

15th July, 2021 / 7466

To,

Shri Ravindra Kumar, IRS
Principal CCIT (Gujarat)
Aayakar Bhavan
Ahmedabad

Sub: Certain issues regarding Income Tax Department

Respected Sir,
Greetings from Gujarat Chamber of Commerce and Industry.

At the outset, we would like to appreciate and applaud the efforts of the Income Tax Department, Gujarat for envisaging the implementation of a non-adversarial and effective tax administration, with progressive tax policy and improved tax compliance. The critical steps taken by the department such as proper litigation management, frequent interaction with the taxpayers, issuing prompt clarifications and strengthening compliance and enforcement functions has enhanced the trust in tax authorities and are very well taken note of by the members of trade and industry.

We are writing this letter to your good self to suggest certain issues that are urgently required to be addressed:

1. High pitched assessments – Opportunity of being heard not given before dismissing the complaint

Sir, it may be recalled that the 'High Pitched Scrutiny Assessments Committee' ("the committee") was set up pursuant to the solemn promise by Hon'ble Prime Minister Shri Narendra Modiji that Assessing Officers would no longer be allowed to run amok and hold taxpayers to ransom. On complaint made to the committee, they have to examine whether there is a prima facie case of high-pitched assessment, non-observance of principles of natural justice, non-application of mind, gross negligence or lack of involvement of assessing officer. The committee is also expected to ascertain whether the addition made in assessment order are not backed by any sound reason or logic, the provisions of law have grossly been mis-interpreted or obvious or well-established facts on records have outrightly been ignored.

High-pitched scrutiny assessments not only lead to harassment of taxpayers but also leads to generation of unproductive work for department as well as appellate authorities. Hence this mechanism of raising a complaint against any high-pitched assessment order and the committee taking proper action makes the income tax procedures fair, objective and rational.

Natubhai Patel
President

Hemant N. Shah
Sr. Vice President

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Vice President

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Hon. Secretary

V. P. Vaishnav
Hon. Secretary (R)

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Hon. Treasurer

However, we have noticed now that the committee is dismissing the complaints raised by the taxpayers even without giving an opportunity of being heard. This defeats the very purpose for which the committee was formed and is also against the principles of natural justice. So we request your good self to issue appropriate instructions that no complaint received by the committee can be dismissed without giving the tax payer an opportunity to present his case through hearing.

2. Request for appointing a dedicated “nodal officer” for addressing CPC related issues

Ahmedabad is a mega city providing huge revenue to the income tax department but there is no mechanism whereby a taxpayer can lodge his complaint and get proper guidance as far as response to the notices received from the CPC is concerned. There are various issues pertaining to intimation u/s 143(1)(a), TDS and other compliance related matters and it would be better if a dedicated “nodal officer” is appointed to guide, address and reply to the issues faced by the taxpayers – effectively being a proper link between the taxpayers and CPC. We have reproduced a few issues that the taxpayers are facing in relation to matters relating to CPC:

- ❖ CPC processes the returns and sends intimations u/s. 143(1)(a). In numerous cases demands have been raised, when full tax was paid and such tax is reported in 26AS, but CPC has not given full credit of such tax (advance tax as well as self-assessment tax).
- ❖ Notices are being issued by the CPC for AY 2007-08 and even earlier years for which no documents or records are available with taxpayers. (taxpayers also legally not required to keep books of accounts for period earlier than 8 years)
- ❖ When a LLP is required to get its accounts audited as per LLP Act, the due date of filing of income tax return would be 30th September but while processing of return of LLP which is required to get audited under LLP Act and not under Income Tax Act, CPC considers the due date of filing of return as 31st July and interest and late filing fees are levied. This issue pertains even after filing necessary rectification requests.
- ❖ In many cases, the government departments deduct TDS on work value + GST. As such the amount including GST is reflected in form 26AS, though the taxpayers have offered only work value as turnover in his return of income, resulting into mismatch in turnover as per 26AS and IT return and un-necessary demand, as CPC adds the difference to the income.
- ❖ For any correction to be made in TDS challan (other than online challan correction), a request needs to be sent to assessing officer for correction. The jurisdictional officer or officer authorized under the departmental for OLTAS after receiving such application can make the correction in challan

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data in genuine cases. But to make application and the procedure to correct challan are extremely time consuming. Here a dedicated nodal officer for TDS in each region should be empowered to do such corrections / modifications and give required guidance to the taxpayers for all matters pertaining to TDS.

- ❖ TRACES is a web-based application of the Income Tax Department that provides an interface to all stakeholders associated with TDS administration which makes whole TDS administration work faceless. However, there are various issues pertaining to TDS portal which are not satisfactorily answered by the helpline. A dedicated nodal officer can guide the taxpayers in a more efficient manner.

So, we request your good self to appoint a dedicated nodal officer to guide and address to all issues pertaining to processing at CPC.

3. Procedural issues under vivad se vishwas scheme:

The process of applying and getting benefit of *vivad se vishwas* scheme and issues arising are as under:

Form No.	Details of form	Time limit of submission and reply
Form-1	Declaration u/s 4(1) of the VSV Act, 2020	To be uploaded by an assessee who intends to declare income under VSV Scheme
Form-2	Undertaking u/s 4(1) of the VSV Act, 2020	
Form-3	(Determination of tax liability) Certificate u/s 5(1) of the VSV Act, 2020	Within 15 days from the date of receipt of above specified forms, the designated authority shall issue Form-3
Form-4	Intimation of payment along with proof of withdrawal of appeal for cases pending before the Income tax Appellate Tribunal, Hon'ble High Court or Hon'ble Supreme Court.	Within 15 days from receipt of Form-3
Form-5	order for full and final statement u/s 5(2) r.w.s. 6 of the VSVS Act, 2020	-

Even after filing form-1, form-2, payment of taxes as per form-3 and filing form-4 (i.e., intimating about the payment of taxes determined under form-3) form-5 are not getting issued to the tax payers. It causes anxiety

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to tax payers regarding approval of VSV scheme even after timely payment of taxes. Request you to have some mechanism in place for timely issuance of Form 5.

We request your honor to consider this Memorandum favorably. We will be happy to present ourselves for any explanation and clarification that may be required by your honour. In case of any further information required, we will be grateful to meet you in person and discuss the issues in detail and it would be great support. This will be very useful for the taxation fraternity and also for the trade and industry.

With warm regards,

Natubhai Patel
President

Jainik Vakil
Chairman – Direct Tax Committee

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