

# INCOME TAX AUTHORITIES

## APPOINTMENT AND CONTROL

There shall be the following classes of income tax authorities for purposes of the Income Tax Act : (Sec. 116)

- (1) The Central Board of Direct Taxes.
- (1A) Principal Directors General of Income Tax or Principal Chief Commissioners of Income Tax.
- (2) Directors-General of Income Tax or Chief Commissioners of Income Tax.
- (2A) Principal Directors of Income Tax or Principal Commissioners of Income Tax.
- (3) Directors of Income Tax or Commissioners of Income Tax or Commissioners of Income Tax (Appeals).
- (4) Additional Directors of Income Tax or Additional Commissioners of Income Tax.
- (5) Joint Director of Income Tax or Joint Commissioner of Income Tax.
- (6) Deputy Directors of Income Tax or Deputy Commissioners of Income Tax.
- (7) Assistant Directors of Income Tax or Assistant Commissioners of Income Tax.
- (8) Income Tax Officers.
- (9) Tax Recovery Officers.
- (10) Inspectors of Income Tax.

## POWERS OF THE CENTRAL BOARD OF DIRECT TAXES

This Board is constituted under the Central Board of Revenue Act, 1963. It is the highest authority of the Income Tax Department and functions under the Ministry of Finance of the Government of India. Its members are appointed by the Central Government. One of the members of the Board is appointed as its Chairman. It has the following powers :

- (1) **Power to make rules.** [Under Sec. 295] It may make rules for the whole or any part of India for carrying out the purposes of the Act as laid down u/s 295. Under section 296, the Central Government shall lay these rules before the Parliament, as soon as possible after they are made, for its approval.
- (2) **Power to issue instructions and directions.** It may issue instructions and directions to other income tax authorities for the proper administration of the Act, but it cannot issue any instruction or direction or order :
  - (a) requiring any income tax authority to make a particular assessment or to dispose of a particular case in a particular manner; or
  - (b) which interferes with the discretion of the Commissioner (Appeals) in the exercise of his appellate functions.

[Sec. 119(1)]

(3) **Power to authorise income tax authority to admit application.** For avoiding genuine hardship in any case or class of cases it may issue orders authorising any income tax authority to admit an application or claim for exemption, deduction, refund or any other relief under this Act after the expiry of the period specified for this purpose. [Sec. 119(2)]

(4) **Power to relax compliance of certain requirement.** The Board may, for avoiding genuine hardship, relax the compliance of any requirement contained in sections 14 to 59 and 80A to 80U, for claiming deduction thereunder. The said order can be made if the following conditions are satisfied :

(i) The default in complying with such requirement was due to circumstances beyond the control of the assessee.

(ii) The assessee has complied with such requirement before the completion of assessment in relation to the previous year in which such deduction is claimed

(5) **Power to appoint.** If authorised by the Central Government the Board may appoint income tax authorities below the rank of an Assistant Commissioner or Deputy Commissioner. [Sec. 117(2)]

(6) **Power of authorisation.** It may authorise an income tax authority to appoint such executive or ministerial staff as may be necessary to assist it in the execution of its functions. [Sec. 117(3)]

(7) **Power to declare company.** It is empowered to declare any institution, association or body as a company for any assessment year. [Sec. 2(17)(iv)]

(8) Under section 11(1)(c) the Board can issue directions that income from property held under trust shall not be included in the total income of the recipient.

(9) The Board may entertain applications of objection regarding the detention of books of account or other documents u/s 132(10)

(10) **Power to direct authority higher in rank to perform function of authority lower in rank.** It may authorise any Principal Director General or Director General or Principal Director or Director to perform such functions of any other income tax authority as may be assigned to him by the Board.

**Explanation.** Any income-tax authority being an authority higher in rank, may, if so directed by the Board, exercise the powers and perform the function of income-tax authority lower in rank.

(11) It may empower the Principal Director General or Director General or Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner to issue orders that the powers and functions assigned to the Assessing Officer in respect of any specified area or person or incomes or class of incomes, shall be exercised by an Additional Commissioner or an Additional Director or a Joint Commissioner or a Joint Director. [Sec. 120(4)(b)]

(12) **Concurrent jurisdiction.** It may require two or more Assessing Officers to function concurrently. [Sec. 120(5)]

(13) **Dispute regarding jurisdiction.** Where the Assessing Officers from whom the case is to be transferred and the Assessing Officers to whom the case is to be transferred are not subordinate to the same Principal Director General or Director General or Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner and the transferee authorities are not in agreement, the order of transfer may be passed by the Board. [Sec. 127]

(14) **Authorise authority for search and seizure.** The Board may authorise any Additional Director or Additional Commissioner or any Joint Director or Joint Commissioner to take steps regarding search and seizure u/s 132. [Sec. 132]

(15) **Order to furnish information to officer etc. of other department, if it is in public interest.** The Board may order for furnishing of any information to an officer, authority or body performing

the functions of the imposition of any tax, duty or cess; or dealing in foreign exchange under FEMA, or any other officer or authority functioning under any other law, as may be in public interest and necessary to enable that officer or authority to perform his functions. (Sec. 138)