

**F. No.246/95/2013-A&PAC-I  
Government of India  
Ministry of Finance  
Department of Revenue  
Central Board of Direct Taxes**

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New Delhi, the 31<sup>st</sup> October, 2013

To

All CCsIT (CCA), CCsIT/DGsIT

**Subject: Revision of Instruction No. 09 of 2006 on Receipt/Revenue Audit  
Objections**

Sir/Madam,

Reference is invited to Board's Instruction No.9 of 2006 dated 7.11.2006 on Receipt/Revenue Audit Objections (hereinafter Instruction). It is a matter of concern that despite a comprehensive procedure prescribed through the Instruction for action at different stages of Audit Objections, settlement track record is unsatisfactory and remedial action is delayed. There is also a need to provide that Internal Audit should normally precede Revenue Audit. It has, therefore, been decided to fine tune the procedure and strengthen the role of supervisory authorities and CIT (Audit) as detailed below:

**Role of CCIT (CCA) /CCIT/DGIT:**

- CCIT/DGIT will review the performance of settlement of audit objections of his region on a monthly basis and submit a report in the annexed Proforma to CCIT (CCA) by the 5th of succeeding month.
- Review should, inter-alia, cover adherence to the timelines for submission of replies as per Central Action Plan & taking of remedial actions wherever called for, in terms of para 4 of the Instruction. Steps should be taken to minimize the deviations from the prescribed timelines. The progress in the matter of calling for explanation and suitable action against erring officers/staff in terms of para 7 of the Instruction should also be evaluated and monitored.
- CCIT (CCA)/DGIT would submit a consolidated report of his region in the annexed Proforma to the DIT (Audit) by the 10th of the succeeding month with a copy to CIT (A&J).
- The statistics have to be periodically updated and it should be ensured that figures relating to audit objections in CAP II and the quarterly Report to DIT (Audit) do not differ.

- The input in half yearly report submitted by CIT (Audit) to the CCIT/DGIT in respect of repeated/common errors noticed in the audit in preceding two quarters should be utilised to educate and alert the assessing officers so that such mistakes do not occur. Supervision would be exercised in a manner so as to facilitate zero error assessments.

#### **Role of Administrative CsIT/DsIT:**

- CsIT/DsIT should ensure that internal audit of cases precedes the Revenue Audit. He should inform CIT (Audit) on receipt of intimation of the programme of the Local Audit so that CIT (Audit) can organise to get the Internal Audit of the charge completed on priority.
- The Register prescribed for maintaining records requisitioned by the RAP should be inspected by the CIT/DIT concerned to ensure that the records are not withheld on flimsy grounds.
- A copy of the LAR received by the CIT/DIT should be immediately made available to CIT (Audit).
- The decision regarding acceptability or non acceptability of audit objections listed in Local Audit Report is to be of the CIT in terms of para 2.5 of the Instruction. CIT should ensure that each objection is replied through separate letter as the bunching of replies to objections in one letter, is one of the major reasons identified for discrepancy in figures of replies sent by the Department and as available with the C&AG. Bunching also has an inherent danger of some case remaining unattended in absence of the placement of the copy of the common letter in the relevant file. Copy of each reply sent should also be marked to CIT (Audit) so that a central data bank of Revenue audit objections is maintained to speed up the process of reconciliation with C&AG.
- The timelines in para 3.2 and para 4 of Instruction need to be observed scrupulously for efficient control over timely appropriate remedial action. A copy of correspondence for approval of remedial action must be kept in the main file. In terms of para 4.3 of the Instruction, appropriate remedial action is required to be initiated within two months of the receipt of LAR and necessary orders are to be passed within 6 months thereafter. CsIT/DsIT must exercise supervision to ensure that the orders are passed within the stipulated 6 months and are not delayed till the time barring dead line.
- CsIT/DsIT will hold a monthly meeting to review the progress of settlement of objections.
- A close coordination would also be maintained with the office of the C&AG in their area and quarterly meeting be held with them to reconcile pendency and expedite settlement of cases
- Pendency of cases where Statement of Facts is sent by the office of C&AG, as they are not prepared to drop the audit objections, should be monitored.

#### **Role of CIT (Audit):**

- CIT (Audit) would maintain separate record of Major and Minor Revenue audit objections intimated and settled.



- Based on analysis of copies of LARs received, CIT (Audit ) will submit a half-yearly report to the CCIT (CCA) in respect of repeated / common errors noticed in the audit in preceding two quarters. The report shall be submitted by the 15<sup>th</sup> October & 15<sup>th</sup> of April with a copy to every CCIT/ DGIT.
- CIT (Audit) would facilitate holding of quarterly meetings of CsIT/DsIT with the office of the C&AG in his area to facilitate early settlement of cases.

3 In supersession of the monetary limits specified in para 3.2 (a) and 7.2 of Instruction and adopting a consistent approach with C&AG, the definition of Major audit objection, for the purposes of Revenue Audit, is henceforth revised as one where the revenue effect is Rs. 2,00,000 or more for the purposes of Corporation Tax and Income tax .

4. The phrase "CIT (Audit) in Metropolitan charges" as occurring in para 7.1(b) and (c) of Instruction should be construed as 'CIT (Audit) concerned'.

5. Instruction no. 9 of 2006 is amended and supplemented with effect from November 15, 2013 to the extent indicated above.

6. This may be brought to the notice of all officers working under your jurisdiction for compliance.

7. Hindi version of the Instruction will follow.

SH

(Sunita Singh)  
Director (A&PAC)  
CBDT

Copy to:-

- 1) Chairperson, CBDT
- 2) All Members, CBDT
- 3) All other officers of CBDT of the rank of Under Secretary and above
- 4) DIT(PR,PP&OL), Mayur Bhawan, New Delhi
- 5) The Comptroller and Auditor General of India
- 6) The DGIT (Vigilance), New Delhi
- 7) The DGIT (NADT), Nagpur
- 8) ITCC Division, CBDT (3 copies)
- 9) Web manager [irsofficersonline.gov.in](http://irsofficersonline.gov.in)
- 10) Hindi Section – for Hindi translation

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(Sunita Singh)  
Director (A&PAC)  
CBDT

## PART - I – MAJOR REVENUE AUDIT OBJECTIONS

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