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PRESS RELEASE

Addressing the All India Conference on Tax Deduction at Source (TDS) at New Delhi today, the Finance Minister (FM) congratulated the Income Tax department on reaching tax collection figure of Rs.2.50 lakh crore by December 2009 at a growth of 8.5% and directed the department to make all efforts to achieve the revised direct tax target of Rs.4 lakh crore in order to contain the critical parameters of the economy especially when there was slippage in indirect tax collections.

2. To achieve the revised target, the role of TDS Directorates and Commissionerates were crucial for widening as well deepening of the tax base as TDS / TCS is one of the most efficient non-intrusive ways of tax collection at the earliest point of a financial transaction, the FM said. Pointing out that although during the last 5 years the contribution from TDS had gone up from 33% to 38.5% of the net direct tax collection with an annual average growth of around 25%, he expected such high growth rate in TDS collection not only to be maintained but further accelerated.

3. Expressing his confidence that with the creation of 13 posts of Commissioners of Income Tax exclusively for manning the TDS Administration there would be considerable focus both on collection and administration of TDS/TCS, the FM said the Conference would provide a platform for sharing best practices, evolving strategies for widening the tax net, increasing collections and also for providing feedback for changes in the present tax laws to make the TDS regime more effective, transparent and tax-payer friendly.

4. Observing that smaller towns were witnessing greater tax collection due to buoyancy in the economy and on account of the inclusive growth, the FM said that in the aftermath of the global financial crisis the Indian economy had started moving in the right direction on sustained fiscal stimulus provided by the Government in three phases and expressed his confidence that during the current fiscal a growth rate of 7.75 % or more was achievable.

5. He further observed that globalization of the Indian economy had created opportunity in terms of a global market for movement of capital, goods, services and human resources as well as greater risk in terms of sophisticated tax planning tools for avoiding tax liabilities in developing countries, and in this context the role of tax havens and low tax jurisdictions had become an area of great concern for a country like India, which needed to mobilize resources to attack poverty and illiteracy.

6. He expressed confidence that the Income Tax Department would leave no stone unturned in achieving the challenging revised target of Rs. 4 lakh crore.

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