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PRESS RELEASE

Certain sections of the media have reported that the work of scrutiny of income tax returns and revenue collection may suffer as the Income Tax department is facing acute shortage of officers. Certain sections of the media have also reported that due to shortage of manpower, processing of tax returns and issuance of refunds are going to be further delayed. It is clarified that such reports are not based on proper appreciation of full facts and are, therefore, incorrect and misleading.

The manpower base of the Income Tax department has been substantially enhanced. The government had sanctioned 7,051 additional manpower for the Income Tax department in November 2006. Recruitment of the additional manpower has already commenced and will be completed by the year 2010.

The Income Tax department has taken several steps to expedite processing and scrutiny of tax returns. The return forms have been made annexureless, doing away with the requirement of filing tax deduction at source (TDS) certificates with the return forms. The norms for giving credit for TDS have been relaxed so that refunds can be issued expeditiously. A Refund Banker Scheme was launched and is currently under implementation in six regions, i.e. Delhi, Mumbai, Chennai, Kolkata, Bangalore and Patna. Through this scheme, refunds are credited directly to the bank account of the taxpayer in addition to expeditious issue of refund cheques. This scheme is likely to be extended to cover more regions. The department also plans to set up Central Processing Centres to enable mass processing of tax returns, thus further cutting down time taken in processing returns.

The number and amount of refunds issued by the department have been steadily increasing. During the fiscal 2007-08, over 48.5 lakh refunds were issued involving an amount of about Rs.41,100 crore, as against 32.5 lakh refunds involving an amount of about Rs.28,500 crore issued three years earlier (fiscal 2004-05). Thus, there is no decrease or slackness, whatsoever, in the number and the amount of refunds issued in the last three years, which have increased at an average annual growth rate of 16.4 percent and 14.7 percent, respectively.

Selection of tax returns for scrutiny has been made completely non-intrusive and non-discriminatory by implementing a computer-aided scrutiny selection (CASS). The CASS system has been further refined to focus on quality selection of cases with revenue potential rather than selecting large quantity of cases, thus increasing the revenue component even though reducing the workload.

With the process of comprehensive computerisation nearing its completion, and with a policy of outsourcing non-core functions under implementation, the department envisages no difficulty in dealing with increasing volume of work relating to processing and scrutiny of tax returns. Tremendous growth in direct tax collections in the last four years is testimony to improved tax administration and tax compliance levels in the country.