

Thank you Mr Chidambaram, for making e-filing a pleasant e-experience!

WEDNESDAY, NOVEMBER 7, 2007

By S Sivakumar

CONGRATS, Mr P Chidambaram. You deserve a big pat on your back. The Income tax Department under Mr PC's tutelage has achieved, what most considered to be an impossible task, the unenviable task of having most of the taxpayers of the country to file their tax returns through the electronic mode, in a hassle-free manner. Notwithstanding the extension granted thro' a circular issued on October 31 from the CBDT, a chunk of the returns in the new formats have already been filed. The results of the success arising out of the e-filing of the tax returns are not far to seek. The fact that a nationwide strike of the Income tax Department staff, a day before the last date fixed for filing of income tax returns by the corporate assesses and assessees having income from business or profession, who constitute the bulk of the direct tax payments in the country, had little impact on the tax filings is proof of the success of Mr Chidambaram and his team. Imagine the scenario if we were all to file the tax returns through the traditional mode! The CBDT deserves a huge round of applause for the way the new tax return formats have been designed and implemented and the intelligence which has gone behind the development of the new formats. The ITR-6, which is meant for corporates, is an excellent document by itself. Though huge, running to 40-odd pages, the whole logic running through the information to be provided and the cross-referencing between the same information appearing in different places, is extremely good and user friendly. The list of instructions given for filling the forms has also been quite helpful. In fact, having used the ITR-6 for many of my corporate clients over the last few days, I am yet to come across any major defect or logical error in the ITR-6 as well in ITR-5 (which is meant for individuals having income from business or profession). The CBDT has also been (surprisingly) very responsive, in the whole process. For instance, following some queries on the upsurge of the new formats, the CBDT came out with a detailed list of FAQs on the e-filing, which has also been quite helpful for the assessees.

Filling up the ITR-6 and ITR-5 has also been a learning experience for most of us, in terms of a better understanding of certain provisions of the Income tax Act, as the formulae governing the new forms have been designed in such a way as to disallow any unallowable deductions or exemptions, which normally misses one's attention in the physical mode. There is no chance that an assessee or a tax practitioner would be allowed to commit mistakes, while filling in the information for e-filing the new forms in terms of exemptions, deductions, brought forward losses, etc. The formulae and the inter linking of the various cells take care of these. This apart,

there is an automatic calculation of the interest and MAT by these forms based on the information fed and one was amused to discover his own mistakes while comparing the interest figures computed by him on a manual basis with the figure coming out in the return. Predictably, the figure coming out in the tax return has been right. Of course, there is no denying the fact that the information that is required to be filled in ITR-6 is very exhaustive, including information on fringe benefits, etc., which are required to be provided item-wise. There is no doubt that that the information in the ITR-6 is much more exhaustive as compared to the information available in published financial accounts under the Companies Act and there might be a need to reclassify the accounts groupings to be able to match the ITR-6 requirements. Perhaps, this is unavoidable and assesseees would do well to go in for re-grouping or reclassification of their financial accounts to be able to match the requirements of the new tax returns.

One unheard of advantage or disadvantage, as the case may be, would be the ease with which the Income tax Department will now have a range of information on the assessee. This is a very major advantage for the Department and the Finance Minister and his team would do well to ensure that the Departmental officers are well trained to handle this information for genuine purposes and that this does not lead to more harassment of the tax payers and promote corruption. There are some minor issues which could have been clarified by the CBDT, in order to avoid any confusion in the minds of the tax payers and consultants. One of these pertaining to the requirement of filing a CA's report under Section 92E of the Act, in respect of international transactions covered by the transfer pricing regulations. There has been no clarity is this report has to be filed manually with the Assessing Officer on or before the due date for filing of the return, given the backdrop that all manual filing of attachments and reports are now dispensed with.

For the practising tax professionals, the gap between those who are familiar with computers and those who are not, is only widening. One could see sights of older CAs, pleading with their junior counterparts, for help in filling up the new formats. In today's world, a practising professional who does not know how to e-file a tax returns, perhaps, has no future. While many taxpayers would perhaps feel nervous, given the volume of data that goes into the tax returns, there is no denying the fact that we are getting into a more transparent and stricter tax regime and the furnishing of detailed information and the-filing of the tax returns is a right step in this direction.

For most tax professionals, filling in the information into the ITR-6 has been a very good experience in terms of brushing up of many of the tax concepts. In my opinion, filling up of an ITR-6 return provides a good opportunity for the junior professionals for a good grounding on the law and its concepts, which no reading of a commentary can provide. Undoubtedly, the

domain experts who have contributed to the development of the new formats deserve our congratulations for developing these excellent new formats of returns. Despite minor irritants, the whole concept of e-filing of tax returns is undoubtedly a major success for the Finance Minister. The FM and his team, including the CBDT, should now take the next steps required to take the process forward, in terms of faster assessments, automatic credit of refunds, etc. While transparency has indeed been achieved in terms of the submission of information by the tax payer, the transparency levels from the Department's side in terms of fair and speedier assessments is still a long way.

(The author is Director of a Bangalore-based outfit)