

Chapter – Income Tax Authorities

Q1. What are the various authorities engaged in the Indian income tax law and what are their functions?

Ans. For the proper implementation of income tax, ministry of finance have constituted various authorities under the income tax act, 1961. Such authorities help in the great extent for proper and effective implementation of income tax. Income tax act has given many powers to the authorities for the implementation of the act. The supreme authority under the income tax act is central board of direct taxes (CBDT). The list of income tax authorities are as under:

1. The central board of direct taxes
2. Chief commission of income tax
3. Commissioner of income tax
4. Additional commissioner of income tax
5. Joint commissioner of income tax
6. Deputy commissioner of income tax
7. Assistant commissioner of income tax
8. Income tax officers
9. Tax recovery officers
10. Inspectors of income tax

1. THE CENTRAL BOARD OF DIRECT TAXES:- The central board of direct tax was constituted under the central board of revenue act 1963. It is the highest authority of the income tax department and functions under the ministry of finance of the govt. of India. The central govt. is empowered to appoint its members and the govt. can increase the number upto a maximum of 5. At present there are four members besides the chairman. One of the members of the board is appointed as its chairman.

POWERS OF CBDT:- CBDT is the supreme income tax authority under the income tax act. Income tax act provides the following powers to the CBDT.

- a. Declare any association as company:-** The board has power to declare any association whether incorporated or not and whether Indian or non-Indian, as company.
- b. Determine the jurisdiction of various authority:-** The board has power to determine the jurisdiction of various authorities under this act.
- c. Power of make rules:-** For the proper and efficient implementation of the act it has power of make rules, issue orders, instructions, directions etc., to all the persons employed. Rules framed by the board cannot supersedes (replace) the provisions of the act. The objective of making rules is for proper implementation of the act.
- d. To give directions to income tax authorities regarding the exercise and power of their functions.**

2. POWERS OF CHIEF COMMISSIONER AND COMMISSIONER OF INCOME TAX:- The jurisdiction of these authorities shall be determined by the CBDT. The power of chief commissioner or commissioner are as follows:-

- a. Power to sanction re-opening of assessment after the expiry of 4 years**
- b. Power to withhold refund in certain cases**
- c. Powered to set off the refund against arrear of tax**
- d. Power to revise any order passed by AO**
- e. Power to reduce or waive the penalty imposed on a person.**
- f. Power to direct the AO to prefer the appeal to the tribunal against the orders of first appellate authority.**

3. POWERS OF COMMISSIONER OF INCOME TAX (APPEALS) OR DEPUTY COMMISSIONER (APPEALS):-

- a. Powers to regarding discovery, production of evidence etc.**
- b. Power to call for information**
- c. Power to inspect registers of companies**
- d. Power to set off any refund against arrear of tax**
- e. Power to impose a penalty**

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4. POWERS TO DEPUTY COMMISSIONERS:-

- a. Power regarding discovery, production or evidence
- b. Power to search and seizure
- c. Power to call for information
- d. Power to survey
- e. Power to collect certain information
- f. Power to make an enquiry
- g. Power to inspect register of companies

5. POWER OF ASSESSING OFFICERS:- AO means assessing officers. The AO is a very important authority under the income tax act. He is the first authority the assessee has to come into contact with. He issued the notice to the assessee to file a return of income if he has not done so within the prescribed time. He is the only authority to collect tax. The important powers of AO are as follows:

- a. Power regarding discovery, production of evidence etc.
- b. Power of search and seizure if authorised
- c. Power to call for information
- d. Power to impose penalty for non-payment of self assessment
- e. Power to make assessment u/s 143, 144 (best judgement assessment)
- f. Power to inspect register of companies
- g. Power to impose penalty for default in payment of tax
- h. Power to grant refund
- i. Power to re-assess his income which has escaped assessment u/s 147.

6. POWERS TO INSPECTOR OF INCOME TAX:- The income tax inspectors are appointed by the commissioner of income tax and are required to perform such duties as may be assigned to them from time to time either by the CIT or by the authority under whom they had been appointed to work.

❖ POWERS OF INCOME TAX AUTHORITIES:-

1. POWER RELATING TO DISCOVERY, PRODUCTION OF EVIDENCE, ETC.:- The AO the joint commissioner, the chief commissioner or the commissioner has the powers as are provided in a court under the code of civil procedure, 1908 when trying to suit for the following matters:

- Discovery and inspection
- To enforce any person for attendance and examining him on oath
- Issuing commissions and
- Compelling the production of books of account and other document.

2. POWER TO CALL FOR INFORMATION:- The income tax authority has the power to call any firm to provide him names and addresses of partners of the firm and their shares. He can ask any HUF to provide him names of members of the family and the manager. He can ask any person who is a trustee, guardian or an agent to deliver him with return of the names of persons for or of whom he is an agent trustee or guardian and their addresses.

3. POWER OF SURVEY:- The term survey is not defined by the income tax act. According to the meaning of dictionary survey means casting of eyes or mind over something, inspection of something, etc. An income tax authority a survey for the purpose of this act. The objective of conducting income tax surveys are:

- To discover new assess
- To collect useful information for the purpose of assessment

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- To verify that the assessee who claims not to maintain any books of accounts is in fact maintain the books.
 - To check whether the books are maintained, reflect the correct state of affairs.
4. **POWER OF SEARCH AND SEIZURE:-** The income tax authorities shall have the power of searching any building, place, vessel, vehicle or aircraft and seize books of accounts, other documents, money, bullions etc. They shall put identification marks on the seized articles. In other words, income tax authorities have the powers to take actions like search and seizure in cases where the people evaded tax and keep unaccounted assets.
5. **POWER OF ASSESSMENT:-** An AO or any other authority acting as AO shall have the following powers:-
- Power regarding self assessment
 - Power of making regular assessment u/s 143 and best judgement assessment u/s 144.
 - Power to reopen an assessment
 - Power to reopen as assessment in case income has escaped assessment
 - Power to treat a person as an agent
6. **POWER TO INSPECT REGISTERS OF COMPANIES:-** The income tax authority can inspect, take copies of any register of members, debentures holders or of any entry in such register.