

## Chapter Summary

Total collections from direct taxes increased from Rs.68,305 crore in 2000-01 to Rs.1,32,771 crore in 2004-05 at an average annual rate of growth of 18.41 percent. Overall direct tax collections as percentage of GDP increased from 3.27 per cent in 2000-01 and 3.81 percent in 2003-04 to 4.28 percent in 2004-05. Average tax buoyancy for last five years has slightly increased to 1.85 in 2004-05 as compared to 1.84 in 2003-04.

**(Para 2.5& 2.5.3)**

In the case of corporate assesseees, 88.80 percent of gross collections was made at pre-assessment stage, of which 70.29 percent was by way of advance tax. In the case of non-corporate assesseees, 91.64 percent of the gross collection was made at pre-assessment stage, of which 53.04 percent was by way of TDS.

**(Para 2.6.1)**

Total number of assesseees for direct taxes grew from 2.30 crore in 2000-01 to 2.72 crore in 2004-05 at a compound annual growth rate of 4.28 percent. Non-corporate assesseees increased from 2.27 crore in 2000-01 to 2.68 crore in 2004-05 at a compound annual growth rate of 4.27 percent and corporate assesseees increased from 3.34 lakh to 3.80 lakh at a compound annual growth rate of 3.28 percent.

**(Para 2.7)**

Cost of collection as worked out by the department was 0.17 paise per rupee of collection for corporation tax and 2.19 paise per rupee of collection for income tax. It was Rs.3,710 and Rs.402 per assessee for corporation tax and income tax respectively.

**(Para 2.16)**

Although the number of cases selected for scrutiny during 2004-05 increased to 2.46 lakh as compared to 1.90 lakh in 2003-04, the percentage of assessments completed after scrutiny as well as in summary manner declined during 2004-05. As a result the total pendency of both summary as well as scrutiny assessments increased during 2004-05.

**(Para 2.9.1)**

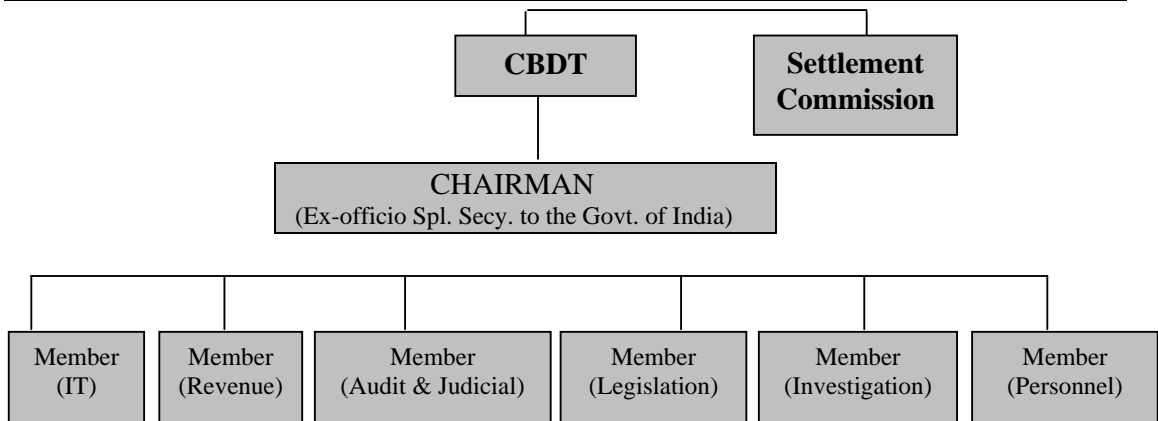
Uncollected amount of Rs.1,23,181 crore out total demand of Rs.2,55,952 crore as on 31 March, 2005 comprised demand of Rs.58,762 crore of earlier years and demand of Rs.64,419 crore pertaining to the current year 2004-05.

**(Para 2.10.1)**

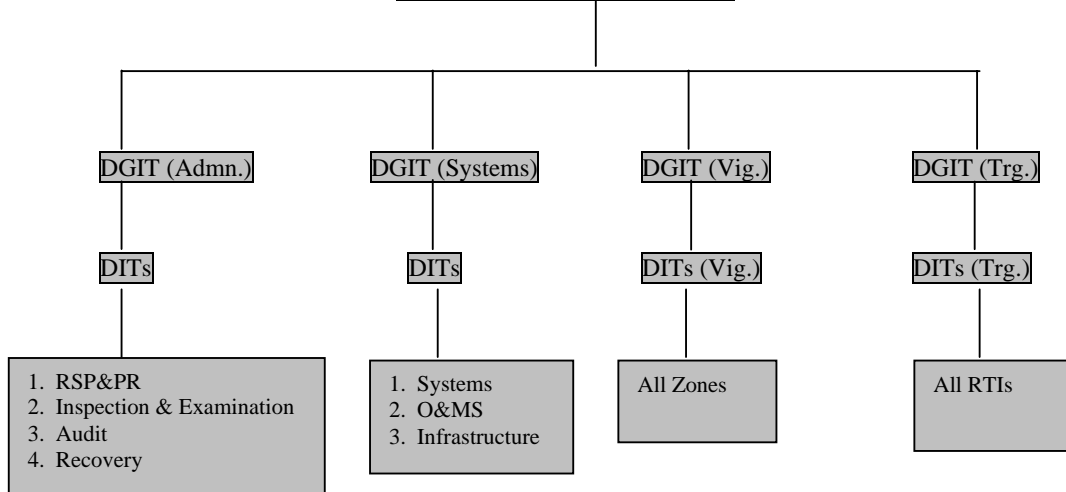
The percentage of recovery of demand has declined from 19 percent during 2003-04 to about 16 percent during 2004-05. The working strength of TROs, however, decreased to 356 during 2004-05 as compared to 462 in 2003-04.

**(Para 2.11.2)**

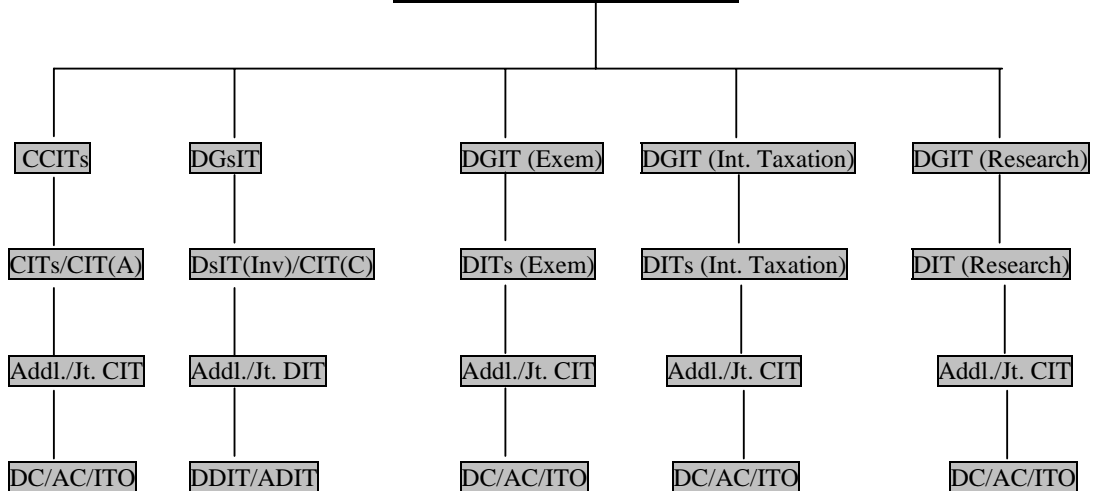
**Chart 1: Organisational set up of the Income Tax Department**



**Attached Offices of CBDT**



**Field Formations of CBDT**



## CHAPTER II: TAX ADMINISTRATION

### Administration of Direct Taxes

**2.1** Income tax, corporation tax and wealth tax constitute the principal elements of direct taxes. Income tax is chargeable on the total income of the previous year of every person. The term 'person' includes an individual, a Hindu undivided family (HUF), a company, a firm, an association of persons (AOP), a body of individuals (BOI), a local authority and an artificial juridical person. Income tax paid by companies is categorized as corporation tax.

Wealth tax is charged for every assessment year on 'net' wealth on the relevant valuation date of every individual, HUF and company at specified rates on certain specified assets. No wealth tax is payable in respect of net wealth valued below Rs.15 lakh with effect from assessment year 1993-94.

### Broad functional profile of the Department of Revenue

**2.2** The overall responsibility for administration of direct taxes lies with the Department of Revenue which functions through income tax department with a staff strength of around 59,000 and Central Board of Direct Taxes (Board) at its apex.

**2.2.1** Chart 1 shows the organisational set up of the income tax department. The Board consists of a Chairman and six members, and has several attached and subordinate offices throughout the country. These offices function under 116 Directors General of Income Tax and Chief Commissioners of income tax who oversee the work of the Directors/Commissioners of income tax in their respective charges. Chief Commissioners of income tax are stationed at different locations all over the country. They are in charge of supervision, control and administration of their respective regions. Also, Directors General of income tax (Investigation) stationed in different parts of the country are in overall charge of the investigation machinery in respect of their regions for curbing tax evasion and unearthing unaccounted money. The Chief Commissioners of income tax/Directors General of income tax are assisted by commissioners of income tax/directors of income tax in their respective jurisdictions. There is also a first appellate machinery comprising commissioners of income tax (Appeals) who perform the work of disposal of appeals against the orders of the assessing officers.

**2.2.2** The mechanism of Settlement Commission has been functioning to provide a statutory remedy to protracted litigation between the assesseees and the department. The tables and figures below in this chapter have been collected from the Board and attached offices like DIT (RSP&PR), Pr. Chief Controller of Accounts etc and Settlement Commission.

Sanctioned  
and  
working  
strength of  
officers

2.3 Table 2.1 below shows the sanctioned strength of the officers in the department.

**TABLE 2.1: SANCTIONED STRENGTH OF OFFICERS\***

Post	Sanctioned strength
1	2
CCIT	116
CIT	698
Addl. CIT	469
Jt. CIT	647
DCIT/ ACIT	1,934
ITO	4,204
<b>Total</b>	<b>8,068</b>

2.3.1 Working strength of officers who are assigned assessment/non assessment duty is given in Table 2.2 below.

**TABLE 2.2: WORKING STRENGTH OF OFFICERS ON ASSESSMENT AND NON-ASSESSMENT DUTY\***

Nature of Post	2002-03			2003-04			2004-05		
	Asstt Duty	Non-Asstt Duty	Total	Asstt Duty	Non-Asstt Duty	Total	Asstt Duty	Non-Asstt Duty	Total
1	2			3			4		
Addl.CIT/Addl DIT/ Jt CIT/ Jt DIT/Dy.DIT/ Dy CIT/ Asstt. DIT/Asstt. CIT	1,519	1,173	2,692	1,519	1,173	2,692	1,519	1,173	2,692
ITOs	2,917	1,200	4,117	2,917	1,200	4,117	2,917	1,200	4,117
<b>Total</b> (%age to total strength)	<b>4,436</b> (65.1)	<b>2,373</b> (34.9)	<b>6,809</b>	<b>4,436</b> (65.1)	<b>2,373</b> (34.9)	<b>6,809</b>	<b>4,436</b> (65.1)	<b>2,373</b> (34.9)	<b>6,809</b>

2.3.2 Working strength of 6,809 officers on assessment and non-assessment duty is against the sanctioned strength of 7,254 posts (excluding CCIT and CIT) in their respective cadres. The department could not fill up all the posts sanctioned after its restructuring even though more than four years had elapsed since their creation.

2.3.3 The number of Dy. DIT/Dy CIT/Asstt. DIT/Asstt. CIT, both on assessment and non-assessment duty, remained the same during the last three years.

\* Source: Directorate of Income Tax (Research, Statistics, Publications and Public Relations)

Actual receipts  
vis-à-vis  
Budget  
estimates

**2.4** A comparative position of budget estimates and actual collections of major direct taxes reflecting fiscal marksmanship is indicated in Table 2.3 below.

(Rs in crore)

**TABLE 2.3: COMPARATIVE POSITION OF ACTUAL RECEIPTS VIS-À-VIS BUDGET ESTIMATES\***

Year	Budget Estimates	Actuals	Surplus(+)/ Shortfall (-)	Percentage of surplus/Shortfall
1	2	3	4	5
<b>0020-Corporation tax</b>				
2002-03	48,616.00	46,172.35	(-) 2,443.65	(-) 5.03
2003-04	51,499.00	63,562.03	(+) 12,063.03	(+) 23.43
2004-05	88,436.00	82,679.58	(-) 5,756.42	(-) 6.51
<b>0021-Taxes on income other than corporation tax</b>				
2002-03	42,524.00	36,865.96	(-) 5,658.04	(-) 13.30
2003-04	44,070.00	41,386.51	(-) 2,683.49	(-) 6.09
2004-05	50,929.00	49,268.12	(-) 1,660.88	(-) 3.26
<b>0028-Other taxes on income and expenditure</b>				
2002-03	300.00	170.63	(-) 129.37	(-) 43.12
2003-04	-	50.45	(+) 50.45	-
2004-05	-	35.16	(+) 35.16	-
<b>0032-Wealth tax</b>				
2002-03	145.00	153.88	(+) 8.88	(+) 6.12
2003-04	145.00	135.83	(-) 9.17	(-) 6.33
2004-05	145.00	145.36	(+) 0.36	(+) 0.25

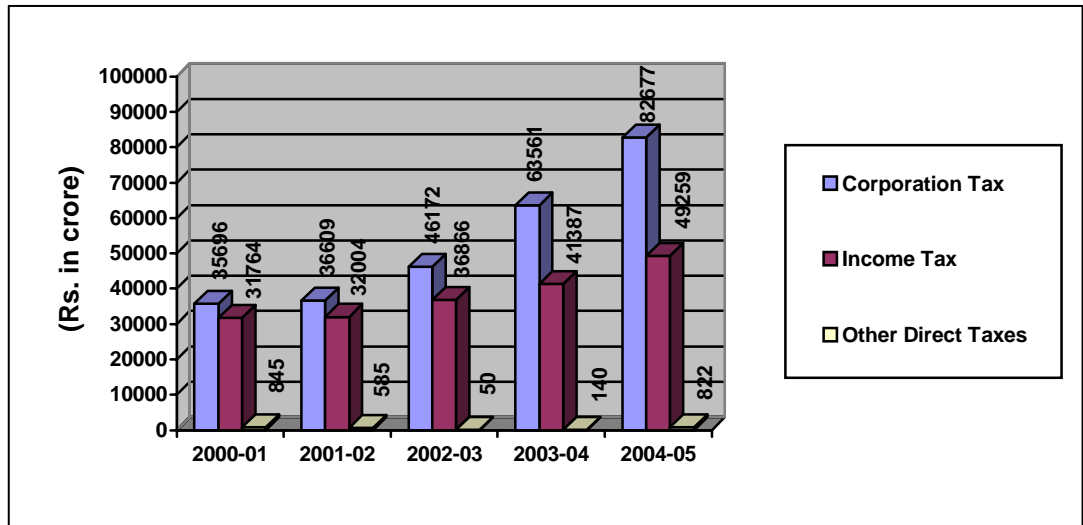
**2.4.1** The actual collections during 2004-05 have been lower than the budget estimates in case of both corporation tax as well as taxes on income other than corporation tax by 6.51 percent and 3.26 percent respectively. 'Actuals' in 2004-05 was closer to the budget estimates in respect of both corporation tax as well as taxes on income other than corporation tax than that in 2003-04.

Direct tax  
collections –  
recent trends

**2.5** Direct tax collections, as shown in Chart 2 below, increased from Rs.68,305 crore in 2000-01 to Rs.1,32,771 crore in 2004-05 at an average annual rate of growth of 18.41 percent. The rate of growth, which had decelerated from 17.85 per cent in 2000-01 to 1.31 percent in 2001-02 had increased during the next three years and was 26.34 per cent during 2004-05.

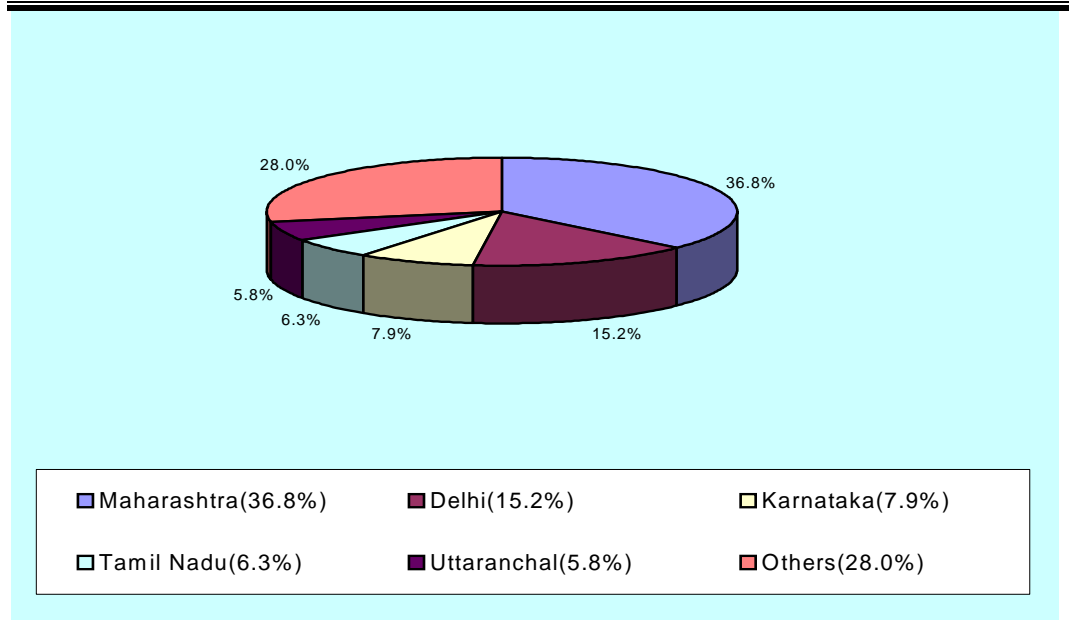
\* Minor head wise details given in Appendix-2

**CHART 2: DIRECT TAX COLLECTIONS FROM 2000-01 TO 2004-05**



**2.5.1** Chart 3 below depicts the percentage share of direct tax collections collected by different states. Maharashtra had the largest tax collection followed by Delhi, Karnataka, Tamil Nadu and Uttaranchal.

**CHART 3: PERCENTAGE SHARE OF REVENUE COLLECTION OF STATES**



**Broad parameters of direct tax collections**

**2.5.2** Overall direct tax collections, annual rates of growth, the ratio of direct taxes to GDP and their buoyancy are indicated in Table 2.4.

(Rs in crore)

**TABLE 2.4: BROAD PARAMETERS OF DIRECT TAX COLLECTIONS\***

	2000-01	2001-02	2002-03	2003-04	2004-05 <sup>@</sup>	Average
Corporation Tax	35,696	36,609	46,172	63,562	82,680	52,943
Income Tax	31,764	32,004	36,866	41,387	49,268	38,258
Other Direct Taxes	845	585	50	140	823	489
Total Direct Taxes	68,305	69,198	83,088	1,05,089	1,32,771	91,690
GDP	20,89,499	22,82,143	24,63,324	27,60,025	31,05,512	25,40,101
<b>Rate of growth (per cent)</b>						
Corporation Tax	16.30	2.56	26.12	37.66	30.08	22.54
Income Tax	23.81	0.76	15.19	12.26	19.04	14.21
Total Direct Taxes	17.85	1.31	20.07	26.48	26.34	18.41
GDP	7.88	9.22	8.21	12.04	12.52	9.92
<b>Tax Collections-GDP Ratio (per cent)</b>						
Corporation Tax	1.71	1.60	1.87	2.30	2.66	2.03
Income Tax	1.52	1.40	1.49	1.50	1.59	1.50
Total Direct Taxes	3.27	3.03	3.37	3.81	4.28	3.55
<b>Tax Buoyancy<sup>♦♦</sup></b>						
Corporation Tax	2.07	0.28	3.29	3.13	2.40	2.23
Income Tax	3.02	0.08	1.91	1.02	1.52	1.51
Total Direct Taxes	2.27	0.14	2.53	2.20	2.10	1.85

**GDP ratio**

**2.5.3** Overall direct tax collections as percentage of GDP increased from 3.27 per cent in 2000-01 and 3.81 percent in 2003-04 to 4.28 percent in 2004-05. This increase was also observed for corporation and income tax. Average tax buoyancy for last five years has slightly increased to 1.85 in 2004-05 as compared to 1.84 in 2003-04.

**Pre-assessment – post-assessment tax collections**

**2.6** Income tax is chargeable for every assessment year in respect of the total income of the previous year at the rates prescribed in the annual Finance Act. The Act provides for pre-assessment collection by way of deduction of tax at source, advance tax and payment of tax on self-assessment. Post-assessment collection is additional demand arising after assessment. Table 2.5 below contains details of overall tax collected at the pre and post assessment level and percentage of refunds in the last three years.

\* All India collection figures of corporation tax and income tax given in Appendix-3 and Head wise/State/UT wise break up given in Appendix-4

<sup>@</sup> Source: Tax collection figures – Pr. CCA CBDT, New Delhi and GDP – CSO, Press release dt. 30 June 2005

<sup>♦♦</sup> Tax buoyancy is measured by the ratio of percentage change in tax revenues to percentage change in GDP.

(Rs. in crore)

**TABLE 2.5: DETAILS OF TAX COLLECTIONS FOR COMPANIES AND NON-COMPANIES AT PRE-ASSESSMENT AND POST-ASSESSMENT STAGES**

Year	Tax Deducted at source	Advance Tax	Self Assessment	Regular Assessment	Other Receipts	Total Collections	Refunds	Net Collections
1	2	3	4	5	6	7	8	9
<b>Corporate Assesseees</b>								
2002-03	8,961 (14.24)	40,625 (64.54)	3,026 (4.80)	8,926 (14.18)	1,412 (2.24)	62,950	16,778 (26.65)	46,172
2003-04	11,934 (14.52)	49,004 (59.60)	5,184 (6.30)	13,477 (16.38)	2,632 (3.20)	82,231	18,669 (22.71)	63,562
2004-05	14,654 (13.93)	73,934 (70.29)	4,815 (4.58)	2,888 (2.74)	8,898 (8.46)	1,05,189	22,509 (21.40)	82,680
<b>Non-Corporate Assesseees</b>								
2002-03	27,607 (65.55)	8,533 (20.26)	3,388 (8.04)	1,819 (4.32)	772 (1.83)	42,119	5,253 (12.47)	36,866
2003-04	31,021 (64.03)	9,709 (20.04)	4,668 (9.63)	2,538 (5.24)	518 (1.06)	48,454	7,067 (14.59)	41,387
2004-05	29,319 (53.04)	16,100 (29.14)	5,229 (9.46)	3,118 (5.64)	1,507 (2.72)	55,273	6,005 (10.86)	49,268

Figures in brackets indicate percentage of total collection

**2.6.1** In the case of corporate assesseees, 88.80 percent of gross collections was made at pre-assessment stage, of which 70.29 percent was by way of advance tax. In the case of non-corporate assesseees, 91.64 percent of the gross collection was made at pre-assessment stage, of which 53.04 percent was by way of TDS.

**2.6.2** Percentage of refunds in respect of corporate assesseees as well as non corporate assesseees declined from 22.71 and 14.59 in 2003-04 to 21.40 and 10.86 respectively in 2004-05.

**TABLE 2.6: CATEGORY WISE DETAILS OF DEDUCTION OF TAX AT SOURCE**

Category	Amount of tax deducted (Rs in crore)			Per cent to total tax deducted		
	2002-03	2003-04	2004-05	2002-03	2003-04	2004-05
Salaries	16,293	17,712	17,341	44.55	41.23	39.44
Interest on securities	2,232	2,214	1,849	6.10	5.15	4.20
Dividends	1,098	950	852	3.00	2.22	1.94
Interest	4,485	4,930	7,833	12.26	11.47	17.81
Winnings from lottery or crossword puzzles	130	169	318	0.36	0.40	0.72
Winnings from horse races	6	7	11	0.02	0.02	0.03
Payments to contractors and sub-contractors	5,056	7,543	2,535	13.83	17.56	5.76
Insurance commission	384	434	523	1.05	1.01	1.19
Payment to non-residents and others	6,884	8,996	12,711	18.83	20.94	28.91
<b>Total</b>	<b>36,568</b>	<b>42,955</b>	<b>43,973</b>	<b>100</b>	<b>100</b>	<b>100</b>



**2.6.3** Contribution from salaries to total TDS declined from about 44 per cent in 2002-03 to the current level of over 39 percent. Other sources which contributed to TDS were interest, payments to contractors, sub-contractors and non-residents. These sources together contributed about 92 percent of total TDS collections as indicated in Table 2.6.

**2.6.4** Every person responsible for deducting tax at source under the Act has to submit a return within the prescribed time and in the prescribed form to the income tax authority. In case of failure, penalty equal to a sum of one hundred rupees for every day during which the default continues, is payable.

**2.6.5** In 2004-05, out of 5.77 lakh returns to be filed by tax deductors, only 3.30 lakh returns were filed and 2.47 lakh returns had not been filed. The percentage of non-filers has increased from 20.29 percent in 2003-04 to 42.81 percent in 2004-05.

**Assessee profile**

**2.7** During 2000-01 to 2004-05, total number of assessees for direct taxes grew from 2.30 crore to 2.72 crore at a compound annual growth rate of 4.28 percent which was lower than 10.06 percent of growth rate in 2003-04. Non corporate assessees constituted 98.53 percent of the total assessees whereas 1.47 percent was corporate assessees. Non-corporate assessees increased from 2.27 crore in 2000-01 to 2.68 crore in 2004-05 i.e., at a compound annual rate of growth of 4.27 percent. Category wise details of increase are indicated in Table 2.7 below:

**Non-corporate assessees**

**TABLE 2.7: CATEGORY WISE INCREASE OF NON CORPORATE ASSESSEES DURING LAST 5 YEARS**

Income level	2000-01	2004-05	Compound annual growth rate	Present share in total assessees	
				2000-01	2004-05
	(Number in lakh)			(Percentage)	
A*	216.07	243.63	3.05	95.32	90.92
B* (lower)	6.25	18.30	30.81	2.76	6.83
B* (higher)	3.47	4.66	7.65	1.53	1.74
C*	0.73	1.22	13.70	0.32	0.46
D*	0.16	0.14	(-) 3.28	0.07	0.05
<b>Total</b>	<b>226.68</b>	<b>267.95</b>	<b>4.27</b>	<b>100</b>	<b>100</b>

**2.7.1** The compound annual growth rate of non-corporate assessees declined in all income categories during 2000-2005 as compared to those during 1999-2004.

\* Category 'A' assessees- Assessments with income/loss below Rs. 2 lakh.

♦ Category 'B' assessees (lower income group) - Assessments with income/loss of Rs.2 lakh and above but below Rs.5 lakh.

♥ Category 'B' assessees (higher income group) - Assessments with income/loss of Rs.5 lakh and above but below Rs.10 lakh.

▲ Category 'C' assessees - Assessments with income/loss of Rs.10 lakh and above.

• Category 'D' assessees - Search and seizure assessments.

The share of total assessees belonging to B (lower), B (higher) and C categories of income level was higher in 2004-05 as compared to those in 2000-01 whereas the share of assessees belonging to A and D categories decreased during this period.

### Corporate assessees

**2.7.2** Number of corporate assessees increased from 3.34 lakh in 2000-01 to 3.80 lakh in 2004-05, at a compound annual growth rate of 3.28 per cent. Category wise details of the corporate assessees are indicated in Table 2.8 below:

<b>TABLE 2.8: PROFILE OF CORPORATE ASSESSEES</b>					
Income level	2000-01	2004-05	Compound annual growth rate	Share in total assessees	
				2000-01	2004-05
	(Number in lakh)			(Percentage)	
1	2	3	4	5	
A*	1.95	2.05	1.26	58.38	53.95
B* (lower)	0.55	0.76	8.42	16.47	20.00
B* (higher)	0.41	0.43	1.20	12.28	11.32
C*	0.41	0.54	7.13	12.27	14.20
D*	0.02	0.02	0.00	0.60	0.53
<b>Total</b>	<b>3.34</b>	<b>3.80</b>	<b>3.28</b>	<b>100</b>	<b>100</b>

**2.7.3** The compound annual growth rate of corporate assessees also declined in all income categories during 2000-2005 as compared to those during 1999-2004. The share of assessees belonging to B (lower) and C categories of income level increased and those belonging to A, B (higher) and D categories decreased during 2004-05 as compared to those in 2000-01.

**2.7.4** The number of companies limited by shares at work, according to the Department of Company Affairs (DCA) as on 31 October 2004, was 6,61,371 which included 5,83,618 private limited companies and 77,753 public limited companies in government/non-government sector. Audit could not identify the reasons for the difference between the number of companies registered with DCA and the number of companies in the records of income tax department.

**2.7.5** There has been an increase in the average tax collection per corporate/non corporate assessee during the year as compared to 2003-04. Table 2.9 below contains the details: -

\* Category 'A' assessees- Assessments with income/loss below Rs.50,000

♦ Category 'B' assessees (lower income group) - Assessments with income /loss of Rs.50,000 and above but below Rs.5 lakh

♥ Category 'B' assessees (higher income group) - Assessments with income/loss of Rs.5 lakh and above but below Rs.10 lakh.

▲ Category 'C' assessees - Assessments with income/loss of Rs.10 lakh and above.

• Category 'D' assessees - Search and Seizure assessments.

**TABLE 2.9: AVERAGE TAX COLLECTED FROM CORPORATE AND NON-CORPORATE ASSESSEES**

Nature of tax	2000-01	2001-02	2002-03	2003-04	2004-05
<b>Number of assessees (Number in lakh)</b>					
Corporation Tax	3.34	3.49	3.65	3.72	3.80
Income Tax	226.68	258.77	281.00	288.30	267.95
<b>Average tax collected per assessee (Rs. in thousand)</b>					
Corporation Tax	1,068	1,048	1,265	1,709	2,176
Income Tax	14	12	13	14	18

**PAN applications**

**2.8** The Act has made it mandatory for every person to quote his/her Permanent Account Number (PAN) in documents pertaining to specified transactions. In order to comply with the provisions of the Act it is necessary to allot PAN at the earliest to persons who apply for the same. As against 2.72 crore corporate and non-corporate assessees, the department has allotted PANs to 3.81 crore as on 31 March 2005. The extent of duplication of PAN and the gap in issue of PAN cards as against allotment of numbers are not identifiable from the data forwarded by the department.

**2.8.1** In order to enhance the efficiency of PAN services, the Income Tax Department had outsourced a part of the process for allotment of PAN to UTI Investors Services Ltd. (UTIISL) with effect from 1 July 2003. Table 2.10 shows statistics for PAN allotment for both the periods i.e. pre and post outsourcing period.

**TABLE 2.10: (A) POSITION OF ALLOTMENT OF PAN THROUGH INCOME TAX DEPARTMENT**

Financial year	Opening balance	Additions during the year	Core-field deficiency / duplicate PAN cases	Net applications for allotment (2+3- 4)	PAN allotted during the year	Balance (including core field deficiency cases)	Net pendency (5-6)
1	2	3	4	5	6	7	8
2002-03	19,52,555	55,36,180	12,60,432	62,28,303	58,74,623	16,14,112	3,53,680
2003-04 (From 1.4.03 to 30.6.03)	16,14,112	10,59,240	16,10,683	10,62,669	10,62,669	-	-

**(B) ALLOTMENT OF PAN FROM 1.7.2003 TO 31.3.2005 THROUGH UTIISL**

Financial Year	Opening balance	Additions during the year	Net applications for allotment (2+3)	PAN allotted during the year	PAN card dispatched	Net pendency (5-6)
1	2	3	4	5	6	7
2003-04 (From 1.7.03 to 31.3.04)	-	40,36,044	40,36,044	35,14,642	33,85,757	6,50,287
2004-05	6,50,287	58,42,637	64,92,924	62,04,566	61,99,426	2,93,498

**Position of assessments**

**2.9** Under the Act, time limit for completion of assessments and reassessments is two years from the end of the assessment year in which the income was first assessable or one year from the end of the financial year in which a return or a revised return relating to relevant assessment year is filed under section 139(4) and 139 (5). Position of assessments of income and corporation tax during the last five years is indicated in Table 2.11 and 2.12 below.

**TABLE 2.11: CASES SELECTED FOR SCRUTINY DURING THE LAST 5 YEARS**

Financial year	Opening balance of scrutiny cases	Cases selected for scrutiny during the year	Total cases for disposal
1	2	3	4
2000-01	2,37,414	1,22,727	3,60,141
2001-02	1,34,411	83,129	2,17,540
2002-03	49,530	8,44,885	8,94,415
2003-04	1,97,811	1,90,464	3,88,275
2004-05	1,93,017	2,46,241	4,39,258

**BLE 2.12: POSITION OF INCOME TAX INCLUDING CORPORATION TAX ASSESSMENTS\***

Financial year	Assessments due for disposal			Assessments completed (Percentage)			Assessments pending (Percentage)		
	Scrutiny	Summary	Total	Scrutiny	Summary	Total	Scrutiny	Summary	Total
1	2	3	4	5	6	7	8	9	10
2000-01	3,60,141	3,10,46,331	3,14,06,472	2,25,730 (62.68)	1,86,33,110 (60.02)	1,88,58,840 (60.05)	1,34,411 (37.32)	1,24,13,221 (39.98)	1,25,47,632 (39.95)
2001-02	2,17,540	3,65,08,234	3,67,25,774	1,68,010 (77.23)	1,99,58,558 (54.67)	2,01,26,568 (54.80)	49,530 (22.77)	1,65,49,676 (45.33)	1,65,99,206 (45.20)
2002-03	8,94,415	3,69,00,040	3,77,94,455	1,72,410 (19.28)	3,37,92,795 (91.58)	3,39,65,205 (89.87)	7,22,005** (80.72)	31,07,245 (8.42)	38,29,250 (10.13)
2003-04	3,88,275	2,69,78,376	2,73,66,651	1,97,390 (50.83)	2,13,80,490 (79.25)	2,15,77,880 (78.84)	1,90,885 (49.17)	55,97,886 (20.75)	57,88,771 (21.16)
2004-05	4,39,258	2,62,98,066	2,67,37,324	2,10,866 (48.00)	2,04,92,965 (77.93)	2,07,03,831 (77.43)	2,28,392 (52.00)	58,05,101 (22.07)	60,33,493 (22.57)

**2.9.1** Although the number of cases selected for scrutiny during 2004-05 increased to 2.46 lakh as compared to 1.90 lakh in 2003-04, the percentage of assessments completed after scrutiny as well as in summary manner declined during 2004-05. As a result the total pendency of both summary as well as scrutiny assessments increased during 2004-05.

**Arrears of demand**

**2.10** The Act provides that when any tax, interest, penalty, fine or any other sum is payable as a consequence of any order, a notice of demand shall be served upon the assessee. The amount specified in the notice has to be paid within 30 days unless the assessing officer, on application, extends the time for payment to be made by the assessee. The Act provides that an appeal against an assessment

\* Status wise and Category wise details given in Appendix-5

\*\* 5,24,194 cases out of 7,22,005 cases pending for scrutiny in 2002-03 had been converted into summary assessment in 2003-04.

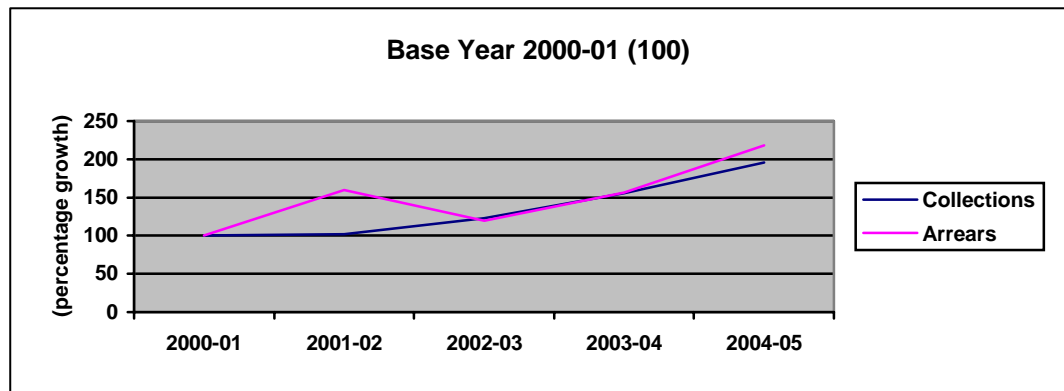
order would be barred unless tax on the returned income is paid before filing the appeal. The amount, which remains unpaid, becomes arrears. Table 2.13 below contains details of income tax and corporation tax collected and remaining uncollected during 2000-01 to 2004-05. The growth rate of arrears was higher than the growth rate of collections during 2004-05 which is depicted in Chart 4.

(Rs. in crore)

**TABLE 2.13: INCOME TAX INCLUDING CORPORATION TAX COLLECTED AND REMAINING UNCOLLECTED**

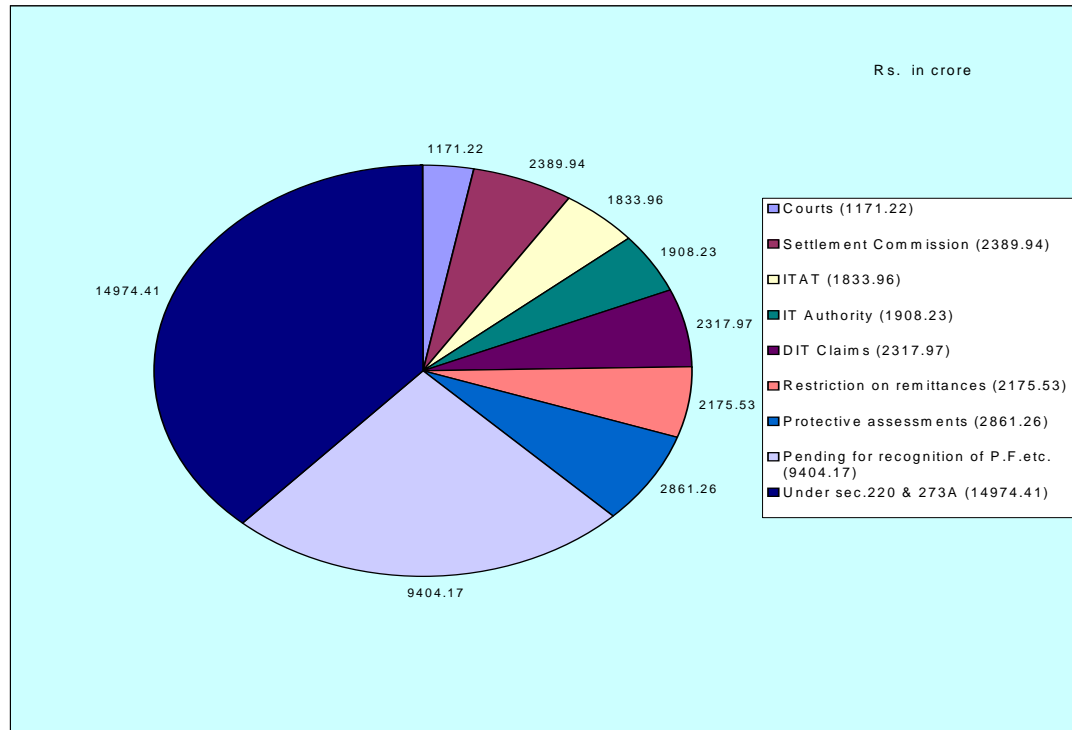
Year	Tax collected			Tax remaining uncollected		
	CT	IT	Total	CT	IT	Total
1	2	3	4	5	6	7
2000-01	35,696	31,764	67,460	24,402	32,029	56,431
2001-02	36,609	32,004	68,613	42,538	47,639	90,177
2002-03	46,172	36,866	83,038	35,057	32,581	67,638
2003-04	63,561	41,387	1,04,948	37,631	50,386	88,017
2004-05	82,677	49,259	1,31,936	39,204	83,977	1,23,181

**CHART 4: GROWTH IN COLLECTION AND AMOUNT REMAINING UNCOLLECTED**



**2.10.1** Uncollected amount of Rs.1,23,181 crore out of total demand of Rs.2,55,952 crore comprised demand of Rs.58,762 crore of earlier years and current demand of Rs.64,419 crore outstanding as on 31 March 2005. The outstanding demand in corporation tax increased from Rs.37,631 crore to Rs.39,204 crore and that in income tax increased from Rs.50,386 crore to Rs.83,977 crore during the year as compared to last year. At the end of March 2005, Rs.39,037 crore or 32 percent of total uncollected demand was stayed/kept in abeyance.

**CHART 5: AMOUNTS STAYED/KEPT IN ABEYANCE**



**2.10.2** Table 2.14 below, containing year wise details of arrears, indicates that 26.5 percent of the arrears were pending for a period of five or more years. The position has deteriorated as compared to that in 2003-04 when this figure was 16 percent.

(Rs in crore)

**TABLE 2.14: YEARWISE DETAILS OF ARREAR DEMAND OF EARLIER YEARS (UPTO 2003-04)**

		Corporation tax	Income tax	Interest	Others	Total
1	2	3	4	5	6	7
1	Over 1 year but less than two years	9,074.96	7,982.81	6,075.04	1,903.44	25,036.25
2	Over 2 years but less than 5 years	3,990.74	4,218.06	8,303.65	1,625.55	18,138.00
3	Over 5 years but less than 10 years	1,871.65	7,923.03	2,566.64	1,432.18	13,793.50
4	Over 10 years	450.30	352.22	748.69	243.30	1,794.51
<b>Total</b>		<b>15,387.65</b>	<b>20,476.12</b>	<b>17,694.02</b>	<b>5204.47</b>	<b>58,762.26</b>

**2.10.3** More than 85 per cent of gross arrears as on 31 March 2005 consisted of cases where gross arrear in each case was Rs 1 crore and above. Details of arrears in terms of their value in each case are indicated in Table 2.15 below:

Rs. in crore)

	Company cases			Non-company cases			Total		
	No. of cases	Gross arrears	Net arrears	No. of cases	Gross arrears	Net arrears	No. of cases	Gross arrears	Net arrears
1	2	3	4	5	6	7	8	9	10
Upto Rs.1 lakh in each case	25,94,275	3,280.64	948.51	41,61,813	2,286.43	6,27.81	67,56,088	5,567.07	1,576.32
Over Rs.1 lakh to Rs.10 lakh in each case	19,443	4,535.47	529.02	5,9507	1,214.36	496.28	78,950	5,749.83	1,025.30
Over Rs.10 lakh to Rs.1 crore in each case	9,388	4,159.83	957.36	12,826	2,660.60	1,131.47	2,2214	6,820.43	2,088.83
Over Rs.1 crore in each case	3,332	72,001.40	42,067.65	2,50,94,783	33,042.35	24,506.02	2,50,98,115	1,05,043.75	66,573.67
<b>Total</b>	<b>26,26,438</b>	<b>83,977.34</b>	<b>44,502.54</b>	<b>2,93,28,929</b>	<b>39,203.74</b>	<b>26,761.58</b>	<b>3,19,55,367</b>	<b>1,23,181.08</b>	<b>71,264.12</b>

### Tax recovery machinery

**2.11** Every demand of tax, interest, penalty or fine, should be paid within thirty days of the service of notice of demand. On the default of an assessee in this respect, the assessing officer may forward a certificate specifying the demand of arrears to the tax recovery officer (TRO) for recovery of demand. The latter will serve a notice on the defaulter requiring him to pay the demand within fifteen days. If the amount is not paid within the time specified in the notice or within extended period, if any, the TRO shall proceed to realise the amount together with interest leviable for default in payment of tax demand by attachment and sale of the defaulter's movable property or by attachment and sale of the defaulter's immovable property or by arrest of the defaulter and his detention in prison or by appointing a receiver for management of defaulter's movable and immovable properties.

**2.11.1** The administrative machinery of tax recovery has been strengthened by allocating one TRO exclusively for each range consequent to the implementation of the scheme of restructuring of the department. The demands certified to TROs and amount recovered is indicated in Table 2.16 below:

\* Net arrears comprise gross arrears minus arrears not fallen due, amounts claimed to have been paid pending verification, amount for which instalments were granted and amount stayed/kept in abeyance

(Rs. in crore)

**TABLE 2.16: TAX DEMANDS CERTIFIED TO THE TAX RECOVERY OFFICER AND DEMAND RECOVERED**

Year	Demand at the beginning of the year	Demand certified during the year	Total demand	Demand recovered during the year	Balance at the end of the year
1	2	3	4	5	6
2002-03	13698.39	6,752.72	20,451.11	4441.85 (21.72)	16,009.26
2003-04	16,009.26	5,320.28	21,329.54	4111.73 (19.28)	17,217.81
2004-05	17,217.81	14,217.55	31,435.36	5,078.01 (16.16)	26,357.35*

**2.11.2** The percentage of recovery of demand has declined from 19 percent during 2003-04 to about 16 percent during 2004-05. The working strength of TROs however, also decreased to 356 during 2004-05 as compared to 462 in 2003-04.

**Penalties**

**2.12** If an assessee fails to furnish return of income/wealth or files a false return or fails to produce accounts and documents, penalty is leviable. The assessee is also liable to be prosecuted for the offence. Penalty is also leviable for failure to deduct or pay tax. Table 2.17 indicates that out of 5.64 lakh cases where penalty proceedings were initiated only in 0.74 lakh cases, i.e., 13.09 percent of the total cases were finalized during the year as compared to 18.33 percent in 2003-04.

**TABLE 2.17: INCOME TAX CASES WHERE PENALTY PROCEEDINGS INITIATED, DISPOSED OF AND PENDING**

Year	Opening balance	Additions	Total	Disposal	Closing balance
1	2	3	4	5	6
2002-03	1,81,789	64,399	2,46,188	95,918	1,50,270
2003-04	1,50,270	2,55,247	4,05,517	74,332	3,31,185
2004-05	3,31,185	2,32,380	5,63,565	73,774	4,89,791

**2.12.1** Out of 73,774 penalty cases disposed of during the year, penalty was imposed in 43.6 percent or 32,170 cases. Over thirty six thousand of the penalty cases disposed of related to concealment of income. Table 2.18 below gives the details.

\* Year wise, tax wise and amount wise breakup given in Appendix-6



**TABLE 2.18: NATURE OF OFFENCES AND PENALTIES IMPOSED DURING 2004-05**

Nature of offence	Cases disposed of	Penalties imposed	
		Cases	Amount (Rs in crore)
1	2	3	4
Concealment	36,061	16,651	6,715.61
Other than concealment	37,713	15,519	357.92
<b>Total</b>	<b>73,774</b>	<b>32,170</b>	<b>7,073.53</b>

**2.12.2** The number of cases where penalties were imposed decreased from 34,661 in 2003-04 to 32,170 in 2004-05 but the amount of penalty imposed increased from Rs.2,084.98 crore to Rs.7,073.53 crore during the same period.

**Search and seizure cases**

**2.13** Chapter XIV-B of the Act governs the assessment of search cases. The time limit for completion of block assessment is two years from the end of the month in which the last of the authorizations for search was executed. Table 2.19 summarizes the position of prosecutions launched, convictions obtained, offences compounded and acquittals allowed.

**TABLE 2.19: PROSECUTIONS LAUNCHED, CONVICTIONS OBTAINED, OFFENCES COMPOUNDED AND ACQUITTALS**

Year	Number of prosecutions launched			Disposal of cases				Cases pending
	Opening balance	Additions	Total	Convictions	Compounding	Acquittals	Total	Balance
1	2	3	4	5	6	7	8	9
2002-03	12,201	102	12,303	18	11	404	433	11,870
2003-04	11,870	37	11,907	12	55	48	115	11,792
2004-05	11,792	103	11,895	1	262	87	350	11,545

**2.13.1** Only 2.94 percent of total cases for prosecution were disposed of during 2004-05 about 25 percent of which resulted in acquittal. Only one out of 350 cases resulted in conviction.

**Refund cases and interest paid on refunds**

**2.14** Where the amount of tax paid exceeds the amount of tax payable, the assessee is entitled to a refund of the excess amount. Simple interest at the prescribed rate is payable on the amount of such refund. Refund of any amount as a result of any order passed in appeal or other proceedings is also admissible along with simple interest at the prescribed rate.

**TABLE 2.20: CASES OF REFUNDS FOR WHICH CLAIMS WERE MADE**

Financial year	Opening balance	Claims received during the year	Total	No. of claims disposed of	Balance outstanding
1	2	3	4	5	6
2002-03	3,16,585	4,18,570	7,35,155	5,15,427	2,19,728
2003-04	2,19,728	2,27,262	4,46,990	3,23,375	1,23,615
2004-05	1,23,615	2,80,862	4,04,477	3,03,747	1,00,730

**2.14.1** Pendency of refund claims results in out flow of revenue from government by way of interest. About twenty-five percent of the refund claims remained outstanding at the end of March 2005 as compared to 28 percent in 2003-04. Details are given in Table 2.20 above.

**TABLE 2.21: CASES RESULTING IN REFUND AS A RESULT OF APPELLATE ORDERS AND REVISION ORDERS, ETC**

Financial Year	Opening Balance	Addition	Total	Disposal	Closing Balance
1	2	3	4	5	6
2002-03	27,377	58,480	85,857	49,022	36,835
2003-04	36,835	54,677	91,512	64,422	27,090
2004-05	27,090	45,032	72,122	69,931	2,191

**2.14.2** After appeal/revision orders having been received, 2,191 cases, or three percent of total cases where refunds were due to assesseees remained pending at the end of 2004-05. Details are given in Table 2.21 above.

**TABLE 2.22: INTEREST PAID ON REFUNDS BY THE GOVERNMENT**

Section under which interest paid	2002-03		2003-04		2004-05	
	No. of assessments	Amount (Rs in crore)	No. of assessments	Amount (Rs in crore)	No. of assessments	Amount (Rs in crore)
1	2	3	4	5	6	7
214	837	3.69	1,277	0.13	9	49.74
243	76,647	1.53	4	0.02	3	0.12
244	27,456	13.35	6,302	2.57	29,684	157.73
244A	48,31,957	6,249.50	44,48,218	4,698.44	45,59,980	3,658.39
<b>Total</b>	<b>49,36,897</b>	<b>6,268.07</b>	<b>44,55,801</b>	<b>4,701.16</b>	<b>45,89,676</b>	<b>3,865.98</b>

**2.14.3** Government refunded Rs.28,514 crore from gross collection of Rs.1,60,462 crore (Table 2.5) and paid interest amounting to Rs.3,866 crore (Table 2.22) which worked out to 13.6 per cent of the amount refunded. The number of assessments on which interest was paid had increased by three percent

from 44.56 lakh in 2003-04 to 45.90 lakh in 2004-05. The amount of interest paid on refunds by the department was Rs.6,268.07 crore, Rs.4,701.16 crore and Rs.3,865.98 crore during 2002-03, 2003-04 and 2004-05 respectively. The amount of interest paid on refunds decreased in 2003-04 and further in 2004-05 since the rate of interest paid on refunds decreased from eight to six percent per annum with effect from September 2003.

**Refund of corporation tax in the months of April/May so large that net collection actually negative.**

**2.15** Table 2.23 below shows gross collections, refunds net collections of corporation tax and income tax during the months of April, May and March during 2002-03 to 2004-05.

(Rs. in crore)

Month	Year	2002-03		2003-04		2004-05	
		Corporation tax	Income tax	Corporation tax	Income tax	Corporation tax	Income tax
	<b>Total gross tax collection</b>	62994.25	41501.38	82185.67	47208.66	104873.20	53509.47
April	<b>Gross collection</b>	1518.44 (2.4)	3055.69 (7.4)	2343.41 (2.9)	3255.22 (6.9)	2399.15 (2.3)	3829.33 (7.2)
	<b>Refunds</b>	2917.24 (17.3)	436.81 (7.6)	5411.62 (29.0)	870.10 (12.3)	6164.54 (28.7)	668.67 (10.0)
	<b>Net collection</b>	(-)1398.80 (-3.0)	2618.88 (7.3)	(-)3068.21 (-4.8)	2385.12 (5.9)	(-)3765.39 (-4.5)	3160.66 (6.7)
May	<b>Gross collection</b>	1255.65 (2.0)	2208.27 (5.3)	1740 (2.1)	2625.69 (5.6)	2175.64 (2.1)	3161.85 (5.9)
	<b>Refunds</b>	1109.34 (6.6)	558.23 (9.7)	2224.84 (11.9)	1285.95 (18.2)	2101.7 (9.8)	812.45 (12.2)
	<b>Net collection</b>	146.31 (0.3)	1650.04 (4.6)	(-)484.84 (-0.8)	1339.74 (3.3)	73.94 (0.1)	2349.40 (5.0)
March including residual	<b>Gross collection</b>	18123.27 (28.8)	9582.87 (23.1)	25608.42 (31.2)	10021.34 (21.2)	30803.91 (29.4)	13061.50 (24.4)
	<b>Refunds</b>	2326.34 (13.8)	932.47 (16.2)	2619.59 (14.0)	672.54 (9.5)	2977.34 (13.9)	906.29 (13.6)
	<b>Net collection</b>	15796.93 (34.2)	8650.40 (24.2)	22988.83 (36.2)	9348.80 (23.3)	27826.57 (33.4)	12155.21 (26.0)
	<b>Interest on refunds u/s 244A</b>	6249.50		4698.44		3658.39	

(Figures in bracket indicate the monthly collection/refund as a percentage of their respective total annual collection/refund)

**2.15.1** In case of corporation tax, the gross collections during the month of March was very high in all the years during 2002-03 to 2004-05 and ranged between 29 to 31 percent of its annual collection. In the month of April, the gross collections of corporation tax were below three percent in all the three years whereas the percentage of refunds was very high at about 29 percent during 2003-04 and

2004-05. As a result the net collection of corporation tax during the month of April was negative in all the three years during this period. The net collection of corporation tax even during the month of May was below one percent during this period (negative in May 2003-04). The data, therefore, indicates that the department collected more advance tax from corporate assessees in March than was due from them and refunded the excess amount in the succeeding months.

**2.15.2** Audit had earlier commented in para 2.14 of Audit Report of 2004 and para 2.15 of Audit Report 12 of 2005 that government was following an incorrect procedure of accounting for interest paid on refunds. Interest payment is a charge on the Consolidated Fund of India and therefore is payable through a proper budgetary mechanism. Accordingly, minor head “Interest on Refunds” exists under the Major Head “2020-Collection of Taxes on Income and Expenditure”. However, no budget provision for ‘interest on refund’ was made in the budget estimates for 2004-05 and the expenditure on interest on refunds amounting to Rs.3658.39 crore was treated as reduction in revenue. Accountal of interest on refund as reduction in revenue is fundamentally incorrect as interest was never collected in the first instance. Interest on belated refunds of excess tax should be budgeted as an expenditure item which, infact, was done in budget estimates 2001-02. An amount of Rs.92 crore was provided in the demand of ‘Direct Taxes’ under the Major Head ‘2020 – Collection of taxes on Income & Expenditure’ in budget estimates 2001-02 towards interest on belated refund of excess tax. However, subsequently at the revised estimates stage the past practice of showing the interest on excess refund as deduct receipt was reverted to.

**2.15.3** The incorporation of interest on refunds as an expenditure item will entail that provision will necessarily have to be made each year in the demands of direct taxes and necessary approvals obtained. In the event of excessive refunds and therefore higher payout of interest on refunds, additional amounts would need to be provided through supplementary demands for grants in the concerned demands. This itself would ensure that realistic provisions would be made in the first instance and checks will be built in to minimize additional interest liabilities.

**Cost of  
collection  
of taxes**

**2.16** Overall cost of collection of income and corporation taxes increased from Rs.929 crore in 2000-01 to Rs.1,218 crore in 2004-05. However, cost per rupee of corporation tax collected declined from 0.30 paise in 2000-01 to 0.17 paise in 2004-05. For income tax, cost of collection per rupee declined from 2.59 paise in 2000-01 to 2.19 paise in 2004-05. Cost of collection per assessee, however, slightly increased for corporation tax during the year as compared to previous years, and in the case of income tax also, there was a slight increase in 2004-05. The position of cost of collection as depicted by the department needs to be viewed against the background that 91.64 percent and 88.80 percent of gross collections during 2004-05 from non corporate and corporate assessees respectively, were realized at the pre-assessment stage i.e., in the form of advance tax, TDS and self assessment tax. Annual fluctuations in cost of collection of corporation and income tax are indicated in Table 2.24 below.

**TABLE 2.24: COST OF COLLECTION OF CORPORATION AND INCOME TAX**

Nature of tax	2000-01	2001-02	2002-03	2003-04	2004-05
<b>Cost of collection (Rs. in crore)</b>					
Corporation Tax	107	115	121	129	141
Income Tax	822	878	927	979	1077
<b>Cost of collection per rupee of tax collected (in paisa)</b>					
Corporation Tax	0.30	0.31	0.26	0.21	0.17
Income Tax	2.59	2.74	2.51	2.37	2.19
	2000-01	2001-02	2002-03	2003-04	2004-05
<b>Cost of collection per assessee (In rupees)</b>					
Corporation Tax	3,201	3,293	3315	3468	3,710
Income Tax	363	339	329	340	402

**Appeals, revision  
petitions and  
writs**

**2.17** If an assessee is not satisfied with his assessment or refund order, he or it can file an appeal with the Commissioner (Appeals) and thereafter to Income Tax Appellate Tribunal (ITAT) and on any question of law arising out of such order to High Court and Supreme Court. The assessee can also initiate writ proceedings under Article 226 of the Constitution.

**2.17.1** Clauses 6A to section 250 and 2A to section 254 have been inserted in the Income Tax Act, with effect from 1 June 1999 indicating time limits for disposal of an appeal which are one year for CIT (A) and four years for ITAT.

**TABLE 2.25: APPEALS PENDING WITH THE COMMISSIONERS (APPEALS) ON 31 MARCH 2005**

	Total appeals	High demand*	With demand of Rs. 10-25 lakh	With demand of Rs.25 lakh and above
Appeals for disposal	1,56,049	51,834	8,421	11,301
Disposal	93,254	33,919	5,495	7,570
Pending	62,795	17,915	2,926	3,731

**2.17.2** As per instructions from the Board, each CIT (Appeal) is required to dispose of a minimum of 60 appeals per month. Thus about 2.07 lakh appeals should have been disposed of during the year on the basis of working strength of 288 CIT (Appeals). Table 2.25 above shows that only 0.93 lakh appeals were disposed of which is less than the required disposal. As against target of 720 appeals per CIT (A) during the year to be disposed of, average disposal per CIT (A) was 324 appeals.

\* An appeal in which tax involved is more than Rupees one lakh

**TABLE 2.26: APPEALS PENDING WITH SUPREME COURT/HIGH COURT/  
INCOME TAX APPELLATE TRIBUNAL ON 31 MARCH 2005**

Period	With Supreme Court	With High Court	With ITAT
Appeals, references and writs for disposal	5,006	36,031	1,01,396
Disposal	144	3,343	40,185
Pending	4,862	32,678	61,211

**2.17.3** Out of the cases referred to Supreme Court, High Court and ITAT till March 2005, 97 percent, 91 percent and 60 percent cases respectively remained pending as shown in Table 2.26.

**2.17.4** Age wise details, given in Table 2.27 below, depict that 1,320 (27.15 percent), 6,987 (21.39 percent) and 11,187 (18.28 percent) cases were pending with Supreme Court, High Court and ITAT respectively which were above four years old.

**TABLE 2.27: AGE-WISE DETAILS OF PENDING CASES**

Period	With Supreme Court	With High Court	With ITAT
Less than one year	2,305	13,949	29,236
One to two years	477	5,903	10,809
Two to three years	343	3,504	6,170
Three to four years	417	2,335	3,809
Above four years	1,320	6,987	11,187
<b>Total</b>	<b>4,862</b>	<b>32,678</b>	<b>61,211</b>

#### Cases settled by Settlement Commission

**2.18** An assessee may, at any stage of a case relating to him, make an application to the Settlement Commission to have the case settled. While making such an application, an assessee shall make full and true disclosure of his income (not disclosed before the assessing officer) and the additional amount of income tax payable on such income. The Settlement Commission admits/rejects the application after calling for a report from the Commissioner. Out of 3,260 cases for disposal by the Settlement Commission, 373 cases (11.45 percent) were settled. Percentage of disposal in respect of income tax and wealth tax, as shown in Table 2.28 below increased during the year as compared to 2003-04.

**TABLE 2.28: CASES SETTLED BY THE SETTLEMENT COMMISSION**

Year	Opening balance	Addition	Total cases for disposal	Number of cases settled	Percentage of cases settled	Number of cases pending
1	2	3	4	5	6	7
<b>Income Tax</b>						
2002-03	2,203	528	2,731	267	9.78	2,464
2003-04	2,464	491	2,955	188	6.37	2,767
2004-05	2,767	427	3,194	372	11.65	2,822
<b>Wealth Tax</b>						
2002-03	66	6	72	6	8.34	66
2003-04	66	Nil	66	-	0.00	66
2004-05	66	Nil	66	1	1.52	65

**TABLE 2.29: CASES PENDING ADMISSION/HELD UP WITH SETTLEMENT COMMISSION**

Nature of cases	31 March 2004	31 March 2005
Cases pending admission before Settlement Commission	707	665
Cases held up with Settlement Commission for want of comments of the department	446	302

**2.18.1** Out of 2,887 pending income tax and wealth tax cases, 967(33 per cent) cases were either pending admission with Settlement Commission or held up for want of comments from the department.

**Revenue demand  
written off**

**2.19** The total amount of arrears, for which recovery certificates were issued to Tax Recovery Officers during 2004-05 amounted to Rs.26,357.35 crore involving 3,82,849 assesseees. Out of this, Rs.216.41 crore involving 2,78,761 assesseees related to cases where demand in each case was upto rupees ten thousand. The department identified arrears in respect of 1,86,879 assesseees for possible write-off involving Rs.42.98 crore and Rs.27.80 crore was thereafter written off in respect of 1,04,149 assesseees.

**2.19.1** Out of the total amount written off covering all cases, 11.4 percent pertained to cases where assesseees either had died leaving behind no assets or had become insolvent or had gone into liquidation or where companies had become defunct and about 75.5 percent pertained to assesseees who were alive but had no attachable assets. Table 2.30 contains the details.

(Rs.in crore)

**TABLE 2.30: CATEGORY-WISE DETAILS OF REVENUE DEMANDS WRITTEN OFF DURING 2004-05**

Category	Company cases		Non-company cases		Total cases	
	No.	Amount	No.	Amount	No.	Amount
1	2	3	4	5	6	7
(a) Assessee having died leaving behind no assets/become insolvent/gone into liquidation or are defunct.	853	4.91	4,781	12.36	5,634	17.27
(b) Assessee being untraceable.	2,276	0.39	25,434	16.17	27,710	16.56
(c) Assessee having left India	3	0.19	12,357	3.21	12,360	3.40
(d) Assessee who were alive but had no attachable assets/amounts being petty/amounts written off as a result of scaling down of demand.	11,919	11.46	91,369	103.00	1,03,288	114.46
(e) Amount written off on grounds of equity or as a matter of international courtesy, or where time, labour and expense involved in legal remedies for realisation are considered disproportionate to the recovery.	0	0	138	0.02	138	0.02
<b>Total</b>	<b>15,051</b>	<b>16.95</b>	<b>1,34,079</b>	<b>134.76</b>	<b>1,49,310</b>	<b>151.71</b>