

MAKE ETHICS AND EXCELLENCE AS YOUR GUIDING PRINCIPLES: VICE PRESIDENT

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Vice President's Secretariat

Make ethics and excellence as your guiding principles: Vice President

Advises IRS Officer Trainees to make India a business friendly, entrepreneur-friendly tax regime and a people-centric tax administration;

Addresses 72 Batch of Indian Revenue Service Officer Trainees

Posted On: 12 MAR 2019 4:19PM by PIB Delhi

The Vice President of India, Shri M. Venkaiah Naidu has advised the IRS Officer Trainees to make ethics and excellence as their guiding principles. He was addressing the 173 Officer Trainees of the 72ndBatch of Indian Revenue Service, here today.

The Vice President said that reforms in governance, path-breaking legislative and administrative measures like GST are changing the way we govern ourselves. Quoting Prime Minister's advice to all administrators - "Reform, Perform and Transform", he said that you have the aptitude and a unique opportunity to reform and transform our country with your performance.

Saying a lot of transformation is taking place in the Tax administration in the country to promote a culture of tax compliance, Shri Naidu said that the most remarkable outcome of demonetization was the sustained growth of digital transactions leaving behind digital trail for the Revenue department to follow. As tax-authorities, you should encourage digital transactions and incentivize business to encourage their customers to adopt digital transactions, he added.

The Vice President quoted Kautilya who said that the government should collect the tax like honeybee which collects only appropriate amount of honey so that both could survive. Our effort too is to make our tax regime easy, transparent and predictable and we expect you to facilitate this process of further easing the tax regime without relaxing the compliance, he added.

Saying that IRS Officer Trainees are entering into this service at a crucial juncture in country's economy, Shri Naidu advised them to make India a business friendly, entrepreneur-friendly tax regime and a people-centric tax administration. He further said that India is the fastest growing economy in the world with restrained inflation and the steady economic growth, much better than most economies, makes India the best place to work.

Following is the text of Vice President's address:

"I extend a very warm welcome to you all and wish you every success in your professional career.

You all have successfully qualified for this service after a fairly rigorous selection process. I congratulate you all for joining this coveted career.

As you enter into a promising and demanding career, I believe that you are entering the service at a critical moment in India's growth story.

The steady economic growth, much better than most economies, makes India the best place to work.

Reforms in governance, path-breaking legislative and administrative measures like GST are changing the way we govern ourselves. Our Prime Minister has given a very effective advice to all administrators when he said: - "Reform, Perform and Transform". You have the aptitude and a unique opportunity to reform and transform our country with your performance.

Kautilya's dictum "Treasury is the basis of Power"- is the motto of the Income Tax Department. You have the privilege of making our country's economy more robust by efficient resource mobilization.

Kautilya also said "All the programmes depend first and foremost on the Treasury". The edifice of welfare governance is built on the resources available with the State. As the ancient Indians described the role of the State, "the King collected tax from the public for public welfare and public good, just as the Sun draws moisture from the earth to give it back a thousand-fold."

Over the last four years, Union Government's Budget expenditure has increased from around Rs 16 lakh crores (RE 2013-14) to around Rs 28 lakh crores (BE 2019-20).

Government's development efforts have been ably supported by the buoyant revenue collection due to efforts of Revenue Department. Over the last four years, Central Government's net Tax revenue has increased from Rs 8.2 lakh crores (2013-14) to estimated Rs 17 lakh crores (BE 2019-20). An estimated increase of about Rs.9 lakh crores in five years is a telling example of efficiency and competence of our Revenue Officials.

Despite our enhanced budget expenditure on welfare schemes because of buoyancy

in revenue collections, we have followed the path of fiscal discipline of FRBM Act and have restrained our fiscal deficit to around 3.4% of the GDP.

There has been a 80% increase in the tax base over last four years.

A lot of transformation is taking place in the Tax administration in the country to promote a culture of tax compliance.

The Demonetization brought undisclosed income of about Rs 1,30,000 crore under the tax and led to seizure and attachment of assets worth approximately Rs 50,000 crore. Benami assets worth Rs 6,900 crore and foreign assets worth Rs 1,600 crore have been attached. As many as 3,38,000 shell companies have been detected and de-registered.

The most remarkable outcome of demonetization was the sustained growth of digital transactions leaving behind digital trail for the Revenue department to follow. As tax-authorities, I will expect you to encourage digital transactions and incentivize business to encourage their customers to adopt digital transactions.

The Government has been promoting the use of digital technology in Tax administration. In this year's interim budget, the Government has proposed a technology intensive project to transform the Income-tax Department into a more assessee friendly one. It is proposed that all returns will be processed in twenty-four hours and refunds issued simultaneously. It is therefore necessary that the Revenue Officers should have intense training in technology and regularly upgrade their technology skills.

Kautilya said that the government should collect the tax like honeybee which collects only appropriate amount of honey so that both could survive.

Our effort too is to make our tax regime easy, transparent and predictable. We expect you to facilitate this process of further easing the tax regime without relaxing the compliance.

That was why the Government took up the resolve to implement GST, that was languishing for 17 years. It was the single biggest tax reform in the world which turned India into a single market without tax barriers. It is a shining example of cooperative federalism. The reporting requirements have been gradually eased. Despite continuous rate reductions and reporting relaxations, GST collection trends are encouraging. The average monthly tax collection during 2018-19 has been Rs 97,100 crore per month as compared to Rs 89,700 crore per month in the first year. It proves that an easy, predictable tax regime with low tax rates, ensures better tax compliance and increased revenue realization.

My dear Young Officers,

You are entering into this service at a crucial juncture in country's economy. And this fact has been acknowledged by every prominent international agency like IMF, World

Bank and even Moody's. We are the fastest growing economy in the world with restrained inflation.

Young Officers,

While the forces of liberalization and globalisation have brought new buoyancy in the country's economy, it has also opened an international dimension of tax evasion. You will have to keep yourself abreast with the global financial regime and global movement of capital. Associated with this is the issue of funding of global terror networks through illegitimate Hawala networks. You will be required to closely coordinate with enforcement agencies and Bankers. The world is gradually building a global regime to track and report tax evasions, financial frauds fugitives. The Government is actively supporting the need for such a global regime.

We have been steadfast in our fight against unaccounted money and organized financial corruption. To track down tax offenders, we have renegotiated the Double Taxation Treaties with countries like Switzerland, OECD countries, Mauritius and have signed Automatic Information Exchange Agreements with Tax Havens. The Benami Transaction (Prohibition) Amendment Act has been passed. Similarly, Fugitive Economic Offenders Act has been passed to take over the properties of economic fugitives, in India and abroad. I expect that you must be well-versed in international dimensions of tax evasion.

As I told you, you are entering into this service at a crucial juncture in country's economy, your role becomes crucial in making India a business friendly, and entrepreneur-friendly tax regime and a people-centric tax administration.

I wish you a very successful and gratifying professional career with ethics and excellence as your guiding principles.

Jai Hind."

AKT/BK/MS/RK

(Release ID: 1568666) Visitor Counter : 456

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