



Global Business Tax Alert Sharp Insights

CBDT issues directives to the Income tax Authorities for a prompt redressal of taxpayer's grievances

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Background

- Expeditious redressal of taxpayers' grievance has been identified as a key result area in the current year's action plan.
- Grievances have been received by the Central Board of Direct Taxes (CBDT) for:
 - Denial of credit for deduction of tax at source and consequent raising of demand, in cases where tax has been deducted at source, but not deposited into the Government treasury.
 - Delays in disposal of rectification applications.
- The CBDT had issued Instructions No.3/2013 dated 5 July 2013, pursuant to the directive issued by the Delhi High Court¹, on the procedure to be followed on the receipt and disposal of rectification application under section 154 of the Income-tax Act, 1961.
- As per the Citizen Charter of the tax Department, rectification applications should be disposed of within two months from the end of the month in which application is received.

Letters by CBDT

- The CBDT *vide* letter dated 1 June 2015 have requested the Chief Commissioners of Income-tax to bring to the attention of the Assessing Officers that, if facts of the case so justify, the taxpayers are not put to any inconvenience on account of default of depositing tax deducted at source to the Government account by the deductor, in view of section 205 of the Act.
- The CBDT *vide* letter dated 5 June 2015 addressed to the Principal Chief Commissioner, Principal Director General, etc. has reiterated that the timeline as mentioned hereunder should be strictly adhered to:

¹ Court On its Own Motion vs. Commissioner of Income-tax (2013) (352 ITR 273) (Delhi)

- As per an Interim Action plan for the first quarter of financial year 2015-16, all rectification applications received upto 31 March 2015, were required to be disposed by 15 May 2015.
- Standard operating procedure prescribed by CBDT *vide* instructions dated 5 July 2013, for maintenance of rectification registers and standard operating procedure introduced by CBDT *vide* circular no.8/2015 dated 14 May 2015 for verification and correction of demand should be followed to address and settle the grievances of the taxpayers.
- A feedback report on the disposal of rectification applications is required to be submitted to the respective Zonal Members with copy to Member (IT) by 20 June 2015.

Comments

The CBDT has emphasized that Income-tax Department should be committed to prompt redressal of taxpayer's grievances and all the officers of the Department are expected to take a lead in fulfilling this commitment.

A step in the right direction for redressal of taxpayers' grievances.

Source: CBDT letter dated 1 June 2015 [Ref. No. F.N.o.275/29/2014-IT-(B)] in respect Non-deposit of tax deducted at source
CBDT letter dated 5 June 2015 [Ref. No. F.N.o.225/148/2015-ITA-II] in respect of expeditious disposal of applications for rectification under section 154 of the Income-tax Act, 1961

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