



Global Business Tax Alert Sharp Insights

CBDT instruction on efforts for maximization of revenue collection from arrears and current demand¹

Issue no: GBTA/70/2017

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¹ CBDT Instruction (F.No. 385/17/2016-IT(B)) dated December 6, 2017

A review of the position of revenue collection by the Central Board of Direct Taxes (CBDT), in November 2017, has revealed that the all India growth rate of net collection is 14.36%, as against the required growth rate of 15.3%. Further, some regions had a negative growth rate in net collections, while some other regions have been growing at a rate much below their target growth rate.

Accordingly, the CBDT, vide its instruction dated December 6, 2017, has requested the Principal Chief Commissioners of Income Tax to step up efforts towards revenue collection, including recovery from arrears and current demand.

Instruction [F.No. 385/17/2016-IT(B)] dated December 6, 2017

- Only 25.5% of the annual target of Rs. 71,513 crore has been collected out of arrear demand and a number of regions have barely achieved 5-15% of the target.
- Similarly, in the area of current demand, as against target collection of 20% of the current demand raised, only 1.5% of the demand raised has been collected.
- Very few recovery related surveys have been carried out in the country and practically no property has been auctioned by tax authorities for recovery of demand.

CBDT instruction to Principal Chief Commissioners of Income Tax:

- To take all measures to step up collections from arrears and current demand.
- To carry out recovery surveys in large number of suitable cases, after due diligence.
- Powers of attachment and sale of moveable property should be invoked to effect recoveries, where regular measures to recover the demand have not been successful.
- Prosecution measures should also be invoked, where demand is not being paid without any justifiable reason.
- Revenue yielding non-time-barring scrutiny cases should be completed immediately, so that the demand so raised is partly collected in the current financial year itself.
- The above measures must be put in place immediately, so that results are visible from early next quarter.
- The last quarter may be specifically focussed on cash collection from arrears and current demand, so that the targets set in this regard are achieved and the overall position of revenue collection also improves significantly.

In view of the above instructions, stringent and immediate action is expected to be taken by the tax officers, towards recovery of tax demand.

Accordingly, the taxpayers should be mindful of the outstanding tax demand and take necessary steps in filing/ obtaining stay of demand with/ from the respective tax officers/ courts, failing which they could face coercive measures from the tax officers.

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