

**89 Recommendations from First and Second Reports of TARC – Acceptable or Acceptable with modification – Under Implementation (CBDT)**

<b>Sl.No.</b>	<b>Recommendation of TARC</b>	<b>Comments</b>
	<b>Chapter III Structure &amp; Governance</b>	
<b>1</b>	(b) The convergence can begin for large business segment by setting up of a large business service (LBS) which will be integrated and operated jointly by both the Boards. This will be a taxpayer segmentation by the tax administration, and joining LBS will not be at the option of the taxpayer. All the core tax functions will be managed jointly by officers of both the Boards	<b>Under Implementation</b>
<b>2</b>	(h) Common Tax Policy and Analysis (TPA) unit comprising tax administrators, economists and other specialists such as statisticians, tax law experts, operation research specialists, social researchers should be set up for both Boards. The existing TPL in CBDT and TRU in CBEC should be subsumed in the common TPA. TPA will report to the Tax Council through the concerned member of each Board. TPA will be responsible for all three major components of tax policy formulation – policy development, technical analysis, and statutory drafting.	<b>Under Implementation</b>
<b>3.</b>	(i) Each rule, regulation and other tax policy measure such as exemptions should be reviewed periodically to see whether they remain relevant to the contemporary socio-economic conditions and meet the changing requirements. For this, a robust process should be institutionalized. As a first step, a thorough review of the existing rules, regulations and notifications should be undertaken. Going forward, it should be a standard practice to build sunset clause in each rule, regulation and notification.	<b>Under Implementation</b>
<b>4.</b>	(c) The tax administration needs to have greater functional and financial autonomy and independence from governmental structures, given their special needs. j) The present Boards are not aligned to various needs nor are they geared to respond to emerging and future challenges in an effective and efficacious manner. Keeping that in mind, the two Boards should be expanded to have ten Members, apart from the Chairperson. k) The two Boards would be responsible only for policy dimensions of tax administration, while the directorates under them would be responsible for operations in the field formations. These directorates would have a vertical and horizontal alignment with functions, and would interact with each other in a matrix-like structure of responsibilities and accountability.	<b>Under Implementation</b>
<b>5.</b>	(l) The field formations are currently organized to handle all key functions in a particular geographic region. In order to	<b>Under Implementation</b>

	bring about a functional orientation, field offices will need to be restructured along the core functions of taxpayer services, compliance, audit, dispute management, enforcement and recovery, etc.	
6.	(m) A functional orientation would promote specialization in the respective area of tax administration. For these reasons, specialization should be encouraged by selecting suitable officers and providing them sufficient tenures to develop specialized knowledge in key sectors.	<b>Under Implementation</b>
7.	(n) A common approach for developing robust and comprehensive risk management framework should be adopted by the two Boards. This should be approved by the Governing Council to bring coherence.	<b>Under Implementation</b>
	<b>Chapter II Customer Focus</b>	
8.	i) <u>Dedicated Organisation for Tax Payer Services (TPS)</u> There should be a dedicated organisation for delivery of taxpayer services with customer focus for each of the Boards. There should be an exclusive Member in each Board for the taxpayer services. The taxpayer services vertical under each Board would be headed by an officer of the rank of Principal Chief Commissioner, who would be responsible for delivery of taxpayer services. This implies dedicated resources and personnel for this vertical.	<b>Under Implementation</b>
9.	ii) <u>TPS under one umbrella through Large Business Service (LBS)</u> Taxpayer service delivery will be located under one umbrella for large taxpayers, i.e., the CBDT and CBEC will jointly function for large taxpayers through Principal DG (LBS). For other taxpayers, i.e., medium and small, the operations of the CBDT and CBEC will continue in separate chains.	<b>Under Implementation</b>
10.	iii) <u>Training needs</u>  Officers and staff at all levels of tax administration should be trained for customer orientation. Further for people posted in this vertical, the training in customer focus need to be more specialized and intensive. This training should be appropriate to the areas in which such officers are deployed such as customer relationship, measurement of customer satisfaction, taxpayer education, etc.	<b>Under Implementation</b>
11.	iv) <u>Budget for Taxpayer Services</u>  In line with the international practice of spending 10-15 per cent of the administration's budget, a minimum of 10 per cent of the tax administration's budget must be spent on taxpayer services. At least 10 per cent of the budget for tax administration should be allocated and spent for ICT-based taxpayer services.	<b>Under Implementation</b>
12.	v)	<b>Under Implementation</b>

	<u>Customer Research&amp; Surveys</u> Sufficient funds must be allocated to conduct customer research including, in particular, on customer surveys	
13.	viii) <u>Revisit the present Citizen's Charter</u> There is an urgent need to revisit the present citizen's charter to make it more meaningful and customer focused. The citizen's charter should be renamed the taxpayer's charter to focus on all categories of taxpayers.	<b>Under Implementation</b>
14.	ix) <u>Consultations with stakeholders on disagreements &amp; changes in tax laws</u> There should be a regular stakeholder consultations on the issues of tax disagreements and tax law changes. The Commission recommends a permanent body for stakeholder engagement. The recent experience of the Forum through which many issues were resolved between stakeholders and the tax departments should become a continuing activity.	<b>Under Implementation</b>
<b>Chapter IV Peoples Function</b>		
15.	<b>Recommendation 3:</b> Recruitment needs to be made on the basis of carefully drawn recruitment plans that balance the short and long term needs and career aspiration of the officers.	<b>Under Implementation</b>
16.	<b>Recommendation 5:</b> The CBEC needs to develop a human resource management system, as has been done by the CBDT; collaboration and knowledge exchange between the two DGs(HRD) will enable CBEC to get such a system going in shorter time.	<b>Under Implementation</b>
17.	<b>Recommendation 7:</b> Key performance indicators, detailing the performance areas, objectives, key initiatives, performance indicators and performance targets, should be arrived at using the Balanced Scorecard methodology.	<b>Under Implementation</b>
18.	<b>Recommendation 11:</b> To facilitate renewal of talent and professional growth, officers should be allowed to move outside the department for defined period of time.	<b>Under Implementation</b>
19.	<b>Recommendation 12:</b> The career of IRS officers should be into three phases: <ul style="list-style-type: none"> <li>• The first 9-10 years should be spent through different functional areas to gain familiarity.</li> <li>• The next 8-9 years should be in two or more specialist areas.</li> <li>• Persons showing the ability for top leadership will go into the third phase and constitute the pool from which selection will be made for top positions.</li> </ul>	<b>Under Implementation</b>
20.	<b>Recommendation 16:</b> The transfer & posting policy should be recast to promote specialisation and accommodation of individual choices in professional growth and should bring about predictability, stability and certainty to placement sought. Personal difficulties of officers should receive due consideration.	<b>Under Implementation</b>

21.	<b>Recommendation 17:</b> DG(HRD) should assist the Board in transfers and postings and they should be Member Secretaries of the Placement Committee. The administration section should have no role to play.	<b>Under Implementation</b>
22.	<b>Recommendation 18:</b> Learning and development should occupy a central place in people advancement and all officers must undergo a minimum 10 days of training every year.	<b>Under Implementation</b>
23.	<b>Recommendation 19:</b> NADT and NACEN infrastructure should be substantially upgraded and the academies need to keep themselves updated in terms of the contemporariness of course content, pedagogy and use of ICT in training and they should be treated on par with LBSNAA. Their budgets should match the stipulation of the National Training Policy, i.e. 2.5 per cent of the salary budget of the departments should be earmarked for training and should be treated as plan expenditure.	<b>Under Implementation</b>
24.	<b>Recommendation 20:</b> More emphasis in training needs to be given on customer focus and value education.	<b>Under Implementation</b>
25.	<b>Recommendation 22:</b> There should be more proactive approach to preventive vigilance.	<b>Under Implementation</b>
26.	<b>Recommendation 24:</b> CVC should have a Member who has been an officer of either of the IRSs and there should at least one Joint Secretary/Additional Secretary level officer posted in the secretariat of CVC.	<b>Under Implementation</b>
	<b>Chapter V Dispute Management</b>	

27.	4. Both the Boards must immediately launch a special drive for review and liquidation of cases currently clogging the system by setting up dedicated task forces for that purpose. The review and liquidation should be completed within one year and the objective should be to decide all cases pending in departmental channels for longer than a year as on the start date of the action plan. (Section V.6)	<b>Under Implementation</b>
28.	12 The DRP in income tax should be made full-time panels. Their mandate should be expanded to include corporate cases of resident cases as well. Same mechanism should be introduced in indirect taxes also, where collegium of three Commissioners would be deciding complex cases involving extended period of limitation, related party transactions and taxability of services. (Section V.4.e)	<b>Under Implementation</b>
29.	17. Authorized representatives from the departments should be carefully selected and given sufficient incentives and necessary infrastructural support to perform their duties effectively. They should also be given specialized training before they are asked to appear for the department. The administration of the DR function should also be in the dispute management vertical. (Section V.5)	<b>Under Implementation</b>
30.	18. On disposal of a case by Supreme Court/High Court and if the judgment is accepted by the Department, an instruction should be issued to all authorities to withdraw appeal in any pending case involving the same issue. (Section V.6)	<b>Under Implementation</b>
	<b>Chapter VI Key internal Processes</b>	
31.	1.PAN as CBIN should be continued and made mandatory for all categories of taxpayers including for Government departments, regulatory bodies etc., to obtain central excise and service tax registration. Further, registration by all other Government Departments such as State VAT Departments and DGFT should also be based on PAN(VI.1.c)	<b>Under Implementation</b>
32.	2. There is urgent need to develop a more robust regulatory framework for careful and constant monitoring of PANs.	<b>Under Implementation</b>

	(VI.1.c)	
33.	3.Partner-user should also participate in developing a robust regulatory mechanism. Increasing the reliability of PAN and the move towards creating a reliable CBIN, however, would require a better validation and verification mechanism(VI.1.c)	<b>Under Implementation</b>
34.	4. (i)By leveraging the regulatory framework for PAN allotment and its delivery system, we can move towards PAN being a single point of reference for all business transactions as in Australia and US. (VI.1.c)	<b>Under Implementation</b>
35.	4(ii) The CBDT should continue to be responsible for issuing PAN to entities and organizations to ensure uniformity among different classes of taxpayers.(VI.1.c)	<b>Under Implementation</b>
36.	4(iii) Quoting of PAN in all transaction documents be made mandatory under law. (VI.1.c)	<b>Under Implementation</b>
37.	4(iv) As PAN is used as CBIN by other departments having varied requirements, it is essential for the Income-tax Department to re-visit the existing verification mechanism. For e.g. to issue registration under central excise and service tax, verification of the address where the business premises are located, the identity of the business, the bank account details, the directors of the company, the nature of business etc is also very essential. Such verification could be made as an integral part of verification before the issue of PAN. But these additional verifications should not delay the issue of PAN (VI.1.c)	<b>Under Implementation</b>
38.	4(v) The system of jurisdiction-based PAN has many problems. Even though the present system is elaborate, the transfer of PAN from one jurisdiction to another does not happen within a reasonable time frame. Although efforts have been made by the I-T department to make such transfers online within its PAN system the process continues to be elaborate and not time bound. (para VI.I.c, para 284) (VI.1.c)	<b>Under Implementation</b>
39.	4(vii) In case of change in the information provided earlier by a taxpayer for obtaining the registration, it should be the responsibility of the registered person to carry out the amendments within a stipulated time-period. Sensitive changes such as amendments to the name of business/taxable person, principal place of business uploaded by the taxpayer etc., may need affirmation by the tax administration and should be dealt with in a more elaborate manner. (paraVI.I.c,)	<b>Under Implementation</b>
40.	4(viii) Other sensitive changes such as addition/deletion of premises, bank details, particulars of authorized persons, particulars of goods/services dealt, details of proprietors/partners/directors may also require prior intimation and affirmation by the department. But in all other cases, the taxpayer may upload the change on his own within 30 days of making the change.(paraVI.I.c,)	<b>Under Implementation</b>
41	6. Since the use of banking channels is a pre-condition, the number of banks authorized to collect taxes would need to be increased to provide better access to tax payers for internet banking services. Currently, the authorization is	<b>Under Implementation</b>

	separately required for branches of an authorized bank. This should be dispensed with by enabling the banks themselves to start tax collection in any new branch. This would be a customer friendly measure as there would be a wider network of collecting banks.(para VI.2.c,)	
42.	7. A payment gateway facilitates the transfer of information between a payment portal (such as a website, mobile phone printer active voice response service) and the front end processor or acquiring bank. There is good reason to increase payment gateways for better customer convenience. (para VI.2.c)	<b>Under Implementation</b>
43	10. In order to avoid unnecessary litigation, it is imperative that taxpayers should be allowed to make relevant disclosure in the tax return itself. At present, if the taxpayer and tax officer differ on deductibles, the tax officer adds the disputed amount to the income of the taxpayer and penalty proceedings are initiated. This often puts a burden on both taxpayers as well on the tax administration as avoidable penalty proceedings are initiated. To obviate such situations, we recommend that the format of the tax return should be amended and space be made available for the taxpayer to state its position on transactions, which have the potential to create disputes of a legal nature and arise from a difference in opinion between the taxpayer and the tax administration. (para VI.3.a)	<b>Under Implementation</b>
44.	11. Jurisdiction free as far as possible under Income tax. Each taxpayer is attached to a specific AO. It is widely felt that there are significant disadvantages in such an arrangement as the AO may not have specific industry knowledge or subject knowledge with the result the taxpayer is put to undue hardship. It is thus felt that geographical jurisdiction should be dispensed with and industry based assessment should be introduced in line with the recommendation made in Chapter III of this report.( para VI.3.a)	<b>Under Implementation</b>
45.	12. Personal presence for hearings in all tax cases should also be avoided; data can be sought through an e-system, where it can be uploaded by the taxpayer. Personal hearing should be sought only in complex cases. A facility like an e-room can be developed for larger taxpayers to upload data. This data can be suitably protected. If required, video conferencing can be used to hear the taxpayers' or their representative's views. (para VI.3.a)	<b>Under Implementation</b>
46.	13. Developing specialization for AOs. (VI.4.a)	<b>Under Implementation</b>
47.	14.No transaction based audit. Audit should be system based. (para VI.4.a)	<b>Under Implementation</b>
48.	15. The assessment team could comprise more than one AO in complex cases. In cases where the tax assessed by the AO is higher than what the taxpayer considers is due and the addition proposed is more than a specified amount, the amount should be approved by a team of superiors from outside the AO's jurisdiction. This would bring quality to the assessment orders, as there would be a peer review. The taxpayer should be allowed to explain his position to the team of superiors and the draft order should be finalized based on the final directions.( para VI.4.a)	<b>Under Implementation</b>
49.	16. Develop audit protocols.(para VI.4.a)	<b>Under Implementation</b>

<b>50.</b>	17. Co-ordination between audits of CBEC and CBDT (para VI.4.a)	<b>Under Implementation</b>
<b>51.</b>	18. Quantitative filters for CASS: The pre-requisites for a robust risk-assessment system is collection of data/information from external and internal sources, data cleansing and system-based checks and analysis. There is also a need to make sure that when CASS is run, data for all taxpayers, including those who filed manual returns, is available in the database. (VI.5)	<b>Under Implementation</b>
<b>52.</b>	19. There is also a need to set up a standard operating procedure, which recognizes an iterative method, testing it ex-post, to develop effective and efficacious parameters in the risk assessment matrix. (VI.5)	<b>Under Implementation</b>
<b>53.</b>	20. Increasing the number of audits in non-corporate and small corporate segment. Non-corporate business entities, comprising small and medium size enterprises, form a big part of the tax gap in India. These non-corporate entities, as also small or shell companies, are often used for round-tripping, and hence, fake capital building. These entities are often used to provide accommodation entries. Since the overall scrutiny is taken up in less than 1 per cent cases, some of these companies escape the tax net and are used as safe conduits. (VI.5)	<b>Under Implementation</b>
<b>54.</b>	21. More and more tax returns are being filed electronically. Even TDS returns are being e-filed. Despite that, refunds by the I-T department remain tardy. There is no time limit within which an AO is supposed to process the refund in case the refund could not be issued from CPC. (VI.6)	<b>Under Implementation</b>
<b>55.</b>	22. The AO normally waits for the file to be transferred from the CPC and even after the file is transferred, the AO goes through manual verification and withholds the amount due to non-availability of the TDS certificate. This process, therefore, needs to be changed. The recommendation in this regard is that there should be a time limit in which refunds should be processed after filing the income tax returns. Since the CPC issues refunds through the refund-banker scheme, the refunds should be based on taxpayer data and deductor data which is already available in ITD system. The insistence on manual filing of TDS certificates before the AO for verification of refund claims should be done away with. If required, the tax payer should be allowed to upload all TDS certificates in the electronic format. (VI.6)	<b>Under Implementation</b>
<b>56.</b>	23. Refunds due to taxpayer on relief from ITAT/CIT (A) order: Sometimes, the taxpayer is eligible to get refunds based on relief obtained from ITAT/CIT (A)/HC/SC orders. Under the present provisions, there is no time limit by which the AO should give effect to the orders passed and issue refunds. Many times, the taxpayer is coerced into paying tax for the current year as self-assessment tax or advance tax. This process needs to be changed. There should be a time limit by which the AO should pass the orders giving effect to CIT (Appeals)/ITAT orders. (VI.6)	<b>Under Implementation</b>
<b>57.</b>	25. Strict adherence to timelines: A taxpayer should not be denied refunds if it is due. In fact, both the Boards have time	<b>Under Implementation</b>



	and again issued instructions that in case there is delay in issuing refunds, the taxpayer should be granted interest on delayed refunds, unless it is caused by the fault of the assesseees. (VI.6)	
<b>58.</b>	30.Reduction of errors. The TDS deductor is obliged under Section 206 of I-T Act to file an e-TDS return in form no. 24, 26 or 27 or quarterly statements and submit them to CPC-TDS. TDS return typically contains the TDS Account Number (TAN) of the deductor, PAN of the deductor, PAN of all the deductees and particulars of tax paid to the central government including book identification number or challan identification number as the case may be. Errors can occur in reporting any of the above information. This impacts the deductee, often small taxpayers, as they are unable to claim refund, particularly if they are below the taxable limit. Attention should be paid to reducing errors and if errors occur, to their early rectification. The rectification of errors should be a key taxpayer service, and should be delivered with a clear customer focus. (VI.7)	<b>Under Implementation</b>
<b>59.</b>	31. Improvement in rectification process: Although the CPC-TDS has provided an interface to the deductors for online error rectification of e-TDS returns, it permits only two types of corrections, namely, PAN correction and challan correction. For all other type of corrections, users have to go through the regular process of generating a correction return file and submit it to the CPC-TDS. Even a single error requires the deductor to submit the entire return afresh. The process of uploading the entire file for one or two corrections is cumbersome and disproportionate to the gravity of the error. This adversely impacts taxpayer services.(VI.7)	<b>Under Implementation</b>
<b>60.</b>	32.Help for small deductors: The compliance cost for small deductors in filing TDS returns and fulfilling various obligations is high. This often discourages small deductors. The government, therefore, should ask tax return preparers (TRPs) to also assist small and marginal tax deductors to prepare and file their TDS returns. Or else, a separate TDS return preparers (TDS TRPs) programme should be initiated on the same lines as TRPs. (VI.7)	<b>Under Implementation</b>
<b>61.</b>	33.Rules on FTC: No guidelines for FTC exist in India. CBDT should introduce FTC rules and specify the compliance requirements in clear and lucid detail to reduce the scope for interpretation and litigations. (VI.8)	<b>Under Implementation</b>
<b>62.</b>	34. Timing for claim of FTC: Tax jurisdictions have different fiscal years. Difficulties are often encountered by taxpayers in claiming FTC for taxes paid in the US between January and March as those taxes are accounted for in a different fiscal year, whereas in India that tax claim would fall under the same fiscal year. An FTC rule to cover such timing differences would bring relief to eligible taxpayers. VI.9	<b>Under Implementation</b>

<b>63.</b>	35. Collection & Recovery. Separate vertical for this function: Currently, the function of recovery and collection is largely carried out by the AOs whose primary job is assessment of taxes. Due to operational constraints and institutional barriers, this function often takes a backseat. The institution of a recovery cell has also not worked well, because of inadequate staff support, lack of resources, lack of training in recovery work and lack of motivation. All these have resulted in no or very little focus on tax collection. Considering all these, a separate vertical has been recommended in Chapter III of this report. (VI.9)	<b>Under Implementation</b>
<b>64.</b>	36. Building compliance profile of taxpayers. To improve the efficiency of debt collection activities, many tax administrations have used risk assessment models for segmenting taxpayers according to size, sector, and past behavior etc. This approach, apart from helping to establish the predicted tax revenue for each group, also enables effective monitoring of revenue collection. (VI.9)	<b>Under Implementation</b>
<b>65.</b>	37. Use of Information and Communication Technology (ICT): The use of ICT in reporting, compiling and collating information about tax arrears and their recovery is a must and will go a long way in saving time and effort. (VI.9)	<b>Under Implementation</b>
<b>66.</b>	38. Tracking of tax demands stayed by courts and tribunals: Currently, a large portion of total arrears cannot be collected due to stay orders in operation. There is no institutional method of keeping track of such stay orders, which would allow the AOs to recover tax upon the expiry of stay orders. This information needs to be uploaded electronically on the ICT system of the departments so that the tax collectors can have system generated prior intimations regarding the expiry of stay orders. (VI.9)	<b>Under Implementation</b>
<b>67.</b>	39. Write-offs: The identification of tax demands that cannot be collected, either on account of taxpayers having gone bankrupt or having become indigent, has to be carried out for the purpose of speedy write-offs. Currently, the process of write-off is quite lengthy and cumbersome. Besides, most officers do not consider it to be a priority work. No doubt, the department's main job is to collect tax revenue, but in case a demand becomes unrecoverable, it is imperative to write them off so that due attention can be given to cases where chances of recovery are high. It is, therefore, important to identify the right cases for write off and for that, due diligence needs to be carried out before writing them off. (VI.9)	<b>Under Implementation</b>
<b>68.</b>	40. In both the cases – TP or special valuation in customs – adequate documentation is required: It is often felt that	<b>Under Implementation</b>

	adequate documentation makes it easier for tax authorities to review a taxpayer's analysis, contributes to dispute avoidance and ensuring timely resolution of cases. It is recommended that both Boards should frame detailed documentation requirement for TP as well as customs valuation, keeping in view that such documentation should be reasonable. This would bring certainty and predictability for taxpayers. (VI.10)	
<b>69.</b>	<b>INTERNATIONAL TAXATION</b> 41.Documentation requirement for issue of reduced or no TDS: It is imperative to inform non-resident taxpayers a priori about the documents required and the time that it would take subsequently to issue a certificate under Section 197. There should also be a facility for filing these papers on the system electronically so that to the extent possible, the physical presence of the taxpayer is not required. Similarly, documentation requirements should be made known to non-resident taxpayers for the issue of the Tax Clearance Certificate u/s 230 of the I-T Act. (VI.13)	<b>Under Implementation</b>
<b>70.</b>	<b>PROSECUTION FOR TAX FRAUDS</b> 42.There is a need to set up a dedicated structure for prosecution matters in the enforcement vertical for both the departments so that due and more focused attention is given to this important area. This dedicated structure can be a separate vertical, assisted by lawyers embedded in the organization (may be through a deputation or appointment) so that the drafting of prosecutable issues, and highlighting the offence and the evidence to be adduced, is done in a professional manner. This wing should also be responsible for initiating prosecution in the courts and for coordinating the appearance of officers before courts along with the maintenance of case records and other logistical requirements. The recommended structure is given in Diagram 6.1. (VI.14)	<b>Under Implementation</b>
<b>71.</b>	<b>I&amp;CI</b> 43.At present, the work of this directorate is not properly delineated. Further, there is need to improve the overall capacity of the directorate to gather intelligence and information, improve the completeness and accuracy of information, and unify the information for developing actionable cases for appropriate action by the jurisdictional officers. The overall strategy should be to develop this into an intelligence hub for the I-T department and develop the ability to take action on a real- time basis. This will enhance the impact of investigation and detection of tax frauds. (VI.15)	<b>Under Implementation</b>
<b>72.</b>	45. Officers will also need to have the ability to trace flows of money through complex financial arrangements and use sophisticated techniques to identify links between suspects and illicit financial activities. We suggest that customized training modules, both at the domestic level and the international level be introduced to ensure exposure to international best practices. (VI.15)	<b>Under Implementation</b>

73.	46. The working of the directorate has to be ICT-based; therefore the directorate would need to have a good complement of personnel from the ICT vertical. (VI.15)	<b>Under Implementation</b>
74.	<b>NON PROFIT SECTOR</b> 47.The CAG made the following recommendations: (a) quoting PAN to be made a pre- requisite for registration for claiming exemption under the act (b) e-filing of returns by tax exempt entities (c) development of a reliable, comprehensive and usable database/register of tax-exempt entities (d) verification and monitoring of donations received by such entities under Section 80G of the IT Act (e) extension of TDS provisions to such entities and (f) audit reports submitted by tax-exempt entities to include clauses on proper disclosures. (VI.16)	<b>Under Implementation</b>
75.	48.The I.T. department does not have a national database of the non-profit sector. It is, therefore, imperative that a database is prepared and made available to the public. Their activities should also be indicated. This would create grass-roots pressure on non-functioning entities or those entities, which are exempted but not fulfilling their objectives, and provide an opportunity to remove those entities. (VI.16)	<b>Under Implementation</b>
76.	<b>DEPARTMENTAL MANUALS</b> 49.The Commission recommends that there should be one basic manual for all direct taxes. Departmental manuals should be annually updated and put up on the website for easy downloading by both taxpayers and tax officers. (VI.17)	<b>Under Implementation</b>
<b>Chapter –VII Information &amp; Communication Technology</b>		
77.	<b>1.Strategic Vision</b> The recommendations of the TARC under this category are: i. For full realization of the potential of ICT, it must get embedded in the DNA of the organization. Both the design of policies and implementation should make full use of ICT (Section VII.3.a) ii. All decisions should be taken with ICT compatibility in mind. Similarly, all legislation should be ICT-compatible (Section VII.3.b)	<b>Under Implementation</b>
78	<b>2 .Business Process Re-engineering</b> The recommendations of the TARC under this category are: i. Automation should follow business process re-engineering to avoid the danger of getting trapped in an outdated mode of governance (Section VII.3.a) ii. The Boards must create structures and processes to enhance working relationships between business owners and	<b>Under Implementation</b>

	<p>DG (Systems) to ensure that ICT initiatives are aligned with business needs, priorities and capabilities (Section VII.3.b and d)</p> <p>iii. Both Boards must commit themselves to achieve a fully digitized environment and work towards comprehensive ICT system(s) in which everyone from the top leader to the last person on the frontline works in a digital environment (Section VII.3.a)</p> <p>iv. The leadership must ensure that where systems are available, employees should not have the option to work in a paper environment (Section VII.3.a)</p> <p>v. The Boards must regularly use maturity frameworks to assess their ICT maturity and map out the path towards greater maturity (Section VII.3.a)</p>	
<b>79.</b>	<p><b>3. Project Implementation</b></p> <p>The recommendations of the TARC under this category are:</p> <p>i. A service oriented architecture and approach should be adopted to promote integrated systems, greater “value for money” and customer focus (Section VII.3.b)</p> <p>ii. Boards should adopt a robust ICT governance framework and practices, and rigorous programme and project management frameworks (Section VII.3.b)</p> <p>iii. Project planning and approvals must include the required number and quality of human resources (Section VII.1.b)</p> <p>iv. Movement of personnel should have a linkage with project implementation and there should be a process of knowledge transfer (Section VII.1.b)</p> <p>v. HR policies must be aligned with the need for specialization and officers should be allowed to grow in the areas in which they specialize. Routine transfers should be avoided (Section VII.3.d)</p>	<b>Under Implementation</b>
<b>80.</b>	<p><b>4. Human Resources and Training</b></p> <p>The recommendations of the TARC under this category are:</p> <p>i. Special training for officers in key areas of ICT should be arranged for officers of DG (Systems) (Section VII.3.e)</p> <p>ii. DG (Systems) should have authority and funding to depute officers for specialized courses, seminars and events and engage with professional networks and academic institutions (Section VII.3.e)</p>	<b>Under Implementation</b>
<b>81.</b>	<p><b>5. Information Utilization</b></p> <p>The recommendations of the TARC under this category are:</p> <p>i. The discussions for data sharing between CBDT and CBEC should be speeded up and sharing must begin quickly (Section VII.4)</p> <p>ii. A shared knowledge, analysis and intelligence centre, headed by an expert professional, should be set up for advanced data analytics and research. The SPV can support it by providing the platform, tools and technologies, and expertise (Section VII.4)</p>	<b>Under Implementation</b>

82.	<p><b>6 .Special Purpose Vehicle (SPV)</b>  The recommendations of the TARC under this category are:</p> <ul style="list-style-type: none"> <li>i. A common special purpose vehicle (SPV) should be set up for servicing the ICT needs of the Boards (Section VII.5.a)</li> <li>ii. It should be incorporated as a company with limited liability under the Companies Act and should have a private ownership of 51 per cent and government ownership of at least 26 per cent. It should have operational independence and institutional flexibility even as government retains strategic control (Section VII.5.c)</li> <li>iii. The SPV should preferably have a net worth of around Rs.300 crore. This will ensure that the SPV is well-capitalized, can hire the best people at competitive salaries, and invest adequately in infrastructure to manage large-scale national projects.</li> <li>iv. The relationship between the departments and the SPV should be a complementary one.</li> <li>v. The tax administration would develop an overall strategy with the ICT inputs provided by the DG (Systems). The SPV will develop the ICT strategy within the framework of the overall strategy, which will be approved by the Boards. The DG (Systems) of the two Boards will continue to exist, and will perform more strategic roles and be the Boards' interface with the SPV (Section VII.5.e)</li> <li>vi. It should aim to be financially self-sustaining through an appropriate business model (Section VII.5.f)</li> <li>vii. It should be operationally aligned and maintain relationships with the concerned entities in DG (Systems) to ensure effective ICT service delivery (Section VII.5.h)</li> </ul> <p>The Boards, DG (Systems) and the SPV together should work out the plan for the transformation to “digital by default” status. The plan should begin with a visioning exercise to define the end state and should be programme, as opposed to project, oriented.</p>	<b>Under Implementation</b>
	<b>Chapter IX Information Exchange</b>	
83.	<p><b>1.Common Framework</b>  The TARC suggests the following aspects of exchange mechanism:</p> <ul style="list-style-type: none"> <li>a)Process for a request based exchange of data and information.</li> <li>b)Specific legislation for providing general rules for exchange of information.</li> <li>c)Common framework to get rid of the silo structure.</li> <li>d)Collaborating organizations – CBDT, CBEC, FIU, CEIB, RBI and SEBI to create a common catalogue of data and</li> </ul>	<b>Under Implementation</b>

	<p>information.</p> <p>e)Organizing data within its own inventory and thereafter having a common database.</p> <p>f)Openness and willingness to share information.</p>	
<b>84.</b>	<p><b>2.Common Standards &amp; Taxonomy</b></p> <p>The TARC mainly discuss the following aspects:</p> <ul style="list-style-type: none"> <li>a) A consistent approach on data across agencies for better collation of data and information making its use easy.</li> <li>b) Common taxonomy to include minimum standardization of data description, data context and data sharing.</li> <li>c) A common standard for data sharing/exchange with third party.</li> <li>d) A steering committee to decide the rules of exchange.</li> <li>e) A common business identification number (CBIN) for integrating data across all sources.</li> <li>f) A regulatory mechanism to oversee that data collection is coherent and accurate.</li> </ul>	<b>Under Implementation</b>
<b>85.</b>	<p><b>3.Third Party Exchange</b></p> <p>The TARC mainly discusses the following aspects:</p> <ul style="list-style-type: none"> <li>a)Collaborating organization to categorize data into three classes - <ul style="list-style-type: none"> <li>i)Data for general access</li> <li>ii)Data for limited sharing</li> <li>iii)Data for Spontaneous sharing</li> </ul> </li> <li>b) The categorization of data to be known to other organizations.</li> <li>c) Information exchange on a digital platform.</li> <li>d)SLAs/MoUs to be entered to develop a common framework.</li> <li>e) Information exchange through a common utility.</li> <li>f) Nodal contact person to be nominated by every organization for responding to the request.</li> <li>g) A steering committee to sort out organizational difficulties in exchange of information.</li> </ul>	<b>Under Implementation</b>
<b>86.</b>	<p><b>4.Data Storage</b></p> <p>The TARC mainly discuss the following aspects:</p> <ul style="list-style-type: none"> <li>a)Development of algorithm to understand amorphous data</li> <li>b) Service oriented architecture to reuse process and technology.</li> <li>c) Authorized access to portal of SPV for exchange of information.</li> <li>d) SLAs/MoUs between collaborating organizations to contain procedure for making request, response time, reason for refusing data, mechanism for audit etc.</li> <li>e)Creation of an SPV to facilitate sharing and utilization of data with common standard and taxonomy.</li> </ul>	<b>Under Implementation</b>

	f) Creation of an integrated enterprise data warehouse to provide a single view of inflow and outflow of data to enable cross functional analysis.	
<b>87.</b>	<b>5.Data Usage</b> The TARC mainly discuss the following aspects: a)Establish mechanism to process and structure data for a meaningful analysis. b)Promote re-use of data with the objective of ‘Collect once, use many times’. c)Joint steering committee to work out details of data lifecycle.	<b>Under Implementation</b>
<b>88.</b>	<b>6.Safeguard and Security</b> The TARC mainly discuss the following aspects: a)Safeguards to ensure confidentiality of data and prevent unauthorized access or use of data. b) Access to data or information on need to know basis. c) Effective access control. d) Additional checks in the form of layered authorizations. e) Maintain data integrity and privacy, prevent fraudulent use and allow easy and efficient use of data	<b>Under Implementation</b>
<b>89.</b>	<b>8.Personnel Management</b> The TARC mainly discuss the following aspects: a) Specialized Personnel to be engaged to manage data for information exchange. b) Chief Information Officer to provide an overarching regulatory function. c) Specialized data scientist to be engaged to explore and examine hidden insights from data from disparate sources. d) Dedicated full time team for sharing data or information. e) Special emphasis on skill upgradation of the team members through training, seminars and deputations. f) Specialized training on use of data comprising visual analytical techniques, advance pattern analysis, entity profiling, data mining, etc., to widen tax base and identify revenue leakages/cases of tax evasion.	<b>Under Implementation</b>