2nd nto Technical Conference hosted by ATAF

Central Board of Direct Taxes (CBDT)

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DIGITALISATION OF TAX ADMINISTRATIONS AND CONTEMPORARY ISSUES

Session 2: Leading in a Period of Change

Leading in a Period of Change

- Objective:
  - Tools & Strategies to lead effectively in a rapidly changing and uncertain environment
- Challenges & Opportunities arising during times of change
- Ways to overcome the Challenges & Opportunities
- Essential key skills and competencies (emotional intelligence, adaptability, and communication)
- Best practices
  - Strategies to manage resistance
  - fostering a culture of innovation, and
  - developing a vision for future.

Leading in a Period of Change

- Factors necessitating change:
  - Technology
  - Compliance Needs
  - Business Processes
  - Nature of Governance (Intrusive to Non-Adversarial)
  - COVID-19

Leading in a Period of Change

- Tools:
  - Technology
  - Training & Capacity Building
  - Skill upgradation
  - Resource updation

Leading in a Period of Change

- Strategies
  - Best practices
  - Stakeholders’ consultation
  - Easing the processes for the stakeholders
  - Blue Print: Vision
  - Enabling law/ rules/ regulations
  - Organizational restructuring
  - Overhauling business processes
  - Capacity building: Learn-Unlearn-Re-learn

Leading in a Period of Change

- Ways to overcome challenges
  - Analysis of each and every challenge
  - Developing SOPs
  - Unlearn-Learn-Re-learn
  - Refinement of processes
    - Risk parameters
    - Use of learning loop
    - Algorithms
  - Legislative changes/ rules (wherever required)

Leading in a Period of Change

- Communication
  - Inter unit communication in faceless manner
  - Feedback from field & stakeholders
  - Grievance handling
  - Outreach & education of taxpayers
  - Future taxpayers
- Outcome: Faceless processes

Leading in a Period of Change

Pre-CoVID (Factors: Technology, Efficiency, Taxpayer Services, Voluntary Compliance)	CoVID Outbreak (Pandemic induced, coupled with technology and other factors)	Present time (Business processes besides other factors viz., efficiency, compliance, etc)
• Pre 2019: Audit of Tax Returns & First Appeal by officers of the Territorial Jurisdiction • Oct 2019: Faceless, jurisdiction free Audit introduced- ~ 58,000 cases - National Centre in Delhi & Regional Centres in 8 Cities	• Aug 2020: Faceless process applied nationally to all Audit - (except select matters) • Oct 2020 : Faceless process extended to First Appeals. • Jan 2021: Faceless process extended to Penalty Proceedings.	• Continuity of processes initiated

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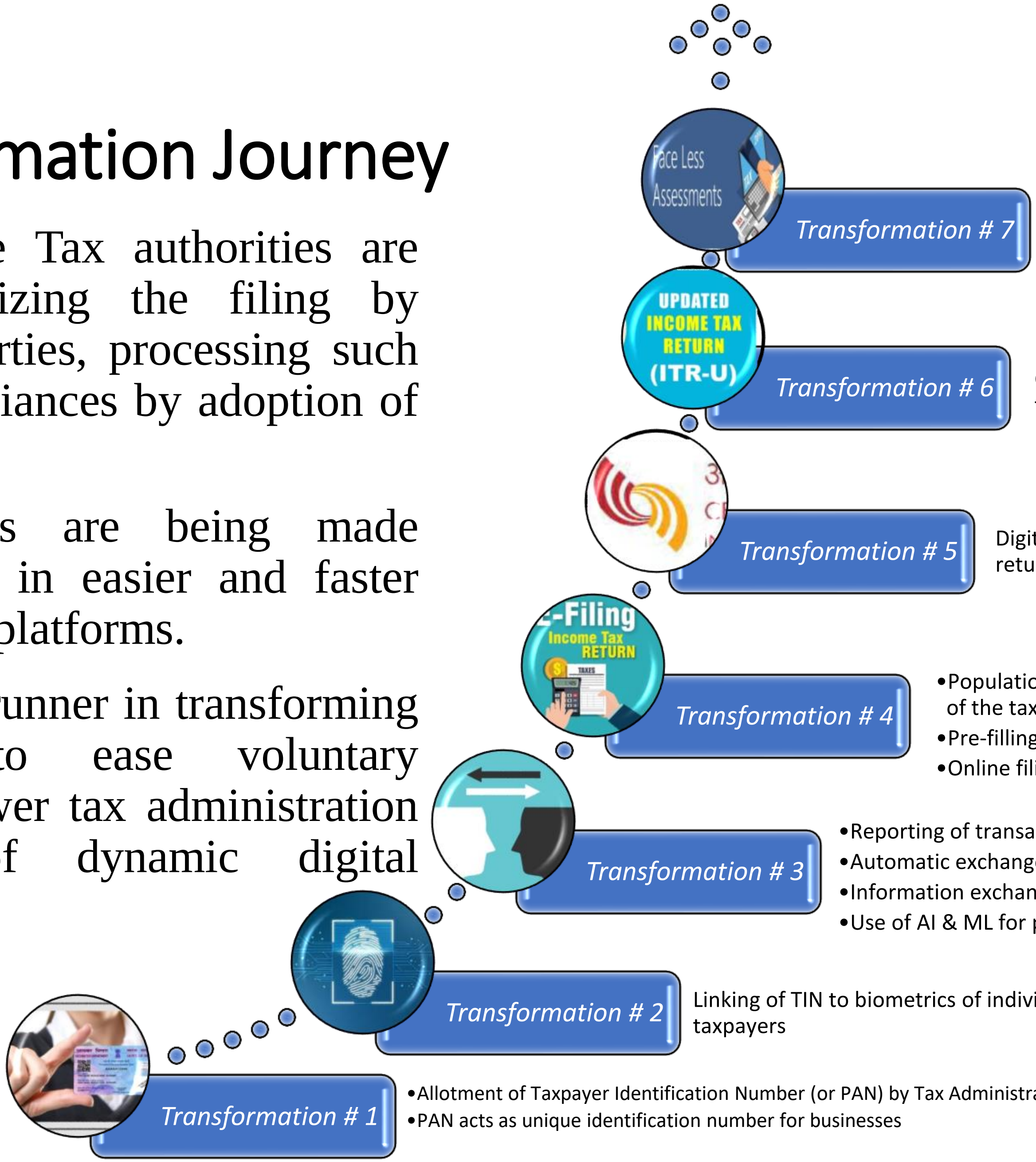
Digital Transformation Journey

- In the digital era, the Tax authorities are automating and digitizing the filing by taxpayers and third parties, processing such filings and other compliances by adoption of new technologies.
- Multitude of services are being made available to taxpayers in easier and faster manner through digital platforms.
- India has been a front runner in transforming taxpayer services to ease voluntary compliance and empower tax administration through adoption of dynamic digital processes.



Transformation # 7
- Faceless Tax Audit and Appellate proceedings
- Identity of Tax officer is not known to the taxpayer
- The whole process, including interaction, is fully digital

Transformation # 6
Option to file an updated tax return

Transformation # 5
Digitized processing of tax returns and credit of refunds

Transformation # 4
- Population of transaction data in the e-filing account of the taxpayer
- Pre-filling of Tax Return
- Online filing of returns and other statutory forms

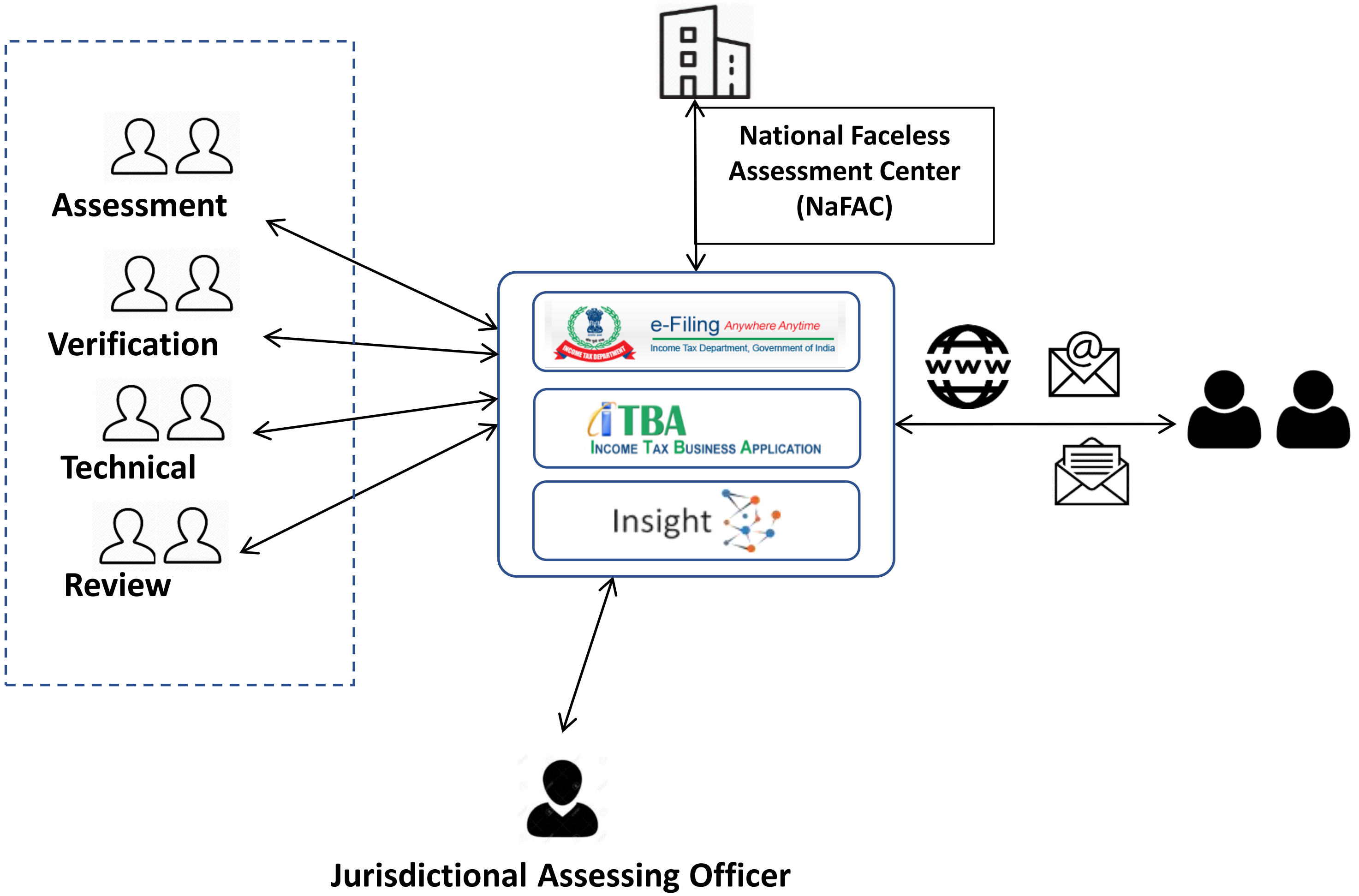
Transformation # 3
- Reporting of transactions by Reporting Entities
- Automatic exchange of data with several agencies
- Information exchange : CRS, FATCA, AEOI
- Use of AI & ML for population of data for taxpayers based on TIN

Transformation # 2
Linking of TIN to biometrics of individual taxpayers

Transformation # 1
- Allotment of Taxpayer Identification Number (or PAN) by Tax Administration
- PAN acts as unique identification number for businesses

Faceless ecosystem

- ❑ AUDIT
  - ✓ Automated allocation of cases across India
  - ✓ Faceless Communication- e-submissions and e-notices
  - ✓ Dynamic Jurisdiction environment introduced
  - ✓ Taxpayer not required to visit tax office
  - ✓ Video hearing facility provided
  - ✓ Team Based Working
  - ✓ Functional Specialisation
  - ✓ Orders digitally signed and e-delivered
- ❑ Appeal
  - ✓ Appellate proceeding at 1st appeal level Faceless
- ❑ Penalty
  - ✓ Penalty proceedings made Faceless



Some Data Points

- Total **Faceless audits** till March 2023 : 0.46 million
- Faceless audits in FY 2022-23 : 0.12 million

- Total **Faceless penalty** till March 2023 : 0.43 million

- Total **Faceless appeals** till March 2023 : 0.20 million
- Faceless appeals in FY 2022-23 : 0.11 million


Thank You!