

Revised Instruction for constitution and functioning of 'Local Committees to deal with Taxpayers' Grievances from High-Pitched Scrutiny Assessment

CBDT issues Revised Instruction for constitution and functioning of 'Local Committees to deal with Taxpayers' Grievances from High-Pitched Scrutiny Assessment through F.No.225/101/2021-ITA-II, dated 23rd April 2022.

2. **It is informed that the instruction also provides for initiation of suitable administrative action against the erring officer in case where assessments are found by the local committee to be high-pitched or where there is non-observance of principles of natural justice, non-application of mind or gross negligence of assessing officer/ Assessment Unit.**

3. The Revised Instruction dated 23rd April 2022 is annexed herewith.

F.No.225/101/2021-ITA-II
Government of India
Ministry of Finance
Department of Revenue
Central Board of Direct Taxes

Room No. 245-A, North Block,
New Delhi, the 23rd April, 2022

To

All Pr. CCsIT/DGsIT/Pr.CCIT(Exemption)/Pr. CCIT(International-tax)

Madam/Sir,

Subject: Revised Instruction for constitution and functioning of 'Local Committees to deal with Taxpayers' Grievances from High-Pitched Scrutiny Assessment' -reg.

The Central Board of Direct Taxes (the 'CBDT'), by its Instruction No.17/2015 dated 09.11.2015 (copy enclosed) provided for constitution of 'Local Committees to deal with Taxpayers' Grievances from High-Pitched Scrutiny Assessment' in each Pr.CCIT region. The Local Committees were constituted to expeditiously deal with Taxpayers' grievances arising from High-Pitched Scrutiny Assessment.

2. Taking into consideration the changes in organizational set-up subsequent to launch of Faceless Assessment regime, the CBDT, in exercise of its powers under section 119 of the Income-tax Act,1961('the Act') and in supersession of its earlier Instruction No. 17/2015 dated 09.11.2015, hereby issues the following instructions regarding constitution and functioning of 'Local Committees to deal with Taxpayers' Grievances from High-Pitched Scrutiny Assessment':

A. Constitution of Local Committees:

(i) Local Committees to deal with Taxpayers' Grievances from High-Pitched Scrutiny Assessment ('Local Committees') are required to be constituted in each Pr.CCIT region across the country including the Pr.CCIT(Exemption) and Pr.CCIT(International Taxation).

(a) The Local Committee shall consist of 3 members of Pr.CIT/CIT rank. To have a perspective of processes involved in Faceless Assessment process, Local Committees so constituted in each Pr. CCIT region and Pr.CCIT(Exemption) shall have one Pr.CIT (AU) of the region. The Local Committee constituted under the Pr.CCIT(International Taxation) need not have a Pr.CIT(AU) as a member, as the assessments under the International Taxation charges are outside the purview of Faceless Assessment regime.

(b) The other members may be selected from the pool of officers posted as Pr.CsIT/Pr. CIT(Central)/CIT(Judicial)/ CIT(Audit)/CsIT(DR),ITAT of the respective Pr.CCIT region. For the Local Committees constituted under the Pr.CCIT(Exemption) and

Pr.CCIT(International Taxation), members may be selected from their respective pool of officers.

(c) The senior most Member would be designated as the Chairperson of the Committee.

(d) The Addl. CIT (Headquarters) to such Pr. CCIT would act as a Member - Secretary to the Local Committee.

(ii) The Local Committees so constituted may co-opt other members, if necessary.

(iii) The Pr. CCIT concerned should ensure that the Local Committees are duly re-constituted after transfer/promotion of Members of the existing Local Committees.

(iv) Adequate publicity shall be given regarding constitution and functioning of Local Committees for filing of grievance petitions regarding High-Pitch Scrutiny Assessments. The communication address of such Local Committees shall be displayed at prominent places in the office building.

B. Jurisdiction of Local Committees:

The Local Committees constituted as above shall deal with the grievance petitions of the assessee under the jurisdiction of respective Pr.CCIT regarding High-Pitched Scrutiny Assessments completed under both Faceless and non-Faceless Assessment regimes. These Committees constituted in Pr. CCIT Region will also handle the grievances pertaining to Central Charges located under the territorial jurisdiction of the Pr. CCIT concerned.

C. Receipt of Grievances:

(i) Grievances related to High-Pitched Scrutiny Assessments completed under the Faceless Assessment regime will be received by NaFAC through dedicated e-mail id: *samadhan.faceless.assessment@incometax.gov.in*. Grievances so received shall be forwarded to Local Committee of the Pr. CCIT concerned by NaFAC, under intimation to Pr. CCIT of the Region/ Pr.CCIT(Exemption).

(ii) Grievances related to High-Pitched Scrutiny Assessments completed under the non-Faceless Assessment regime will be received by the office of Pr.CCIT concerned, physically or through e-mail. Grievances so received shall be forwarded to Local Committee of the Pr. CCIT concerned.

D. Action to be taken by the Local Committees on grievance petitions:

(i) A grievance petition received by the Local Committee would be acknowledged. A separate record would be maintained for dealing with such petitions by the Member-Secretary.

(ii) Member – Secretary on receipt of taxpayers' grievances of High-Pitched Assessment, will forward the same to the Chairman and Members of the Local Committee within three days of receipt of the grievance.

(iii) The grievance petition received by Local Committee would be examined by it to ascertain whether there is a *prima-facie* case of High-Pitched Assessment, non-observance of principles of natural justice, non-application of mind or gross negligence of Assessing Officer/Assessment Unit.

(iv) The Local Committee may call for the relevant assessment records to peruse from the Jurisdictional Pr.CIT concerned.

(vi) The Local Committee may seek inputs from the Directorate of Systems (ITBA/e-filing/CPC-ITR, CPC-TDS, etc.), on Systems-related issues emanating from the grievance/matter under consideration, if considered necessary.

(vii) Local Committee would ascertain whether the addition(s) made in assessment order is/are not backed by any sound reason or logic, the provisions of law have grossly been misinterpreted or obvious and well-established facts on records have outrightly been ignored. The Committee would also take into consideration whether principles of natural justice have been followed by the Assessing Officer/Assessment Unit. Thereafter, Local Committee shall submit a report treating the order as High-Pitched/Not High-pitched, along with the reasons, to the Pr. CCIT concerned.

(viii) The Local Committee shall endeavor to dispose of each grievance petition within two months from the end of the month in which such petition is received by it.

(ix) Member- Secretary will ensure that the meetings of the Local Committees are held at least twice in every month during the pendency of the grievance petitions and that timely reports are submitted to the Pr. CCIT concerned.

E. Follow up action by Pr.CCIT:

(i) On receipt of the report of Local Committee, Pr. CCIT concerned may take suitable administrative action in respect of cases where assessment was found to be High-Pitched by the Local Committee, which *inter-alia* include:

- a) Calling for explanation of the Assessing Officer/Assessment Unit (through Pr.CCIT,NaFAC) and any other administrative action as deemed fit.
- b) Administratively advise the Pr.CIT concerned to prevent any coercive recovery in cases identified as high pitched by the Local Committee.

(ii) The findings of the report of the Local Committee may also be shared by the Pr.CCIT concerned with NaFAC and/or Directorate of Income-tax(Systems), as feedback, for revisiting the SOP/policy on Faceless Assessment and/or addressing the Systems related issues.

F. Monitoring the functioning of Local Committee:

(i) The Pr. CCIT concerned shall review the work of the Local Committee on a monthly basis. Pr. CCsIT shall highlight outcome of work of Local Committees along with the action taken on the suggestions made by the Local Committees in respect of cases where assessment were found to be High-Pitched by the Local Committees, in their monthly D.O. letters to the respective Zonal Member.


(ii) Quarterly Report regarding the functioning of Local Committees shall be furnished by the Pr. CCIT concerned to the O/o Member (IT&R), CBDT under intimation to the respective Zonal Member in the prescribed format (copy enclosed) by 15th of the month following the quarter ended.

3. The purpose of constitution of Local Committees is to effectively and efficiently deal with the genuine grievances of taxpayers and help in supporting an environment where assessment orders are passed in a fair and reasonable manner. It is to be noted that Local Committees cannot be treated as an alternative forum to dispute resolution/appellate proceedings.

4. It is emphasized that the task of constitution of Local Committees as per this Instruction be finalized **within 15 days of issue of this Instruction or 30.04.2022**, whichever is later, and compliance report may be sent by the Jurisdictional Pr. CCsIT/Pr. CCIT (Intl.Tax.)/ Pr.CCIT(Exemptions) to their respective Zonal Members with a copy to Member (IT&R), CBDT.

5. This issues with the approval of Chairman, CBDT.

Enclosure: As above


22/04/2022
(Ravinder Maini)
(Director) (ITA-II), CBDT.

Copy to:

- 1) The Chairperson, CBDT and all Members, CBDT
- 2) PS to the Secretary (Revenue)
- 3) All JS/CsIT, CBDT
- 4) ITCC division, CBDT
- 5) Jt. CIT, Data base Cell for uploading on the Department Website:
www.irsofficersonline.gov.in
- 6) O/o Pr. DGIT (Systems) for uploading on Official Website: www.incometax.gov.in
- 7) CIT (Media Coordinator), CBDT
- 8) Guard file

(Ravinder Maini)
(Director) (ITA-II), CBDT.

Annexure:**Quarterly Report on functioning of Local Committees to deal with taxpayers' grievances from
High-Pitched Scrutiny Assessments****Date:****Quarter 1/2/3/4, Year _____**

| Number of grievances brought forward by the Local Committees from the last quarter (1) | Number of grievances received by Local Committee during the quarter (2) | Number of grievances disposed by the Local Committee during the quarter (3) | Number of grievances pending with the Local Committee at the end of the quarter [(1+2)-3] (4) | Number of grievances where assessment was found to be high-pitched (5) | Synopsis of administrative actions taken in respect of cases found high-pitched (Name, PAN and Asst. Year Wise description has to be given.) (6) |
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(Note: The above information is to be submitted by 15th of the month following the quarter ended)

F. No.225/290/2015-ITA-II
Government of India
Ministry of Finance
Department of Revenue (CBDT)

North Block, New-Delhi dated the 9th November, 2015

To

All Pr. CCsIT/DsGIT/CCIT(Exemptions)/Pr. CCIT(International-tax)

Subject: Constitution of Local Committees to deal with Taxpayers Grievances from High-Pitched Scrutiny Assessment – reg.-

Sir/Madam

Board has consistently been advising the field authorities to be fair, objective and rational while framing scrutiny assessment orders. Role of supervisory authorities in this regard, has also been highlighted by the Board from time to time. It has, however, been brought to the notice of Board that the tendency to frame high-pitched and unreasonable assessment orders is still persisting due to which grievances are being raised by the taxpayers. Such grievances not only reflect harassment of taxpayers but also lead to generation of unproductive work for Department as well as Appellate Authorities.

2. In view of the above, a need has been felt to lay down an institutional mechanism to quickly resolve the taxpayers' grievances arising on account of high-pitched and unreasonable additions made by the Assessing Officers. CBDT has decided that following measures may be taken in the field formation for handling taxpayers' grievances arising from high-pitched scrutiny assessment orders –

- i) Local Committees to deal with Taxpayers Grievances from high-pitched scrutiny assessment ('Local Committee') are required to be constituted in each Pr. CCIT region across the country. Ideally, the Local Committee may consist of three members of Pr. CIT/CIT rank. The members can be selected from the pool of officers posted as Pr. CsIT, CIT (Judicial) and CsIT (DR), ITAT at the station where the Headquarters of the respective Pr. CCIT is located. The Addl. CIT (Headquarters), to such Pr. CCIT would act as a Member – Secretary to the Local Committee. The senior most Member would be designated as the Chairman of the Committee.
- ii) The Local Committees so constituted would deal with the grievance petitions related to high-pitched scrutiny assessments completed within the Jurisdiction of the respective Pr. CCIT. These Committees would also handle the grievances pertaining to Central Charges located under the territorial jurisdiction of the Pr. CCIT concerned.
- iii) Similar committees would also be setup in the charges of Pr. CCIT (Intl. Tax.) and CCIT (Exemptions). In these committees, the Officers working as CsIT (International Taxation/ Transfer Pricing) and CsIT (Exemptions) respectively could be selected as Members. The Addl. CIT (Headquarters) to Pr. CCIT (Intl Tax.)/CCIT (Exemptions) would act as a Member – Secretary to these Local Committees.

- iv) The Committees may co-opt other members, if necessary.
- v) A grievance petition received by the Local Committee would be immediately acknowledged and separate record would be maintained for dealing with such petitions.
- vi) It shall be the endeavor of the Local Committee to dispose of each grievance petition within two months from the end of the month in which such Grievance Petition is received by it.
- vii) The grievance petition received by the Local Committee would be examined by it to ascertain whether there is a prima-facie case of high-pitched assessment, non-observance of principles of natural justice, non-application of mind, gross negligence or lack of involvement of assessing officer. The Committee would ascertain whether the addition made in assessment order are not backed by any sound reason or logic, the provisions of law have grossly been misinterpreted or obvious and well established facts on records have out rightly been ignored. The Committee would also take into consideration whether the principles of natural justice have been followed by the assessing officer.
- viii) If it is established that unreasonable and high-pitched additions have been made by the assessing officer, a report would be sent to the Pr. CCIT/Pr. CCIT (Intl Tax.)/CCIT (Exemptions), as the case may be, by the Local Committee. The Pr. CCIT/CCIT, after considering the views of the committee, would take suitable administrative action, wherever required. Further, departmental position as determined by the Local Committee in such cases would be appropriately presented before the Appellate Authorities so that litigation is curtailed.
- ix) It is, however, clarified that the purpose of constitution of Local Committee is to effectively and efficiently deal with the genuine grievances of taxpayers and help in supporting an environment where assessment orders are passed in a fair and reasonable manner. The Local Committee, in no way, can be considered to be an alternative /additional appellate channel.

3. The Board has emphasized that the task of constitution of Local Committees be finalized in this month itself and a report on compliance may be sent by the Pr. CCsIT/Pr. CCIT (Intl.Tax.)/ CCIT(Exemptions) to their respective Zonal Members with a copy to Member (IT), CBDT. It has also been desired that the outcome of Local Committee's work may be highlighted in each monthly DOs required to be sent to the Zonal Members.

(Ankita Pandey)
DCIT(OSD)ITA-II

Copy to:

1. The Chairperson, CBDT and all Members, CBDT
2. PS to the Secretary (Revenue)
3. All JS/CsIT, CBDT
4. ITCC division, CBDT (3 copies)
5. Addl./Jt. CIT, Data base Cell for uploading on the Department Website
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