

<b>8 Recommendations of Third Report of TARC - Not Acceptable</b>			
<b>Sr. No.</b>		<b>Recommendation of TARC</b>	<b>Comments</b>
<b>Chapter X - Impact Assessment</b>			
<b>1</b>	<b>33</b>	gg)A steering group for impact assessment should be set up for consulting interested parties, using expertise and collecting data, carrying out the impact assessment analysis, presenting the findings in a draft impact assessment report, scrutinising the report and framing possible recommendations based on the draft report, carrying out detailed stakeholder consultation, revising the draft report after taking suggestions into account, preparing the final impact assessment report, and submitting it to the concerned authority. (Section X.5)	<b>Not Acceptable</b>
<b>Chapter XI - Expanding the Base</b>			
<b>iv) Fringe Benefit Tax</b>			
<b>2</b>	<b>65</b>	o) Reintroducing FBT would be an effective measure to widen the direct tax base, while doing so no distinction, as was being made earlier, be kept for the levy. This is a good temporary administrative measure for enhancing tax collection. This is a good temporary administrative measure for enhancing tax collection, until rising income tax collection makes it unnecessary. (Section XI.3.j)	<b>Not Acceptable</b>
<b>v) Banking cash transaction tax (BCTT)</b>			
<b>3</b>	<b>66</b>	p) There is no instrument at present that captures details of cash withdrawals from bank accounts, other than savings accounts. The availability of such information would help the I-T department widen its information base on the use of black money since excessive cash withdrawal can help it understand the extent of the cash economy. Hence, Rule 114E of the IT Act should be suitably revised to include in its ambit cash withdrawals exceeding specified amounts in a day from bank accounts other than savings accounts. Alternatively, BCTT should be	<b>Not Acceptable</b>

		reinstated as an effective administrative measure. (Section XI.3.g)	
<b>vi) Presumptive taxation</b>			
<b>4</b>	<b>73</b>	w) An effective method to monitor small enterprises that opt for presumptive taxation would be to insist on their filing declaration of their accounts annually and it should be made mandatory for them to issue sales/service bill for each transaction, with a serial number in a financial year. (Section XI.5.a)	<b>Not Acceptable</b>
<b>ix) Agriculture income</b>			
<b>5</b>	<b>78</b>	bb) Large farmers should be brought into the tax net. Against a tax free limit of Rs.5 lakhs on agricultural income, farmers having income above much higher threshold income, such as Rs.50 lakh, could be taxed. This will broaden the taxpayer base. (Section XI.5.e)	<b>Not Acceptable</b>
<b>6</b>	<b>95</b>	ss) A combined survey effort with the states should also be considered with reference to the National Population Registry database available at the state level. (Section XI.5.k)	<b>Not Acceptable</b>
<b>xvii) Research and analysis</b>			
<b>7</b>	<b>101</b>	yy) There is immediate need to set up an institutional mechanism to carry out research and analysis by the two Boards in various areas of tax administration. Thus, the setting up of KAIC is the most crucial at this point in time as a combined and consolidated instrument to analyse direct and indirect taxes. (Section XI.5.m)	<b>Not Acceptable</b>
<b>Chapter XII - Compliance Management</b>			

8	136	ff) The CBDT should <i>mutatis mutandis</i> adopt a process similar to EA 2000 as is prevalent in central excise and service tax, including on-site audits where required. (Section XII.4.e)	<b>Not Acceptable</b>
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