

PREFACE

The report for the year ended March 2007 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 assessments of banks.
- (ii) Chapter 2 is a review on appreciation of third party reporting/certification in assessment proceedings.
- (iii) Chapter 3 is a review on assessments relating to infrastructure development (Deductions under section 80IA of the Income tax Act, 1961).

The observations included in this report have been selected from the findings of test audit conducted during 2006-2007 and in earlier years, which could not be covered in the previous reports.