GS FOUNDATION FOR CSE 2024
ECONOMY-14
FISCAL POLICY-4
TAXATION-2

1. TABLE OF CONTENTS

2. DIRECT TAXES

1) INCREASING DIRECT TAX BASE

- **What is Direct Tax?**
  - Direct taxes are those taxes where impact and incidence lie on the same point (i.e. the burden for the tax falls on the entity that is being taxed). These taxes are generally progressive in nature and are highly elastic.
  - Because the direct taxes are **progressive**, they bring equity in society (which doesn't happen with indirect taxes). Therefore, the direct taxes need to be monitored carefully.

- **Direct Tax in FY23**:
  - India's **net direct tax collection** have **risen by 17.63%** in 2022-23 to touch **Rs 16.61 lakh crores**, as per the data released by Finance Ministry in April 2023.
    - It was 14.09 lakh crore in FY22 and 9.41 lakh crores in FY21.
  - **Corporate Tax** - **Rs 10.04 lakh crores** (51.1% of direct tax) and **Personal Income Tax** and Securities Transaction Tax accounted for **Rs 9.61 lakh crores (48.9%** of direct tax)

  - **Even for FY24**, situation seems to be good so far:
    - **Between April 2023** to **Aug 2023**, the direct tax collection has increased by **26.6%**.

- **Current Tax Base**:
  - Less than 6% of the population has filed ITR in FY23. Only **7.4 crore / 140 crore** population have filed ITR in FY23.

- **Why is it important to increase the Direct Tax Base?**
  - **Fiscal Consolidation** - More resources with government will be better for infrastructure and social projects. This will contribute to **economic growth** as well.
  - **Fights Inequality:** Indirect taxes are regressive, but direct taxes are progressive and thus promote equality. Direction taxes also avoid severe distortionary trend of indirect taxes.
  - **Educative Value**: Direct tax creates a civic sense among taxpayers. Because money is directly paid by citizens, they become **more vigilant** of where and how government is spending their money.
  - **Anti-Inflationary**: Direct Tax can be considered a good instrument of anti-inflationary fiscal policy.
  - **Reduce pressure on honest taxpayers.**

- **Key Reasons for recent increase in tax base**
  i. **Steps to make it difficult to avoid tax**:
    - **Bank accounts** linking with PAN and Aadhar.
    - **Introduction of new data sources** in the Statement of Financial Transaction (SFT), such as dividend, interest, details of shares etc has led to jump in reported information, with additional information of about 3 crore persons.
    - Expansion of the scope of TDS/TCS: Several new transactions were brought under the ambit of TDS and TCS.

ii. **Simplified process** through technology:
   - » **Faceless assessment Scheme** is one of the biggest direct tax reforms in India based on key principle of Efficiency, Transparency and Accountability.
   - » Simplified ITR filing process through a 1-page SAHAJ return process for individual income tax.
   - » **Ease of getting refund**, majorly by small and medium taxpayers have also encouragement more filing of ITRs.

iii. Steps towards formalization of economy:
   - » Initiatives like Pradhan Mantri Formalization of Micro Food Processing Enterprises (PMFME)

iv. Steps to expand digital payment system (Demonetization, UPI etc.)

vii. Streamlining of GST system
   - » It has reduced the scope of evasion of direct taxes.

- **The above growth is still not good enough** and the tax base is very low (only 7.4 crore people filing FIR)

- **Key factors for low tax base**

i. **Complex Law**
   - **Income Tax Act 1961** isn't suitable for current scenarios. It has become very complex and has thus reduced compliance.
   - This **complicated structure** is difficult to understand for individuals/corporate sector. Plethora of exemptions and deductions, adding to litigation on these, needs to be removed.
   - **High compliance cost**

ii. **High Rates** are recipe for low tax compliance.
   - Personal income tax rates are very high leading to high rates of evasion.

iii. **Poor Tax Administration**
   - A lot of tax evaders go scot-free.
   - Income Tax department doesn't have resources to deal with small tax evaders
   - Corruption is rampant in income tax department
   - Complaints of harassment by tax officials.

iv. **Large Informal Sector**: This sector doesn't effectively get covered under tax regime.

v. **Agriculture-out of tax net** (sometimes non-agri income is also presented as agri-income)

- **Way Forward**
   - **Simplified Direct Tax Law -** A Direct Tax Code (DTC) has been envisaged for long now. It is high time it gets implemented.
   - **A direct tax council** on lines of GST Council
     - » To periodically update the tax rates and other provisions
   - **Increasing Compliance**
     - » Reducing tax rates for personal income tax as well
     - » Simplifying tax filing (for e.g., recent proposal by CBDT to merge 6 ITR methods into 1 is a step in right direction)
     - » Increased resources with income tax department to even prevent evasion from among small players.
   - **Focusing on Behavioural Change**

   - **<u>Employ social norms</u>** in encouraging the individuals to pay taxes. Countries like UK, Norway, Guatemala to name a few have successfully used the social pressure to increase the tax compliance.
   - <u>CBDT campaigns can focus on salience of taxes in</u> providing public goods.
   - **Incentivize honest taxpayers** - For e.g., by <u>determining the amount of pension</u> on the basis of individua's tax contribution.
 - **Enhance use of new technologies like AI and ML to identify tax evaders** (e.g. Project Insight)
 - **Bring Agriculture Income** under Tax regime.

- **Conclusion**
  - Higher direct tax collection could lower the tax burden on the poor by creating fiscal space for reduction in GST rates.
  - Therefore, it is important that government keeps working towards increasing the share of direct taxes in overall tax collection and increasing the tax base.

2) ONE NATION ONE RATION CARD

- **What is ITR?**
  - An Income Tax Return <u>(ITR) is a form used to file information about income and tax</u> to the Income tax Department.

- **Currently, How many kinds of ITR are there?**
  - Currently, there are <u>seven categories of ITR forms</u>, for different categories of taxpayers.
    - **ITR Form 1**, called **'Sahaj'** is for <u>small and medium taxpayers</u>. It can be filed by <u>individuals who have an income upto Rs 50 lakh</u>, with earnings from **<u>salary, one house property/ other sources</u>** (interest etc.)
    - **ITR-2** is filed by people with income from <u>residential property</u>
    - **ITR-3** is intended for people who have <u>income as profits from businesses/ profession</u>.
    - **ITR-4** (**Sugam**), like ITR-1, is a <u>simple forms</u>, and can be filed by <u>individuals, Hindu Undivided Family</u> and firms with <u>total income upto Rs 50 lakh from b**usiness and profession**</u>.
    - **ITR-5** and **ITR-6** are for limited liability partnerships (LLPs) and businesses
    - **ITR-7** is filed by Trusts and non-profit organizations

- **Changes proposed by CBDT:**
  - All taxpayers (except trusts and non-profit organizations (ITR-7)), will be able to use a <u>common ITR form</u>, which will include a <u>separate head for disclosure of income from virtual digital assets</u>.
  - **Sahaj** (ITR-1) and **Sugam** (ITR-4) will continue. This will <u>give option to such taxpayers to file the return either in the existing form (ITR-1 or ITR-4), or the proposed common ITR</u>, at their convenience.

- **Reasons:**
  - **Simplifying ITR filing system** -> Ease of filing returns and Reduced time for filing the ITR
    - Taxpayers <u>will not have to see the schedules that don't apply to them</u>.
    - It intends the s<u>mart design schedule in a user friendly manner with a better arrangement,</u> logical flow, and <u>increased scope of pre-filling</u>.

- It will also facilitate **proper reconciliation** of third-party data available with the Income-Tax department vis-a-vis the data to be reported in the ITR to reduce compliance burden on tax payers.
- Making the system in sync with International best practices

3) TAXING AGRICULTURE

- **Agriculture Income:**
  - **Agriculture Income** is **defined** under section 2(1A) of the Income Tax Act as:
    i. Any rent or revenue from land situated in India and is used for agriculture purpose
    ii. Any income derived from such land by agriculture operations including processing of agriculture produce so as to render it fit for the market or sale of such produce.
    iii. Any income attributable to farm house subject to satisfaction of certain conditions specified in this regard in section 2(1A).

- Agriculture income earned by farmers in India is **exempt from Income tax**. It is provided under Section 10(1) of the Income Tax Act, 1961.

- The demand to tax agriculture income in India is not a new one. Several expert committees over the years have recommended taxing of farmers income. But, this demand has increased in recent years due to rising heterogeneity in farmer's profile.

- **Past Attempt at taxing agriculture income**
  - **Taxation Enquiry Committee in 1924-25** recommended taxing of farmers.
  - **DR BR Ambedkar** had also favored taxing agri-income based on the income of farmers. He criticized the land revenue system of British, but was of the view that income from agriculture must be taxed.
  - **Wanchoo Committee of 1971 on Direct Taxes** also recommended that agriculture income should be done away with and be aggregated with other income liable to income tax as the provision was being used for evading tax.
  - **KN Raj Committee** through its report in 1972 analyzed the feasibility of taxing agriculture **and recommended taxing of rich farmers**.
  - **Kelkar task force report in 2002** estimated that 95% of the farmers were below the tax threshold. It also stated that **the exemption to agriculture income is a distortion to both horizontal and vertical equity** and encourages laundering of non-agriculture income as agriculture income.
  - In Short, **almost all the commissions and agencies appointed or created by the government in the last 60 years have unanimously been of the view that agriculture income should be subjected to tax**.
  - In **April 2022**, the Public Accounts Committee tabled a report in the Parliament on 'Assessments relating to Agriculture Income' in which the committee examined certain paragraphs of the CAG report which dealt with verification of documents for exemption, incorrect reflection of income tax etc.

- **Why agri-income should be taxed?**
  - **Increasing Tax Base**: Rich and large farmers who has very large income should be brought under tax net.

- It will help in **formalization of agri activities**.
- E**nsuring better access to farmers of various government programs**: For e.g., bank loan officers on many occasion reject loan request because of no proper way to assess income of farmers.
- **Avoiding Tax Evasion and Money Laundering**: A lot of people claim their non farm income as agri income and evade taxes on them.
    - There are lots of industrialists who are in service sector and are also farmers, owning more than a 100 hectares of land. The don't labor on the field and are thus inactive farmers. Their agriculture income also needs to get taxed.

- **Challenges of taxing agri-income:**
    - **Incomplete land records**: This will make it difficult to calculate agri-income
    - **Administrative preparedness** to implement agriculture income tax is missing. Revenue department of state government lacks expertise to collect agri-income.
    - **Administrative cost** (i.e. cost of collecting tax) may become higher than the revenue generated from it.

- **Criticism [Not Valid]**
    - Farmers are already under a lot of stress and there are lots of instances of farmer suicide
    - Average income of agriculture household is very low
    - Assessing incomes and filing ITRs will be challenging for farmers
    - It may also reduce the payment being made to agri-laborers.

- **Why opposition of agri-taxation is mis-guided**
    - **Only rich farmers would be taxed**: Even if we go as per the current income tax slabs, most of the farmers won't have income of more than Rs 5 lakhs and thus wouldn't need to pay any tax at all.
        - Further, farmers with about 2-3 hectares of land can be exempted from tax regime.
    - **Agricultural laborers** are already least paid workforce in India. And payments to laborers can be increased by ensuring proper coverage of MGNREGA and other such social security benefits.

- **Conclusion:**
    - Agricultural income tax should be imposed on rich and large farmers. But at the same time, there is a need to prepare for this first. This would happen through finalization of land records and making the revenue department to get an expertise in collecting agri-income tax.

4) DIRECT TAX CODE (DTC)

- **Intro:**
    - The **basic structure of Income Tax Act, 1961 has remained same for the last 61 years.** It was drafted in an **era when India was closely controlled economy with quasi-socialist mindset**. It has **not changed much vis-a-vis the changes in the economic scenarios in the country**.
    - The current direct tax structure in India is **very complicated**. For e.g., the 1961 act has 700+ sections.
    - This makes compliance difficult for taxpayers and assessment difficult for tax authorities leading to litigations and counter litigations.
    - The **Direct Tax Code** is envisaged as a single, simplified, uniform, economically effective and equitable mechanism which will deal with the above challenges.

- **What does DTC entail?**
    - So far various committees have suggested the following simplification in the direct tax structure:
        - **Single Code for Direct Taxes** -> All the direct taxes are sought to be brought under a single code and unified compliance procedures. It is going to be shorter, crispier and easy to understand.
        - **Doing away with cesses and Surcharge** which leads to confusions and complications and also affects federal distribution of taxes. (Akhilesh Ranjan)
        - **Reducing Litigations**
            - **Simplified, very transparent and unambiguous mechanisms** to reduce disputes and minimize litigations.
            - Introduction of **Negotiated Settlement**
                - it is envisaged as a mechanism to settle disputes through **negotiated settlement** between taxpayer and income tax officers (A collegium of commissioners). Here only tax and interest have to be given and no penalty has to be provided for. (Akhilesh Ranjan)
            - **A Litigation Management Unit** to manage the entire tax litigation process, right from deciding in which cases the appeals ought to be filed to devising the strategy to defend a case.
        - **Bringing predictability and Stability in tax regime** by including accepted international principles and best practices.
        - **Improving the Assessment Process** (Akhilesh Ranjan)
            - **Replacing the concept of Assessing Officer with Assessment Units**
            - **Faceless scrutiny** of cases picked through centrally and randomly allotted mechanism.
        - **Promote Ease of Doing Business** (Akhilesh Ranjan)
            - Common Tax Code for Domestic and Foreign companies (currently foreign companies pay different tax rate)
            - Reduce the tax burden on Corporate sector (reducing it to 25%)(already done)
            - Special provisions for startups
            - Doing away with dividend distribution tax - already done (Budget 2020-21)
            - Separate mechanism to deal with transfer pricing assessment. TP assessment will be carried out by separate functional unit.
                - This is also expected to reduce number of litigations in India.

- **Benefits of Direct Tax Code:** A clean direct tax code can help in achieving the following objectives:
    i. **Increased Tax Base** due to simplification due to DTC can contribute towards **reducing government's fiscal burden**. An effective, simpler and easy to comprehend tax system will widen the tax base. This will also **alter the Indian Social Contract** by increasing the number of people paying taxes.
    ii. **Economic Growth:** It will help make **Indian economy more competitive** through tax stability, minimal exemptions and the focus on allocative efficiency.
        - **E-Commerce and Start-ups** will get more clear tax mechanisms under DTC and thus will find it easy to do business in India.
    iii. **Opportunity for Lower Indirect Taxes or GST rates**
    iv. **Reduction in Litigations**

- **Arguments Against Building a Direct Tax Code/ Does India need a direct tax code?:** Some experts feel that in current scenario, odds against DTC are high:
    i. **New Law will consume precious time and money for all stakeholders**
        - Taxpayers, law authorities, tax advisors and the judiciary
    ii. **Income tax has been amended several times** to keep it in sync with the business requirements
        - For e.g. amendments has been done to counter Base Erosion and Profit Shifting.
    iii. **Stability of law is fundamental for any fiscal statute**
        - Upsetting settled jurisprudence on taxation could become a challenge.
    iv. Instead of new tax code, **fair and reasonable administration of existing tax laws** is the need of the hour.

5) REDUCTION IN CORPORATE INCOME TAX

- Corporate tax rates which used to be more than 50% in early 1990s was brought down to 30% by 2004-05 as per the recommendations of Shome Committee (2001) and Kelkar Committee (2002).

- But, even at the basic rate of 30% the effective corporate tax paid by Indian companies was around 35% which was on the higher side compared to its peers.

- **This high tax** rate led to low investments which reduced economic growth potential.

- **So**, through Taxation Laws (Amendment) Ordinance following changes were made in Sep 2019.
    » **Income Tax rate** of **22% (Effective 25% with surcharge and cess)** for all domestic companies (provided they don't claim deductions under the Income Tax Act)
        ▫ The new rates are **applicable for those companies** which will not avail any exemption/incentives.

    - Domestic manufacturing companies set up on or after Oct 1, 2019, to pay tax at a **lower 15% rate** (effective 17%) if they forego other incentives.
        ▫ Note: These companies must start manufacturing before April 1, 2023.

    » If a company applies for new rates than the same will be applicable in subsequent years.
    » Provisions related to Minimum Alternate Tax (MAT) will not be applicable for companies choosing new tax rates.

- **Minimum Alternate Tax** (MAT) has been reduced from 18.5% to **15%** for companies not choosing the new tax rates.

- **Positive Implications**
  - India's tax rates have become **on par with competing Asian peers**.
    - This will **increase the profitability** of the corporate players and thus will contribute in making India an **attractive destination for investment**.
  - It may also **increase the export competitivity** of Indian companies as now they will be able to price their products at lower prize for same profitability.
  - **Sectors like telecom sector**, which are facing high debt burden, can use the extra money to pay off the debt and thus will contribute **to better functioning** of India's banking system.
  - **Contribute to easy credit availability**
  - In long run, the **enhanced economic activities will increase the tax base** and thus may also **boost tax collection**.

- **Concerns**
  - **Revenue loss** and thus **increased fiscal deficit** in short runs
    - For e.g. recently, finance ministry announced that the government faced a revenue loss of more than 1 lakh crores in FY21.
  - **Hasn't kickstarted investment**: RBI has recently notes that the new tax regime **didn't kickstart the intended Investment Cycle**.
    - In an annual report for 2019-20, the RBI said that tax rate cut may have been used for debt servicing, building up cash, and other current assets.

- **Way Forward**
  - Reduced tax rates alone can't deal with the key challenges faced by Indian economy. It is a bold move but is only one of the **supply side reforms**. Other steps required are:
    - **Land and Labor Reforms** -> to further simplify the ease of doing business in the country.
    - **Banking reforms** -> to ensure easy credit for consumption and investment.
  - Further, the supply side reforms should be **complemented with demand side reforms**. Without increase demand, increasing supply will be of no use.
    - Here, there should be focus on **increasing income** of working and middle class. Here reforming **agricultural sector** would be crucial as it provides income and employment to more than 50% of the India's population.
    - Continuation of the reform process also calls **for Rationalizing Personal Income Tax Rates** in alignment with the new CIT rates.
  - Further, since there is going to be a **large slippage in fiscal deficit**, the central government would do well to enhance the efforts to garner **additional non-tax revenue as well as disinvestment proceeds** over and above the budget estimates.

- **Conclusion**
  - In long run, the corporate tax cut, can indeed boost economic activities. It's important that to fully utilize the potential of this cut other complementary steps such as reform in labor laws, strengthening of the banking sector also takes place.

6) GLOBAL CORPORATE MINIMUM TAX

- **Need:** The existence of **tax havens** - Many companies register on these tax havens and evade tax through various mechanisms like round tripping.
  - Big companies have an increasing tendency to shift income from tangible sources such as drug patents, software and royalties on intellectual property to these jurisdictions, allowing companies to avoid paying higher taxes in their traditional home countries.

- **In Oct 2021**, after negotiations at the OECD, more than 130 countries agreed to an outline of Global Minimum Tax Agreement.

- **Global Minimum Tax Agreement** is aimed:
  - » **Pillar-1:** Reallocate taxing rights on about $200 billion in profits from the companies to the countries where they do business (rather than just the home country)
    - **Implications**: US tech companies may have to pay more taxes to governments of developing countries.
  - » **Pillar-2**: It establishes the base, rate, and approach for global minimum corporate tax.

- Governments are now working on **implementation plan** and turning the agreement into law.

- **How will this work?**
  - **A global minimum tax** would apply to overseas profit of multinational firms with 750 million euros in sales globally.
    - Governments can still set whatever local corporate tax rate they want, but if companies pay lower rates in a particular country, **their home governments would "top up" their tax to th 15% minimum**, eliminating the advantage of shifting profits.

- **Advantages:**
  - » **Increase in global tax revenue** by about $**150 billion** in additional global tax revenue (OECD)
  - » **Economic Growth**: Economists expect that the deal will encourage multinationals to repatriate capital in their country of headquarters, giving boost to these economies.
  - » **End of Race to the Bottom**: This has made harder for government to shore up revenues.

- **Challenges**:
  - » **Legal sanction in all countries**: Agreement calls for countries to bring it in law in 2022 which has still not happened for many countries. For e.g. USA has not seen any ratifying plan any time soon.
  - » **High-income countries** have first choice at collecting additional "top up" taxes.
  - » **Low- and Middle-Income countries** may have to forgo existing and future digital service tax in exchange for a new formula based approach.
  - » **Tax Havens** may not agree and will try to stall the plan.
- **Criticism**:
  - » Without tax competition between governments, the world would be taxed a lot more than it is today, thus adversely affecting global economic growth.

- **Updates:**
  - In **Dec 2022**, Members of EU have agreed in principle to implement a minimum tax of 15% on big businesses in accordance with the pillar-2 of the global tax agreement framed by OECD.

7) 2% GLOBAL WEALTH TAX: TO CURB EVASION: SUGGESTED BY EU REPORT

- **Report**: European Union Tax Observatory has published the report titled '**Global Tax Evasion Report 2024**'.

- **Key Highlights:**
  - Tax Evasion is enabling billionaires to enjoy effective tax rates equivalent to 0% to 0.5% of their wealth.
    - The number of people affected by it would be miniscule, the tax rate of them (2%) "would still be very modest" given that the wealth of billionaires has grown at 7% a year annually since 1995.

- **Some past efforts** which have been beneficial:
  - **The Automatic exchange of bank information** - have been successful in reducing offshore tax evasion by a factor of 3 over the past 10 years.

- **Recommendations**: A global minimum tax on billionaires equal to 2% of their wealth.
  - **Expected Impact**: This would address evasion and "Generate nearly $250 billion from less than 3,000 individuals".

8) MAT AND AMT

A) MINIMUM ALTERNATE TAX (MAT)

- **Objective of MAT**
  - **Scenario:** At times it may happen that a taxpayer, being a company, may have generated income during the year, but by taking advantage of various provisions of Income-tax Law (like exemptions deductions and depreciations, etc.) it may have reduced its tax liability or may not have paid any tax at all.
    - **Due to increase in zero tax paying companies,** MAT was introduced by the Finance Act, 1987 with effect from assessment year 1988 - 89. Later on, it was withdrawn by the Finance Act, 1990 and then reintroduced by Finance Act (No. 2) 1996.
  - **Objective:** To bring into tax net "**zero tax companies**" which in spite of having earned substantial book profits and having paid handsome dividends, do not pay any tax due to various concessions and incentives provided under the Income-Tax Law.

- **Section 115JB of Income Tax Act, 1961:** Since the introduction of MAT, several changes have been introduced in the provisions of MAT and today it is levied on companies as per the provisions of section 115JB.

- **Basic Provisions of MAT**
  - As per the concept of MAT, the ***tax liability of a company will be higher of the following***

- **Normal Tax Liability:** Tax liability of the company computed as per the normal provisions of the income tax law, i.e., tax computed on the taxable income of the company by applying the tax rate applicable to the company. Tax computed in the above manner can be termed as Normal Tax Liability.
- **MAT:** Tax computed ~~@ 18.5%~~ (15% from AY 2020-21) (plus surcharge and cess as applicable) on **book profit**.

– **Applicability and Non Applicability of MAT**

» As per the section 115JB, every tax payer being a company is liable to pay MAT, *if the income tax (including surcharge and cess) payable on the total income, computed as per the provisions of the Income-tax Act in respect of any years is less than 18.5% of its book profit , + surcharge + education cess + Higher Education Cess*.

» **Every company**: Provisions of MAT are applicable to every company whether public or private and whether Indian or foreign.

- **Exceptions**
  - MAT shall not apply to any income accruing or arising to a company from **life insurance business** referred to in section 115B.2 -
  - MAT will not apply to a **shipping income liable to tonnage taxation**, i.e., tonnage taxation scheme as provided in section 115V to 115VZC.

B) ALTERNATE MINIMUM TAX (AMT)

– The provisions of MAT are applicable to a corporate taxpayer only. The provisions relating to AMT are applicable to non-corporate taxpayers in a modified pattern in the form of Alternate Minimum Tax. Thus, it can be said that MAT applies to companies and AMT applies to person other than companies.

– **Section 115JC and Section 115JF** contains provisions relating to AMT

– AMT tax rate is 18.5%.

9) CAPITAL GAINS TAX AND ANGEL TAX

- Next class

10) INSTITUTIONS DEALING WITH DIRECT TAXES IN INDIA

A) CENTRAL BOARD OF DIRECT TAXES (CBDT)

– It is a statutory authority functioning under the Central Board of Revenue Act, 1963. The officials of the board in their ex-officio capacity also function as a division of the ministry dealing with matters relating to levy and collection of direct taxes.

– CBDT Is a part of Department of Revenue in the Ministry of Finance. It provides input for policy and planning of direct taxes in India and is also responsible for administering of the direct taxes law through the IT department.

– **Composition**

- The CBDT consists of Chairman and following six members.
  1. Chairman
  2. Member (Income-tax)
  3. Member (legislative and computerization)

4. Member (Personnel and Vigilance)
5. Member (Investigation)
6. Member (Revenue)
7. Member (Audit and Judicial)

– The Chairperson of CBDT is the senior most IRS(IT) serving in the country.