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All India Federation of Tax Practitioners

(An Association of Advocates, Chartered Accountants & Tax Practitioners of India)

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Bhaskar B. Patel
Vadodara

July 5, 2025

To,
The Hon'ble Chairman,
Central Board of Direct Taxes (CBDT),
Ministry of Finance, North Block,
New Delhi

Subject: Representation on Recent Challenges Faced by Taxpayers and Tax Professionals under Direct Taxes matters.

Respected Sir,

Our Organization, **All India Federation of Tax Practitioners ('AIFTP')**, is one of the largest professional bodies of tax practitioners comprising of Tax Professionals, Advocates & Chartered Accountants. AIFTP was established about 49 years ago in the year 1976 in the presence of Former Chief Justice of India, Hon'ble Justice J.C. Shah and distinguished Jurist Shri. Nani A. Palkhivala. Having its Headquarter at Mumbai, the main object of the Federation is to spread education in matters relating to tax laws, other laws and accountancy.

We hereby submits this memorandum to bring to your kind attention the recent challenges being faced by taxpayers and tax professionals across India. While we appreciate the Government's continuous efforts towards digitization, transparency, and ease of compliance, we wish to respectfully highlight certain practical difficulties:-

I. Key Issues Faced by Taxpayers and Professionals

1. Technical and Procedural Issues in Faceless Assessments and Online Proceedings

Assessments are often being concluded without granting adequate opportunities to taxpayers to present their case. Show cause notices should have been issued to assessee, in case of ex-parte cases or even in cases of assessment / reassessment / penalty order being completed based on compliances made by



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the assessee in case of faceless or physical hearings, at least one month before the end of time barring date.

2. Delay in Giving Effect to Appellate Orders

Appeal effects under section 250/254 are many times delayed even after several months from the appellate order. The communication of appellate orders may be advised from appellate authorities to Jurisdictional Assessing Officers or to the concerned authorities in electronic mode and not physically, and based on this the officers of department may pass appeal effect order suo-motto without waiting for appeal effect application from the assessee/appellants.

In cases set aside by higher appellate forums to CIT(Appeals) hearing are not fixed and cases have never been taken up by CIT(Appeals) for hearing even after lapse of 3-4 or more years.

3. Harassment under Reopened Assessments (Section 148)

Several reopened cases (under section 148) appear to be mechanical and lack proper justification and without jurisdiction, leading to unnecessary harassment, especially for old or settled matters.

4. Unjustified Tax Recovery Pressure in High-Pitched Assessments

In several cases, coercive recovery measures are being initiated even when appeals are filed and strong prima facie cases exist. In case of high pitch assessments tax recovery should be made only after obtaining advise from two higher authorities in hierarchy e.g. ITO/ACIT to obtain approval from Addl. CIT and PCIT, after ensuring justification of outstanding tax demand looking at circumstances and situations of the concerned cases.

Instructions issued by the CBDT on recovery are to be followed by field officers, e.g. even if the appellant has not made any application for stay of recovery of whole demand, but recovery beyond 20% of the outstanding dues should not



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be made either by withdrawing balance by income tax department directly from bank account of the assessee or by adjusting out of the income tax refund.

It is also pertinent to mention here that nowadays most of the assessments are completed in Faceless manner and the assessment orders are passed after passing through proper hierarchy then how the unjustified tax demands and high pitched assessments are being passed which does not sustain even at the first appellate stage. Therefore it must be ensured that orders are passed by officers only after passing through and systematic approval and observation by officers in hierarchy and based on real income concept.

Attachments of bank account should not be done in casual manner specially in cases of high pitch assessments not based on real income concept.

Bank account and property attachments should not be done unless approval of two high forums in hierarchy has been obtained by the officer concerned.

5. Delays in Refund Processing and Rectification Applications

In some cases refunds are unduly delayed or kept on hold without proper communication to the taxpayer in cases of revised return. CPC utility does not allow to file rectification return in case of higher claim of refunds as compared to original return.

Applications under section 154 (rectification) are pending for months without disposal, both in physical and online modes.

6. Non-Availability of Updated Utilities and Forms

Though Income Tax Return (ITR) forms for AY 2025-26 have been notified well in advance, the corresponding utilities are still unavailable for various forms except ITR-1 and ITR-4, hindering timely filing.

Tax Audit Report utility is still not released, leaving professionals with limited time for large audits.



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7. Extend the due dates of Audits

This year due date of ITR filing in non-audit cases have been suo-motto extended by CBDT upto 15-9-2025, whereas 30th September is due date of various audit cases and returns of income thereof are due by 31st October, effectively auditors will get very lesser time to complete audits therefore due date of audits and due dates of returns of audit cases must also be at least extended by one month.

8. Mismatch of AIS/TIS and Actual Income

Automated systems often pick up incorrect, incomplete, premature data from third-party sources, causing mismatches in AIS/TIS, e.g. GST turnover of February and March is many times not picked up timely.

In case of transactions of immovable property subjected to TDS U/s. 194-IA and reporting in SFT by sub-registrar are not correct or duplicate specially in cases of more than one buyer and seller.

Clarificatory mechanisms in this regard are inadequate, resulting in unnecessary scrutiny.

9. Incorrect reporting by Sub-registrar of immovable properties

In cases of transactions of immovable properties clear SOP must be issued to sub-registrars regarding obtaining information from buyer and seller at the time of execution of sale deed and what is the correct date of execution of sale deed, because many times in cases of sale deed being executed at the year end the sub-registrar many times report the date of just subsequent year whereas no transaction has taken place in that subsequent year.

Many times in case of transaction of immovable property of Rs. 50 Lakh or more sub-registrar authorities are forcing the purchasers to deposit TDS U/s. 194-IA before executing sale deed whereas as per income tax rule such TDS can be deposited within 30 days from the end of month in which payment has been done, in case of resale of properties maximum amount is paid on the date



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of execution of sale deed, therefore buyer can deposit the TDS in just subsequent month whereas sub-registrar force to deposit before execution of sale deed therefore registration of document of sale gets delayed due to this, therefore clear SOP as per income tax rules must to be issued to sub-registrars across India in this regard.

10. Updation of AIS/TIS/26AS subsequent to ITR filing must be informed to taxpayers

Many times it happens that the taxpayer has filed his ITR within due date, but thereafter tax deductor or tax collector or SFT reporting authorities update or modify or file their transactions through TDS/TCS/SFT submission/rectification therefore there arises mismatch between income reported in ITR filed as compared to information available in AIS/TIS/26AS which result in scrutiny notices etc. due to ignorance of taxpayer, because every taxpayer generally do not frequently check and compare after filing returns of income, not feasible and not practicable also, therefore as and when there is any changes in such information once the taxpayers has filed his return of income then such changes, modification must be intimated to taxpayers through sms and email so that he can be alerted to verify and cross check his reported income and unreported income.

11. TDS on purchase of immovable property from Non-resident : needs to be PAN based not TAN based, for ease of compliance, at par with 194- IA

Present position:-

If any person purchases an immovable property from any non-resident then buyer has to deduct TDS U/s 195 of the act, and he has to obtain TAN and has to wait generally for 15 days or more for allotment of TAN and then has to deposit TDS amount through TDS challan and then has to file 27Q TDS statement, it is not in line with 194-IA where no TAN is required and no separate TDS statement has to be filed because there is 26QB challan cum statement.



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Suggestion :-

Since purchase of immovable property is not a recurring event in case of buyers of immovable property therefore TDS on purchase of immovable property may also be based on PAN at par with 194-IA, for ease of compliance and for saving of time.

12. Challan Correction Mechanism:

A centralised online challan correction mechanism should be made available in the login portal with real-time validation by CPC/field officers to resolve wrong PAN, AY, major/minor head selections. Present system is very cumbersome, typical, infeasible and causing delays etc.

13. Section 44AD/44ADA Issues:

Clarify if commission/brokerage income can co-exist with presumptive income in a single ITR. Also, guidance on multiple business codes under 44AD/ADA is needed.

Presently income tax utility simultaneously allows to file return of income with commission income and 44AD income, whereas provisions of Sec. 44AD(6) of income tax act specifies that persons having commission income cannot opt for Sec. 44AD. If any person has income eligible for Sec. 44AD and he also has commission income of say Rs. 100 only then he cannot opt Sec. 44AD due to provisions of Sec. 44AD(6), therefore this ambiguity/anomaly must suitably be resolved by suggesting suitable amendment in law, and commission income must also be allowed to be covered in presumptive taxation may be 25% to 40% of gross receipt.

14. Due Dates - Form 9A/10:

Provisions of income tax act specify that form 9A/form 10 should be furnished before 2 months from the due date of ITR, which is practically many times not feasible before finalisation of audit report therefore by way of CBDT circular the said due dates should be relaxed up to due date of filing of audit report/relevant ITR.



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15. Communication through Portal:

All notices and communications from income tax department or from taxpayer/assessee/appellant should mandatorily go via taxpayer login first, with simultaneous email and SMS to ensure transparency and timeliness.

16. High-Pitched Assessment & 115BBE:

High-pitched assessments under business scrutiny are being taxed u/s 115BBE unreasonably. Specific SOPs must be introduced to identify 'real income'.

17. Adjournment Intimation:

System should immediately confirm acceptance/rejection of adjournment request of any physical/faceless hearing along with next hearing date via portal as well as email and SMS.

18. Quick Disposal of High-Pitched Demands:

Cases with glaring mismatch between assessed and real income should be prioritised for disposal under a fast-track mechanism.

19. Appeal Effect and VSV Refunds:

Appeal effect refunds and those under Vivad se Vishwas 2020, 2024 should be processed within 30 days with interest on delay.

20. Legal Heir Registration:

Online legal heir registration is cumbersome. A simplified single-window process should be created with Aadhaar/Death Certificate upload.

21. Rural Agricultural Land Sale:

No suitable ITR field exists to report exempt sale of rural agricultural land. Separate schedule should be added.



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22. RFTCLARR Compensation:

Compensation received under RFTCLARR Act has no specific field in ITR. It should be addressed under exempt income with clear tagging.

23. Incorrect 115BAC Opt-Out:

Many taxpayers accidentally opted out of new regime via Form 10-IEA. Or in earlier years wrongly opted in/opted out of new regime. Option to rectify it once should be permitted.

24. Alternate Dispute Resolution (ADR):

CBDT should explore more ADR mechanisms (mediation, conciliation) for low-ticket and high-pitched disputes, especially for MSMEs tax disputes.

25. Corporate Culture in Revenue:

Shift towards professional, accountable, and service-oriented culture within revenue authorities must be encouraged for trust building.

26. Fast-Track Disposal of Pending Appeals

Many of the appeals are pending since long at the stage of CIT(Appeals), NFAC, in many cases appellants are receiving frequent notices nothing else duplication of notice and replies, therefore pending appeals must be taken up in fast-track mode.

As per Sec. 250(6A) of income tax act such appeals must be decided within one year from the end of year in which appeal is filed, this provision must be followed in true spirit.

Launch "Appeal Status Dashboard" for transparency on dates of hearing, officer assigned, expected order date.

Appellate authorities must give proper opportunity of hearing before passing ex-parte order or before passing unfavourable order.



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27. Simplify and Rationalise Form 15CA/15CB Requirements

CBDT must issue a comprehensive SOP aligned with RBI's **Liberalised Remittance Scheme (LRS)** and updated Rule 37BB requirements.

Instructions must clarify the **limited scope of Form 15CB**, which is **not required in 33 categories of payments** (as per Rule 37BB) — yet many banks continue to insist on CA certificates unnecessarily.

Introduce a **"15CA-15CB Checker Tool"** on the income tax portal or RBI portal for residents/remitters to self-determine whether certification is required.

28. Training & Accountability of Bank Officials

RBI and CBDT should jointly issue **binding instructions to Authorised Dealers (banks)** to ensure compliance with Rule 37BB exemptions.

Frequent instances occur where banks refuse remittances without 15CB **defeating the liberalisation intent**.

II. Suggestions for Immediate Action and Reform

1. Faceless Assessment Improvements

Introduce a hybrid model allowing limited physical hearings in complex cases.

Strengthen video conferencing infrastructure and grievance redressal mechanisms.

2. Timely Implementation of Utilities

Ensure availability of ITR and Tax Audit utilities within 2 weeks of notification of forms.



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3. **Processing of Rectification and Refunds**

Ensure early disposal of rectification applications and quick refund in cases of rectification returns and revised returns.

4. **Appeal Effect and Refund Post-Order**

Direct field officers to compulsorily implement appeal effect orders within 30 days.

5. **Guidelines for Reopening of Assessments**

Clear SOPs should be issued to prevent misuse of section 148A proceedings.

Reopening should be based on tangible material and approval from higher authorities must be strictly scrutinized and in cases of period beyond 3 years cases should be taken up based on real income concept and not merely based on figures.

6. **Revamp Grievance Redressal System**

Ensure all grievances raised on grievance tab or e-Nivaran, and feedback portals are resolved within 30 days. And many times grievances are shown to be resolved whereas nothing has been done effectively only the grievance has been removed from the portal.

III. **Conclusion**

We respectfully urge the Hon'ble Chairman CBDT to consider these suggestions not just as grievances, but as a roadmap for a **trust-based tax ecosystem** rooted in service, fairness, and efficiency. The AIFTP would be grateful to find in place all above suggestions to improve the system in the larger interest of the nation and its tax-paying citizens.

The current system, though digitally advanced, lacks the human interface, accountability, and timely response mechanisms.



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We at AIFTP are willing to participate in any focused group discussions, pilot feedback programs, or digital transformation workshops to support the implementation of the above.

AIFTP reaffirms its commitment to the cause of nation-building through voluntary tax compliance and positive taxpayer-department engagement.

We look forward to your kind consideration and positive action.

Yours faithfully,

For All India Federation of Tax Practitioners

(Samir S Jani)
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