

**PRESS INFORMATION BUREAU  
GOVERNMENT OF INDIA**

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**TO ACHIEVE THE TARGET OF DIRECT TAX REVENUE COLLECTIONS OF RS.8.3 LAKH CRORE AND DIRECT TAX TO GDP RATIO AT 7.62 % BY 2014-15, CBDT TO CONTINUOUSLY EVOLVE PROCESSES, PROCEDURES INNOVATIVE WAYS OF TAXATION ESPECIALLY RELATED TO CROSS BORDER TAXATION: FM**

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The Union Finance Minister Shri Pranab Mukherjee said that the Income Tax Department has been at the forefront of collecting revenue for the Government since the Financial Year 2007-08. During 2010-11, the Income Tax Department exceeded the revised Budget Estimates by collecting more than Rs.4.46 lakh crores. He said that the collection of Direct Taxes has almost doubled in the last four years from Financial Year 2006-07 to Financial Year 2010-11. This has been possible due to rationalization of tax structure, improvement in tax administration, better tax payers' services and commendable efforts put in by the officers and employees of the Income Tax Department, the Minister added. The Union Finance Minister Shri Pranab Mukherjee said that the 13<sup>th</sup> Finance Commission has projected Direct Tax Revenue Collection at Rs.8.3 lakh crores by the year 2014-15 and Direct Tax to GDP ratio of 7.62%. He said that the Direct Tax GDP ratio as of now is 5.66%. To achieve these target, CBDT will have to continuously evolve process, procedures and look for innovative way of taxation especially related to cross border taxation, he added.

The Union Finance Minister Shri Pranab Mukherjee was addressing the Third Meeting of Central Direct Taxes Advisory Committee(CDTAC) here today which was attended among others by Shri S.S.Palanimanickam, Minister of State for Finance(Revenue), Members of CBDT, Shri Ishwar Singh and Shri Dhoot, both Members of Parliament, Shri Jairaj Purandare,CA, Shri Dinesh Kanabar ,FICCI, S/Shri S.D.Sexana, Sunil Kanoria, Sebastian Philip Cherukara, all representatives of Trade, Commerce and Industry from different Zones and other senior officials of CBDT and the Finance Ministry. CDTAC is an advisory body and its functions are to advise the Government on the measures for developing and encouraging mutual understanding and cooperation between taxpayers and the Income Tax Department. Besides it, CDTAC also advises the Government regarding the measures for removing administrative and procedural difficulties of general nature. The members of CDTAC gave various suggestions for avoidance on taxation on dividend of Indian companies on their profits on investment in global markets, more tax benefits for manufacturing sector for attracting more FDIs, reduction in time for giving its advance ruling in reduced time frame by the Authority for Advance Ruling, more authority to Dispute Redressal Panel to make it more effective, no penalty in case of amendments made with retrospective effect, more creative and taxpayer friendly advertisements by CBDT, and IT applications by the CBDT be made more user friendly and no need for PAN card for non-tax payers among others

The Union Finance Minister Shri Pranab Mukherjee said that for further rationalization of tax laws, the Government has introduced the Direct Tax Code (DTC) Bill which is under examination of Parliamentary

Standing Committee and it is expected that the new Direct Tax Code (DTC) will be effective from April 1, 2012.

The Union Finance Minister Shri Pranab Mukherjee said that a major step towards improving tax payer services was taken by the Department by setting-up of Centralized Processing Centre (CPC) at Bangalore in the year 2010. This CPC has been stabilized and is processing 1.0 lakh returns daily, he added. Shri Mukherjee said that this project is a strong efficiency multiplier and is being replicated at Manesar, Pune and Kolkata. The Finance Minister Shri Mukherjee said that he is sure that operationalisation of these CPCs would give a fillip to the processing capacity and help in processing the returns of income expeditiously.

The Union Finance Minister Shri Pranab Mukherjee said that tax Deduction at Source is a major component of Tax collected. He said that the Government is in the process of setting-up a Centralized Processing Centre (CPC) for TDS matters at Ghaziabad which will help in improving the TDS administration.

The Union Finance Minister Shri Pranab Mukherjee said that this year the Government has introduced simple and user friendly SAHAJ (form) for individual salary tax payers and SUGAM (form) for small tax payers availing presumptive tax scheme. Further, the salary tax payers up to an income of Rs.5 lakhs have been exempted from filing tax returns for the Assessment Year 2011-12, the Minister added.

The Union Finance Minister Shri Pranab Mukherjee said that setting-up of Aayakar Sewa Kendras is an important initiative for the

effective delivery of tax payers' services. During the last Financial Year, 13 Aayakar Sewa Kendras were set up under the Sevottam model, the Minister added. He said that it is expected that 50 more such Centres shall be set up during the current Financial Year.

The Union Finance Minister Shri Pranab Mukherjee said that a declaration of Department's commitment to the tax payers, a Citizen's Charter was issued on 24<sup>th</sup> July, 2010, the date on which Income Tax completed 150 years of its existence in India. A "Vision Document- 2020" outlining the road map for the Income Tax Department was also released on 05.01.2011. These documents lay down the Department's Vision, Mission and Values and outline the strategies for the Income Tax Department to realize its Vision.

The Union Finance Minister Shri Pranab Mukherjee said that the Government has adopted a Five-pronged strategy to tackle the highly sensitive issue of Black Money. This strategy comprises of –

- Joining the Global crusade against black money;
- Creating an appropriate legislative framework;
- Setting up institutions for dealing with illicit money;
- Developing system for implementation; and
- Imparting skills to the manpower for effective action.

He said that as a result of this Five-pronged strategy, credible results are now visible in different areas, which are -

- Huge network of amended DTAA and TIEA with tax havens. As on date, we have completed negotiation with 56 countries/jurisdictions (22 existing DTAA, 18 new

DTAA and 16 TIEA with low or no tax countries/jurisdictions). Negotiations with 28 countries/jurisdictions are under progress. 17 treaties (12 DTAAs/5TIEAs) have been signed.

- Information regarding details of asset and payments received by Indian citizen in several countries has started flowing in which is now under different stages of processing and investigation.
- In large number of specific cases information has been obtained under DTAAs.
- Directorate of Transfer Pricing has detected mispricing of Rs. 34,145 crore in last two financial years as against mispricing of Rs. 14,655 in crore earlier five years.
- Directorate of International Taxation has collected taxes of Rs. 33,784 crore from cross border transactions in last two financial years.
- Investigation wing of CBDT has detected concealed income of Rs. 18,750 Crore in last two financial years.
- OECD and Task Force on financial integrity & Economic Development have acknowledged outstanding work done by India in its crusade against Black Money.

The Union Finance Minister Shri Pranab Mukherjee said that we have started receiving substantial results due to our sustained and focused efforts and we are likely to get even better results in future. He said that looking into the challenges posed by the generation of illegal income through various anti-national activities, Government has set up a Directorate of Criminal Investigation in the Income Tax Department. This Directorate will deal with tax crimes related to illegal activities by

tracing the movement of money before, during and after a crime is committed, he added.

The Union Finance Minister Shri Pranab Mukherjee said that we are in the process of creating and developing systems to reduce human interface and increase efficiency and productivity in the department. Today, Department has reached to a level where substantial percentage of the refunds are issued in the electronic mode, the Minister added. The Finance Minister Shri Mukherjee said that these systematic changes will increase the satisfaction level amongst the taxpayers and will also reduce the possibility of rent seeking behavior.

**DSM/SS**