

'Transparent Taxation - Honoring the Honest' Platform

August 14, 2020

The Prime Minister launched a platform for "Transparent Taxation – Honoring the Honest" which is the latest in a series of measures the finance ministry has taken to eventually get rid of the income tax department off its legacy – **from intrusive tax collector to tax facilitator.**

Transparent Taxation-Honoring the Honest

Besides the focus on reduction in tax rates and simplification of direct tax laws, the CBDT has used the time during the lockdown enforced due to Covid 19 pandemic for introducing several initiatives to bring in **efficiency and transparency in the functioning of the IT department. The platform has major reforms like faceless assessment, faceless appeal and taxpayers charter.**

The launch of the new taxpayer portal by the Government of India is another step in the direction of ensuring faceless and seamless tax assessments and time-bound resolution of issues. **To unfold more transparency in official communication, Document Identification Number (DIN) was introduced. Any communication from the I-T department without a computer-generated DIN, be it a notice, letter, order, or summon or any other correspondence, will be invalid and shall be non-est in the eyes of law.** The aspects related to faceless assessments and appeals will ensure that there is **no opportunity for personal bias and assessments or appeals are conducted in a fair and transparent manner**, which will avoid unnecessary controversy and long drawn litigation, which has been a bane for taxpayers.

Taxpayers will enjoy the **benefits of relatively less documentation and greater ease of compliance**, increased

liquidity and flexibility of investment choices. Faceless assessments and appeals will give **confidence to the taxpayer of fairness and fearlessness**. The initiative also assumes significance since the **amount locked up in tax litigation across appellate tribunals and various courts in the country has been over US \$60 billion and can be unlocked and put to better productive purposes**.

The government is efficiently and effectively using the **"nudge" philosophy in public policy to motivate the population** towards the desired objective. It is noteworthy to mention that this was originally propounded in the 2019 National Economic Survey as well. In order to derive optimum benefits, these reforms should be followed by consistent efforts to simplify the legislation and remove subjectivity in tax enforcement. Further, the introduction of an **exclusive charter changes the perception of both the taxpayers and officials from taxpayers being scrutinised as offenders to being viewed as an equal stakeholder**.