



Tax Practitioners' Association, Indore

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Date: 16/03/2022

To,

Smt. Nirmala Sitharaman
Hon. Union Minister of Finance,
Ministry of Finance, Government of India,
New Delhi



Respected Madam,

Subject: Indiscriminate and a rash of notices by the Income Tax Department.

Reference: Issue of time-barring date for the Income Tax proceedings

Tax Practitioners' Association, Indore is a body representing around 600 tax professionals from Indore, the largest city and commercial capital of Madhya Pradesh. Suggestions in the memorandum are borne out of grass root interactions our members have with public at large and primarily with trading community and MSME sectors. Focus of our suggestions is to bring about ease of compliance and also rationalisation in the provisions of the act.

By this memorandum we want to draw your kind attention that in the last few days taxpayers in whose cases assessment proceedings were pending at the income tax Department have been in receipt of a large number of notices on various issues. In this period of time when the last date of filing of return is 15th March and there are a large number of financial activities to be carried out before the 31st March the Income Tax Department by issue of several notices and show cause is putting the taxpayer and the tax practitioner in stress.

In the last few days taxpayers in whose cases assessment proceedings were pending have been receiving notices from the Department asking for compliance within 5 to 6 days. There are also cases in which taxpayers have received show cause for assessment in which the compliance is to be made within three days. It is very surprising that when the Department talks about being taxpayer friendly it is taking recourse to such methods of harassment by not giving sufficient time for

preparation. Agreeably notices in these cases were received long back but the department has now begun to issue query letters in large numbers asking for details which cannot be collected in the short period of time.

Of particular mention of these new founded coercion are enquiry notices asking for all kinds of details, being received, in which the compliance time is very short. Some taxpayers have also received show cause as to why entire turnovers are being proposed to be treated as income and the time allowed for the taxpayer to clarify his position is only 5 days. Some tax practitioners have pointed out that in cases of reopening where objections were raised against them have not been disposed off, but now show cause has been received asking why entire amount should not be treated as undisclosed incomes. The time being allowed for preparation and submission of these documents is very very short. This puts into doubt whether we will get justice or not.

It appears that the whole department is out to complete the assessments before 31st March without considering the submissions of the taxpayer. It appears that assessments have to be completed even if justice is denied to the ordinary person.

Under the circumstances that the taxpayer is himself trying to meet his financial responsibilities in the fag end of the year, the tax practitioner fraternity is trying to fulfil its responsibility of filing the returns and taking steps to complete the financial year, the Income Tax Department is out to make sure that they are denied their due opportunity in these trying times.

This is to request the Finance Ministry and CBDT that suitable steps should be taken that cases are not disposed of in a huge hurry without giving adequate opportunity for the taxpayer to be heard. It is to request that suitable directions may be issued to lower authorities that sufficient time should be allowed. The Finance Ministry and CBDT should consider extending the time for completion of the assessments beyond the prescribed time, at least for this year. This year we have faced the onslaught of the third phase of COVID, the change in the Income Tax Portal and the huge disruption of financial activities due to the various changes in law and procedures.

Since we are part and parcel of IT department in this line we are hereby wants to draw you kind attention on the problem faced by IT officials itself:

Against the legislative intent of allowing at least one year for completion of scrutiny proceedings, the assessing officers have been allowed very less time for the current cycle of cases. It has been gathered that pushing of the cases to the Faceless Assessing Officers (FAO) were actually started in the month of November, thus restricting the effective period. It is also gathered for the officials that new cases have been allotted subsequently and it still continues.

Many officers have been holding additional charge at Assessing Officer or AO level (ITO/ACIT/DCIT). So effective working time for each of the charge in such cases is reduced. It is also noted that staff strength in the offices is also being reduced.

As a result, it is gathered that around 1,50,000 Assessment cases and 56,000 Penalty cases are pending to be completed by 31.03.2022.

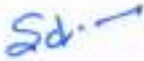
The entire emphasis of the Faceless Scheme is on transparency and ease of compliance for the assesseees. The facts discussed above are actually defeating the cause. Under time barring pressure, the Assessing Officers may once again be forced to complete the cases in a hurried manner, which will severely hurt the reputation of the Department, create unwarranted litigation and invite extensive interference and wrath of the Judiciary.

Therefore, it is earnestly requested to review the situation considerately from the perspective of the issues discussed above and kindly take necessary steps to extend the limitation date for the assessment and penalty cases getting barred on 31.03.2022, exercising the power vested in the hand of Government of India in the interest of the Tax Payer.

Thanking you,

Yours faithfully

For Tax Practitioners' Association, Indore



(CA. Shailendra Singh Solanki)
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(CA. Abhay Sharma)
Hon. Secretary
9827067732

CC:

1. The Honorable Prime Minister of India
2. The Honorable, MOS Finance
3. The Revenue Secretary
4. Chairman, CBDT
5. The Chief Commission of Income Tax, Indore
6. All the Principal Commissioner of Income Tax, Indore
7. All Print Medias