

16 Recommendations from First and Second Reports of TARC –Not acceptable		
Sl. No.	Recommendation of TARC	Comments
	Chapter-III - Structure & Governance	
1.	(a)The two Boards must embark on selective convergences immediately to achieve better tax governance, and, in next five years, move towards a unified management structure with a common Board for both direct and indirect taxes, called the Central Board of Direct and Indirect Taxes. For a unified management structure, apart from the common Board, the functions that can easily support the framework would be in the areas of human resource management and vigilance, finance, ICT, infrastructure and logistics, and compliance verification.	Not acceptable
2.	(e) A Governing Council, headed by chairperson of the two Boards, by rotation, and with participation from outside the government, should be setup at the apex level to oversee the functioning of the two Boards. (f) An Independent evaluation Office (IEO) should be set up. Its main work would be to monitor the performance of the tax administration, promote accountability, evaluate the impact of tax policies and assess all factors that affect tax administration. IEO will report to the governing council so as to ensure its independence.	Not acceptable
3.	(g) A Tax Council should be set up to develop a common tax policy, analysis and legislation for both direct and indirect taxes. The council will be headed by the Chief Economic Adviser of the Ministry of Finance.	Not acceptable
	Chapter II - Customer Focus	
4.	vi) <u>Functioning of Ombudsman</u> In redressing taxpayer grievances, the decision of the Ombudsman should be binding on tax officers. To bring independence and effectiveness to the office of the Ombudsman, non-government professionals should also be inducted in the post.	Not acceptable
	Chapter IV-People Function	
5.	Recommendation 2: A system of limited departmental competitive examination should be introduced by earmarking 33% of the vacancies in the promotions quota in Gr.B as well as Gr.A, so that relatively more meritorious and younger officers in the feeder grade can get fast track promotions.	Not acceptable
6.	Recommendation 4: Provision should be made for lateral entry of experts in key roles and specialised areas. While they may be on contract for 5 years, subject to their suitability and willingness they should be able to integrate with the organisation at	Not acceptable

	the end of the contract period.	
7.	Recommendation 9: The tax administration should extend the performance appraisal system to elements of 360 degree appraisal to include feed back from subordinates.	Not acceptable
8.	Recommendation 13: A common assessment centre for the two Boards needs to be set up by the people function to make a thorough, all round assessment of officers at the first transition point.	Not acceptable
9.	Recommendation 14: In view of a different promotion system being recommended, the UPSC should be consulted for exempting these promotions in the IRS from their purview like some other services, e.g., the Indian Foreign Service, Indian Railway Services and Indian Audit and Accounts Services are exempted. However, if the UPSC is willing to be associated with the altered promotion scheme, that option should be considered.	Not acceptable
	Chapter V - Dispute Management	
10.	10. Ordinarily appeal should not be filed against orders of Commissioner (Appeals), except where the orders are ex-facie perverse. (Section V.5)	Not acceptable
11.	11. The present structure of Commissioner (Appeals) should be changed to two forums, namely, single Commissioner (Appeals) and 3-member Commissioner (Appeals) panel. If the case is not decided within the prescribed time frame, the taxpayer's appeal would be deemed to have been allowed. (Section V.5)	Not acceptable
	Chapter-VI - Key Internal Processes	
12.	9. CFO of a company be also enabled to file IT returns. (VI.3.a)	Not acceptable
13.	24.The necessary refunds arising on the orders should be paid or the taxpayer should be allowed to set-off the amount against the advance tax liability or self-assessment tax liability in subsequent years by giving the document identification number as the appeal effect order is issued through the ITD system. Further, it would only be equitable if the rate of interest on refunds is the same as that charged to taxpayers in the case of tax dues. (VI.6)	Not acceptable
14.	27.Separate budget for payment of refund or credit. In a different but related context, the Public Accounts Committee in its 96th report to the 14th Lok Sabha recommended that there should be a separate budgetary head for interest on delayed refunds. Taking a cue from this, it can be recommended that there should be a separate budget head for tax refunds to bring more transparency and to circumvent the general tendency to withhold refund, even if genuinely due. (VI.6)	Not acceptable
15.	28.Improving TDS compliance: I-T Rules provide that all sums deducted under the I-T Act are to be paid to the credit of the central government within a specified period. But despite these provisions, there have been instances of delayed credit of the	Not acceptable

	TDS deducted. This calls for more effective enforcement of TDS.TARC is, therefore, inclined to recommend a small percentage of commission, say 0.005 per cent (for large and medium tax deductors) to 0.01 per cent (for small tax deductors) of the tax deducted and deposited in the government account, to be allowed as business expenses by them to fulfil their obligations. (VI.7)	
	Chapter-IX - Information Exchange	
16.	7.Audit and Accountability The TARC mainly discuss the following aspects: a) Develop a robust audit and accountability methodology. b) An independent evaluation office to evaluate the performance of the activity of exchange information and present its report to the governing council for successful implementation of data information exchange by collaborating organizations is recommended.	Not acceptable