Chapter IV

Field Establishment

The colossal vehicle of Income-Tax Department moves on the wheels which are known as Income Tax Officers. In this Chapter we will have a look at the structure and movement of these wheels. Existence and appointment of the Income Tax Officer emanates from Sections 116 and 117, their control from Sections 118 and 119 and their jurisdiction from Section 124 of the Income Tax Act, 1961. If we consider the Income Tax Department as a pyramid, its base is a fine network of thousands of Income Tax Officers. At this stage the devolution of powers stops and keeps converging. Powers do not trickle down any further. All the functionaries subordinate to the Income Tax Officers draw powers from him only and not through the Income Tax Act. Among the officials below him only the Income Tax Inspector finds a mention among the authorities in the Act. But the Inspector also has to act as per directions of the Income Tax Officer or other senior officers. 121 The institution of Income Tax Officer has also been described by some as twelve-in-one. Of late his statutory and non-statutory functions have further increased. Yet, for the purpose of concise presentation

121. See Explanation to Sub-section (6) of Section 133A of the Income-tax Act, 1961.
we will broadly categorise his functions as under:

1. Administration
2. Assessment
3. Collection or Recovery
4. Miscellaneous functions

These terms are more of nomenclatorial value. There are various subheads under each as we will presently see.

Administration

In very small mofassil towns the Income-tax Office is manned by only one Income-tax Officer apart from his staff. In bigger places there are more than one I.T.Os. In still bigger cities there are dozens, scores and hundreds of I.T.Os. These are known as multi-I.T.O charges. In these places groups of seven to ten ITOs is combined together for the sake of administrative convenience and this group is known as "Circle". Each Circle is headed by the Senior-most ITO who is known as Charge-ITO or ITO-Incharge. He is designated as "Head of the Office" for his circle. All administrative matters route through him. In single-circle stations where the number of ITOs is more than one but not more than seven to ten, the ITO Incharge is usually senior-most authority of the Income-tax Department. He looks after the entire administration of the station including upkeep of the building as well as public relations. All other ITOs except the

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ITO-Incharge also have to do little bit of administrative work. For example, they either grant or at least recommend the casual leave applications of the staff posted with them. They also distribute their work among their staff members. The statutory jurisdiction of an Income-tax Officer is known as "Ward". These wards are usually christened as 'A', 'B', 'C' etc. The Circles are usually christened as I, II, III etc. In metropolitan charges the entire city is divided among what is known as "Districts".

Thus we find that while each Income-tax Officer has necessarily to do some administrative work, the ITO-Incharge has to undertake a lot of administrative work. These may be enumerated as under:

1. He draws and disburses salaries and all other allowances payable to officers and staff of the Circle. For this purpose he gets the monthly pay bill prepared and submitted to the Field Pay Unit under the Inspecting Assistant Commissioner or the Commissioner latest by twentieth of every month. There the cheque or the bank draft is got prepared and sent back to the I.T.O. who, in turn, gets the cheque/draft encashed and distributes the salary among officers and staff. For this purpose a full-time cashier works under the ITO. Similar procedure is followed for other payments like T.A. bills etc.

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with the exception that these bills are first submitted by the ITO to the IAC for approval and it is only after IAC's approval that the bill is accepted by the Zonal Accounts Officer in the Commissioner's Office. The expenditure budget under different heads is sanctioned by the Commissioner among different I.T.Os-Incharge. The Zonal Accounts Officer keeps a watch that no bills are drawn by I.T.Os in excess of sanctioned budget.

2. The ITO-Incharge looks after the section under him which is known as Local Treasury Unit (ITU). This section keeps daily account of taxes deposited by the assesses in various authorised banks. This is done on the basis of bank scrolls and challans. The register in which these receipts are entered is known as Daily Collection Register (DCR). On the basis of this Register monthly statement is sent by the ITO to the Zonal Accounts Officer (ZAO). The latter officer receives similar accounts from all the Circles in the Commissioner's Charge, consolidates them and sends his own statement to the Board. After entry into the DCR the ITU distributes the Challans among respective ITOs of the Circle who get these entered in the registers of the ward.

3. The ITO-Incharge maintains the expenditure accounts for the Circle. Payments are drawn from the

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Commissioner's Office under various heads like Office Expenses, Books and Stationery, Rents and Taxes, Telephone & Telegraph, Contingent Payments, etc. These expenses are entered in the Cash Book and a monthly statement is submitted by the ITO to the ZAOC. Quarterly budget estimates are prepared and submitted to the Commissioner's Office.

4. The I.T.O.-Incharge maintains Service Book and Personal Files of all the officers and members of the staff. Periodical entries are made in the Service Book. Joining and Relieving Reports are submitted to him by officers and staff on transfer to or from the Circle.

5. He is authorised to transfer and post the Inspectors and all other staff members from one ward to another or from/to General Section. He ensures that every official gets experience of every type of work.

6. He looks after Receipts and Despatch Section of the Circle. Proper issue of receipts, quick entry in receipt registers, efficient distribution of dak, daily despatch of letters and notices through ordinary or registered post or by hand after entry in despatch register, periodical checking of

122. Under every ITO-Incharge there is a General Section which assists him in administration of the Circle.
these registers, etc. are the areas where the ITO exercises his control. He also ensures that the supervisor or Head Clerk of the Circle discharges his obligation in keeping a check on the receipts and despatches of the circle.

7. Co-ordination of Jurisdiction among the various Officers of the Circle is also a duty of the ITO-Incharge. In case of unbalanced distribution of jurisdiction, he discusses the matter with his colleagues, studies the maps etc. and then sends proposal to the Commissioner through the IAC for effecting a change of jurisdiction.

8. Purchase or Construction of new building for Office and residence of officers and staff of the Circle, or even taking office building on hire, is the duty of the ITO-Incharge. Proper seating, drinking water, public conveniences, visitors' room, library, ward and watch of office are other functions of the ITO-Incharge.

9. He is incharge of maintenance of discipline and decorum in the office. In cases of indiscipline he can make enquiries and can take action as per rules. In cases of complaint of malfunctioning, with substantial allegations, received by him or by the IAC or Commissioner or Board, he makes enquiries and

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takes the required action, or submits report to higher authorities, as the case may be.

10. In some cases, when directed by higher authorities, he collects statements etc. from different wards and submits consolidated report to the IAS.

**Assessment**

Assessment is the most important function of an Income-tax Officer. As per law if the income, wealth or gift received/accumulated/made by (or accrued to, as the case might be) any person during his accounting period exceeds the non-taxable limit it is his duty to furnish a return of his income/wealth/gift to the Income-tax Officer in the prescribed form, duly verified in the prescribed manner and within the prescribed time line. The I.T.O. can, however, of his own motion, serve a notice on an assessee whose total income renders him liable to Income-tax, requiring him to furnish within thirty days a return of income. The I.T.O's opinion is final on this point and no appeal or suit lies against this.

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123. He is also Wealth-tax Officer and Gift-tax Officer as discussed earlier in this study.
125. Similar provisions exist under other direct Taxes Acts
126. Kunwarji Anand Vs CIT 5 ITC 447

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The ITO has discretion to grant extension of time for filing a return. The Courts have, however, been of the opinion that this discretion should be exercised fairly and reasonably. Yet, again no appeal nor any other revisionary action lies against this decision of the ITO. Such extension saves the assessee from penal provisions but interest is still chargeable which the ITO is empowered to reduce or waive. The return of income should be in the form prescribed by Rule 12. If a person who has furnished a return of income finds later therein any omission or wrong statement he can furnish a revised return any time before the assessment order is passed.

Where a return is made the Income-tax Officer may, without requiring the assessee's presence or production of supporting evidence, make an assessment of total income or loss of the assessee after making prescribed adjustments. The assessee can object to such assessment within one month which will automatically reopen the assessment for

127. Venkat Krishnaiah Vs CIT 93 ITR 297
129. Sathur Aivathiah Vs ITO 41 ITR 539

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enquiry and reassessment. The assessment can be so reopened by the I.T.O. even of his own motion (with previous approval of the Inspecting Assistant Commissioner) if he considers it necessary or expedient to verify the correctness and completeness of the return by requiring the presence of the assessee or the production of evidence in this behalf.

An assessment made under Section 143(1) without calling the assessee to the Income-tax Office or without looking into supporting evidence is known in the Department's terminology as "Summary Assessment". Which cases will be so assessed is determined by the Board. As per latest instructions returns declaring income upto one lac rupees (and not otherwise to be excluded from Summary Assessment Scheme) are to be disposed off in a summary fashion under section 143(1). Thus, in effect about eighty percent of the returns of income are so disposed off.

After receipt of the returns if the I.T.O. does not accept it as such he can issue a notice to the assessee requiring him to attend before the I.T.O. on

131.Instruction No.1617 dated 18.5.1985
132.There is no such Scheme for assessments under Wealth-tax and Gift-tax Acts.
133.Of late the Government has granted general amnesty to the Income-tax payees. Their returns will be accepted as such if they voluntarily declare their true income upto 30.9.1986.
the specified date and produce books of account etc. for examination. During the course of such hearings the I.T.O. can ask the assessee to produce other documents and evidence which the I.T.O. may consider necessary to be produced or furnished. He can summon any body for cross examination (Section 131). He can seek any information from any body which the latter is bound to give (Section 133). Non-compliance leads to imposition of fine and penalty (Section 131 and 272A). If the assessee fails to produce the required evidence the I.T.O. himself takes steps to procure necessary material. The I.T.O. can also issue Commissions for examination of witnesses (Section 131). He can carry out surveys at assessee's business and residential premises, can inspect his business records, can record his statement, can take extracts and can place marks of identification or such books and documents (Sections 133A and 133B). The I.T.O. also can resort to provisions of "Search and Seizure" under directions of Commissioner and other higher authorities. The I.T.O. exercises quasi judicial functions and should be governed by judicial

134. Gundu Subbayya Vs C.I.T. 71 TR 21
135. Powers to survey residential premises have been given by the Finance Act, 1986.

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considerations and must conform to the rules of natural justice. He must conduct himself in accordance with the principles of good conscience, equity and justice. Usually, the ITO should not use any material gathered by him against the assessee without confronting it to the assessee. Yet he can use secret sources of information without disclosing full particulars of the source to the assessee. In such circumstances prior communication of the substance of the information and opportunity to rebut the same is sufficient.

Invoking proviso to Section 145(1) the I.T.O. can reject the assessee's account books and can estimate the assessee's income. For this purpose he can take into account the average rates of profits made by other assesses in the same business. An inference adverse to the assessee prerequires the I.T.O. to prove that the proposed action is justified and is duly supported with evidence.

If any person fails to make the return required through notice, or fails to produce the required books of account, or fails to get his accounts audited as required, or fails to appear before the Income-tax

136. Gargi Din Vs CIT 96 ITR 97
137. Lalchand and sons Vs C.I.T. 12 I.T.R. 458
138. International Forest Co. Vs C.I.T. 101 ITR 721
139. Motipur Zamindari Co.Ltd Vs I.T.O. 83 ITR 778
140. C.I.T. Vs Abdul Aziz 7 I.T.R. 647

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Officer, etc. then the I.T.O., after taking into account all the relevant material gathered by him, makes an assessment of income or loss to the best of his judgment. This is known as Best Judgement Assessment (Section 144). In doing so the I.T.O. may refuse registration of firm or may cancel the registration. Till 1st of October, 1964 such an assessment could be opened by the I.T.O. (Section 146) on an application made by the assesses and if the I.T.O. was convinced that the assessee was prevented by sufficient cause. But the Finance Act 1964 has withdrawn this provision. Now the I.T.O. cannot open a Best Judgement Assessment made by him. The only remedy against such assessment is appeal before the relevant appellate authority.

If the Income-tax Officer has reason to believe that, by reason of omission or failure on assessee's part to make a return of income or to disclose fully and truly all material facts, income chargeable to tax has escaped assessment, or in consequence of information in his possession the I.T.O. is convinced of such escapement, then the I.T.O. assess or reassess the assessee's income after following due process of law (Section 147 to 153). Finality of an assessment on appeal does not preclude the I.T.O. from invoking this provision.

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Also, for the same assessee and for the same assessment year this provision can be resorted to any number of times.

There are time limits prescribed for issue of notice under this provision. The time limit is larger if the Commissioner or Board is satisfied that it is a fit case for issue of such a notice (Section 151).

For that matter, there are prescribed time limits for completion of every type of assessment (Section 153). Inclusion of such time limits has played a vital role in making the Income-tax Act a success. It has also increased efficiency of the Department. It circumcises unintended harassment to the taxpayer in contrast to a litigant in the Civil or Criminal Court. There is, however, no time limit in certain cases where effect is to be given to a finding of any appellate authority or a court.

After completion of assessment by him the I.T.O. can rectify the same with a view to remove a mistake apparent from the record. This can be done by the I.T.O. of his own motion or on an application made by the assessee. Assessment of the partner in a firm can also be rectified in accordance with the assessment made in the case of the firm (Section 155).

142. Chowdhary v ITO 79 ITR 274
143. Raghubar Jew v CIT 26 ITR 658
144. There are a series of Judicial decisions on the scope of this provision (Section 154). Their detailed mention is not warranted here. For this purpose any good commentary may be looked into.

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When any tax etc. is payable in consequence of any order passed under the Income-tax Act the I.T.O. serves upon the assessee a notice of demand in the prescribed form specifying the sum so payable (Section 156).

If the assessee, without reasonable cause, fails to furnish the required return in time, or fails to appear before the I.T.O., or fails to produce books of account etc. before the I.T.O., or fails to get his accounts audited as required, or fails to disclose full and true income, the Income-tax Officer can impose upon him penalty as prescribed (Section 271). Similarly penal provision exist if a person fails to maintain the prescribed books of account (271A), fails to answer questions, sign statements, give information, etc. (272A) or fails to give notice of discontinuance of his business or profession as prescribed in law (272).

Besides, provisions exist for charging of interest and launching of prosecutions in cases of violation of laws by the taxpayers. Interest is charged for late filing of return which, however, can be reduced or waived by the I.T.O. (Section 139 and Rule 117A). For wilful attempt to evade tax etc. or failure to furnish return or failure to produce books of account or false statement in verification or abetment of false

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return, the Income-tax Act prescribes imposition of fine and imprisonment (Chapter XXII). An offence can also be compounded by the Commissioner either before or after launching of prosecution. No prosecution can be launched except at the instance of the Commissioner. In fact administrative sanction of the Board is also necessary.

All that has been said hence hère in this Chapter has an equal bearing under the Wealth-tax and Gift-tax Acts. For the sake of brevity this similarity has not been pointed out at every step.

Collection and Recovery

The different modes of collection and recovery of taxes from assesses which are prescribed in the Income-tax Act, 1961 are as under:

(a) Tax Deduction at Source
(b) Advance-tax
(c) Self-assessment tax
(d) Through coercive means

We will discuss each one of these modes separately.

(a) Tax-Deduction at Source (T.D.S.)

This mode of collection is the oldest among all modes. But the Act of 1961 completely institutionalised it and also prescribed sufficient sanctions against violation of the provisions. Any person responsible

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for making following payments has a duty to deduct Income-tax therefrom, at prescribed rates, and pay it to the credit of the Central Government within the prescribed time-limit:

(i) Salary
(ii) Interest on securities
(iii) Dividends
(iv) Interest other than "Interest on securities"
(v) Winnings from lottery and Crossword puzzle
(vi) Payments to contractors and sub-contractors
(vii) Insurance Commission

Monthly and quarterly returns are required to be sent by these responsible persons to the Income-tax Officer who has jurisdiction over salaried employees. In case more than two I.T.Os have such jurisdiction the returns are sent to the officer authorised by the Commissioner for this purpose. In case the required returns are not sent by any responsible man to the I.T.O. in time there is provision for imposition of fine. Also, in case of non-deduction or under-deduction of Income-tax there exist provisions for charging of interest, imposition of penalty and launching

of prosecutions. It is the duty of the Income-tax Officer to closely and regularly watch and monitor timely deduction of Income-tax by the responsible persons and its deposit in the account of the Central Government. He takes action against the defaulters.

(b) **advance-tax**

Income-tax is payable in advance on income other than income from capital gains and income from lotteries and cross-word puzzles etc. This tax is payable as and when it is earned in three equal instalments either on or before the 15th day of June, September and December or of September, December and March. Besides the assesses have to furnish to the I.T.O. statement or estimate of advance-tax payable by them within the prescribed time limit. In case after filing the statement or estimate there is substantial variation therein the same should be revised. On excess payment, which is determined at the time of final assessment the Government pays interest to the assesses. But on short payment, interest is charged from the assessee. In case of non-compliance of these provisions, penalty is leviable.


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The I.T.O. takes care to ensure that due Advance-tax is paid in time by every assessee and due statement/estimate is filed in time. In case of non-compliance he charges interest and imposes penalty.

While calculating the amount of Advance-tax, already deducted at source is given due credit because that in itself amounts virtually to advance payment of tax.

(c) Self-assessment tax

As stated above the assessee has to pay tax in advance on his income pending assessment by the I.T.O. But before filing his return of income if he finds that advance-tax paid by him is less than the tax payable on returned income then he should pay the balance before filing the return. This is known as self-assessment-tax (Section 140 A). In case of default on the part of the assessee the I.T.O. can impose penalty. The Income-tax Officer has to check all returns of income with a view to ensure full and timely payment of self-assessment tax.

(d) Through Coercive Means

In case the tax is not paid within prescribed time limit the I.T.O. can proceed to recover the tax through coercive means. He can treat the assessee as if

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149. Purshottam Das Thakur Das v CIT 48 ITR 206

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he is "assessee in default". He charges interest on the amount of default at the prescribed rates.

In cases of genuine difficulty the I.T.O. can extend time for payment or can allow payment by instalments. However, in case of default the I.T.O. can impose penalty (Section 221) and can launch prosecution (Section 276 C). Besides, the I.T.O. can forward to the Tax Recovery Officer a certificate specifying the amount of arrears of tax due from the assessee (Section 222). On receipt of such certificate the Tax Recovery Officer proceeds to recover from such assessee the amount specified in the certificate by one or more of the modes mentioned below:

(a) Attachment and sale of assessee's movable property;
(b) Attachment and sale of assessee's immovable property;
(c) Arrest of the assessee and his detention in the prison;
(d) Appointing a receiver for the management of the assessee's movable and immovable property.


151. He is also an I.T.O. deployed for the purpose of recovery work. This post is described in detail later in this Chapter.


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These provisions (and others in Chapter XVII of the Income-tax Act, 1961) constitute a self-contained code for recovery of tax and other sums payable under the Act. If the Department writes off a demand in its own registers still it is no bar against recovery through any of the prescribed modes. The provisions which authorise arrest and detention are not ultra vires the Constitution. These do not violate the fundamental rights.

Section 226 of the Income-tax Act, 1961 provides other modes of recovery of tax dues. The ITO can attach salary of defaulting assessee. He can require any person from whom money is due or may become due to the assessee to pay to the I.T.O. so much of the money as is sufficient to pay the amount due by the assessee to the I.T.O. If the accountable person violates these directions he will be personally liable to the I.T.O. Constitutional validity of this provision has been upheld by the court. The I.T.O. can apply to Court.

153. Lakshmi Commercial Bank Ltd V Dharam Singh 94 ITR 416
154. Laxman & Co., V ITO 34 ITR 113
155. Coll of Malabar V E. Ebrahim 32 ITR 124
156. Mohammad Ali Saraf Ali V ITO 68 ITR 128
157. Lakshmi Commercial Bank Ltd V Dharam Singh 94 ITR 416
158. Murlidhar Jalan V ITO 41 ITR 80

Continued—-165—-
who is in custody of assessee's money for its release in his favour. He can also resort to distraint and sale of assessee's movable property. 159

No person can leave India if he does not obtain a Tax Clearance Certificate from the I.T.O. If any agency responsible for a person's exit lets him go without insisting for production of the Certificate it will be responsible for payment of the passenger's dues to the Income-tax Department (Section 230).

Where any document required to be registered under the Indian Registration Act, 1908 purports to transfer, assign, limit or extinguish the right, title or interest of any person to or in any property valued at more than fifty thousand rupees, no registering officer can register any such document unless the I.T.O. issues the required Clearance Certificate (Section 230 A).

It is the I.T.O.'s duty to use his powers under the above-mentioned various provisions of law and ensure maximum collections. In fact reduction of arrear demand is the foremost priority in the Central Action Plan 162

159. The relevant procedure has been laid down in the Third Schedule to the Income-tax Act, 1961.
160. Act XVI of 1908
162. Usually the I.T.O. has to reduce the arrear demand by 55% and the current demand by 85%.

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He utilises the institution of Clearance Certificates as an occasion not only to collect all dues but also to initiate other necessary actions under the various direct taxes laws.

**Miscellaneous Functions**

Every Income-tax Officer is also a Public Relations Officer. He has to advise and educate the assesses and the general public. The Department celebrates Mass Communication Weeks and Fortnights. The Officers address groups of tax payers, listen to their point of view, try to remove their grievances and convey their feelings to higher authorities. They see to it that sufficient numbers of the forms are supplied to the assesses and their counsels.

The I.T.O. keeps a record of all the progress made in his ward in different areas of work. His control register is known as Blue Book in which the up to date progress of pendency and disposal of cases is maintained assessee wise. Every month the disposed off cases are entered in the Demand and Collection Registers. The I.T.O. also maintains Registers of Appeal Effects, Penalties, Revisions and Rectifications, Tax Evasion Petitions, Register of Employees, etc. On the basis of entries made in these registers he monitors his own work and send monthly reports to the Inspecting Assistant Commissioner. The I.T.O. takes (Continued-167)
up remedial action on the audit objection pointed out by the Internal and Receipt Audit Parties. He carries out survey operations periodically. He acts as authorised officer in search and seizure operations ordered by the Commissioner.

Some of the Income-tax Officers are posted in non-assessment positions. The most important among them is Income-tax Officer (Head Quarters) Administration. He is virtually Personal Assistant to the Commissioner. He helps the C.I.T. in all matters of administration of the charge. The I.T.O. (Judicial) helps the CIT to carry out his Judicial functions. He obtains second appeal reports and prepares briefs for the C.I.T. He obtains reports from field regarding the Commissioner's revisionary powers and puts up the case before the C.I.T., etc. The I.T.O. (Technical) helps the C.I.T. in technical matters, like issuing instructions on interpretation of laws and rules under Board's guidance, recognition of Charitable institutions and trusts, etc. I.T.O. (Statistics) assists the C.I.T. in obtaining and consolidating the statistics for the whole charge and sending monthly report to the Board and the Directorates. I.T.O. (C.I.B.) disseminates the useful information, received from outside agencies, among field officers. Assistant Director of Inspection

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(Intelligence) prepares cases for search and seizure operations, obtains Commissioner’s signature on Warrants of Authorisation, makes all arrangements and leads the raid parties to the assessee’s premises. He ensures smooth progress of the operation, collects all valuables which are seized and receives the custody of seized documents and books of accounts, delivers these to the Assessing Officer and keeps a watch on the progress of assessment and other matters. The I.T.O. (Collection) watches the collection and recovery of taxes. The I.T.O. (Audit) monitors the remedial action on audit objections taken by the field officers and maintains liaison with the C&A.C. and the P.A.C. through the Board.

Some I.T.Os are posted as Tax Recovery Officers by the Board on Commissioner’s recommendation. They have no assessment work. They receive Recovery Certificates from the I.T.Os and enforce recovery under the Second Schedule to the Act read with Section 222. Some I.T.Os are posted as Junior Authorised Representatives before the Appellate Tribunal.

Keeping in view the larger number and varied nature of functions which the I.T.O. has to perform we find that he is ill-equipped. His staff is not sufficient. The number of inspectors

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is always very small in every circle. There is no sufficient sitting space in big metropolitan charges. There are no sufficient facilities of residence. There is no official vehicle at I.T.O.'s disposal. This is particularly pathetic to note in case of Tax Recovery Officers. There is no security staff of the Department which could be utilised in surveys and searches. The Officers and staff are under-paid vis-a-vis the rising price index. If sufficient attention is paid to these requirements of officers and staff the Department's efficiency as well as the Revenue Collection will multiply manifold.

Defective nomenclature is another vital spot where the shoe pinches. As stated earlier in this study an officer who is promoted from Inspector is designated as Income-tax Officer for about twenty two years which follow. The reason is that Class II (Group B), Junior Class I (Jr.Gr.A) and Senior Class I (Sr.Gr.A)-all officers have same designation- I.T.O. although there are quite different grades of their pay and they perform quite different functions and hold jurisdictions of widely varying importance. Also, this has no parallel in any other Department. Therefore, it is suggested that Group B Officers should continue to be called as Income-tax Officers.

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Junior Group A Officers should be known as Assistant Commissioner of Income-tax. Senior Group 'A' Officers should be known as Deputy Commissioner of Income-tax and officers who are now known as Assistant Commissioner should be redesignated as Joint Commissioners of Income-tax. This will not entail an expenditure of a single penny from the Exchequer. On the other hand this will provide multiple incentives to the officers and will boost their morale which will, in turn, benefit the Revenue.

The hierarchy of officials below the rank of Income-tax Officer is as under:

(a) Inspector,
(b) Supervisor
(c) Head Clerk
(d) Stenographer
(e) Tax Assistant
(f) Upper division clerk
(g) Lower division clerk
(h) Gestetner & Telex Operator
(i) Notice Server
(j) Peon
(k) Waterman
(l) Gardener
(m) Jamadar
(n) Contingent paid staff (Gr.D)

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Their nomenclatures are indicative of their respective duties. A detailed discussion of their appointment and functions will take the scope of this study beyond its expected contours. Needless to mention their existence and proper functioning is vital for effective implementation of the Direct Taxes Laws. However, as referred earlier, a new rank of security staff should be added to the existing units in order to give the necessary teeth to the Department.