

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3494
ANSWERED ON:16.12.2005
CAG REPORT ON COLLECTION OF IT
Pandey Dr. Laxminarayan

Will the Minister of FINANCE be pleased to state:

- (a) whether CAG has detected serious irregularities in collection of income tax and corporate tax as has been mentioned in its report for the year 2003-3004:
- (b) whether it has been stated in this report that the Department undercharged in some cases due to which it has suffered a loss of Rs. 5,000 crore;
- (c) whether similarly in some cases the Department has overcharged due to which Rs. 470 crore have been overcharged from the tax payers;
- (d) if so, the reaction of the Government thereto;
- (e) the details of action taken against the officers found guilty in this regard; and
- (f) the action taken by the Government to check recurrence of such incidents in future?

Answer

br> MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S. S. PALANIMANICKAM)

(a), (b) & (c) Yes Sir, the C&AG in its Report No. 12 of 2005 (for the year 2003-2004) has raised objections regarding under assessment in 14460 cases involving revenue effect of Rs. 4,838.76 crore and regarding over assessment in 2386 cases involving revenue effect of Rs. 469.12 crore.

(d) These audit observations are on direct taxes assessments made by the income tax Commissionerates spread all over the country. The process of generation of audit observations and their settlement is a continuous one. After receipt of the C&AG objections, the cases are examined for correctness of facts. Acceptance or otherwise of the audit objection is accordingly conveyed to the C&AG. However necessary remedial action is taken in these cases as per the CBDT Instructions and in the process cases of reported revenue loss are attended to.

(e) Such cases are further examined as to the circumstances under which the mistake occurred and whether the mistake was bonfide or not. After considering all facts and circumstances, suitable action is taken against the officer/staff responsible for the mistake.

(f) Sir, the Ministry has in place an elaborate system to check mistakes in the process of work, both bonafide and malafide, in the form of Internal Audit, System of inspection and Review by the Commissioner, guidance by Additional/Joint Commissioners and verifications by the Vigilance Wing.