



# Chartered Accountants Association, Ahmedabad

Dated: 19.06.2023

The Hon'ble Chairman  
Central Board of Direct Taxes,  
Ministry of Finance,  
North Block, Parliament Street,  
New Delhi-110001  
Email: [chairmancbdt@nic.in](mailto:chairmancbdt@nic.in)



Joint Secretary, Tax Policy and Legislation-1  
Ministry of Finance,  
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Respected Sirs,

Sub: Representation regarding streamlining the process of E-Verification Scheme 2021 launched by the dept; to avoid duplication of information, reduce the compliance burden on tax payers, and consequential mismatch of data with ITR resulting into avoidable further action by the dept.

## About the Association:-

1. The Chartered Accountants Association, Ahmedabad (CAAA) established in the year 1950, is a voluntary and non-profit organization of immense repute, having dedicated membership of more than 1900 Chartered Accountants from all over Gujarat and India. The main object of the CAAA is to disseminate professional education to promote quality service and excellence in the profession of Chartered Accountancy; and to educate & create awareness in the public at large to promote the compliance of tax laws. The Representation Committee of CAAA arranges regular interactions with various Tax Authorities to provide feedback on various issues relating to administration of law and to streamline its processes, in order to support Government's Policy of Easy of Doing the Business.

2. CAAA appreciates that, since the launch of the platform for *Transparent Taxation-Honoring The Honest*, by Hon'ble Prime Minister, Narendra Modi ji, constant efforts are made by the Finance Ministry to promote digital revolution for seamless delivery of services to tax payers by enhancing efficiency of administration, to reassure the citizens that government remains committed to Tax Payers' rights by promoting open, accountable, policy driven transparent governance by developing ideal taxation system in the Country.
3. We also express our gratitude to your office for making many functional improvements in the system, by launching of E-Verification Scheme, 2021 (EVS), in order to afford opportunity of verification and correction to taxpayers. Under the EVS, on compliance portal on income tax details of income and other financial transactions undertaken by tax payer can be viewed in Tax Payer Information Statement/Annual Information Statement [TIS/AIS] and he can file appropriate response on his e-filing account, in relation to various categories of financial transactions, denying/disagreeing/correcting the transactions relating to mismatch in data, in order to avoid any further action by the income tax dept; in accordance with the provisions of the Act.
4. **Issues relating to E-Verification Scheme:-** It has been constant endeavor on the part of CAAA to create awareness amongst the members and tax payers at large to submit appropriate feedback on compliance portal to avoid mismatch between actual financial transactions versus data uploaded on portal. Based on interaction with the stakeholders, following issues are observed while submitting feedback on compliance portal of income tax dept. /AIS Tab.
5. **Information Category-GST Turnover & Business Receipts:-**  
Data of GST turnover is sourced from GSTR-3B and reflected in the TIS/AIS under the category of GST Turnover. However, again the data of GST turnover is duplicated under the information category-Business Receipts, to the extent it gets reported by the buyer of goods/services, who are

required to deduct tax at source u/s 194Q or 194C or 194J of Act, based on TDS returns furnished by them.

We furnish herewith ANNEXURE-1 showing the instance relating to INFORMATION CATEGORY OF BUSINESS RECEIPTS & GST TURNOVER: This is the screen shot downloaded from compliance portal in case of an individual assessee, who is required to identify and select 216 entries individually, which are reflected under the GST Turnover as well as duplicated under the Business Receipts. In order to file feed back for disagreement on compliance portal to seek elimination of duplicate entries, person is required to select & submit feed back in relation to each of 216 entries individually on compliance portal. Similar exercise is required to be repeated in relation to other categories of information such as Business Expenses & GST Purchases etc. The above instance relates to an individual person having turnover of Rs. 423.23 lakhs only, This exercise would involve herculean task, in cases where volume of turnover is higher than above.

**6. Information Category-GST Purchase & Business Expenses:-**

Data of GST purchases is sourced from GSTR-1 and reflected under the information category of *GST Purchases* in the TIS/AIS. Again the data of GST purchases is duplicated under the information category of *Business Expenses*, to the extent, when it gets reported by the seller of goods, who is required to collect TCS on as per provisions of section 206C of Act.

As stated above in the case of GST Turnover, similarly, in order to file feed back for disagreement on compliance portal to seek elimination of duplicate entries of purchases, person is required to select & submit feed back in relation to each of entry of business expense individually, on compliance portal, enhancing compliance burden on the part of taxpayer.

## 7. Information Category: Purchase of Immovable Property:-

The data relating to purchase of immovable properties is reflected in TIS/AIS based on Form no. 26QB uploaded by buyer of the property. There may be instances when assessee has made the payments towards booking of property in installments during the year, pending the execution of sale agreement or sale deed, and made TDS on installments under section 194IA. In such cases, it is observed that in the AIS/TIS, these installments of advances payments are erroneously reflected as the purchase of immovable properties.

Screen shots of such instance downloaded from compliance portal is furnished in the ANNEXURE-2. This depicts the case of individual assessee, who has made the payments towards booking of immovable property in installments, on which TDS is made during the year as per section 194IA and no sale agreement or sale document is registered. But, in the AIS/TIS these payments reflected as purchase of immovable properties.

For pointing mismatch of data, the feedback box on the compliance portal, provides only the following limited options (i) Information is correct (ii) Income is not taxable (iii) Information is not fully correct (iv) Information relates to other PAN/ Year (v) Information is duplicate/included in other information (vi) Information is denied. There is no other/residual option, to file feedback for pointing erroneous reporting of advance payments as purchase of immovable property.

## 8. Information category-Sale of Land & Building:-

The data relating to sale of land & building uploaded by the offices of registering authorities are often found to be erroneous. In the cases of sale of immovable property by the several joint owners, the total sale value of document is reported against the PAN of the first joint seller mentioned in the sale deed only, even though complete required details in relation to each joint sellers are provided in the sale document. The details of sale consideration of immovable property, are duplicated in the cases, where buyer of property has made the TDS on the amount exceeding Rs. 50/- Lakhs u/s 194IA and transaction is also reported in Form 26QB.

**9. Information Category: Purchase of time deposits:-**

It is observed that banks are reporting the gross amount received from the customers, as a purchase of fresh time deposit without considering the gross amount repaid to the person. In other words, the amounts of deposits renewed/made out of redemption proceeds of old deposits are reflected as a fresh purchase of time deposits, resulting in the reporting of erroneous figures of time deposits. Again, the reported amount is sum total of time deposits on aggregated basis. No individual details/breakup of time deposit is provided to the tax payers. Thus, making it difficult for tax payer to verify the data of individual time deposits out of aggregate sum reported, which may also be inclusive of figure of interest accrued, provided in books of bank till year end date. We append herewith ANNEXURE-3 showing such instance reported by banks.

**10. Erroneous uploading of non reportable transactions in NRE/FCNR deposit account by banks in SFT filed u/s 285BA(1):-**

The banks are not obliged to furnish the details of transactions in NRE/FCNR held by non residents in the SFT required to be furnished under section 285BA(1) of Act. The financial transactions in NRE/FCNR Bank accounts are Excluded Accounts & not reportable in terms of Para B of sub clause (ii) of clause (h) of explanation to rule 114F(1) of I. Tax Rules.

Erroneous uploading information about these excluded accounts by the many banks on aggregate basis, have triggered actions u/s 148A/148 against Non residents/Foreign citizens of Indian origin, who are not liable to file the return of income u/s 139(1) of the Act, and outside territorial jurisdictions of income tax authorities in India. The automated enabled communication generated by the system, may not reach these depositor, who may not have any registered email accounts or mobile numbers on record of the department leading to unwarranted actions under the Act. It is found that dept. does not follow the protocol of communication as provided in section 282 read with rule 127, in cases where notice does not get transmitted electronically to the tax payer,

resulting into unwarranted actions and litigation. We furnish herewith ANNEXURE-4 showing cases wherein, information about NRE/FCNR [excluded accounts] is reported by banks in SFT, which have led to further action by the dept.

For raising objection to above stated erroneous uploading of transactions in excluded accounts, the feedback box on the compliance portal does not provide any option. In other words it provides only the following limited options to submit feedback (i) Information is correct (ii) Income is not taxable (iii) Information is not fully correct (iv) Information relates to other PAN/ Year (v) Information is duplicate/included in other information (vi) Information is denied.

#### **11. Glitches in Site: AIS Tab:-**

Stakeholders have encountered network issues on the tab of AIS, on income tax compliance portal and the system does not allow navigation to submit feedback on AIS. ANNEXURE-5 to this submissions provides the few screen shots showing the frequent glitches on compliance portal, i.e. on dates 06.06.2023, 12.06.2023 & 14.06.2023.

#### **Avoidable Burden of compliance on Taxpayer:-**

12. The sudden launching & implementation of E-Verification Scheme has led to uncanny situation. The various issues discussed have increased lot of compliance burden on individual/small taxpayer, who is expected to identify each and every, party wise Sales/Purchase transactions, which are duplicated under various Information categories and submit the feedback for correction of voluminous data, either due to erroneous reporting of transaction by the filer of statement or due duplication of same data.

Sir, CAAA hereby conveys grateful thanks to the Office of The Director of Income Tax (I & CI) Ahmedabad, for conducting an outreach program on the EVS, on 31.05.2023 at Aayakar Bhavan-Vejalpur, Ahmedabad to explain the features of the E-Verification Scheme and significance of furnishing feedback by the taxpayer on the compliance portal, in case of

mismatch of data between actual transaction and reported information in AIS/TIS. The Office Bearers of the association has an opportunity to point out above issues in implementation of EVS to the kind notice their office. The office of Director of Income-Tax (I & CI) assured the CAAA to take appropriate remedial measures in the matter.

**Prayer:-**

13. We at CAAA are sure that issues discussed above would be taken up on priority basis, in order to reduce compliance burden on taxpayers by making suitable policy/systematic changes to avoid duplication of same data or furnishing of erroneous information by the parties, causing avoidable hardship to the tax payer, which may also result into unwarranted further action & litigation in the matter without any fault of tax payer, and in order to ensure that sudden implementation of EVS, without ensuring accuracy of data provided in AIS/TIS and with availability of glitch free feedback system, would not become antithesis to the stated policy of Ease of doing Business by the government.

Thanks & Regards,

Yours faithfully,

For, Chartered Accountants Association, Ahmedabad



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Encl: Annexures 1 to 5 referred to hereinabove.

Copies to: (Respected Sirs, for kind perusal and consideration at your office)

1. Pr. Director General of I.Tax (Systems)  
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SP NAVRANGPURA HD <380009>  
Counter No:3,19/06/2023,16:49  
To:JOINT SEC ,MIN OF FIN  
PIN:110001, New Delhi GPO  
From:CA ASSOCIATION ,.  
Wt:120gms  
Amt:59.00(Cash)Tax:9.00

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SP NAVRANGPURA HD <380009>  
Counter No:3,19/06/2023,16:49  
To:PR DIRECTOR OF INCOME TAX,.  
PIN:110055, Swami Ram Tirth Nagar SO  
From:CA ASSOCIATION ,.  
Wt:120gms  
Amt:59.00(Cash)Tax:9.00

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SP NAVRANGPURA HD <380009>  
Counter No:3,19/06/2023,16:49  
To:THE HON BL CHAIRMAN ,.  
PIN:110001, New Delhi GPO  
From:CA ASSOCIATION ,.  
Wt:120gms  
Amt:59.00(Cash)Tax:9.00