

## PREFACE

The Report for the year ended March 2004 has been prepared for submission to the President under Article 151(1) of the Constitution of India.

The audit of Revenue Receipts – Direct Taxes of the Union Government is conducted under Section 16 of the Comptroller and Auditor General of India (Duties, Powers and Conditions of Service) Act, 1971. The Report presents the results of audit reviews and appraisals of receipts under direct taxes. This Report is arranged in the following order:-

- (i) Chapter 1 is a broad based review on the status of improvement of efficiency through the ‘Restructuring’ of the Income Tax Department.
- (ii) Chapter 2 highlights the efficiency and effectiveness of administration and implementation of selected deductions and allowances under Income Tax Act.
- (iii) Chapter 3 deals with some aspects of non-resident taxation with reference to Double Taxation Avoidance Agreements (DTAA), and

The observations included in this Report have been selected from the findings of test audit conducted during 2003-2004.