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## **'Govt investing heavily to modernise tax administration'**

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*Our Bureau*

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The Union Government is investing heavily in modernising the tax administration in an efficient and cost-effective manner with the objective of delivering better service to tax payers, according to Mr Vayalar Ravi, the Union Minister for Overseas Indian Affairs.

New communication technologies for improving taxpayer experience with the tax administration are being put to use. Online return filing, electronic assessment, online payment and refunds of tax and annual information returns are being implemented, the Minister said while addressing Regional Seminar on Tax Laws organised by Southern India Regional Council of ICAI in Kochi.

There was a time when people wanted to avoid tax department as the tax rates were as high as

nearly 90 per cent. With lowering of rates, efforts at widening the tax base and more tax-payer friendly approaches, the tax department has been like a service department where people are not scared of approaching. This is the reason that the revenue collections are going up in the past few years, he said.

The net direct tax collections during the first two months of the current fiscal stood at Rs 24,158 crore, up from Rs 22,840 crore last year, registering a growth of 5.77 per cent. The Government has framed tax policies not only to make the country an attractive investment destination but also to avoid erosion of tax base and maintain equity.

## **Auditors' role**

Mr K. Madhavan Nair, Director General of Income Tax (Investigation), Kerala and Karnataka, said that the Government had taken steps to enhance the role of auditors on the basis of the Naresh Chandra Committee report, Kumar Mangalam Birla Committee report and Narayana Committee report. One of the important recommendations of these committees is that the auditors fee should be paid out of a fund created for this purpose by the Government, instead of being paid by the clients to ensure the independence of auditors.

He also sought powers to auditors to call for all records and documents required in expressing the opinion on true and fairness of the financial statements so that auditors do not wash their hands off by qualifying their report by stating that necessary details were not furnished for their verification.

Mr Babu Abraham Kallivayalil, Vice-Chairman, SIRC of ICAI, said that the chartered accountancy profession always had a proactive role in assisting smooth tax administration both at the Central and State level. This is evident from the fact that direct tax collection has been buoyant in the last five years. In the financial year 2009-10, the Government has targeted direct tax collections of Rs 3,80,000 crore.

Vibrant economic growth and the boom in the business sector has grown up, contributing to a large increase in the realisation of tax revenues, and many intricate issues have crept up in direct and indirect taxes. Accordingly, the taxation laws are undergoing tremendous changes.

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Written by Administrator

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