

Sitharaman calls for simplifying tax notices, and faster refunds

REFORM AGENDA. Urges revamp of tax processes to reduce litigation

Our Bureau
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Finance Minister Nirmala Sitharaman on Wednesday urged the Income Tax department to simplify the language of notices and further expedite the refund processes. She also asked the department to work towards being "fair and friendly".

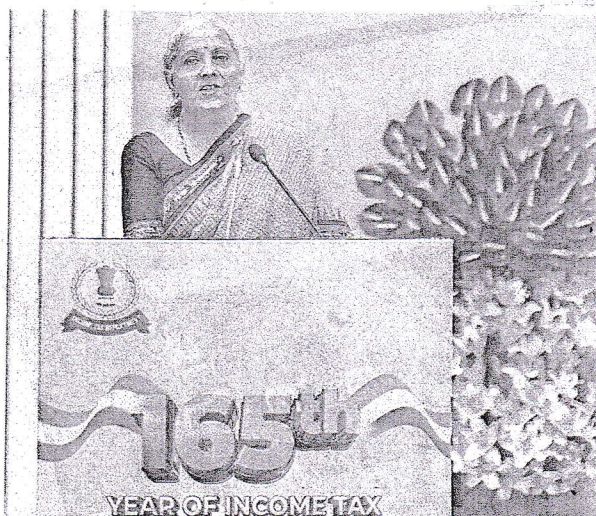
Addressing an event to mark the 165th year of the Income Tax Department here, she said the language of tax notices should not be convoluted and technical.

"The letter should become simple. 'Notwithstanding', 'whether' etc. should be avoided," she said, asking the officials to explore ways to simplify notices for easy understanding. "Explain the reasons why an action has been initiated and why the notice has been sent," she said.

She hoped that within six months there will be a new tax code or a new Income Tax Act aimed at reducing litigation.

IMPROVED VISION

"Three goals — seamless, painless and faceless — will be kept in mind, as mentioned previously by Prime



IN THE SPOTLIGHT. Finance Minister Nirmala Sitharaman addressing the '165th Year of Income Tax' event in New Delhi

Minister Modi," the Finance Minister said, adding that she could progress on the four steps she had mentioned during Budget 2024.

While announcing a comprehensive review of the Income-tax Act, 1961, in her recent Budget speech, she had said that a beginning is being made in the Finance Bill by simplifying the tax regime for charities, TDS rate structure, provisions for reassessment and search provisions and capital gains taxation.

Sitharaman also said

there is room for improvement in issuing refunds faster. "Can refunds go sooner than later?" she asked. This is critical as returns filed till July 31 reached a record 7.28 crore. Also, 1.21 crore returns were assessed within 24 hours of filing.

Asking taxmen to avoid "ham-handed ways" in dealing with taxpayers, she said the action taken should be proportionate to the issue at hand.

She asked tax officials to use enforcement measures

only as a last resort, saying the goal of the department should be to encourage voluntary compliance.

She expressed happiness over widening of the tax base. "58.57 lakh ITRs were received from first time tax filers, which is great. And I can see the tax net widening; to these new first-time filers, I give a great word of appreciation because we need such examples which will showcase to the world that India is a country which is getting more and more formalised, and people are getting on board and paying taxes," she said.

ON MISSION MODE

Recently CBDT Chairman Ravi Agrawal said the task of reviewing the Income Tax Act of 1961 will be completed in the given time frame of six months.

"We have an important task on hand and that is the comprehensive review of the Income Tax Act, 1961. This exercise is aimed to reduce litigation and provide tax certainty to taxpayers," he said, adding that the board had taken up the assignment in mission mode and the task, though challenging and transformative, would be completed in the given time frame.