Eighteen Hundred Sixty was the year when for the first time the levy of Income-tax was institutionalised through legislative enactment in India. Before that also Direct Taxes constituted the source of State Revenue in various other names. Developments to this effect during the pre-1860 period have been broadly touched upon in the first half of the 1st Chapter of the thesis. In the latter half organisation and functioning of the Income-tax machinery between 1860 and 1961 have been deliberated upon. The Act of 1922 provided the skeleton of the Direct Taxes machinery which is still in vogue in a thoroughly changed form. Till 1860, levy and collection of Income-tax was entrusted to the normal machinery meant for collection of land revenue. It was one of the main duties of the District Collector and his staff. There was no uniform pattern for assessment and collection. Some times a local committee of representatives would be formed which would suggest the extent of the levy. In some provinces a particular trading group would intimate the share of its members subject to finalization by the Collector. During the later pre-1860 period the Collector would notify through different means the names of the assessees and their incomes.

Since 1860 some of the assessees were required by law, on being so directed by the Collector, to furnish their returns of income. Assessment was made thereupon
by the Collector and his aides. Appeals against such orders lay before the regular appellate hierarchy of land revenue. As per law ultimate appeal lay before the Privy Council. Similarly ultimate administrative authority was the Governor-General-in-Council. However, these appellate and administrative avenues were hardly ever resorted to. Thus, in effect, the first enactment i.e. of 1860 gave to the Income-tax machinery hardly anything except the name. The Act of 1860 was more than once repealed and revised. In fact the ninth decade of the last century saw the British Parliament passing several legislation in the name of Indian Income-tax.

This and consequent developments, however, culminated in the passing of the Indian Income-tax Act, 1922. This Act remained on the statute book till 1961. For the first time during this period the Central Board of Revenue was constituted by virtue of a specific parliamentary legislation. This was the apex body of the Income-tax machinery. It had under its control provincial and regional Commissioners of Income-tax. The Commissioners had, in turn, working under them a few Inspecting Assistant Commissioners of Income-tax. At the lowest rung of the ladder were the Income-tax Officers belonging to Class-I and Class-II services. The functionaries below this rank did not enjoy statutory power under the Act. Returns of income were filed voluntarily as well as on being requisitioned by the Income-tax Officers. Assessments could be made without calling the assessee to office and without looking into his account books. However, it was the Income-tax
Officer's discretion to make enquiries before making the assessment. His order could be appealed against before the Appellate Assistant Commissioner of Income-tax, Appellate Tribunal, High Court and Supreme Court or the Privy Council as the case might be. Collection was made through the Tax Deduction at Source and to some extent through Advance-tax payment. In case of intransigence on the assessee's part the Income-tax Officer could issue recovery certificate to the Collector for recovery of arrears through normal channels of the State Government.

During the sixth decade of our century three Direct-Taxes were levied. These were Estate-duty, Wealth-tax, and Gift-tax. The role of these provisions was supportive in nature. These were basically meant to undermine evasive tendencies. The authorities for levy and collection under these Acts were the same as under the Income-tax Act, 1922. In fact, except for the Estate-duty, assessing authority rested with the same incumbent. The Estate-duty work being comparatively minimal in nature there were a few officers earmarked therefor. However, the Inspecting and appellate authorities for Estate-duty also were the same as those for other Direct-taxes. The Indian Parliament in its wisdom, however, has repealed this duty in 1985. This was basically because the revenue being collected therefrom was not worth the expenditure on the machinery of its administration and collection. On the other hand its repeal caused so many families heave a sigh of relief.
Several Committees and Commissions were appointed to study and report upon the working of our Direct Taxes machinery. In the light of their reports as also Government's own long experience the Income-tax Act, 1961 was passed. It is under this Act that the Department is being run today.

The top governing body is known as Central Board of Direct Taxes (Chapter II). Its Chairman and Members are also Additional Secretary to the Government of India. They have dual functions of policy formation and implementation. The Board is aided and advised by more than a dozen Directorates of Inspection. These Directorates have mostly no original authority under the Act. They work as per the directions of the Board. As per, they can be entrusted with job of any Income-tax authority. In effect, however, most of these Directorates have advisory functions only. They work as attached offices of the Board. The institutions of Commissioner of Income-tax, Inspecting Assistant Commissioner of Income-tax and Income-tax Officers are basically the same as under the Income-tax Act, 1922. The Appellate Authorities are also almost the same. However, there has been enormous increase in powers of administrative Inspecting authorities vis-a-vis assessment and collection of Direct Taxes. These powers have been dealt with in details in Chapters III & IV of the thesis. These also cover administrative creation of the post of Chief Commissioner of Income-tax. The formation and functioning of the appellate hierarchy has been studied.
in Chapter V.

The Bibliography includes bare Acts, Rules, Circular Letters, Office Orders and Instructions issued by the Govt. from time to time, judicial pronouncements by High Courts and Supreme Court reported in various Tax Law Journals, publications of different organs of the Department and many books which have been published on the subject.

In the light of this study so many suggestions have been made in the Conclusion regarding the changes which should be brought about in the organizational functioning of the various agencies. These include upgradation of the post of Chairman: Administrative powers for the Directorates; Statutory powers for the Chief Commissioners; decentralization of some of the original powers of the Commissioners to the Inspecting Assistant Commissioner; abolition of the post of Appellate Assistant Commissioner; upgradation of the qualifications of the judicial members of the Appellate Tribunal and change in nomenclatures of some of the Functionaries. The Act of 1961 has completed a quarter of a century of its working which is a period sufficient enough to pause and ponder whether it needs change. This study is an attempt to answer this question.