



KARNATAKA STATE CHARTERED ACCOUNTANTS ASSOCIATION (R.)



CA Pramod Srihari
President
CA Vijaykumar M Patel
Secretary

Date: 19th September 2022

To,
Smt. Nirmala Sitharaman
Hon. Union Minister of Finance and Corporate Affairs
Government of India

Hon'ble Madam,

SUBJECT: Grievances and suggestions with respect to the functioning of Demand Facilitation Center, CPC (DFC) in connection to the outstanding demand

The Karnataka State Chartered Accountants Association (R) (in short 'KSCAA') is an association of Chartered Accountants, registered under the Karnataka Societies Registration Act, in the year 1957. In the past, we have written to your good selves many times populating various issues, challenges and hardships being faced by taxpayers and suggesting possible solutions on the same. Through this representation, we would like to bring to your kind notice, a few practical issues being faced by taxpayers. For every issue, challenge or hardship highlighted, we have also made suggested solutions to address them all.

We laud the efforts of the government in registering steady growth in gross tax collections and the introduction of various taxpayer-friendly measures to reduce litigations. Despite the sincere, honest, and best efforts of the Revenue Authorities, we have witnessed delays in getting the outstanding demand nullified/rectified and/or obtaining a refund as may be due.

At this juncture, we wish to reiterate the taxpayer's charter that the Income Tax Department is committed to:

No. 67, 1st Floor, West of Chord Road, 2nd Stage, Mahalakshmpuram, Bangalore 560 086.

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Since 1957

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is committed to

- | | |
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| <ol style="list-style-type: none"> 1. provide fair, courteous, and reasonable treatment
The Department shall provide prompt, courteous, and professional assistance in all dealings with the taxpayer. 2. treat taxpayer as honest
The Department shall treat every taxpayer as honest unless there is a reason to believe otherwise. 3. provide mechanism for appeal and review
The Department shall provide fair and impartial appeal and review mechanism. 4. provide complete and accurate information
The Department shall provide accurate information for fulfilling compliance obligations under the law. 5. provide timely decisions
The Department shall take decision in every income-tax proceeding within the time prescribed under law. 6. collect the correct amount of tax
The Department shall collect only the amount due as per the law. 7. respect privacy of taxpayer
The Department will follow due process of law and be no more intrusive than necessary in any inquiry, examination, or enforcement action. | <ol style="list-style-type: none"> 8. maintain confidentiality
The Department shall not disclose any information provided by taxpayer to the department unless authorized by law. 9. hold its authorities accountable
The Department shall hold its authorities accountable for their actions. 10. enable representative of choice
The Department shall allow every taxpayer to choose an authorized representative of his choice. 11. provide mechanism to lodge complaint
The Department shall provide mechanism for lodging a complaint and prompt disposal thereof. 12. provide a fair & just system
The Department shall provide a fair and impartial system and resolve the tax issues in a time-bound manner 13. publish service standards and report periodically
The Department shall publish standards for service delivery in a periodic manner. 14. reduce cost of compliance
The Department shall duly take into account the cost of compliance when administering tax legislation. |
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We at KSCAA have worked closely with multiple stakeholders to understand the issues at hand, we have made efforts to consolidate the same and are enumerating the following issues and a few suggestions with respect to the operation of the Demand Facilitation Center, CPC (DFC)

A. The primary reasons for the demand:

1. Demand for old years, as appearing on the IT portal, should be backed by the order leading to such demand along with evidence of 'due process' being followed. It will enable the Assessee to take appropriate legal recourse. In many instances, even the Assessing Officer is not aware/is in possession of the cause of demand, leaving the Assessee remediless;
2. The Order Giving Effect (OGE), nullifying the demand has not been passed pursuant to the settlement under the Direct Tax Vivad se Vishwas Act, 2020 (VSVS);
3. OGE has not been passed pursuant to a favourable order of the Appellate

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Authorities;

4. Though OGE is passed in a few cases, the Portal is automatically calculating interest which is against the OGE;
5. The 'rectification request' that is available pursuant to the receipt of intimation under section 143(1) of the Act, is not yielding any favourable outcome though there are mistakes apparent from the records;
6. Huge pendency of rectification applications filed before the Assessing Officers. The applications are not being cleared within the time allowed under the provisions of the Act;
7. The orders passed under the faceless regimes are without giving credit for TDS, self-assessment taxes, etc. In most cases, the benefit of brought forward loss has not been allowed;
8. The previous reply to the outstanding demand, as submitted in the IT Portal, is not being considered. However, reminder mails/calls are being sent/made at regular intervals leading to harassment and frustration.
9. Responses to the outstanding demand as submitted in the old IT portal are not appearing in the new portal.
10. The Assessing Officers attribute the delay to the approval pending at CPC's end (we are not aware of the internal protocols, we are just citing the Officers)
11. CPC is unable to provide clarifications on the adjustments proposed in the 143(1) intimation.
12. Selection of wrong particulars of challan is leading to demand. The same is not being rectified by the Assessing Officer despite repeated reminders.
13. The demand as increased by interest is not up to date. We have noticed that the interest is updated after making the payment resulting in confusion.
14. The demands being sent by mails, and referred to by the department on call are not reflected under the Response to Outstanding Demand section of the IT portal. In such cases, the assessee is unable to even submit his response.

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15. The benefit of Foreign Tax Credits is not being given while processing the return, though Form 67 & the return has been filed as per the provisions of the Act. In denying such benefit, no reason is given in the intimation/rectification order.

B. Suggested changes with respect to the functioning of the Demand Facilitation Center, CPC (DFC)

1. Rectification drive to be launched at regular intervals;
2. CP GRAMS and Grievance petitions are to be addressed in a time bound manner (preferably in 7 working days);
3. We have noticed difficulty in explaining the reason for the demand as the DFC is not aware of IT provisions.
4. DFC is suggested not to repeatedly call when a satisfactory response has been given previously;
5. Considering the response of the Assessee to the outstanding demand, if the demand is due to the inaction of the Assessing Officers, an appropriate deadline is to be set and necessary follow-ups are to be done by DFC. Regular updates can be given to the Assessee on the progress;
6. The 'Rectification request' tab appearing in the IT portal should also enable us to give a small note as to the reason why the assessee is preferring such a request. Pursuant to the filing of such request along with the note, the CPC, while passing an order under section 154 r.w.s 143(1) should consider the above note and pass a speaking order.
7. The delay in passing OGEs pursuant to the receipt of orders of the Appellate authorities is to be immediately addressed.
8. Taxpayer Charter to be rolled out by introducing many taxpayer-friendly measures to address the above issues;
9. To introduce a faceless regime for demand correction and rectification proceedings. This will ease tax compliance and reduce undue harassment.



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10. Demand for older years should not be pressed or subjected to refund adjustments till service of order leading to the demand;
11. To ease the process of transfer of jurisdiction to ensure speedy justice;
12. DFC to refrain from calling when there is a pending grievance petition, rectification application, or CP GRAMS in connection to the demand;
13. DFC should be made aware of the pending stay application, stay orders, and cases where 20% of the disputed demand is paid, in a case where an installment option is granted, in a case when a stay is preferred before the higher authorities;
14. A deadline must be committed by Department within which backups for the older demands would be provided, failing which the older time-barred demands would get nullified automatically and any refunds adjusted with these baseless demands to be returned to assessees within 30 days.
15. If for whatever reason there is a change of jurisdiction, internal file transfer to the correct jurisdiction is to be mandated without the assessee having to apply for it.
16. If the demand is due to non-remittance of the TDS deducted by the deductor, recovery measures may be initiated against the deductor and not against the deductee if proof of such deduction is furnished.

We are presenting before you the above-enumerated issues, challenges and hardships faced by the trade, industry and professionals due to ineffective implementation of the provisions of the Act. Wherever required, we have also given recommendations for your kind consideration.



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We the members of Karnataka State Chartered Accountants Association, on behalf of the entire Chartered Accountants fraternity and also on behalf of the trade and industry in the state of Karnataka appeal to your good selves to kindly consider our above recommendations on various issues populated as above. Implementation of the above suggestions will be a major step in the direction of 'Ease of doing business'.

Yours sincerely,

For Karnataka State Chartered Accountants Association ®

CA PRAMOD SRIHARI
President

CA VIJAYKUMAR M
PATEL
Secretary

CA SIDDESH NAGAR
GADDI
Chairman
Representation
Committee

Cc to:

1. Dr. Bhagwat Kishanrao Karad Hon'ble Minister of State
2. Shri. Pankaj Choudhary, Hon'ble Minister of State for Finance, Government of India
3. Shri. Tarun Bajaj, Hon'ble Revenue Secretary, Department of Revenue, Ministry of Finance, Government of India
4. Shri. Nitin Gupta, Chairman – Central Board of Direct Taxes
5. Ms. R Ravichandran, Principal CCIT - Karnataka & Goa Region
6. The Director of Income Tax (Centralized Processing Centre), Bangalore.