2015-16, in accordance with SOP approved by the DGIT (I&CI). Data to be provided by Directorate of Systems by 31.07.2017. - Completion of verification of selected cases	31.8.2017 31.3.2018
C Pilot Projects data collection/Verification		
1	- Completion of data collection for all pilot projects approved by the Board in 2016 -17 - Analysis of data and selection of cases for verification with the approval of DGIT (I&CI).	31.07.2017 31.08.2017
2	Completion of verification of cases selected	30.11.2017
3	- Collection of data for new Pilot projects approved during F.Y 2017-18 - The collected data to be analysed and cases for verification to be selected	30.09.2017 31.03.2018
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 targeted compliance management for FATCA and CRS	31.08.2017
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 guidelines approved by Board
E	Inbound FATCA data for calendar year 2015 [received in 2016-17]	
1	Verification and dissemination of actionable cases as per Board approved guidelines	31.10.2017
F	Information received under AEOI	
1	Processing and completion of verification of information received in non-standard format and pending as on 01.04.2017	31.8.2017
2	Processing, verification and dissemination of information received after 1.4.2017	Within 4 months of receipt

Action items:

1. The effectiveness and efficiency of compliance management functions required to be carried out by I&CI are critically dependent on timely receipt of complete information from the Directorate of Systems. Responsibility for achievement of the above targets, therefore, equally lies with the Directorate of Systems, who must priorities their work suitably. For instance, non-PAN data for FY 2015-16 must be provided to I&CI Directorate by 31.07.2017 so that cases can be selected for verification by 31.08.2017 and verification completed by 31.03.2018.

2. Outreach and awareness seminars to be conducted with the SROs, traders of high value goods and services (vehicles, jewelry, event managers, hire contractors, hoteliers and marriage hall operators, building material suppliers, etc.), i.e. the segments which are first-time filers, to enable them to register and file Form 61A and Form 61 correctly and completely.

3. Inbound FATCA data relating to 2015 (received in 2016) must be passed on at the earliest to I&CI by Directorate of Systems and FT&TR, so that preliminary verification can be completed by the targeted date of 31.10.2017.

CHAPTER-IX

EXCHANGE OF INFORMATION UNDER TAX TREATIES

TABLE 11

Sr. No.	Key Result Area	Target/ Activity	Time frame by	Reporting
A	Making requests for information under Exchange of Information provisions of the tax treaties			
1		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	Quarterly
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 tax demand raised on completion of assessment should be provided to FT&TR Division.	Within one month of completion of assessment	
B	Training on making requests under tax treaties	Each Pr. CIT/Pr. DIT shall conduct one day training programme for the officers of their charge on Exchange	31.10.2017	As and when completed

	and maintaining confidentiality	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		
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 quality information in a timely manner.	Within 30 days of the date of request received by the officer concerned	Quarterly

Note:

Report on the above action points is to be furnished by Pr. CCIT / DGIT (Inv.) to JS (FT&TR-I) as per the proforma to be circulated separately.

CHAPTER X

COMPUTER OPERATIONS

TABLE 12

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)	30.09.2017 and then Quarterly
2		Assessment of additional requirement of IT Infrastructure including RSA tokens, PCs and related equipment, network nodes, Bandwidth	31.07.2017 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	31.07.2017 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)	31.12.2017
2		Implementation and maintenance of desktop policy which includes removal of unauthorized hardware and software on all networked PCs.	30.09.2017 and then Quarterly
3		Inspection and upgrade, if required, of Communication Rooms as per the advisory of the Directorate of Systems	30.09.2017 and then Quarterly

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.	31.07.2017
2		Updation/Correction/Standardization of hierarchy, roles, privileges, AO codes/ position codes for all offices on AIS/ITBA system	31.08.2017 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/deactivated 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 challan 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

Progress to be reported to the Principal DGIT (Systems) in Monthly DOs.



CHAPTER XI

EXEMPTIONS RELATED WORK

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

TABLE 13

Sl. No.	Key Result Area	Target/Activity	Timeframe by
A	Creation and updating database of registered/ exempted/ approved entities under sections 12A, 10(23C), 80G etc, including cases received from other jurisdictions		
1		The erstwhile jurisdictions dealing with matters 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)	31.07.2017
2		Uploading of data (along with verification) by CsIT (Exemptions) of all cases not uploaded so far in <u>ITBA</u> system	31.07.2017

3		Uploading of data (along with verification) by CsIT(Exemptions) of new registration/exemption/ approval under various provisions (including cases where registration/ exemption/ approval has been withdrawn) on <u>ITBA</u> system	Within 1 month from the end of the month of relevant action
4		New registrations on ITBA system for entities registered u/s 12A, exempted u/s 10(23C) / approved under various provisions	Ongoing exercise
B	Inquiries / verifications in respect of inter-ministerial references or references received from other agencies forwarded by Board to field formations	Making of inquiries, verifications or investigation and sending report to CBDT: -In all pending references - References sent by CBDT after 30.06.2017	31.07.2017 Within 45 days from the date of reference by CBDT
C	Report of Jurisdictional Authority		
1		Applications u/s 35(1)(ii)/(iii)	3 months from the end of the month in which application is received as per Rule 5C(8)
2		Applications u/s 35CCD	1 month from the end of the month in which application is received as per Rule 6AAF(9)
3		Applications u/s 10(46)	Within 45 days of receipt of application as per SOP dated 24.06.2013 of the Board.
4		Electoral Trust	Within 45 days of receipt of application as per SOP dated 10.12.2013 of the Board.

D	Compliance with the requirements in cases approved u/s 35(1)(ii)/ (iii)	Verifying that all cases approved u/s 35(1)(ii)/ (iii) have complied with the requirements of rule 5D(5)/ 5E(4A)	31.07.2017
E	Appeal effect in matters of registration approvals to be given by the CsIT(E)	Giving effect to orders of judicial authorities either (a) directing the authority to grant registration/approval or (b) setting aside the refusal to grant registration/approval	Within 3 months / 6 months of receipt of such orders in the office of CIT(E), referred to in (a) and (b) respectively
F	Cancellation of registration or revocation of approvals	Cases where the process for cancellation of registrations / approvals granted earlier has been initiated	Within 1 year from the date of such initiation

CHAPTER-XII

CIT (AUDIT)

The three fold objectives of the internal audit mechanism in CBDT are as under:

- (i) To have a preventive and reforming effect towards avoiding mistakes.
- (ii) To play a corrective role by pointing out mistakes and ensuring remedies without loss of time.
- (iii) To improve quality of assessments so as to reduce the criticism of the working of department by statutory audit and the Public Accounts Committee.

TABLE 14

Sl.No.	Key Result Area	Target/Activity	Timeframe						
1	Internal Audit Plan	Formulation of Internal Audit Plan by the CsIT (Audit) with the approval of Pr. CCIT and thereafter to send a compliance report to ADG (Audit)	In accordance with Instruction No. 3/2007 and 15/2013						
2	Number of Cases to be audited by Internal Audit	As per the Internal Audit Plan subject to following annual targets of audit of minimum number of cases prescribed by Instruction Nos. 3/2007 and subsequent instructions. <table border="1" data-bbox="574 1297 1218 1598"> <tr> <td>Addl. CIT/ JCIT (Audit)</td> <td>150*</td> </tr> <tr> <td>SAP</td> <td>300</td> </tr> <tr> <td>IAP</td> <td>600 (Corporate Cases) or 700 (Non-Corporate Cases)</td> </tr> </table>	Addl. CIT/ JCIT (Audit)	150*	SAP	300	IAP	600 (Corporate Cases) or 700 (Non-Corporate Cases)	31.03.2018
Addl. CIT/ JCIT (Audit)	150*								
SAP	300								
IAP	600 (Corporate Cases) or 700 (Non-Corporate Cases)								
3	Meetings by CIT (Audit)	CIT (Audit) to coordinate one meeting every quarter of every Pr. CIT with the AG Audit to reconcile pendency and expedite settlement of Receipt Audit Objections	Every Quarter						

		CIT (Audit) to Conduct one meeting every quarter with every Pr. CIT to reconcile pendency and expedite settlement of Internal Audit Objections	Every Quarter
4	Organisation of Training/Seminar by Pr. CCIT/CCIT	1 per quarter/4 per year	31.03.2018
5	Maintenance of Ledger Cards by Pr. CsIT/CIT (Audit)	CIT (Audit) to monitor and send a monthly report to the ADG (Audit) regarding maintenance of Ledger Cards of individual assessing officers by Pr. CsIT /CIT(Audit).	10 th of following month.
8	Audit fortnight for settlement of Internal Audit Objections.	Concerned Pr. CCIT/CCIT should conduct Audit fortnight to ensure that reply to all pending Internal Audit Objections are submitted by the concerned Pr. CIT	In accordance with Instruction Nos. 3/2007 and 15/2013
9		A status report on Audit fortnight to be submitted to ADG (Audit)	10.08.2017
10	Review of performance as per interim Action Plan 2017-18	Review by Pr. CCIT/CCIT and report to ADG (Audit)	31.07.2017

* In cases where the post of Additional CIT (Audit) is held as additional charge, the Cadre Controlling Pr. CCIT can reduce the annual target for audit.

NOTE:

- i. Monthly Reports for Revenue and Internal Audit are to be submitted in the Proforma prescribed by Instruction No. 15 and 16 to ADG (Audit) by the 10th of the following month.
- ii. Quarterly/Annual Reports on the disposal of audit objections are to be furnished by the Pr. CCIT and to the ADG (Audit) as per prescribed Proforma by the 20th of the following month from the end of the quarter.

CHAPTER XIII

PROSECUTION & COMPOUNDING OF OFFENCES

TABLE 15

Sl.No	Area	Target/Activity	Time frame by	Responsibility	Feedback to/Date
A	Prosecution under section 276C(1)				
1		Identification of appropriate cases by AOs/ Range Heads/ CsIT/ Pr. CsIT Concerned	3 months of completion of assessment of Search & Seizure operations and receipt of Tribunal's orders, as the case may be	Pr. CCsIT/ DsGIT/ CCsIT concerned	Zonal Members in monthly DOs & Member (Inv) through QPRs on prosecution
2		Processing of the above cases under section 276C(1) and filing of prosecution complaint	Within 6 months of the identification	Pr. CCsIT/ DsGIT/ CCsIT concerned	Zonal Members in monthly DOs & Member (Inv) through QPRs on prosecution
3		Review of the progress in respect of the above by the Zonal Member concerned	31.10.2017 and 28.02.2018	Zonal Member	

4		Review of all cases identified in FYs 2015-16 & 2016-17 and submit action taken report to Zonal Member	31.07.2017	Pr. CCsIT/ DsGIT/ CCsIT concerned	Zonal Members in monthly DOs & Member (Inv) through QPRs on prosecution
B	Prosecution under section 276CC				
1		Processing of potential cases under section 276CC disseminated upto 31.03.2017 by systems in AIMS module of ITBA and filing of prosecution complaint in appropriate cases	31.07.2017	Pr. CCsIT/ DsGIT/ CCsIT concerned	Zonal Members and Member (Inv) through QPRs on prosecution 31.10.2017
2		Processing of potential cases under section 276CC disseminated upto 30.06.2017 by systems in AIMS module of ITBA and filing of prosecution complaint in appropriate cases	31.10.2017	Pr. CCsIT/ DsGIT/ CCsIT concerned	Zonal Members and Member (Inv) through QPRs on prosecution 31.01.2018

C	Compounding of Offences	Disposal of all compounding applications pending as on April 1, 2017 through ITBA system	31.07.2017	Pr.CCsIT/ DsGIT/ CCsIT concerned	Zonal Members through monthly DO/ Member (Inv) through QPRs
D	Prosecution for TDS/TCS default is included in the Chapter on TDS				

Note: The prosecution proceedings as per the various other sections of the Income Tax Act, 1961 such as 276C (2) are still to be undertaken by the various authorities as applicable.

CHAPTER XIV

COMMUNICATION STRATEGY

TABLE 16

Sr. No.	Key Result Area	Target
1	Publicity of Operation Clean Money in regional language	As per publicity plan to be circulated separately
2	Promote citizen engagement for Operation Clean Money	10,000 online pledges on the Operation Clean Money portal (https://www.cleanmoney.gov.in) every quarter for each PCCIT
3	Organize interactive outreach sessions for taxpayers to educate them on specific initiatives/provisions/procedures/schemes	1 program every quarter for each PCIT
4	Talks in schools and other educational Institutions	1 visit every quarter for each PCIT

ACTION ITEMS

1. Taxpayer outreach programmes 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.

The topic 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 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.

Note: A quarterly report on the above action points is to be furnished by the Pr.CCsIT/CCsIT as per the proforma to be circulated separately
