

FICCI comment on revamp of the appraisal system of the tax officers

NEW DELHI, 7 November 2015: FICCI welcomes the announcement of the Hon'ble Prime Minister at the Delhi Economics Conclave yesterday about a revamp of the performance appraisal system of the tax officers. This is a major step forward on the part of the Government towards a conducive tax environment.

FICCI has been representing to the Government over the years that assessing officers are issuing assessment orders confirming tax demands without a fair and judicious analysis of the merits of the issue and overlooking judicial precedents merely to achieve the ever elusive revenue targets prescribed for them by the Government. This is borne out by the fact that on appeal 70-80% of the decisions of the Tribunal are delivered against the Revenue. The unproductive exercise of issuing assessment orders in favour of Revenue and consequential recovery measures vitiate the tax environment and compel the assesses to litigate the matter in appeals to seek a just treatment of the tax issue. This is the primary reason for uncertainty in tax positions and unnecessary litigation.

FICCI had highlighted the problem in its study titled "Dispute Resolution in Tax Matters – an Approach Paper" published in March 2013. Subsequently FICCI submitted a document titled "**Towards a Conducive Tax Environment**" to the Ministry of Finance specifically suggesting that the performance of the tax officers should not be evaluated merely on the basis of achievement of revenue targets prescribed for them. It was pointed out that revenue is a function of the state of economy of the country and that judiciousness and fair play should also be taken into account while appraising the performance.

FICCI appreciates the move of the government to accept the suggestion given by the trade and industry and is hopeful that it will improve the tax environment in the country and boost the confidence level of the investors.

FICCI MEDIA DIVISION