

PM UNVEILS FACELESS INCOME TAX SCRUTINY, TAXPAYER CHARTER. WHAT EXPERTS SAY

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Public Finance, Taxation & Black Money incl. Government Budgeting

Modi urged people to pay their due taxes and contribute to nation building

Prime Minister Narendra Modi on Thursday launched a programme to honour honest income tax payers in the country. PM Modi unveiled faceless tax scrutiny and appeal and urged people to pay their due taxes and contribute to nation building.

Modi also announced that [Income Tax department](#) will adopt a 'taxpayer charter' which outlines rights and responsibilities of both tax officers and taxpayers.

Launching the platform 'Transparent Taxation – Honoring the Honest', Modi said the department will start faceless appeals from September 25.

Here's what experts are saying on the govt's recent move:

Easing compliance for all taxpayers

The PM has laid down an excellent vision of completely faceless assessments and also soon to be launched faceless appeals. The new taxpayers charter is based on easing compliance for all taxpayers and we welcome the initiative.

However, the policy announcements must also reflect in the functioning of tax administration, tax officers need to be trained and focus needs to shift from merely raising tax orders to supporting taxpayers and truly streamlining assessments. - Archit Gupta, Founder and CEO - ClearTax.

Address concerns around aggressive approach of authorities

The taxpayer's charter seeks to address concerns around the aggressive approach of tax authorities and harassment faced by honest taxpayers. Tax collections would only increase with a more taxpayer-friendly approach as against an adversarial approach, where taxpayers fear being slapped by high penalties etc.

A change in the approach adopted by tax authorities would also go a long way in contributing to ease of doing business in India and also boost foreign investments into India. - Indruj Rai, Partner, Direct Tax.

Taxpayer should not be denied an opportunity to be heard

The structural reforms implemented today, as were codified in law pursuant to Finance Act 2018, are in the right direction. Hope these measures will help in confidence building between the taxpayer and the tax department. However, the Government must be careful that in the want to cut discretion, a taxpayer should not be denied an opportunity to be heard or be able to present facts that could impact the decision of the assessing officer or the appellate authorities.

The general experience with faceless assessment thus far has been satisfactory, also because on critical matters you could seek personal hearing to articulate facts and technical arguments

before the authorities. Tax scrutiny must be allocated basis expertise and not “randomly”; this will aid reduction in unnecessary tax litigation owing to lack of knowledge of industry specific nuances. - Ritesh Kumar, Executive Director, IndusLaw.

Intention noble but implementation key

"The intention behind faceless appeals is certainly noble but the implementation would be the key to ensure all steps are taken to achieve the desired objective of reducing harassment. Also, the taxpayer should still have the comfort that he is being fully heard on his point and the authority is yet approachable, especially in sophisticated cases, which otherwise involve several hearings and representations to convince the authorities." - Indruj Rai, Partner, Khaitan & Co

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