



Report of the Comptroller and Auditor General of India

for the year ended March 2014



Union Government
Department of Revenue - Direct Taxes
Report No. 3 of 2015

**Report of the
Comptroller and Auditor General
of India**

for the year ended March 2014

**Union Government
Department of Revenue – Direct Taxes
Report No. 3 of 2015**

Laid on the table of Lok Sabha and Rajya Sabha on

Table of Contents

Contents	Pages
Preface	i
Highlights	iii-v
Chapter I: Direct Taxes Administration	1-14
i. Resources of the Union Government	1
ii. Nature of Direct Taxes	1-2
iii. Functions and responsibilities of the CBDT	2
iv. Budgeting of Direct Taxation	2-3
v. Growth of Direct Taxes	3-6
vi. Revenue Foregone	6-7
vii. Widening and deepening of tax base	7-9
viii. Disposal of Scrutiny assessments	9
ix. Disposal of Refund claims	10
x. Uncollected demand	10
xi. Disposal of Appeal cases	11
xii. Status of prosecution	12
xiii. Result framework document of CBDT	12
xiv. ITD's IT initiative	12-13
xv. Effectiveness of Internal Audit	13-14
Chapter II: Audit Mandate, Products and Impact	15-22
i. Authority of the C&AG for audit of receipts	15
ii. Examination of systems and procedures and their efficacy	15
iii. Audit products and Impact	15-17
iv. Incidence of errors	18-19
v. Recovery at the instance of audit	19-20
vi. Response to audit	20-21
vii. Pendency of audit observations	21
viii. Non-production of records	22
Chapter III: Corporation Tax	23-36
i. Quality of assessments	23-28
ii. Administration of tax concessions/exemptions/deductions	28-32
iii. Income escaping assessments due to omissions	32-35
iv. Over-charge of tax/Interest	36

Chapter IV: Income Tax and Wealth Tax	37-45
i. Quality of assessments	37-41
ii. Administration of tax concessions/exemptions/deductions	41-43
iii. Income escaping assessments due to omissions	43-45
iv. Over-charge of tax/Interest	46
Chapter V: Functioning of Income Tax Settlement Commission and Implementation of its orders by ITD	47-59
Appendices	61-86
Abbreviations	87