



Report on Taxpayers' Experience Survey, 2016

Taxpayers' feedback on services of Customs,
Central Excise and Service Tax departments

24 June 2016

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Objective and methodology



Background



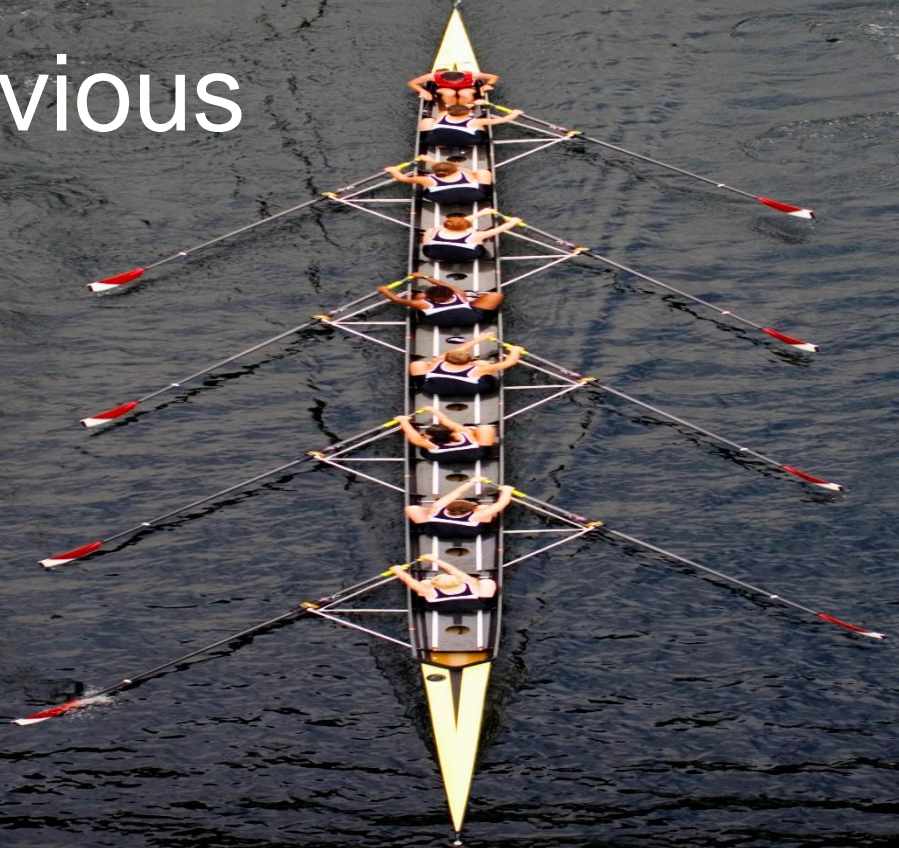
- First taxpayers' survey conducted by Central Board of Excise and Customs (CBEC) with KPMG and FICCI in August 2015
- Overwhelming response from taxpayers
- Several measures taken by CBEC in response to the suggestions from the survey
- Dedicated institution i.e. Directorate General of Taxpayer Services set up
- Current survey is a sequel to the last year's survey

Objective and methodology of survey



- Objectives:
 - ✓ to understand the perception of taxpayers on the reforms undertaken by CBEC in last two years; and
 - ✓ to seek continuous feedback from the taxpayers about their experience in dealing with Customs, Central Excise and Service Tax Department
- Key business processes covered in the survey:
 - ✓ Interaction with officials
 - ✓ Dispute resolution
 - ✓ Refund claims
 - ✓ Electronic taxpayer services
 - ✓ Evaluation of sectoral reforms undertaken by CBEC

Snapshot of previous
year's survey



Key concerns of taxpayers



- Key concerns raised in the previous survey:
 - ✓ Taxpayers treated like tax-evaders
 - ✓ Revenue biased approach
 - ✓ Lack of clarity on tax issues
 - ✓ Significant delay in grant of refund claims and rejection of refund claim on trivial grounds
 - ✓ Unwarranted litigation
 - ✓ Persistent delay in responding to queries / concerns of taxpayers
 - ✓ Need for continuous follow-up for any response or action
 - ✓ Lack of customer service approach
 - ✓ Huge burden of manual / physical documentation
 - ✓ Intermittent transfer of officers without proper handover / takeover arrangements
 - ✓ Lack of transparency and undue expectations by field formations

Issues yet to be addressed/work-in- progress



- Introduce fair and transparent quasi-judicial adjudication process
- Create environment for officers to take independent decisions
- Expedite dispute resolution
- Clarify stand of revenue on contentious issues upfront
- Timely finalisation of provisionally assessed bills of entries and processing of refund claims
- SAD refund – Requirement of filing original sales invoices should be withdrawn / relaxed
- Easy process of cancellation of bonds / undertaking etc. submitted at the time of import
- Remove requirement for producing original purchase invoice at the time of de-bonding of assets
- Consequential refund arising out of favourable appellate orders should be suo-moto processed
- Broad base CENVAT credit mechanism and allow credit for all input services

Taxpayers' Experience Survey 2016



Profile of respondents

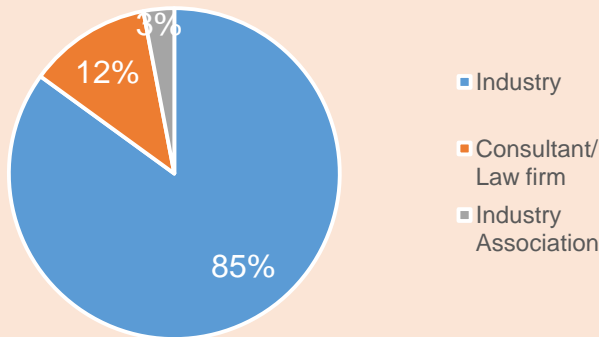


Profile of respondents

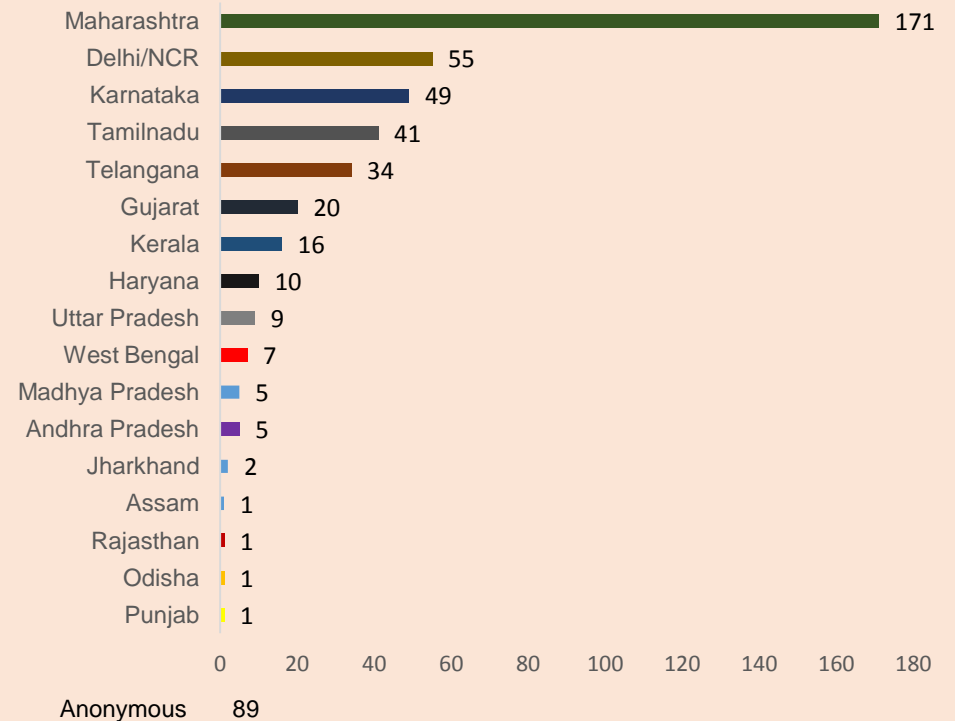


500+ responses from various profiles and geographies

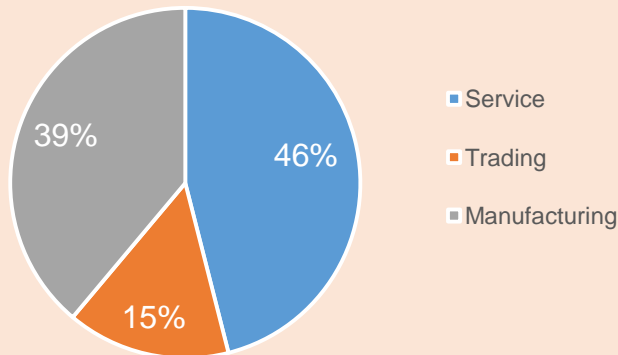
Status of respondents



State wise breakup of respondents



Industry breakup



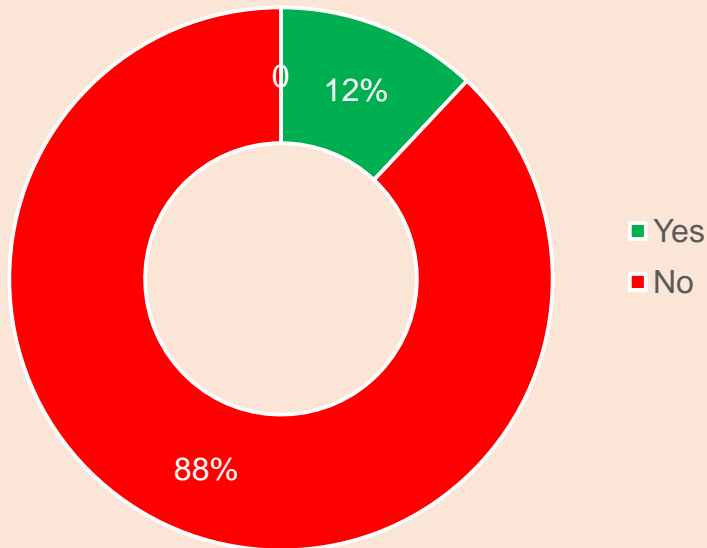
Out of 517 responses, about 46% of respondents belong to service industry and around 39% from manufacturing industry
State-wise about 40% of the respondents are from state of Maharashtra

Profile of respondents



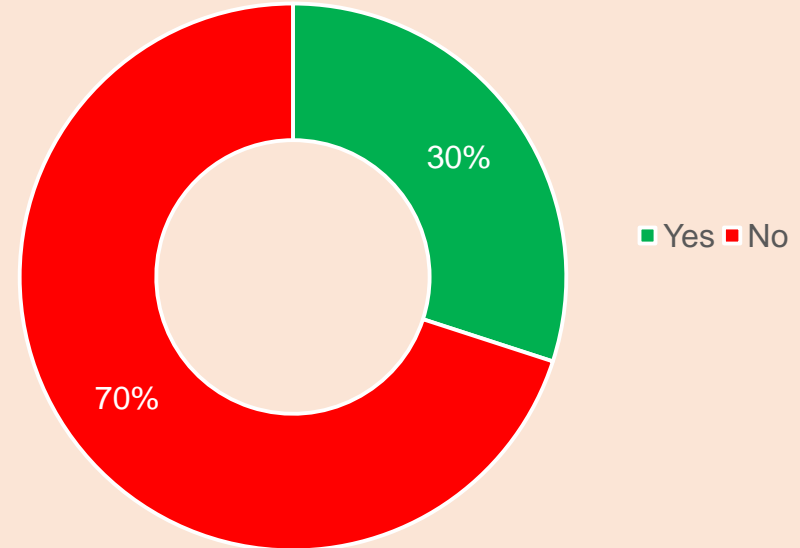
Did you respond to the previous Taxpayers' Experience Survey that was conducted in August 2015?

Percentage of respondents



Would you also like to be contacted personally or over the telephone by senior officials of CBEC for providing any additional feedback/information regarding this questionnaire?

Percentage of respondents



About 88% of the respondents had not participated in last survey

About 30% of the respondents would like to be personally contacted to provide further information/feedback

Executive summary



Executive summary



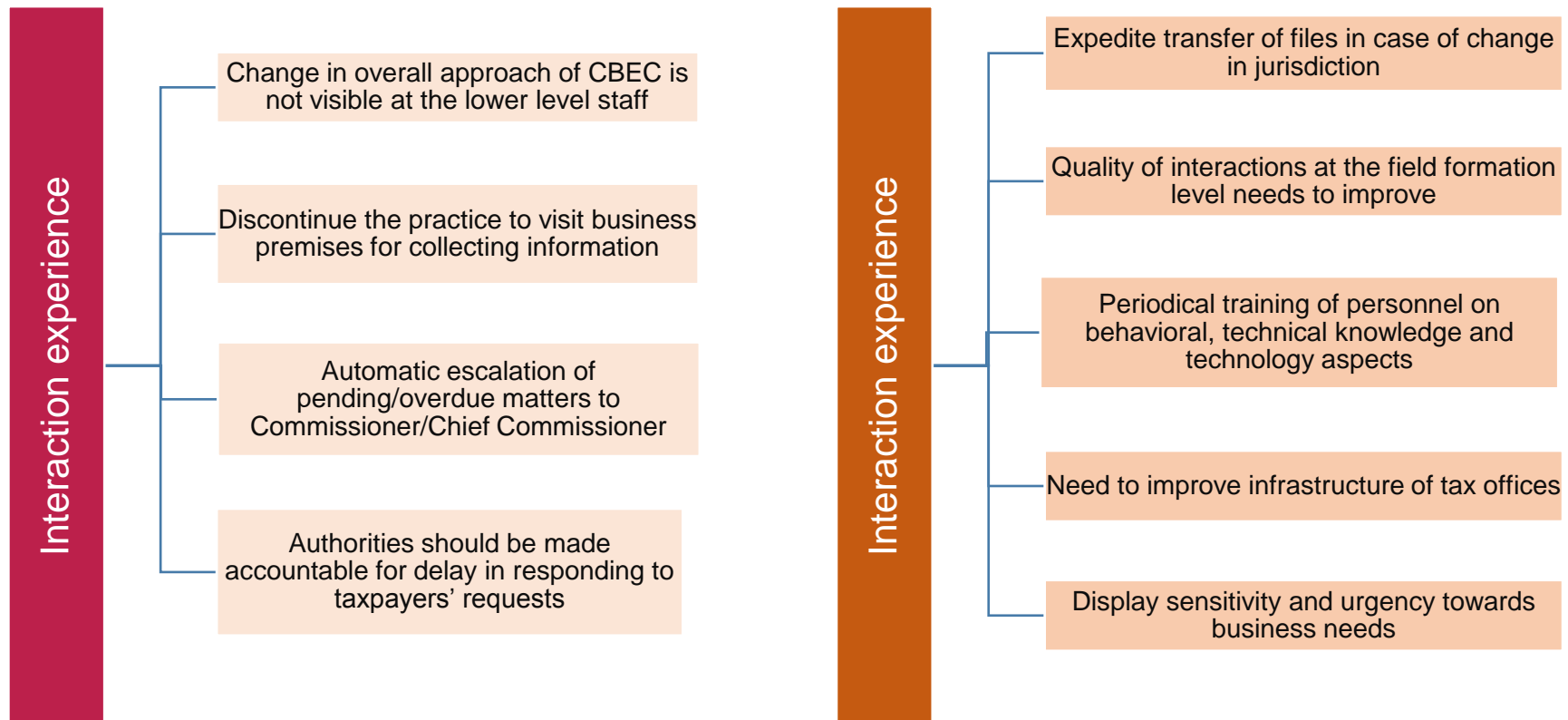
Executive summary - Taxpayers' Experience Survey 2016

- 72% respondents felt a perceptible change in overall policies
- 45% respondents see an attitudinal change from senior functionaries (Commissioner/Chief Commissioner/Board), whereas 40% do not see such change
- 49% respondents do not see any improvement in their interaction with tax officials at operational level (Inspector/Superintendent/Appraiser/Assistant Commissioner)
- 68% respondents do not think that CBEC's tax administration is becoming less adversarial
- 49% respondents did see a positive change in processing of refund claims (time, documentation etc.) and balance 51% did not
- 76% respondents find improvement in customs clearance processes thanks to integrated single window filing
- Majority of respondents (49% to 75%) satisfied with IT platform

Interaction experience



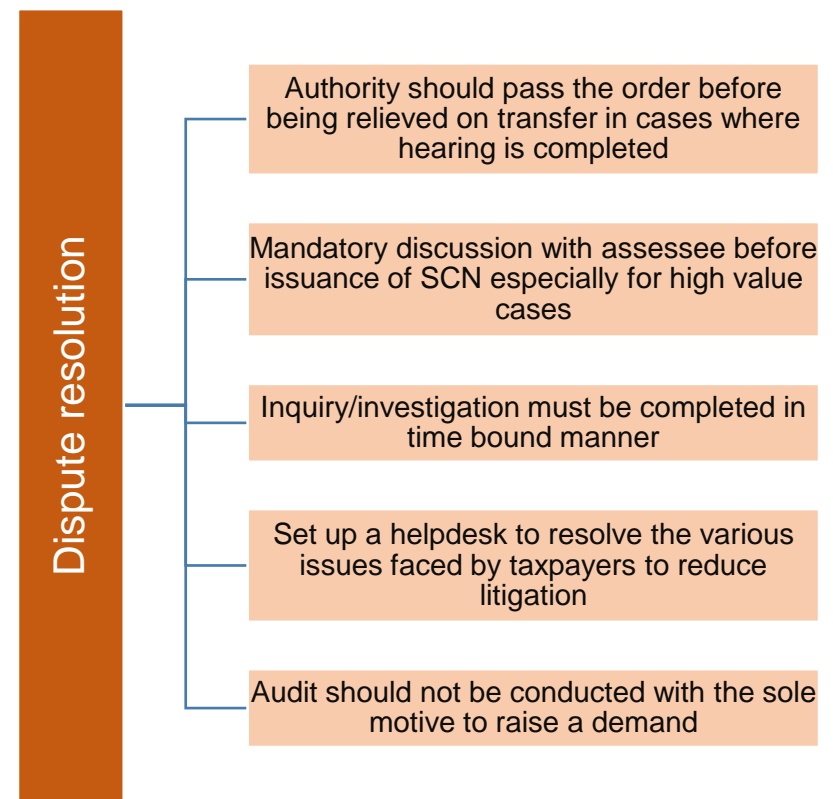
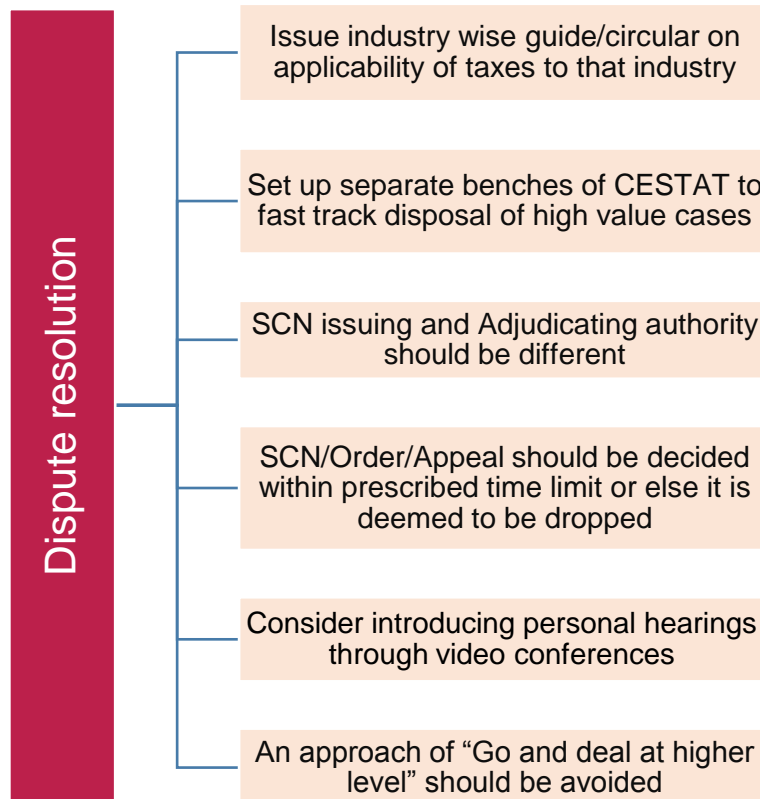
Executive Summary - Suggestions received during Taxpayers' Experience Survey 2016



Dispute resolution



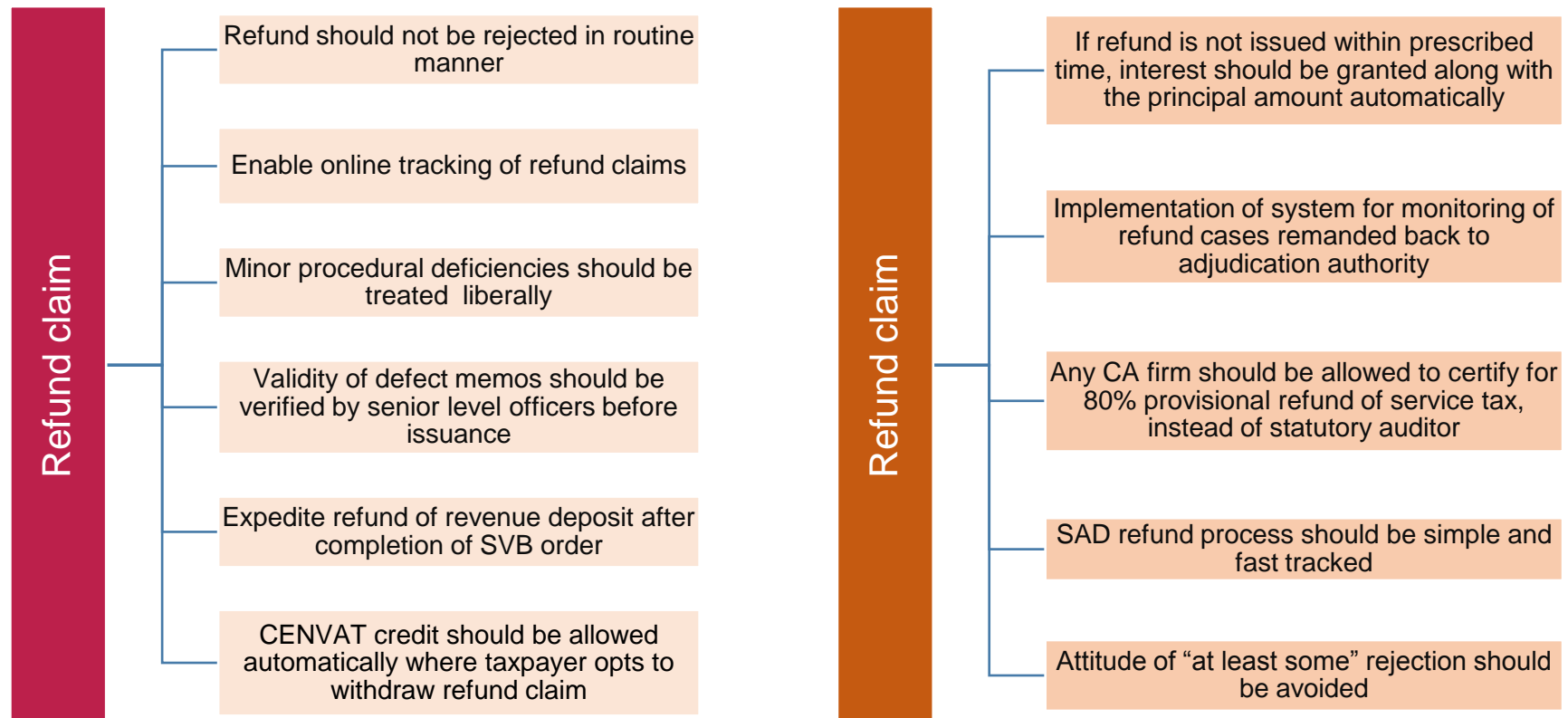
Executive Summary - Suggestions received during Taxpayers' Experience Survey 2016



Refund claim



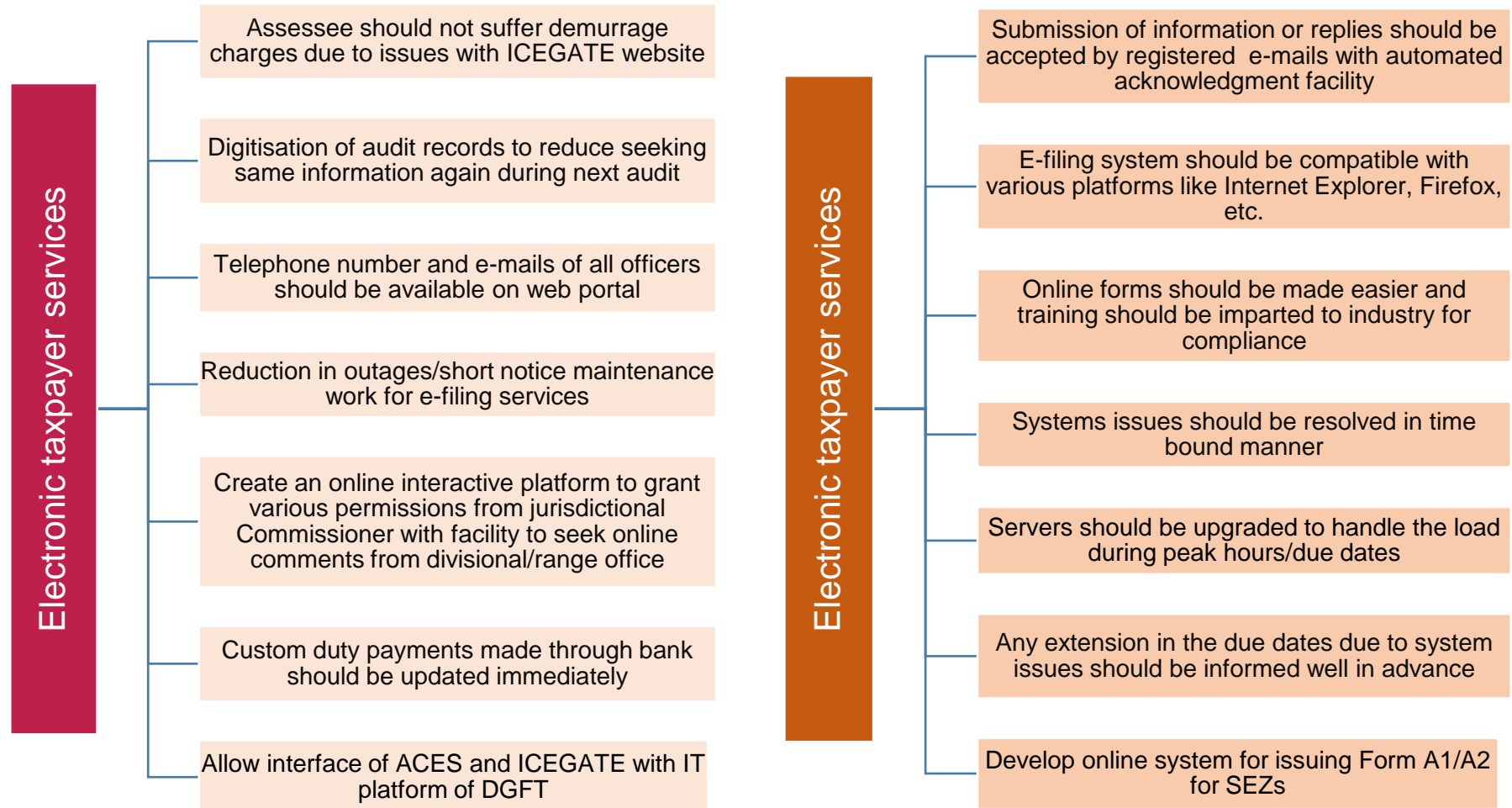
Executive Summary - Suggestions received during Taxpayers' Experience Survey 2016



Electronic taxpayer service



Executive Summary - Suggestions received during Taxpayers' Experience Survey 2016



Evaluation of sectoral reforms undertaken by CBEC



Are you satisfied with the following reforms undertaken by CBEC?

Parameters	Very satisfied	Partially satisfied	Not satisfied	Not applicable
Ensure expeditious issuance of Special Valuation Branch (SVB) orders and timely completion of provisional assessment	14%	44%	7%	35%
Reduce the time taken for customs clearance	17%	46%	7%	30%
Process for export related documentation to be made online	21%	37%	6%	36%
Warehousing provisions to be simplified, including the provisions relating to submission of bonds	13%	27%	7%	53%

Evaluation of sectoral reforms undertaken by CBEC



Are you satisfied with the following reforms undertaken by CBEC?

Parameters	Very satisfied	Partially satisfied	Not satisfied	Not applicable
Simplification of certain specified procedures under customs and excise	16%	32%	4%	48%
Expedite quick processing of refund claims, including duty drawback	11%	33%	11%	45%
Enforce grant of provisional refund (upto 80 per cent) within 15 days of filing the refund claim	19%	25%	13%	43%
Simplification relating to refund/rebate	21%	32%	10%	37%

Evaluation of sectoral reforms undertaken by CBEC



Are you satisfied with the following reforms undertaken by CBEC?

Parameters	Very satisfied	Partially satisfied	Not satisfied	Not applicable
Rate of interest for delayed payment of tax should be the same as the rate of interest which is charged to assessee for demands	39%	39%	10%	12%
Replace multiple returns by manufacturers like ER-1, ER-4, ER-5, ER-6, ER-7 into one annual return	39%	22%	2%	37%
Accept digitally signed documents and copies in digital form	35%	34%	3%	28%
Allow revision of returns to rectify genuine errors under excise	38%	26%	3%	33%

Evaluation of sectoral reforms undertaken by CBEC



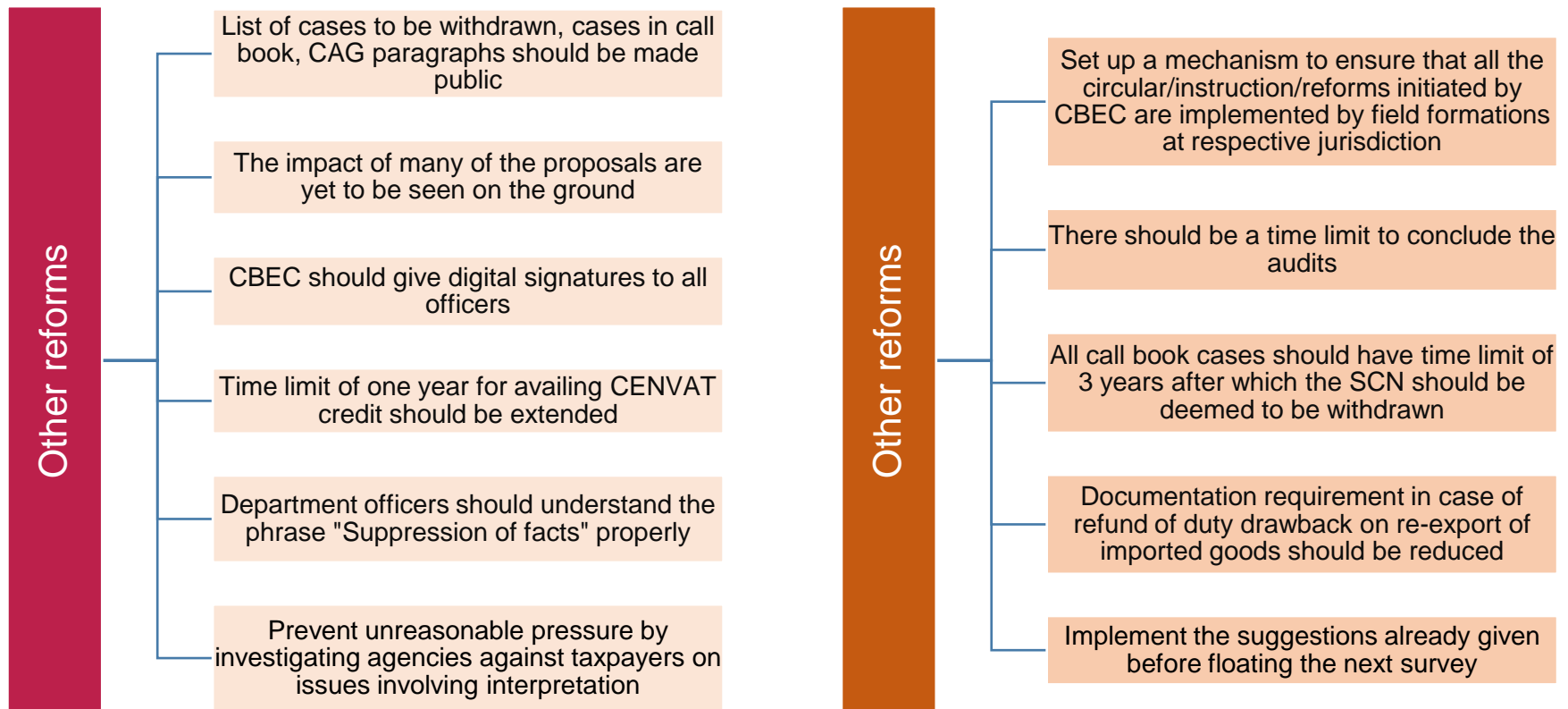
Are you satisfied with the following reforms undertaken by CBEC?

Parameters	Very satisfied	Partially satisfied	Not satisfied	Not applicable
Broad base credit mechanism for all input services against output service tax and remove ambiguity and uncertainty	26%	54%	7%	13%
Client system based risk audit and rationalize audit parties, their roles and responsibilities, to reduce repetition of audit by several teams	17%	54%	13%	16%
CBEC should review issue wise cases and withdraw Show Cause Notice / appeal where there is no merit	24%	45%	14%	17%
Enhance the effectiveness of personal hearing and expedite issuance of an order	17%	48%	22%	13%
Rationalize severe provisions dealing with arrest and recovery of tax	22%	44%	8%	26%

Other reforms



Executive Summary - Suggestions received during Taxpayers' Experience Survey 2016



Survey responses and suggestions

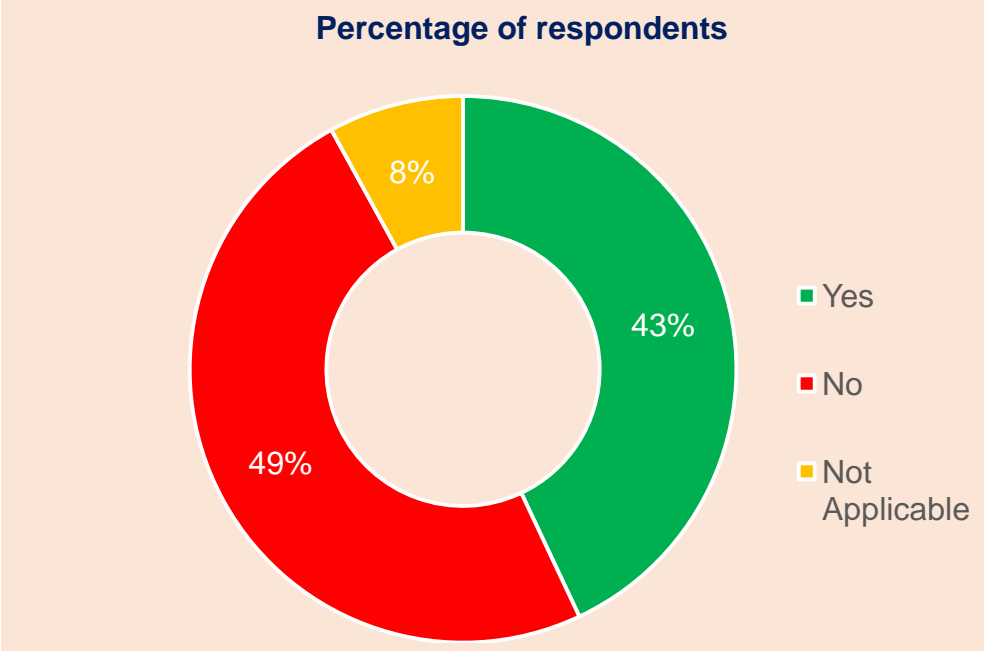
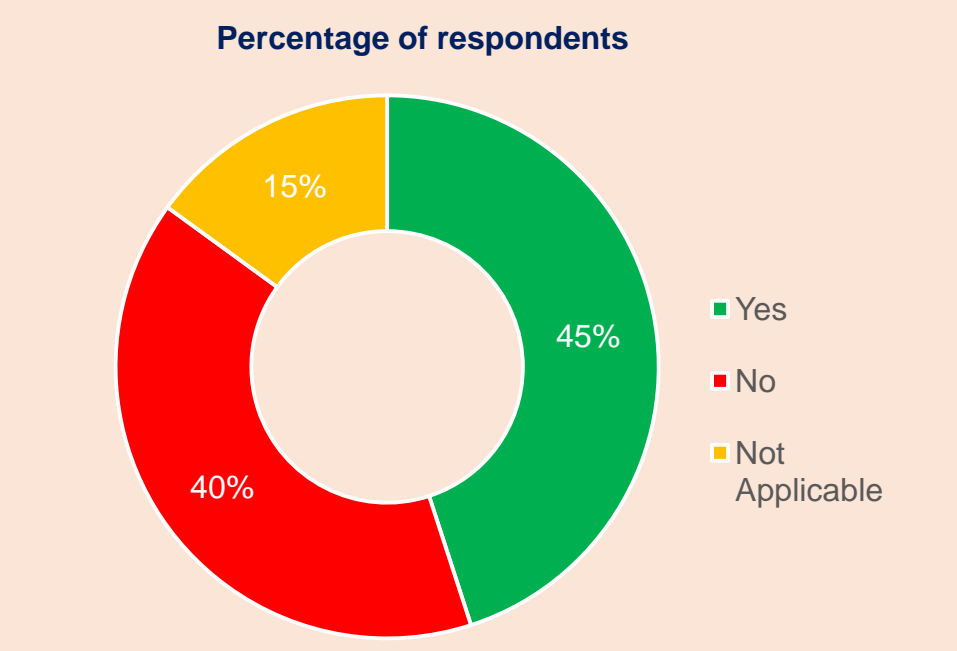


Interaction experience



Do you see any attitudinal change towards the taxpayer by senior functionaries of the tax department (Commissioner/Chief Commissioner/Board)?

Have you seen any improvement in terms of your interaction with tax departmental officials at the cutting edge (Inspector/Superintendent/Appraiser/Assistant Commissioner) in terms of behavior and accessibility?



**45% of the respondents see attitudinal change at senior level, however 40% of the respondents do not see such change
49% of respondents do not see any improvement in terms of their interaction with tax department official**



Interaction experience



Suggestions received during last survey which are yet to be implemented/work-in-progress

- Focus on timely delivery of service to taxpayers
- Introduce and implement a service charter with a strong monitoring mechanism
- Bring about a change in the mindset of revenue officers towards taxpayers
- Provide training to officers on behavioural and technology aspects and improve their technical knowledge
- Performance appraisal of tax officers should be mainly based on service delivery parameters instead of revenue realizations
- Introduce transparent systems to eliminate corruption and harassment
- Remove the focus from revenue target approach
- Email be recognized as a formal means of communication at par with letters and documents in paper form; encourage use of e-mails by officers
- Provide official e-mail ids to all officials for communication with taxpayers; use of personal email ids be discontinued
- Officers should respond to e-mails seeking clarifications

Interaction experience



Observations/suggestions received during Taxpayers' Experience Survey 2016

- Change in overall approach of CBEC is not visible at the lower level staff
- Undue favour expected by tax authorities specially at field officer level even for routine work
- Tax department should focus on tax evaders rather than honest taxpayers
- Quality of interactions at the field formation level needs to improve
- Continued prevalence of pro-revenue approach rather than merit based approach
- Officers should display sensitivity and urgency towards business needs
- Authorities should be made accountable for delay in responding to taxpayers' requests
- Officers should respond to telephonic communication for regular follow up/scheduling of personal hearing instead of requiring taxpayers to visit the tax office physically
- Create a conducive environment for taxpayers and treat them as business partners/stake holders
- Minutes of the meetings/discussion with senior tax officials should be recorded with likely timelines for implementation of decisions made
- Conduct workshops for taxpayers to disseminate changes in tax laws and objective thereof

Interaction experience



Observations/suggestions received during Taxpayers' Experience Survey 2016

- Conduct periodical interactive feedback sessions with taxpayers
- Need to improve infrastructure of tax offices and provide better working environment
- Set up a monitoring mechanism to ensure that benefit of reforms and simplification measures announced through Board circulars / instructions are implemented by the field formations
- Ease the process of accepting documents and provide signed acknowledgements
- Authorities should exhibit key attributes such as being well-informed, unbiased application of mind, observance of judicial discipline, avoiding narrow interpretation etc.
- Discontinue the practice of tax officers visiting business premises to collect information
- Interact with the representative appointed by the assessee for routine matters instead of demanding direct communication with the assessee
- Meeting with Large Taxpayer Unit (LTU) assessee should be conducted on quarterly basis

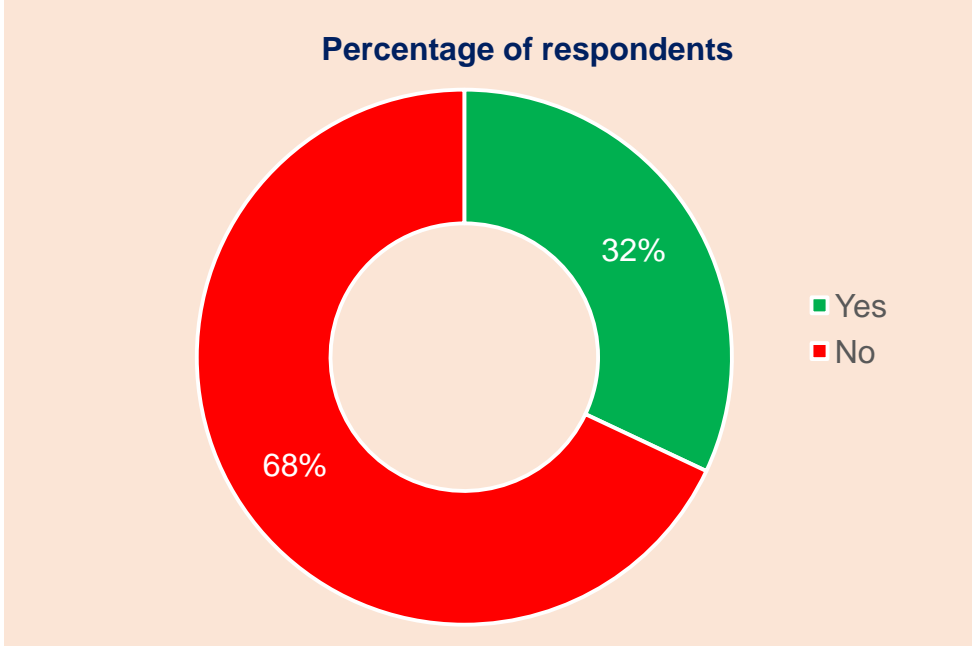
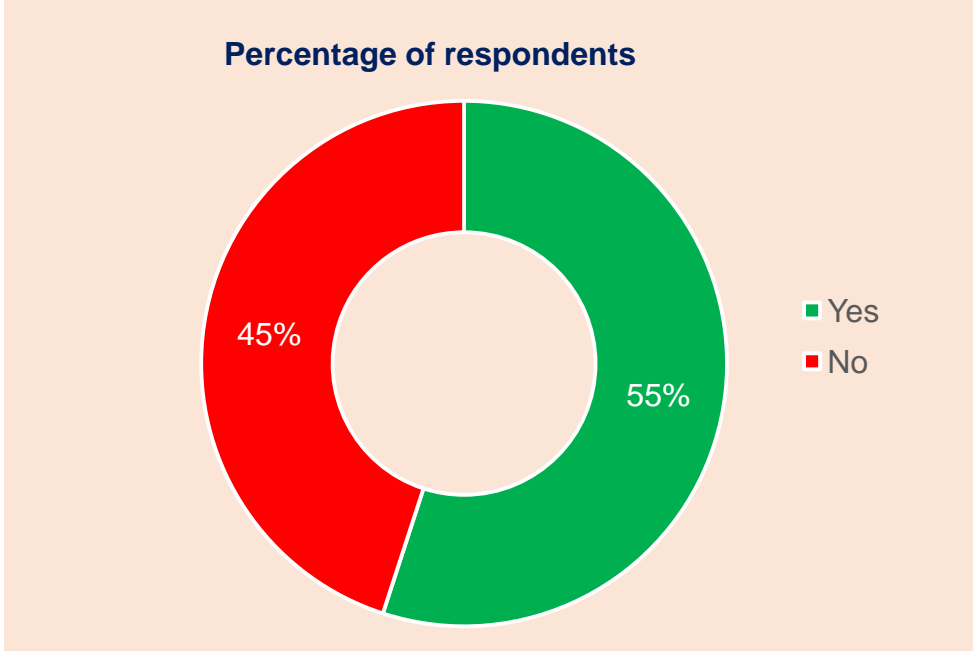
“The government needs to walk the talk by deploying measures that promote ease of doing business”

Dispute resolution



Have you ever been served a demand cum show cause notice relating to Customs, Central Excise or Service Tax?

Do you think that the CBEC's tax administration is gradually becoming less adversarial and there is some reduction in disputes?



About 55% of the respondents have recently been served a demand notice
About 68% of the respondents do not think that the tax administration is becoming less adversarial

Dispute resolution



Suggestions received during last survey which are yet to be implemented/work-in-progress

- Quasi-judicial functions of adjudications to be vested in a separate wing reporting to CBEC to achieve merit based decisions/orders
- Facts to be ascertained/confirmed before issuance of demand notice instead of notices being issued in a routine manner on pre-conceived notions/conclusions
- Fix responsibility for raising demand notices on frivolous grounds
- Introduce mandatory handover rules- transferred officer should be legally empowered to operate at the station for 2 months to complete the adjudication of cases where personal hearing has been concluded
- Fast track dispute resolution – Club show cause notices on similar matters across commissionerates and pass a single order
- CBEC to take merit-based stand in critical matters to reduce issuance of repetitive demands on same/settled issue
- Reduce the frequency of amendments in tax laws
- Seek periodical report from each commissionerate with industry data of issue-wise demands raised dropped at adjudication / first appeal level to check quality of demand notices

Dispute resolution



Suggestions received during Taxpayers' Experience Survey 2016

- An approach of 'go and deal with higher level' should be avoided
- Issue industry wise guide/circulars on applicability of tax provisions to that industry
- Set up mechanism to deliberate and resolve industry wise issues arising due to difference of opinion/interpretation of law
- Set up helpdesks to resolve the various issues faced by taxpayers to reduce litigation
- Audit should not be conducted with the sole motive to raise demand
- Departmental officers should collate/verify data available with them before requesting the same from the assessee
- Inquiry/investigation must be completed in a time bound manner and it should not be an unending process
- Cases having common facts and similar legal issues should be grouped together and only one case should be litigated for quick disposal
- Mandatory discussion with assessee before issuance of SCN especially for high value cases

Dispute resolution



Suggestions received during Taxpayers' Experience Survey 2016

- SCN/Orders should not be issued with a pro-revenue approach especially towards the end of the year
- Authority for issuing the SCN and the Adjudicating authority should be different
- Develop conducive environment for tax offices to take independent merit based decisions
- SCN/Order-in-Original/Order-in-Appeal should be decided within the prescribed time limit or it should be deemed to be dropped
- Deploy appropriate additional staff to expedite decisions in pending matters
- Concerted efforts needed to dispose of the old pending matters
- Consider introducing personal hearings through video conferences
- Approach of authorities must be constructive and they should trust the taxpayer
- Penalty should not be imposed mechanically in all cases; due regard should be given to the facts of the case
- Adjudicating authority should pass order before being relieved on transfer where hearing in cases have been completed

Dispute resolution



Suggestions received during Taxpayers' Experience Survey 2016

- Customs officers must issue a speaking order if they have contrary view on self-assessed bill of entry
- Provide clarity on tax positions (specially CENVAT credit eligibility) to reduce litigation
- Set up separate benches of CESTAT to fast track high value litigation

“The mentality of ‘let me pass the order, you fight it out in appeal’ must be changed”

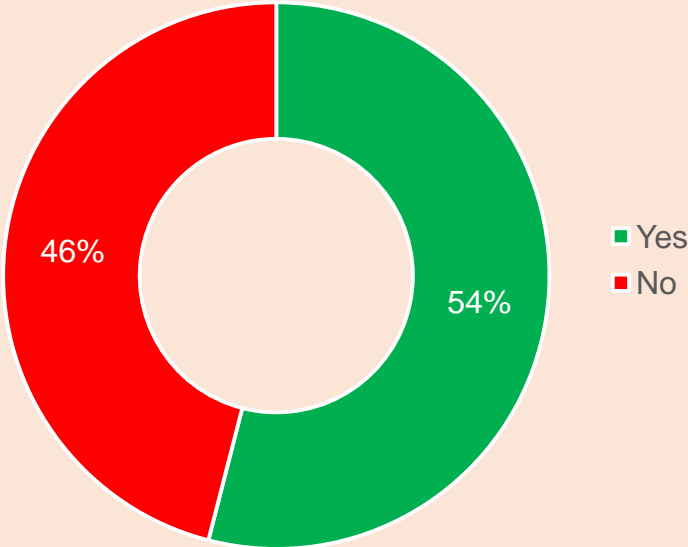
Refund claim



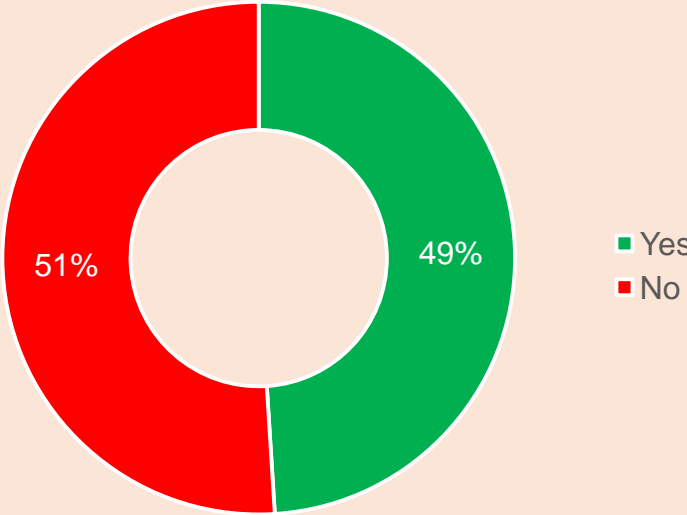
Have you recently filed a refund claim for central excise duty, customs duty or service tax?

Has there been any perceptible difference in processing of refund claims in terms of time, documentation, speed of decision taking?

Percentage of respondents



Percentage of respondents



About 54% of the respondents have filed refund claim recently
About 49% of the respondents felt perceptible difference in processing of refund claim

Refund claim



Suggestions received during last survey which are yet to be implemented/work-in-progress

- Refund should be processed without any expectation of monetary or non-monetary benefit
- Prescribe time limits for issue of automated receipt (with reference number and date), processing and sanction of refund claim; and each stage of processing should be displayed on the website
- Send timely communication to assessee on completeness of documentation upon submission of refund claim and process claim within the prescribed time limit
- Uniformity – Specify requirement of documents to be filed for refunds in various situations across jurisdiction/assessing authorities
- Interest should be paid automatically for delayed sanction of refund beyond the prescribed time limit. Rate of interest for delayed payment should be the same as the rate for recovery of duties / taxes not paid or short paid
- Consequential refund arising out of favourable appellate orders should be *suo-moto* processed
- Authorities resorting to unwarranted delay in processing of refund claims should be held accountable
- Refund claims to be processed in the sequence of their date of filing to achieve transparency
- Processing of refund claims should not suffer due to frequent change of jurisdictional officers

Refund claim



Suggestions received during Taxpayers' Experience Survey 2016

- Enable online tracking of refund claims
- Validity of defect memos should be verified by senior level officers before issuance
- Refund should not be rejected in a routine manner
- Attitude of at least 'some' rejection of refund claim should be avoided
- Minor procedural deficiencies should be treated liberally
- Refund should be processed on verification of sample documents and practice of verifying 100% of the records should be discontinued
- Refunds pending for more than two years should be processed on high priority basis
- Refund files should be kept securely under proper physical custody to avoid tax authorities seeking the same documents again and again from the assessee
- Any CA firm should be allowed to certify for 80% provisional refund of service tax, instead of certification only by a statutory auditor
- Expedite refund of revenue deposit after completion of SVB order
- SAD refund process should be simple and fast tracked

Refund claim



Suggestions received during Taxpayers' Experience Survey 2016

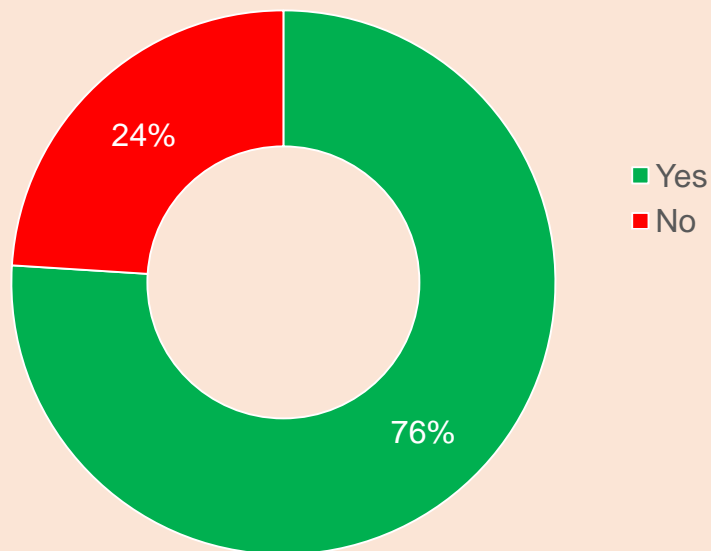
- Introduce a system for monitoring of refund cases remanded back to adjudication authority for early disposal
- Duty drawback and refunds should be treated at par with service tax refund and provisional refund of 90% should be allowed on submission of application
- Online system should be developed for linking of export invoices with refund for easy verification and sanction
- CENVAT Credit should be allowed automatically where taxpayer opts to withdraw refund claim

Electronic taxpayer services



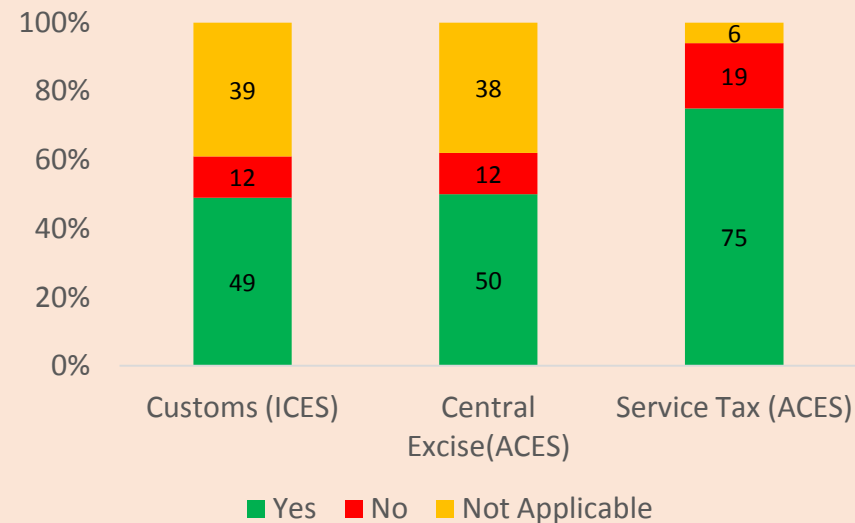
The customs department has launched an integrated single window for filing customs declaration (i.e. Bill of Entry / Shipping Bill) from 1 April 2016. Do you feel that it has improved the customs clearance process?

Percentage of respondents



Are you satisfied with the following IT software platforms provided by the tax department?

Percentage of respondents



Around 76% of the respondents see improvement in customs clearance process due to introduction of single window scheme
Around 75% of the respondents are satisfied with the ACES IT Software platform for Service Tax

Electronic taxpayer services



Suggestions received during last survey which are yet to be implemented/work-in-progress

- Develop and implement online tracking mechanism for disposal of various applications and activities viz. permissions, refunds, demand notice, appeal etc.
- System generated mails for acceptance of orders/filing of appeals by authorities
- Use online communication platforms - correspondence with taxpayers with official email id and discontinue using personal email id.
- Extensive use of IT platform with uploading facility for reducing the physical interaction with taxpayers and to achieve transparency/improve service levels
- Online client repository system on Department server - Easy access of data/documents/ submissions for revenue authorities
- Improve ICES and ACES website server and connectivity problems
- Allow Payment gateway through private banks as well
- Permit online submission of Bonds, intimation of Export, Proof of Exports/Imports
- CBEC Website - Facility of displaying the text of the notifications as amended from time to time (along with original notification and amending notifications)

Electronic taxpayer services



Suggestions received during Taxpayers' Experience Survey 2016

- Systems issues should be resolved in a time bound manner
- Create an online interactive platform to grant various permissions from jurisdictional Commissioner with facility to seek online comments from divisional/range office
- Telephone number and e-mails of all officers should be available on CBEC's web portal
- Online forms should be made easier and training should be imparted to industry for compliance
- Servers should be upgraded to handle the load during peak hours/due dates
- Reduction in outages/short notice maintenance work for e-filing services
- E-filing system should be compatible with various platforms like Internet Explorer, Firefox, etc.
- Any extension in the due dates due to system issues should be informed well in advance
- Introduce facility for online assessment, submissions and e-filing of appeal.
- Develop a system to automatically escalate the matters to Commissioner/Chief Commissioner which are not addressed by lower level officials
- Submission of information or replies should be accepted by registered e-mails with automated acknowledgment facility
- Issue circular to declare e-mails received from other than government e-mail id as invalid

Electronic taxpayer services



Suggestions received during Taxpayers' Experience Survey 2016

- Separate portal should be developed for SVB cases and their status
- Assessee should not suffer demurrage charges due to issues with ICEGATE website
- No physical copies should be asked where documents are submitted digitally
- Digitisation of audit records to reduce seeking same information again during next audit
- Tax officers should directly interact with their IT department (and not through the assessee) for resolution of any system related issues
- Customs duty payments made through bank should be updated immediately
- Remarks column should be provided for online return filing to do away with filing of physical letter
- Uploading of documents should be allowed while amending service tax registration
- Allow interface of ACES and ICEGATE with IT platform of DGFT
- Develop online systems for issuing Form A-1 and Form A-2 for SEZs
- ACES system should support centralised registration of assessee having more than 1000 branches
- Service tax return status i.e. accepted or rejected should be reflected on the same day

Evaluation of sectoral reforms undertaken by CBEC



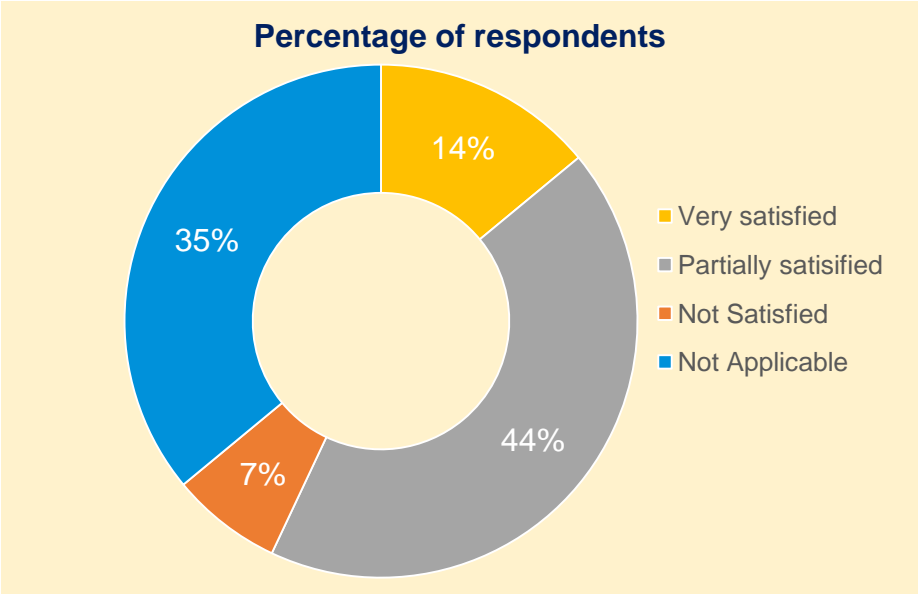
Are you satisfied with the following reforms undertaken by CBEC?

Suggestions/ Issue raised

Ensure expeditious issuance of Special Valuation Branch (SVB) orders and timely completion of provisional assessment

Action taken by CBEC

Completely revamped the SVB procedure for imports from related parties. Further, the extra duty deposit was waived off and the provision for renewal of SVB order has also been dispensed.



Only 14% of the respondents are very satisfied with the action taken by CBEC on SVB procedure and about 44% of the respondents need additional improvement in the SVB process

Evaluation of sectoral reforms undertaken by CBEC



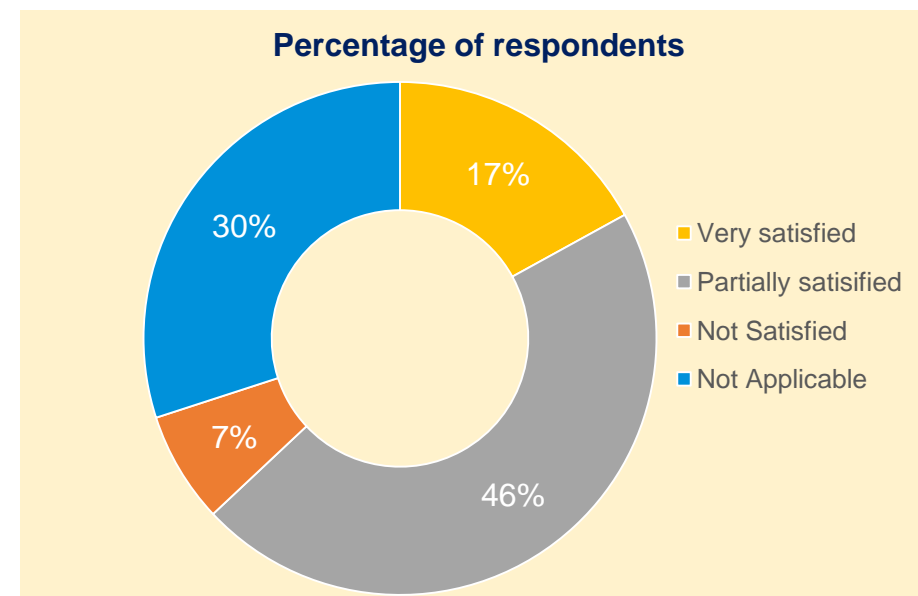
Are you satisfied with the following reforms undertaken by CBEC?

Suggestions/ Issue raised

Reduce the time taken for customs clearance

Action taken by CBEC

- Introduced a Single Window Interface for Facilitating Trade (SWIFT) to provide a single point interface for customs clearance of goods
- 24x7 facility for customs clearance extended to 19 sea ports and 17 air cargo complexes
- Formation of the Customs Clearance Facilitation Committee (CCFC)
- Electronic messaging system introduced at ports for electronic delivery order



Only 17% of the respondents are fully satisfied with the actions taken by CBEC on customs clearance procedure and about 46% of the respondents need further improvement

Evaluation of sectoral reforms undertaken by CBEC



Are you satisfied with the following reforms undertaken by CBEC?

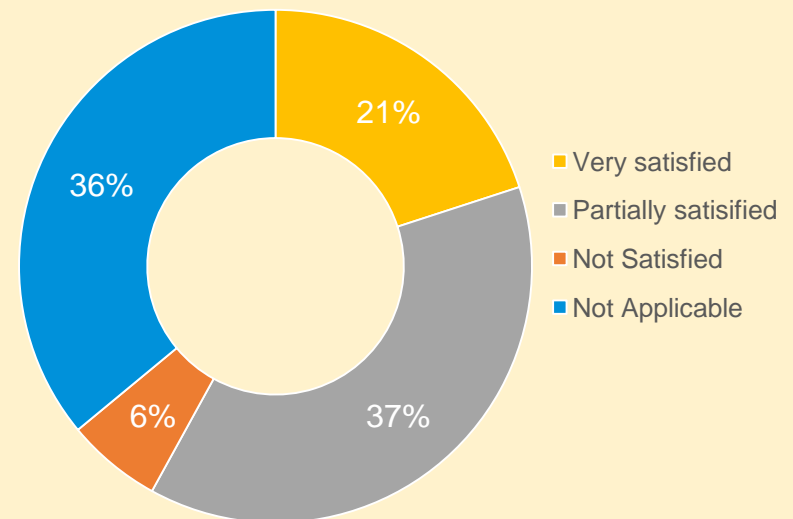
Suggestions/ Issue raised

Process for export related documentation to be made online

Action taken by CBEC

- Electronic monitoring of realization of export proceeds (e-BRC and linkage with customs) has been implemented. Exporters are not required to submit documentary proof of remittances.

Percentage of respondents



Approximately 37% of the respondents need further improvement on the process for export related documentation

Evaluation of sectoral reforms undertaken by CBEC



Are you satisfied with the following reforms undertaken by CBEC?

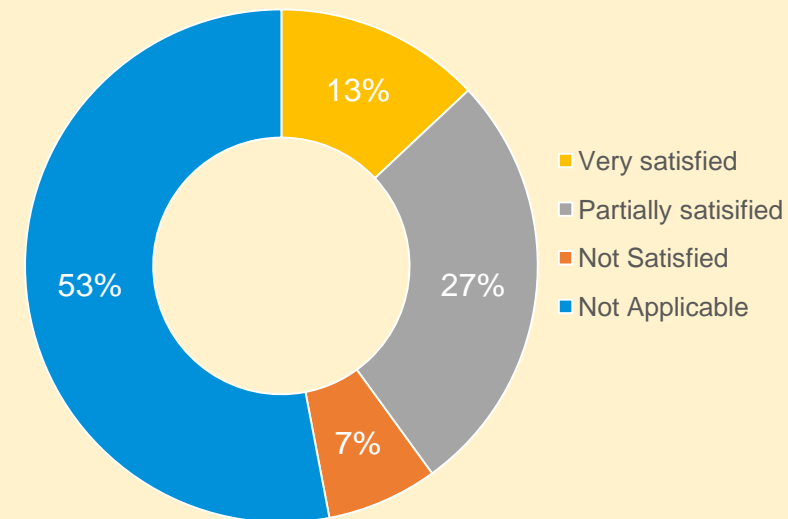
Suggestions/ Issue raised

Warehousing provisions to be simplified, including the provisions relating to submission of bonds

Action taken by CBEC

- The system of physical control and locking of public and private warehouses by the customs has been dispensed and is being replaced with record based controls.
- The period of warehousing to be extended till de-bonding or consumption of goods to reduce transaction costs and burden of documentation
- Power to extend warehousing periods for other importers delegated to Principal Commissioner

Percentage of respondents



Only around 13% of the respondents are fully satisfied with the actions taken by CBEC relating to warehousing



Evaluation of sectoral reforms undertaken by CBEC



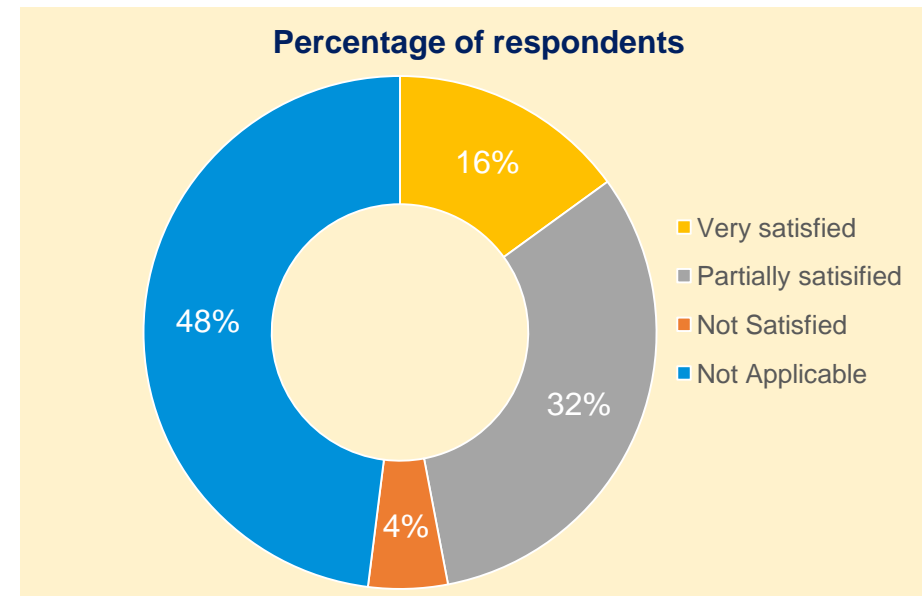
Are you satisfied with the following reforms undertaken by CBEC?

Suggestions/ Issue raised

Simplification of certain specified procedures under customs and excise

Action taken by CBEC

- Rules amended to grant exemption from self-sealing of bulk cargo for export
- Installation certificates required for import of capital goods now permitted to be obtained from private chartered engineers
- Facility of direct dispatch of goods by registered dealers from seller to customer's premises provided
- Registration of factories operating through multiple premises falling within a range allowed



Only 16% of the respondents are fully satisfied with the actions taken by CBEC on simplification of certain procedures



Evaluation of sectoral reforms undertaken by CBEC



Are you satisfied with the following reforms undertaken by CBEC?

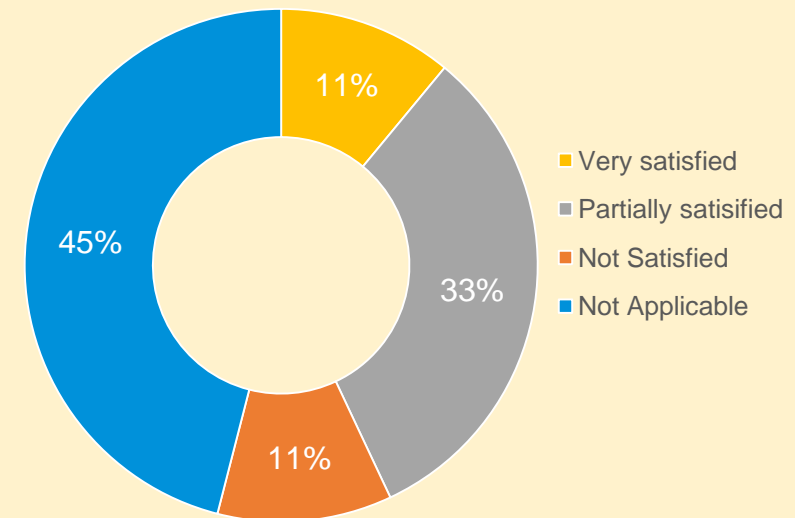
Suggestions/ Issue raised

Expedite quick processing of refund claims, including duty drawback

Action taken by CBEC

- Provisional payment of drawback allowed to exporters pending fixation of brand rate

Percentage of respondents



Only 11% of the respondents are fully satisfied with the action taken by CBEC on refund claim processes



Evaluation of sectoral reforms undertaken by CBEC



Are you satisfied with the following reforms undertaken by CBEC?

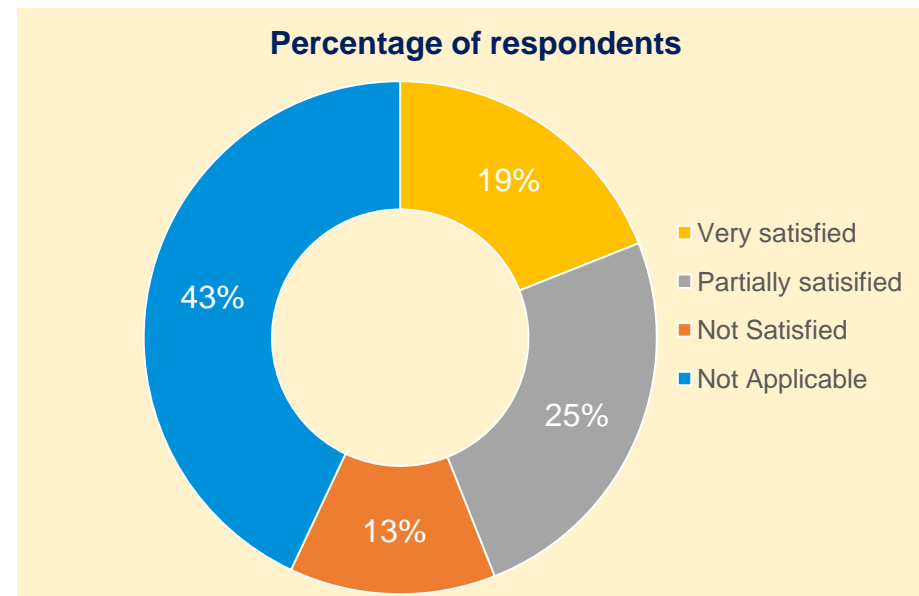
Suggestions/ Issue raised

Enforce grant of provisional refund (upto 80 per cent) within 15 days of filing the refund claim

Action taken by CBEC

- Procedure prescribed for granting provisional payment of 80 per cent of the service tax refund amount to exporters of services within five working days

Percentage of respondents



About 19% of the respondents are very satisfied with the process of granting provisional refund and about 25% of the respondents need further improvement

Evaluation of sectoral reforms undertaken by CBEC



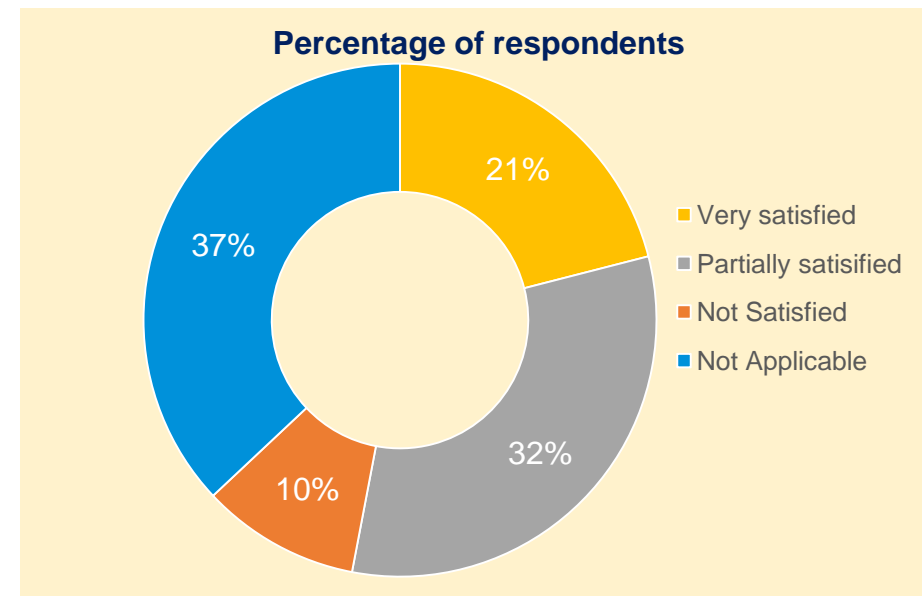
Are you satisfied with the following reforms undertaken by CBEC?

Suggestions/ Issue raised

Simplification relating to refund/rebate

Action taken by CBEC

- E-payment of refunds and rebates through RTGS/NEFT introduced
- Procedure for fixation of input-output ratio for payment of rebate of duty can be fixed on the basis of a certificate from a chartered engineer, without any need for verification by the Central Excise officer



About 21% of the respondents are satisfied with actions taken by CBEC on simplification of refund/rebate process

Evaluation of sectoral reforms undertaken by CBEC



Are you satisfied with the following reforms undertaken by CBEC?

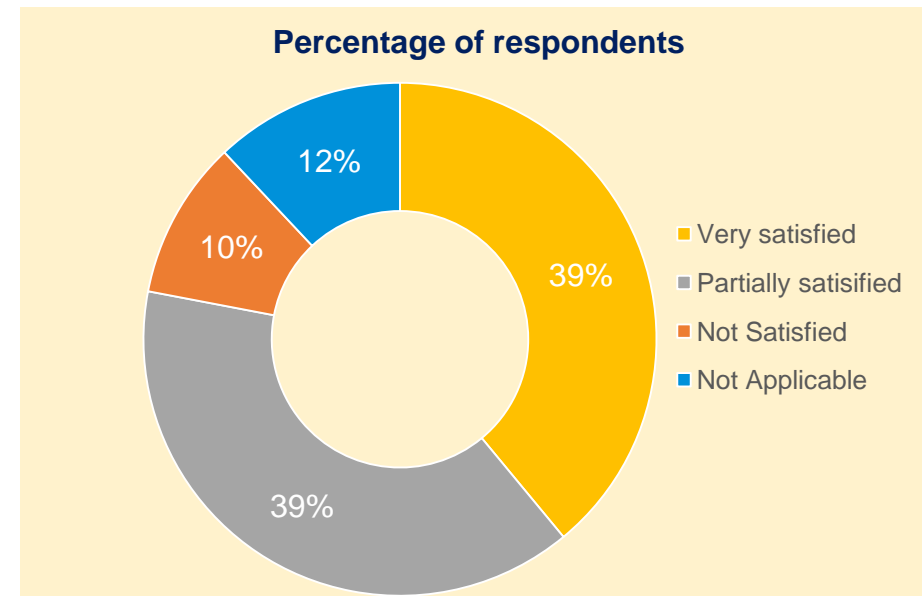
Suggestions/ Issue raised

Rate of interest for delayed payment of tax should be the same as the rate of interest which is charged to assessee for demands

Action taken by CBEC

- Reduction in rate of interest for delayed payment of service tax, excise duty and customs duty to 15 per cent.

Percentage of respondents



About 39% of the respondents are satisfied with action taken by CBEC on reduction of rate of interest for delayed payment of tax

Evaluation of sectoral reforms undertaken by CBEC



Are you satisfied with the following reforms undertaken by CBEC?

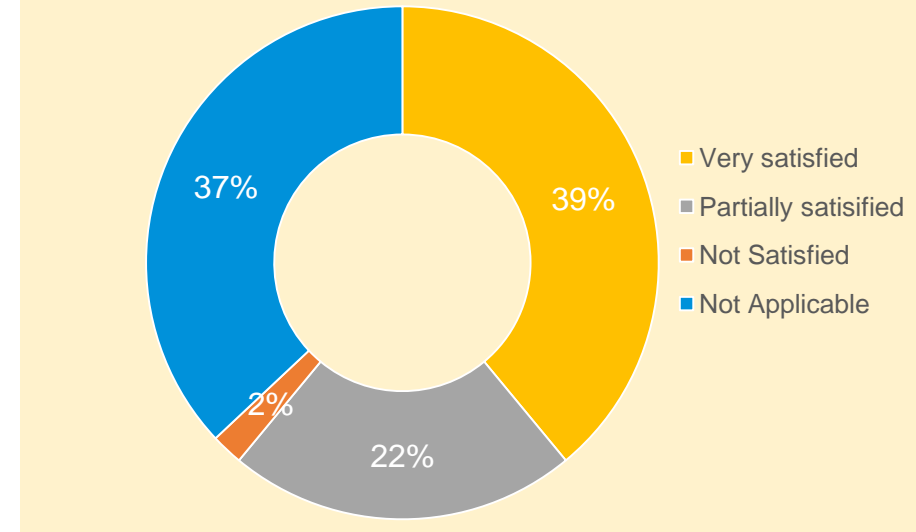
Suggestions/ Issue raised

Replace multiple returns by manufacturers like ER-1, ER-4, ER-5, ER-6, ER-7 into one annual return

Action taken by CBEC

- Number of returns to be filed by a large manufacturer reduced from 27 to 13. ER-4, ER-5, ER-6 and ER-7 returns discontinued

Percentage of respondents



About 39% of the respondents are satisfied with action taken by CBEC on reduction of number of excise returns

Evaluation of sectoral reforms undertaken by CBEC



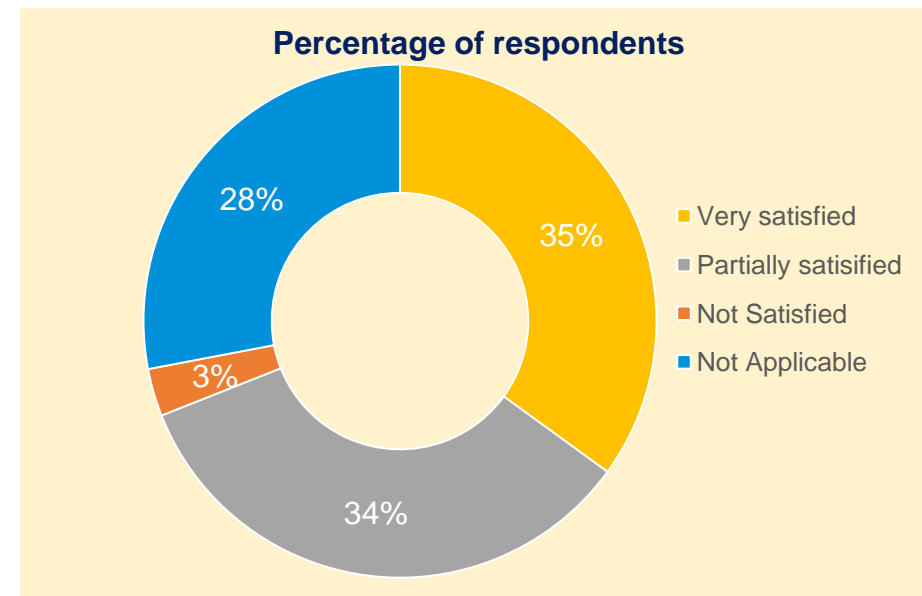
Are you satisfied with the following reforms undertaken by CBEC?

Suggestions/ Issue raised

Accept digitally signed documents and copies in digital form

Action taken by CBEC

- Facility for submission of digitally signed documents for customs clearance of goods instead of manual documents introduced
- The digitally signed duplicate copy of invoice meant for the transporter was required to be self-attested by the manufacturer. This requirement of self-attestation of digitally signed invoice has been discontinued



About 35% of the respondents are satisfied with actions taken by CBEC on acceptance of digitally signed documents
About 34% of the respondent still needs improvement

Evaluation of sectoral reforms undertaken by CBEC



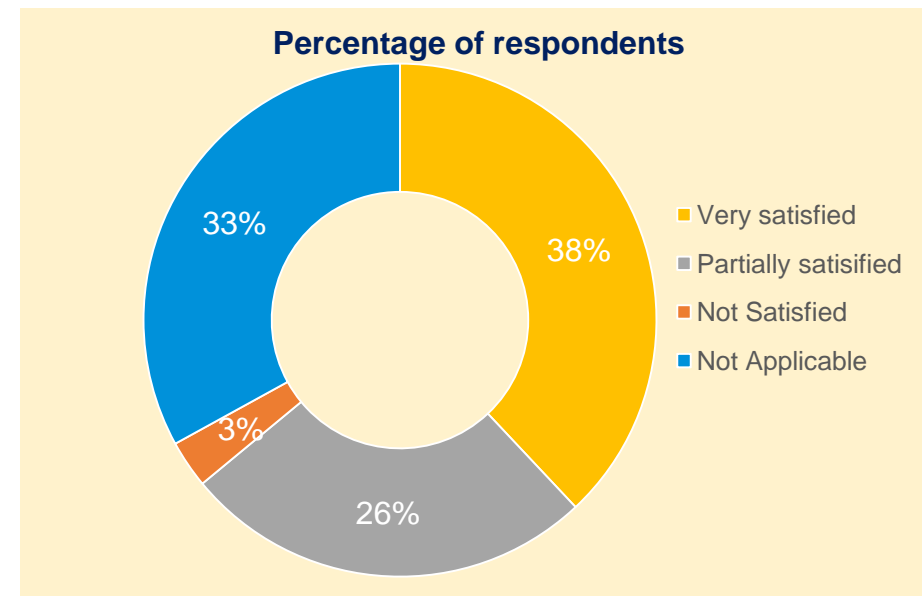
Are you satisfied with the following reforms undertaken by CBEC?

Suggestions/ Issue raised

Allow revision of returns to rectify genuine errors under excise

Action taken by CBEC

- Revision of periodical return allowed in central excise



About 38% of the respondents are satisfied with action taken by CBEC to allow revision of excise returns

Evaluation of sectoral reforms undertaken by CBEC



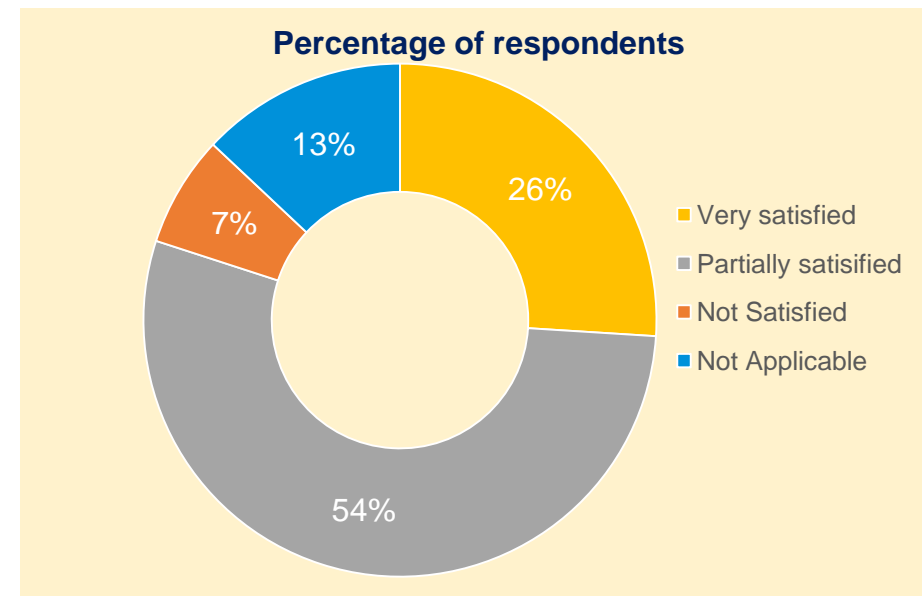
Are you satisfied with the following reforms undertaken by CBEC?

Suggestions/ Issue raised

Broad base credit mechanism for all input services against output service tax and remove ambiguity and uncertainty

Action taken by CBEC

- CENVAT Credit Rules, 2004 amended to improve credit flows and reduce litigation. Key highlights are:
 - Time limit for taking CENVAT Credit increased from six months to one year
 - Provisions made to allow ship breaking units to avail 100 per cent credit of CVD paid
 - Maintenance of common warehouse for distribution of inputs and credit allowed



About 54% of the respondent still needs further improvement on the actions taken by CBEC to changes made in CENVAT Credit Rules, 2004



Evaluation of sectoral reforms undertaken by CBEC



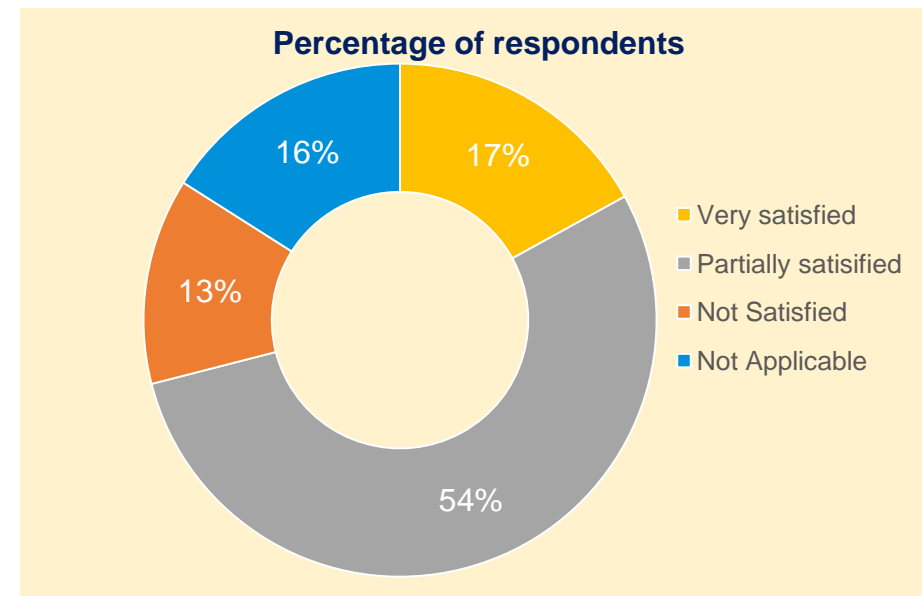
Are you satisfied with the following reforms undertaken by CBEC?

Suggestions/ Issue raised

Client system based risk audit and rationalize audit parties, their roles and responsibilities, to reduce repetition of audit by several teams

Action taken by CBEC

- The requirement of mandatory audit of units with prescribed periodicity based on duty payment is done away with
- A new procedure has been prescribed for selection of units based on scientific risk parameters and a concept of integrated audit has been implemented



About 54% of the respondents still need improvement on the audit processes



Evaluation of sectoral reforms undertaken by CBEC



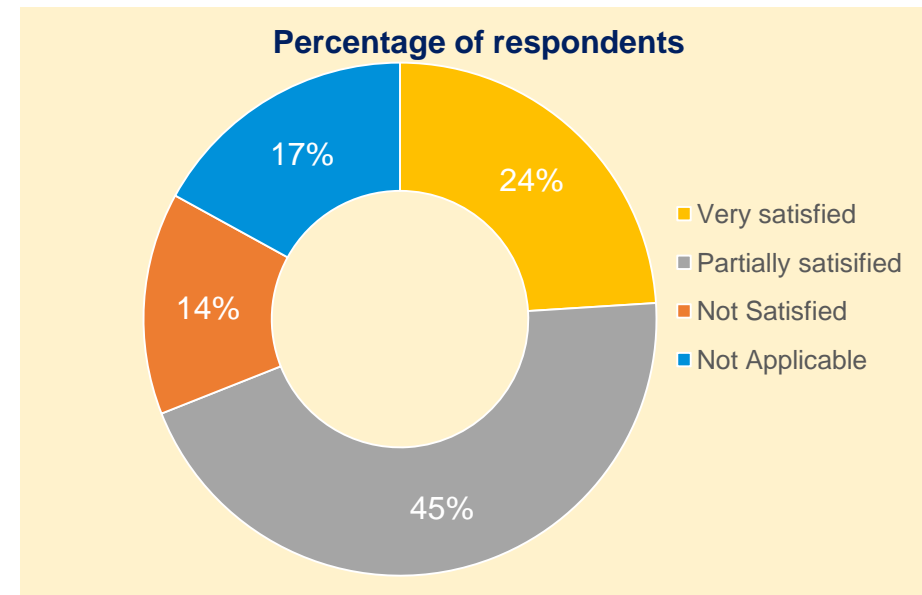
Are you satisfied with the following reforms undertaken by CBEC?

Suggestions/ Issue raised

- **CBEC should review issue wise cases and withdraw Show Cause Notice /appeal where there is no merit;**
- **Fast track dispute resolution**
- **Strict adherence to judicial precedence**

Action taken by CBEC

- **Withdrawal of all cases in the HC and CESTAT where there is a precedent Supreme Court decision and against which no review is contemplated**
- **Pre-show cause notice consultation mandatory with the Commissioner, for duty involved is >INR50 lakh**
- **Threshold limit for filing an appeal by the department increased**



About 45% of the respondents still need improvement in the dispute resolution process



Evaluation of sectoral reforms undertaken by CBEC



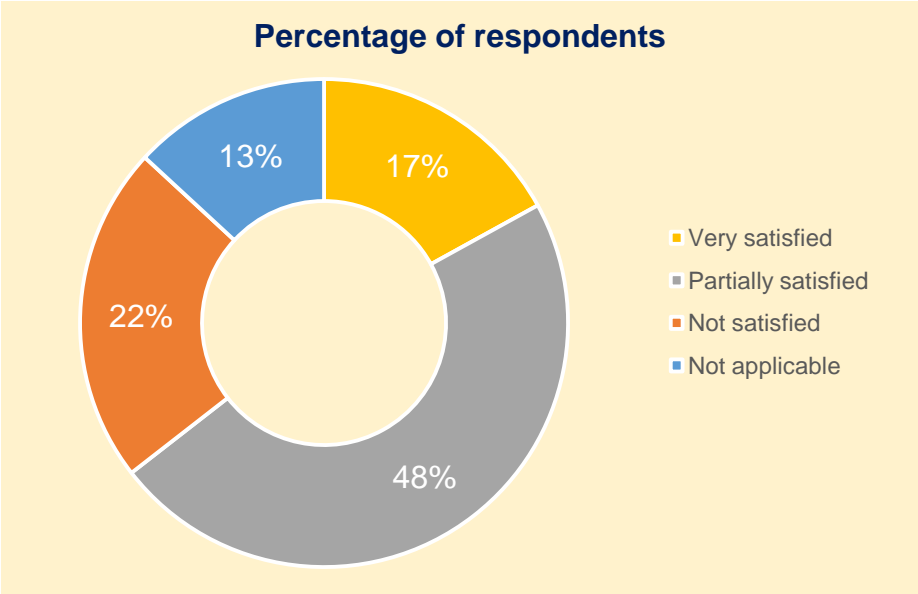
Are you satisfied with the following reforms undertaken by CBEC?

Suggestions/ Issue raised

Enhance the effectiveness of personal hearing and expedite issuance of an order

Action taken by CBEC

- Instructions have been issued regarding the manner in which the (a) SCN is to be issued (b) personal hearings are to be granted (c) adjudication orders to be issued. The senior most officer (Chief Commissioner) has been instructed to verify the records of proceedings on a time to time basis



About 48% of the respondents need further improvement towards effectiveness of personal hearing and issuance of order and about 22% of the respondents are not satisfied with CBEC's action

Evaluation of sectoral reforms undertaken by CBEC



Are you satisfied with the following reforms undertaken by CBEC?

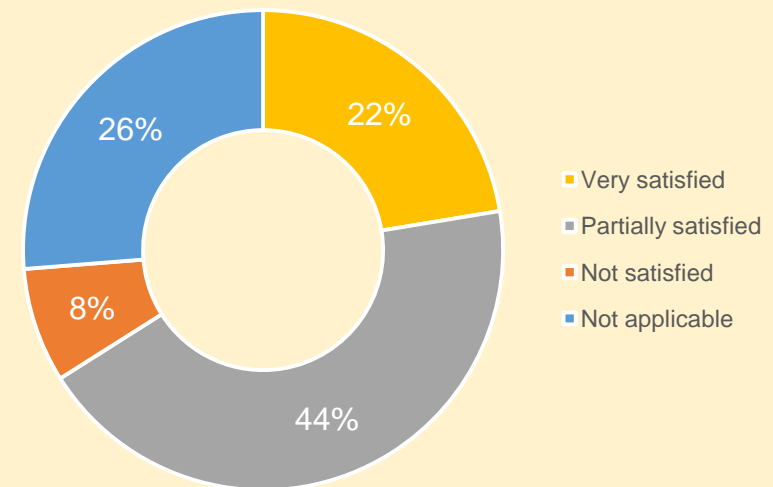
Suggestions/ Issue raised

Rationalize severe provisions dealing with arrest and recovery of tax

Action taken by CBEC

- Increased the limit for exercising powers to arrest from INR50 lakh to INR2 crore that to where service tax is collected but not paid.

Percentage of respondents

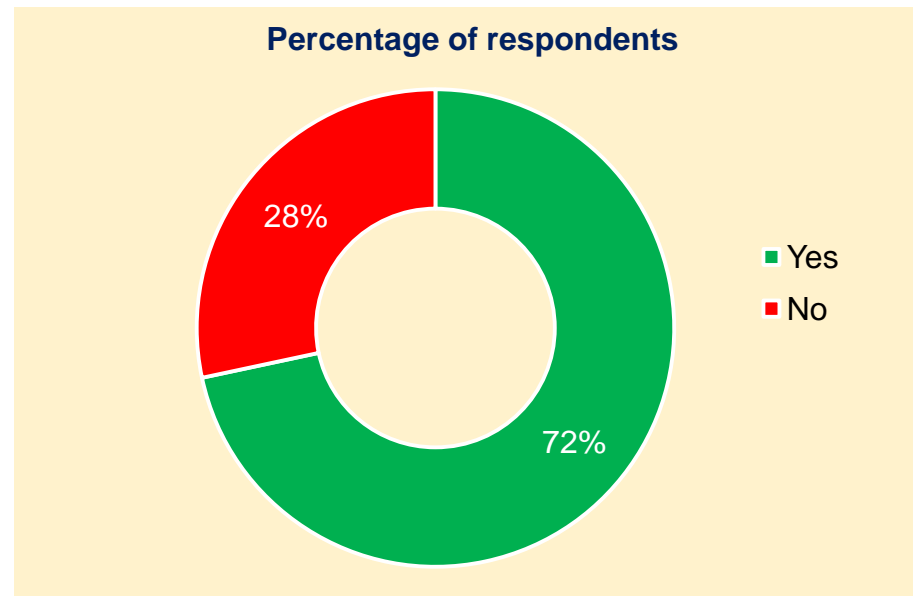


About 22% of the respondents are satisfied with action taken by CBEC on rationalization of severe arrest procedure and about 44% of the respondents still need improvement

Overall perception



Do you feel a perceptible change in policies of tax department by way of becoming liberal and friendly to taxpayer?



About 72% of the respondents felt a perceptible change in policies of the tax department by way of becoming liberal and friendly to the taxpayer

Other reforms



Suggestions received during Taxpayers' Experience Survey 2016

- Tax laws should be simple and easy to understand/comply
- Set up a mechanism to ensure that all the circular/instruction/reforms initiated by CBEC are implemented by field formations at respective jurisdictions
- Prevent unreasonable pressure by investigating agencies against taxpayers on issues involving interpretation
- List of cases to be withdrawn, cases referred to call book, CAG para should be made public
- Develop facility of centralised verification of records of the assessee to avoid multiple audits
- CBEC should give digital signatures to all officers
- Time limit of one year for availing CENVAT credit should be extended
- Authorities should refrain from issuing SCN to separate business divisions where assessee has centralised registration
- Expedite transfer of files in case of change in jurisdiction
- Documentation requirement in case of refund under Section 74 (duty drawback on re-export of imported goods) should be reduced
- Due date for payment of taxes should be reconsidered (such as 31st March/6th of every month)

Other reforms



Suggestions received during Taxpayers' Experience Survey 2016

- There should be a time limit to conclude the audits
- All call book cases should have time limit of 3 years after which the SCN should be deemed to be withdrawn
- All departmental appeals if not heard within 3 years should automatically be treated as dropped
- Department officers should understand the phrase "Suppression of facts" properly
- Allow revision of returns without any time limit to rectify genuine errors
- New cesses like Swachh Bharat Cess and Krishi Kalyan Cess should not be applied to services provided before the date of introduction (i.e. outstanding debtors)
- Excise rules should be liberalised to defer removal of goods till receipt of way bills/entry permits even though excise invoice has been raised
- Implement the suggestions already given before floating the next survey

“Momentum in reforms is not only required to be maintained but accelerated”

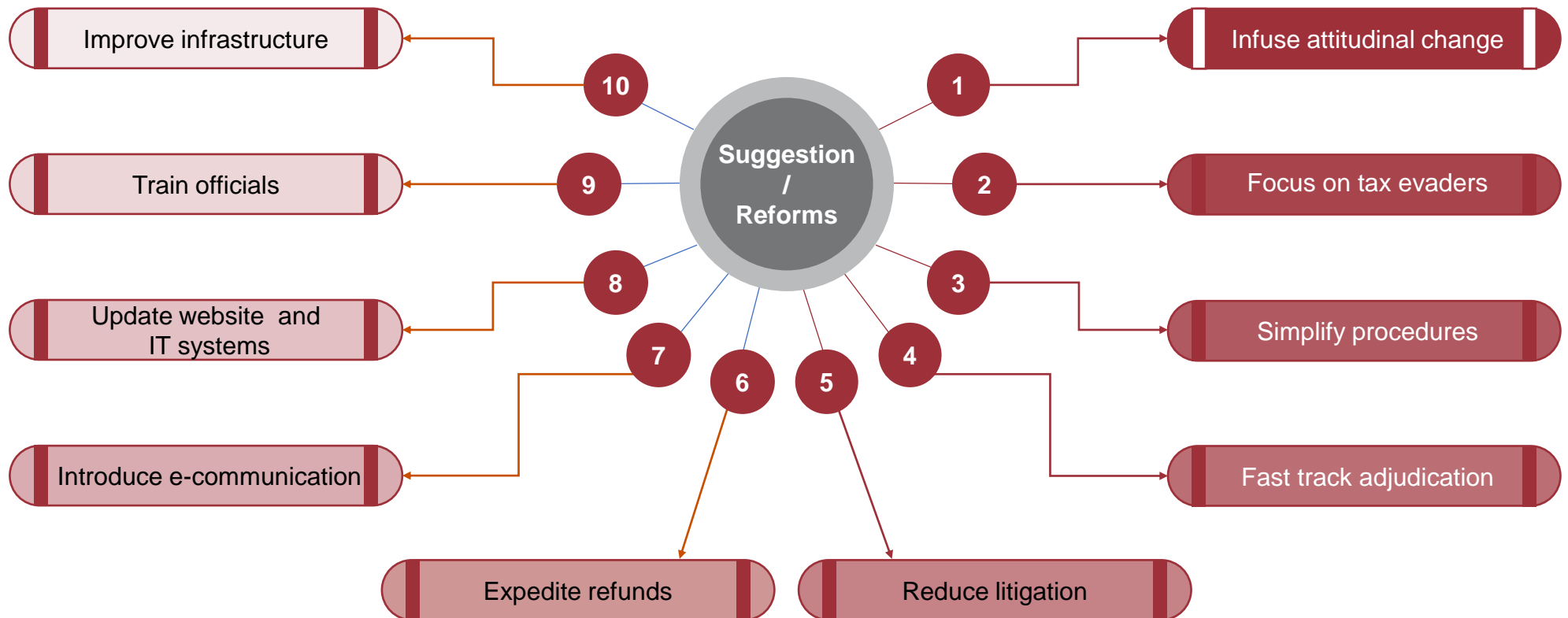
Conclusions



Summary



Suggestions/ Reforms



Conclusions



- The survey report highlights feedback from the taxpayers' about their experience in dealing with tax authorities and their comments/suggestions on the reforms undertaken by CBEC in last two years
- The key recommendations relate to further improving the tax administration to achieve government's objective of enhancing the ease of doing business
- FICCI and KPMG will be pleased to extend support to CBEC to take the reform process forward
- If CBEC so desires, we can further run this survey to assess the taxpayers' feedback and suggestions

Thank You

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