ORGANIZATIONAL STRUCTURE OF INCOME TAX DEPARTMENT
CHAPTER 2

Organizational Structure of Income Tax Department

Introduction

Administration is a process permeating all collective efforts, be it public or private, civil or military, large scale or otherwise, and is thus of universal nature. It is a cooperative effort, directed towards the realisation of a consciously laid down objective. Administration, being a characteristic of all enterprises in pursuit of conscious purposes, is not a peculiarity or speciality of modern age alone. Administration, thus, permeates all organised human activities. Pfiffner and Presthus define administration as "the organisation and direction of human and material resources to achieve desired ends."¹

The first step is to define administration as a general human activity operating both inside and outside the public sphere throughout the community. Administration is essentially a matter of human relationship; its primary concern is with persons rather than the things.²

Administration means proper organization and material in pursuit of desired ends. Public administration is really governmental in action. It may say that public administration is the non-political machinery of the Government carry on its work for the welfare of the people according to the law set up by the state.³

For an effective and efficient organization, it is imperative that administration must be geared to its needs. No organization can achieve its desired objectives unless the administration is strong.

Now it is clear that every organization follows administrative features. Everyone who works in an organization shares in the administrative process, at the very least by representing the organisation formally or informally, contributing to its

³ Dr. Sachdeva and Sangavi, Meena, Public administration concepts and application, Associated Publishing House, New Delhi, 1980, p1 to 3.
success and being subject to promotion to position of wider influence. Now it would be pertinent here first to explain the meaning of the term ‘organization’. The concise oxford dictionary defines the word ‘to organize’ as to ‘frame and put into working order’. The term ‘organization’ lends itself to three different meanings; the administrative structure, both designing and building the structure, and the structure itself. Evidently, the idea of human relationship has not been conveyed in any of these meanings. Organization is the method of dividing up work. Implicit in the term are two basic conditions, namely, first, a job is to be done, and second, division of work becomes essential if a group of persons is engaged in accomplishing the job. Organization refers to a plan of action to ensure fulfillment of purpose or purposes, which a group of individuals has set for realization, and towards the attainment of which they are collectively bending their energies.

An organization is a human resource system with a life of its own, which is designed to achieve specific goals through division of labor and integration of efforts, after striving to attain the highest possible level of efficiency, or maximum performance.

Every organization needs sound organizational structure to achieve its aims and objectives. The need of the organizational structure is because large number of people is associated in delivering the objectives of an organization. According to Sharlekar: “Any organizational structure represents people, work and a logical arrangement of component parts. It also determines the extent to which people can achieve stated goals.”

An organizational structure, as Iswar Dyal says, is made up of a network of positions arranged in a hierarchical order with defined authorities and responsibilities.

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1 United nation, Development Administration, UN publication, New York, 1975, p105.
Organization is used to provide a structural Organization consists of individual, whose primary goal is the achievement of the objectives for which it has been set up. An organization is a body of persons united for a specific purpose. Hence mechanical and human aspects have also to be considered in the functioning of the organization.

An organizational structure can also be visualized as an established pattern of relationship among the components or parts of the organization. Since the employees working in an organization performs a variety of functions and tasks and there must be a plan for systematic completion of the work of the organization.

Organizational efficiency is very important aspect for department. Inefficiency is bound to affect the functioning of the department. A rigid and inefficient administration cannot adapt itself with unfavorable environment under economic and political stress. There are numerous theories dealing with the organization. As per the scientific management theory led by Taylor, an organization depends upon certain rules, laws and principles, as a solid base. The classical theory of organization, led by Gulick, Urwick, Fayol etc., deals with formal organizations. For this school, an organization is a collective cooperation and coordination of activities of a number of employees for the achievement of some common goals. The allocation of responsibilities becomes even more important.

It is clear from all these definitions that a suitable organization needs to be developed, wherein like human body most of problems are internally and automatically solved. This requires talent, experience and interest in developing an organization.

In other words organization is a human resource system with a life of its own, which is designed to achieve desired objectives through division of labor and integration of efforts. Organization is very essential for public or private

administration as no administrative performance possible without an organization.

A vital factor influencing the effectiveness of Income Tax Department is the 'organization'. It is the organization (usually in the form of administrative machinery) on which depends the achievement of the desired goals.

Income Tax Department has setup an organizational structure to achieve its objectives. Today the functions and areas of the Income Tax Department have increased and it get directions direct through finance ministry from time to time. Thus the Income Tax Department has simple hierarchical structure. The strength of the simple structure lies in its simplicity.\(^{10}\)

**Factors Influencing Organizational Structure**

**Organizational Differentiation**

Every organization has certain goals to achieve and as organization graduate from simple to complex, they are characterized by a high degree of task specialization. To state it in simple words, the total task of the organisation is differentiated so that the performance of specialized functions can be assigned to particular departments. In other words, it is the state of segmentation of the organizational system into subsystems, each of which tends to develop particular attributes in requirements posed by its relevant external environment. The differentiation in Income Tax Department have been analyzed in terms of some of the significant organizational attributes, such as the scalar process or hierarchy, departmentalization, authority and responsibility, line and staff agencies, span of control, unity of command and delegation of powers, taken together, these attributes constitute a formal structure of an organisation.

**Hierarchy**

It is difficult to conceive of an organization without some form of hierarchy. Organization is essentially the division of functions among a given number of

persons. The distribution of functions and responsibilities is both horizontal and vertical. An organizational structure grows both horizontally and vertically. When additional levels added in an organizational structure, it is called vertical growth, but when more functions or more positions are added without increasing the number of levels it is called horizontal growth. "Hierarchy consists in the universal application of the superior subordinate relationship through a number of levels of responsibility reaching from top to the bottom of structure." 11

In other words, each lower officer is under the control of a higher one and the whole administrative staff under the control of supreme authority. A pyramid type of structure is thus built up which Moony and Reiley call the scalar process. 12

Hierarchy is the channel of command, of communication, downward and upward, along which flow information, advice, specific instructions, and warnings. 13 Hierarchy not only enables the chief executive to exert his influence through the entire organization. 14

There is a long hierarchy of management in Income Tax Department. The literal meaning of hierarchy is the rule of the higher over the lower. This results superior- subordinate relationship through a number of levels of responsibilities. However as the number of layers goes up in the organization, it tends to retard the functioning. Thus the working of the organization is carried out in watertight departments. Unnecessary layers results in over lapping of duties and multiple commands. Although a large number of layers are some times necessitated due to functional complexity. Therefore, there should not be any adhoc expansion in the hierarchical layers rather the expansion should be most judicious after making proper assessment of the current and future manpower requirements of the organization. Criticizing the impact of multiple layers in an organization. Peter

Ducker stated that the most common symptom of a mal-organization is the multiplication of numbers of management levels. A basic rule of organization is to build the least possible number of the management levels and forge the shortest possible.  

In other words, each lower officer is under the control of a higher one and the whole administrative staff under the control of supreme authority. A pyramid type of structure is thus built up which Moony and Reiley call the scalar process.  

Hierarchy is the channel of command, of communication, downward and upward, along which flow information, advice, specific instructions, and warnings. Hierarchy not only enables the chief executive to exert his influence through the entire organization.  

### Response of Income Tax Authorities

<table>
<thead>
<tr>
<th>Level</th>
<th>% Yes</th>
<th>% No</th>
<th>% Cant Say</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class – I Officers (67)</td>
<td>58%</td>
<td>27%</td>
<td>15%</td>
<td>100%</td>
</tr>
<tr>
<td>Class – II Officers (78)</td>
<td>47%</td>
<td>45%</td>
<td>8%</td>
<td>100%</td>
</tr>
<tr>
<td>Inspectors (160)</td>
<td>55%</td>
<td>41%</td>
<td>4%</td>
<td>100%</td>
</tr>
</tbody>
</table>

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Since the Income Tax Department exists the working of Income Tax Department is done through the channels of hierarchy but there is a difference in designations from then to now. From the above table 2.1, it is evident that generally all the Income Tax Authorities are satisfied with the channels of hierarchy. 58% class-I officer, 47% class-II and 55% Inspectors are satisfied with channels of hierarchy. 27% class-I officers, 45% class-II officers and 41% Inspectors are not satisfied with the channels of hierarchy. 15% class-I officers 8% class-II officers and 4% Inspectors have no opinion. Hence it is clear that most of the officers are satisfied with the channels of hierarchy and they feel that for smooth working it is necessary. Every file goes through lower to upper staff so no one can change anything by his discretion.
Response of Income Tax Authorities

<table>
<thead>
<tr>
<th>Level</th>
<th>Yes</th>
<th>No</th>
<th>Cant Say</th>
<th>Total</th>
</tr>
</thead>
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<tr>
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<td>75%</td>
<td>13%</td>
<td>12%</td>
<td>100%</td>
</tr>
<tr>
<td>Class – II Officers (78)</td>
<td>86%</td>
<td>10%</td>
<td>4%</td>
<td>100%</td>
</tr>
<tr>
<td>Inspectors (160)</td>
<td>91%</td>
<td>4%</td>
<td>4%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Graph 2.2: Orders sent by seniors are followed by juniors

From the above table it is clear that 75% Class - I officers says that junior followed the orders sent by the seniors, 13% are saying that orders are not followed by the juniors and 12% have no opinion. 86% Income Tax officers also satisfied with the same. 10% not satisfied and 4% don't want to say anything. 91% Inspectors also said that orders are followed by juniors, 4% said no and 4% have no opinion. So it is clear that most of the officers are saying that orders sent by seniors are followed by the juniors. It is the healthy sign of the department which shows that there is coordination between each others.
**Departmentalization**

The word department designates the distinct area, division or branch of an organization over which a manager has authority for the performance of the specified activities. It is the necessity because of the needs to perform particular functions effectively and efficiently.\(^{19}\) The grouping of activities Income Tax departments is functional, which is, because of its common sense application, the most extensively used an accepted form of departmentalization.

A detailed and an in depth study of the functions of the various departments reveal that Income Tax department has achieved tasks specialization by systemically removing the duplicity of certain functions being performed by departments.

**Authority and Responsibility**

Authority is the right or power of persons to command other people to do things and to get work done from them. Responsibility means a job for which one is responsible or accountable. Since it would not be just to hold a person responsible for performing without first giving him them authority necessary to get the job done, responsibility should always be commensurate with authority. It is the supreme coordinately power. Authority is the power to make decision to guide the action of others.

According to Earnest Dale, authority should be equal to responsibility. That is, if a man is responsible the results of the given operations, he should be given enough authority to take the action necessary to ensure success.\(^{20}\) An individual should have all the authorities at his disposal to achieve the objectives for which he has been made responsible. Whether he can achieve those objectives or not depends upon his intelligence, capacity and capability, but he should not be handicapped in the performance of his responsibilities for the lack of desired authority. Authority and responsibility should be co-terminus, equal and defined.

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Response of Income Tax Authorities

Table 2.3

<table>
<thead>
<tr>
<th>Authority to take decisions independently</th>
<th>N = 305</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level</td>
<td>Yes</td>
</tr>
<tr>
<td>Class – I Officers (67)</td>
<td>90%</td>
</tr>
<tr>
<td>Class – II Officers (78)</td>
<td>55%</td>
</tr>
<tr>
<td>Inspectors (160)</td>
<td>58%</td>
</tr>
</tbody>
</table>

From the above table it is clear that the officials have authority to take decisions independently. As 90% class-I officers, 55% class-II officers and 58% Inspectors are satisfied that they have authority to take decisions independently. But 7% class one officers 14% class-II officers and 31% Inspectors are saying that they don’t have authority to take decisions independently. 3% class-I officers, 31% class-II officers and 11% Inspectors have no opinion. But it is also clear that authority to take decisions lies at upper level only. Sometime even for minor things the juniors have to wait for long time to complete the work, which causes delay in disposal of cases.
Response of Income Tax Authorities

Table 2.4: Everybody takes the responsibility of the departmental work  \( N = 305 \)

<table>
<thead>
<tr>
<th>Level</th>
<th>Yes</th>
<th>No</th>
<th>Cant Say</th>
<th>Total</th>
</tr>
</thead>
<tbody>
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<td>48%</td>
<td>37%</td>
<td>15%</td>
<td>100%</td>
</tr>
<tr>
<td>Class – II Officers (78)</td>
<td>55%</td>
<td>31%</td>
<td>14%</td>
<td>100%</td>
</tr>
<tr>
<td>Inspectors (160)</td>
<td>78%</td>
<td>12%</td>
<td>11%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Graph 2.4: Everybody takes the responsibility of the departmental work

Table shows that few officials are satisfied that the staff of the department take the responsibility of their work. Only 48% Class-I officers are saying that every person takes the responsibility of their work. 55% Class-II officers and 78% Inspectors are satisfied with the same. 37% class-I officers, 31% class-II officers and 11% Inspectors are saying no and 15% class-I, 14% class-II, 11% Inspectors don’t give there opinions. So it is clear from the above table that the higher officers take less responsibility as compare to class-II officers and Inspectors. But
in reality higher level posts should take more responsibility than the lowers level posts because they are more responsible.

**Span of Control**

Span of control is simply the number of subordinates or the units of work that an administrator can personally direct. Span of control is essentially an important principle of organisation. Dimock said that the span of control is the number and range of direct, habitual communication contracts between the chief executive of an enterprise and his principal fellow officers.\(^{21}\) According to this principle, the mind and will of a supervisor can span only a limited number of immediate administrative contacts. The work performed by individuals under a system of differentiation must be coordinated in order to achieve the objectives.

A narrow span of control is wastage of time of the superior and a very broad span of control is likely to result in an ineffective control by the superior. It may be also create the problem of the communication gap between a large number of subordinates and the superiors. In a large organization, an appropriate number of individuals, whose work interlocks, may be grouped together and put under a superior. It is quite difficult to suggest a fixed span of control, suited to all organizations equally. Urwick Lyndall opines that no superior can supervise directly the work of more than five of at the most six subordinates.\(^{22}\) Span of Control, in fact, depends on the nature of the work and on the factors as to how many subordinates would work under a supervisor in a particular organization. In a department like Income Tax the ideal span of control is 3 to 4 depending upon the nature of work.

**Unity of Command**

The principle, briefly and simply stated, means that “an employee should receive orders from one superior only” – Fayol. In the words of Pfiffner and Presthus,

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“The concept of unity of command requires that every member of an organization should report to one, and only one leader.” Fayol is a great advocate of this principle. “Should it be violated, authority is undermined, discipline is in jeopardy, order disturbed and stability threatened as soon as two superiors wield their authority over the same person or department, uneasiness makes itself felt and should the cause persist, the disorder increases, the malady takes on the appearance of an animal organism troubled by a foreign body, and the following consequences are to be observed: either the dual command ends in disappearance or elimination of one of the superiors and organic well being is restored, or else the organism continues to wither away. In no case is there adaptation of the social organism to dual command.” 23

Centralization and decentralization:

One of the problems of organization is to reconcile the administrator’s natural desire for complete control, uniformity and certainty with people’s demand that governmental administration accommodate itself to local public sentiment. 24 Centralization stands for concentration of authority at or near the top, decentralization on the other hand, denotes dispersal of authority among a number of individuals or unit. In the words of White,” the progress of transfer of administrative authority from a lower to higher level of government is called ‘centralization’, the converse ‘decentralization.’ 25 The essential element in decentralization is the delegation decision making functions. In the Income Tax Department powers are centralized at upper level only. When it is asked from the Authorities, the opinion given by them are mentioned below.

23 Fayol, Henri, General and Industrial Management. 1949, p.42
24 Charlesworth, J.C., Government Administration, Harper and Brothers, New York, 1951, p207.
Response of Income Tax Authorities

Table 2.5

<table>
<thead>
<tr>
<th>Level</th>
<th>Yes</th>
<th>No</th>
<th>Cant Say</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class – I Officers (67)</td>
<td>46%</td>
<td>52%</td>
<td>2%</td>
<td>100%</td>
</tr>
<tr>
<td>Class – II Officers (78)</td>
<td>58%</td>
<td>38%</td>
<td>4%</td>
<td>100%</td>
</tr>
<tr>
<td>Inspectors (160)</td>
<td>78%</td>
<td>21%</td>
<td>3%</td>
<td>100%</td>
</tr>
</tbody>
</table>

46% class-I officers, 58% class-II officers, and 78% Inspectors are saying that the powers are centralized at upper level, but 52% class-I officers, 38% class-II officers, 21% Inspectors are saying that powers are not centralized at upper level, while 2% class-I officers, 4% class-II officers, 3% Inspectors can’t say anything.
about this. It is by the given figures that class-11 officers and Inspectors are feeling that all powers are centralized at class-I officers and while performing duties they have to get permission or prior approval which causes delay in work. Sometimes assessees get time to hide the information collected by the officers.

**Direct Tax Administration**

The role of Tax Administration in a country like ours is a complex one. Taxation is not only an instrument for raising revenue but it also gains social and economic objectives. The attainment of these objectives is largely a function of efficient Tax Administration. Taxation Administration today, thus, comprehends a wide field ranging from the changes in taxation laws for achieving the above mentioned objectives, to appropriate organizational structure for administering these, management cadres for effective implementation of the adopted policies, personnel problems of recruitment, training, placement and promotions and appropriate procedures and practices to expedite assessment and collection of Taxes, to eliminate tax evasion. Taxation is the most important instrument available to the government for marshalling financial resource. Taxation diverts resources from taxpayers to the government, which uses them to support itself and to provide public services. No matter how well designed the tax laws may be in theory, they may fail to achieve their purposes in practice unless they are efficiently implemented and taxpayers can be induced, and if necessary compelled to comply with them. An efficient and effective Tax Administration is therefore a prerequisite if a tax system is to fulfill its revenue producing potential, and even the best designed tax system is only as good as the administration which implements it.

**Ministry of finance**

The ministry of finance is responsible for the administration of the finances of the Central Government. It is concerned with all economic and financial matters affecting the country as a whole, including mobilization of resources regulation of expenditure of the Central Government and the transfer of resources to the states. The ministry of finance works with the collaboration of its different
departments. Under the ministry of finance the revenue is collect through Direct Tax and Indirect Tax. The Central Board of Direct Taxes is the apex body for the administration of laws relating to Direct Taxes.

Central Board of Direct Taxes

Since 1st January, 1964 the Central Board of Direct Taxes (CBDT) has been charged with all matters relating to various Direct Taxes in India and it derives its authority from Central Board of Revenue Act, 1963. The CBDT is a part of Department of Revenue in the Ministry of Finance. On one hand, CBDT provides essential inputs for policy and planning of Direct Taxes in India, at same time it is also responsible for administration of Direct Tax laws through Income Tax Department.

The Central Board of Direct Taxes is a statutory authority functioning under the Central Board of Revenue Act, 1963. The officials of the Board in their ex-officio capacity also function as a Division of the Ministry dealing with matters relating to levy and collection of direct Taxes and formulation of policy concerning administrative reforms and changes for the effective functioning of Income Tax Department.

The Central Board of Revenue as the Department apex body charged with the administration of Taxes came into existence as a result of the Central Board of Revenue Act, 1924. Initially the Board was in charge of both Direct and Indirect Taxes. However, when the administration of taxes becomes too unwieldy for one Board to handle, the Board was split up into two, namely the Central Board of Direct Taxes and Central Board of Excise and Customs with effect from 1.1.1964. This bifurcation was brought about by constitution of the two Boards u/s 3 of the Central Boards of Revenue Act, 1963. Earlier there are four members of board headed by chairman.
Present Structure of Central Board of Direct Taxes

The Chairman, who is also an ex-officio Special Secretary to Government of India, heads the CBDT. In addition, CBDT has six members, who are ex-officio Additional Secretaries to Government of India. The Chairman and Members of CBDT are selected from Indian Revenue Service (IRS), a premier civil service of India, whose members constitute the top management of Income Tax Department. The support staff for CBDT is drawn from IRS as well as other premier civil services of the country and is assisted by several attached offices.

The Central Board of Direct Taxes consists of a Chairman and following five Members: -

<table>
<thead>
<tr>
<th>No.</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Chairman</td>
</tr>
<tr>
<td>2</td>
<td>Member (Income Tax)</td>
</tr>
<tr>
<td>3</td>
<td>Member (Investigation)</td>
</tr>
<tr>
<td>4</td>
<td>Member (Audit and Judicial)</td>
</tr>
<tr>
<td>5</td>
<td>Member (Legislation)</td>
</tr>
<tr>
<td>6</td>
<td>Member (Personnel)</td>
</tr>
<tr>
<td>7</td>
<td>Member (Revenue and Audit)</td>
</tr>
</tbody>
</table>
Chart showing the composition of Central Board of Direct Taxes

The Chairman and Members of Central Board of Direct Taxes are assisted by Joint Secretaries, Directors, Deputy Secretaries, Under Secretaries and ministerial staff to carry out their day-to-day functions. The CBDT monitors the functioning of field offices/field formations which comprises of following:

1. Chief Commissioners/Commissioners of Income Tax
2. Director General (Inv.)/Directors of Income Tax (Inv.)
3. Director General (Exemption) / Director of Income Tax (Exemption)
4. Director General (Foreign Tax)/Director of Income Tax (Foreign Tax)
5. Commissioners of Income Tax (Appeals)
6. Commissioners of Income Tax (Judicial)
7. Commissioner of Income Tax (Computer Operations)
To monitor the day-to-day functioning of field formations, the CBDT is assisted by the following attached offices /Directorates:

1. Directorate of Income Tax (IT)
   
   This Directorate has two wings i.e.
   
   (A) Inspection- Board exercises efficient control and inspection of the work of the Income Tax officers throughout the country.
   
   (B) Examination - Centralised Conduct of departmental examinations for departmental promotions

2. Directorate of Inspection (Audit)
   
   Ensures expeditious disposal and settlement of receipt audit objections and also review the work done in the different Commissioner Charges.

3. Directorate of Inspection (Research, Statistics and Public Relation)
   
   The main functions of this Directorate are research study on tax matters, printing of All India Revenue Statistics, preparation of taxpayer information series, departmental publications, publicity and public relations.

4. Directorate of Organisation & Management Services
   
   This Directorate has been assigned the job of Administrative Planning, Organisational Development, Management Information Systems and Work Measurement.

5. Directorate of Inspection (Vigilance)
   
   The main functions of this Directorate are conducting departmental enquiries, drafting of charge sheets, presenting the cases on behalf of the Department, preparing the enquiry reports against charged officials extra and passing of final orders.

6. Directorate of Income Tax (Systems)
   
   This Directorate performs the functions of Management Information System, Computerization in the Department and Designing of uniform system of computerisation for Income Tax Department.
7. Directorate of Income Tax (Infrastructure)

This Directorate will assist CBDT in attending to infrastructure matters.

8. Director General (Vigilance)/Director of Income Tax (Vigilance)

The main function of this Directorate are conducting departmental enquiries, drafting of charge sheets, presenting the cases on behalf of the Department, preparing the enquiry reports against charges officials extra and passing of final orders.

9. Director General of Income Tax (Training)

The National Academy of Direct Taxes, Nagpur is the premier training institution in the country for the officers and the staff of the Income-Tax Department. Its primary task is to impart inductions training to the directly recruited Indian Revenue Service Officers The Academy imparts training to officers and staff of the Income Tax Department in coordination with its five Regional Training Institutes located at Bangalore, Calcutta, Hazari Bagh, Lucknow and Mumbai.

The administrative Structure of Income Tax Department in 1971

Structural changes are generally required in any department for smooth working. Bhattacharya rightly observes that organizational changes can be suggested after a careful diagnosis of the problem of specific structure. An adequate understanding of the structures and processes of origination is thus a precondition of change. 26

The line management functions are performed by Commissioners of Income Tax, and Additional Commissioners of Income Tax, who are heads of departments controlling the field administration. Generally, the Commissioners are in charge of administration, assessment and collection while the Additional Commissioners have been placed incharge of judicial and audit functions of the department.

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26 Bhattacharya, Mohit, New Horizons of Public Administration, Jawahar Publishers, New Delhi, 1998, 123
However, some Commissioners have been placed in charge of recovery of taxes in arrears as shown in figure.
The Administrative Structure of Income Tax Department (Till 31.03.88):

Restructuring of Income Tax Department

The restructuring of the Income Tax Department was approved by the Cabinet in its meeting held on 31.8.2000 to achieve the following objectives:

Increase in effectiveness and productivity; Increase in revenue collection; Improvement in services to tax payers; Reduction in expenditure by downsizing the workforce; Improved career prospects at all levels; Induction of information technology; and Standardization of work norms
The aforementioned objectives have been sought to be achieved by the department through a multi-pronged strategy of Redesigning business processes through fictionalization. Increasing the number of officers to rationalize the span of control for better supervision, control and management of workload and to improve tax payers’ services and re-orient, retain and redeploy the workforce with appropriate incentives in the form of career advancement.

**Response of Income Tax Authorities**

<table>
<thead>
<tr>
<th>Level</th>
<th>Yes</th>
<th>No</th>
<th>Cant Say</th>
<th>Total</th>
</tr>
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<tr>
<td>Class – I Officers (67)</td>
<td>84%</td>
<td>14%</td>
<td></td>
<td>100%</td>
</tr>
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<td>Class – II Officers (78)</td>
<td>79%</td>
<td>20%</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>Inspectors (160)</td>
<td>86%</td>
<td>10%</td>
<td></td>
<td>100%</td>
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</tbody>
</table>

**Graph 2.6: After restructuring services given to the tax payers are improved**

Percentage

<table>
<thead>
<tr>
<th>Response</th>
<th>Yes</th>
<th>No</th>
<th>Cant Say</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>80%</td>
<td>70%</td>
<td>60%</td>
</tr>
</tbody>
</table>
The above mentioned table and graph shows the response taken from different authorities to know that after restructuring the department made improvement in services given to the Taxpayers. 84% class-I officers, 79% class-II officers and 86% Inspectors are saying yes while 14% class-I officers, 20% class-II officers and 10% Inspectors are saying no. 2% class-I officers, 1% class-II officers and 4% Inspectors do not comment on this. It is clear from the given figures that the department made certain improvements after restructuring. The number of assessees are increased and also a great increase in productivity has been seen.

As per the ministry the restructuring of the Income Tax Department resulted in increase in the manpower in the executive cadre from the level of the Chief Commissioner down to the level of the Income Tax Inspector as shown in the table given below:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of the Post</th>
<th>Strength Prior to Restructuring</th>
<th>Strength After Restructuring</th>
<th>Increase in Numbers</th>
<th>% Increase</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Chief Commissioner of Income Tax</td>
<td>36</td>
<td>116</td>
<td>80</td>
<td>222.22%</td>
</tr>
<tr>
<td>2</td>
<td>Commissioner of Income Tax</td>
<td>402</td>
<td>698</td>
<td>296</td>
<td>73.63%</td>
</tr>
<tr>
<td>3</td>
<td>Additional Commissioner of Income Tax</td>
<td>339</td>
<td>469</td>
<td>130</td>
<td>72.28%</td>
</tr>
<tr>
<td>4</td>
<td>Joint Commissioner of Income Tax</td>
<td>453</td>
<td>647</td>
<td>194</td>
<td>38.34%</td>
</tr>
<tr>
<td>5</td>
<td>Deputy Commissioner of Income Tax</td>
<td>1033</td>
<td>1240</td>
<td>207</td>
<td>20.03%</td>
</tr>
<tr>
<td>6</td>
<td>Assistant Commissioner of Income Tax</td>
<td>648</td>
<td>734</td>
<td>86</td>
<td>13.27%</td>
</tr>
<tr>
<td>7</td>
<td>Income Tax Officer</td>
<td>3261</td>
<td>4204</td>
<td>943</td>
<td>28.91%</td>
</tr>
<tr>
<td>8</td>
<td>Income Tax Inspector</td>
<td>8106</td>
<td>9490</td>
<td>1384</td>
<td>17.07%</td>
</tr>
</tbody>
</table>
The present hierarchical structure of Income Tax department is as follows

1. The Central Board of Direct Taxes
2. Director General of Income Tax or Chief Commissioner of Income Tax
3. Directors of Income Tax or Commissioner of Income Tax (Appeals)
4. Deputy Director of Income Tax or Deputy Commissioner of Income Tax (Appeals)
5. Assistant Director of Income Tax or Assistant Commissioner of Income Tax
6. Income Tax Officers
7. Tax Recovery Officers
8. Inspectors of Income Tax
As per above table, which shows about the satisfaction of assessee's with regard to the present departmental structure, 90% of the Class-I officers 58% class-II officers and 77% Inspectors are of the opinion that the structure is fulfilling the needs of asessees very much and upto their satisfaction, whereas 7% class-I officers, 28% Class-II officers and 20% Inspectors are saying that the present structure does not fulfilling the needs of the asessees. 3% class-I officer, 14% class-II officers and 20% Inspectors don't want to give their opinion. So most of authorities are saying that the structure is good. While discussion it is found that
under present structure the officers and staff are too much burdened with paper work and they have very little time to interact with public.

Response of Income Tax Authorities

<table>
<thead>
<tr>
<th>Level</th>
<th>Yes</th>
<th>No</th>
<th>Cant Say</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class – I Officers (67)</td>
<td>90%</td>
<td>7%</td>
<td>3%</td>
<td>100%</td>
</tr>
<tr>
<td>Class – II Officers (78)</td>
<td>58%</td>
<td>28%</td>
<td>14%</td>
<td>100%</td>
</tr>
<tr>
<td>Inspectors (160)</td>
<td>73%</td>
<td>21%</td>
<td>16%</td>
<td>100%</td>
</tr>
</tbody>
</table>

The above table shows that 90% class-I officers, 58% class-II officers and 73% Inspectors are satisfied with the present organizational structure of the department. 7% class-I officer, 28% class-II officers and 21% Inspectors are not satisfied with it. 3% class-I officers 14% class-II officers and 16% Inspectors do
not give their opinion. Hence it is clear that maximum number of officer and officials are satisfied with the present organizational structure.

Response of Income Tax Authorities

<table>
<thead>
<tr>
<th>Level</th>
<th>Yes</th>
<th>No</th>
<th>Cant Say</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class – I Officers (67)</td>
<td>72%</td>
<td>26%</td>
<td>2%</td>
<td>100%</td>
</tr>
<tr>
<td>Class – II Officers (78)</td>
<td>78%</td>
<td>18%</td>
<td>4%</td>
<td>100%</td>
</tr>
<tr>
<td>Inspectors (160)</td>
<td>64%</td>
<td>32%</td>
<td>4%</td>
<td>100%</td>
</tr>
</tbody>
</table>

When it is asked with the Income Tax Authorities that there should be change required in the present structure the above mention table shows the opinion of different authorities. 72% class-I officers 78% class-II officers and 64% Inspectors are saying yes while 26% class-I officers 18% class-II officers and
32% Inspectors are saying no and 2% class-I officers, 4% class-II officers and 4% Inspectors have no opinion regarding this. Hence it is clear that there should be change in the present structure because it is unable to fulfilling the requirements of authorities as well as assessees.

Composition and Functions of Income Tax Authorities

Chief Commissioner

Chief Commissioner of the Income Tax is the top most authority in the Income Tax department. The post came into existence from September 1981 with the creation of five posts at Ahmedabad, Kolkata, Chennai, Delhi and Mumbai. At present there are 116 No. of posts existing in India. Out of which nineteen Chief Commissioners have been identified as cadre controlling authorities.

There are six Chief Commissioner of Income Tax working in the North West Region. Their offices are situated at the placed mentioned against their charge. First Chief Commissioner of Income Tax, North West Region Cadre Controlling situated at Chandigarh, second at Panchkula, third at Ludhiana, fourth at Amritsar, fifth at Shimla and the sixth is Director General of Income Tax (Investigation) equal the rank of Chief Commissioner at Panchkula (Haryana). The senior most people are selected for this post.

1. Functions to be Performed by the Chief Commissioners including the Cadre Controlling CCITs.

   (i) Supervision and control over Commissioners of Income Tax, both administrative and appeals.

   (ii) Administrative approval of proposals for writes off of arrears.

   (iii) Review of arrear dossiers.

   (iv) Administrative sanction for launching prosecutions against tax delinquents.

   (v) Implementation of Official Language Policy.
(vi) Implementation of computerization in the department as per the policies and procedures lay down by Central Board of Direct Taxes / Director of Income Tax (System).

(vii) Changing of headquarters of any officer up to the level of Deputy Commissioner of Income-Tax under intimation to the cadre controlling Chief Commissioner of Income Tax.

(viii) Staff grievances.

(ix) Statutory functions under the Direct Tax laws.

**Functions to be performed exclusively by cadre controlling CCITs**

(i) Transfer and posting of Group 'A' officers upto the level of Additional / Joint CIT and all other cadre control functions in relation to Group ‘B’, ‘C’ and ‘D’ employees.

(ii) Fixation of the sanctioned strength of various cadres in the charge of each CIT and allocation of officers and staff to each CIT/CIT(A).

(iii) Vigilance and disciplinary matters.

(iv) Confidential reports of officials working in the region in addition to those working directly under him.

(v) Immovable property returns.

(vi) Budgeting and expenditure control.

(vii) Estate functions.

(viii) Grievance redressal

(ix) Employees’ associations matters

(x) Protocol functions

(xi) Computerization
Functions of Director Generals

Director General of Income Tax (Investigation)

Only one Director General of Income Tax (Investigation) is presently holding the charge of North West Region consists of Haryana, Punjab, Himachal Pradesh, Jammu & Kashmir and Union Territory of Chandigarh. The office of the Director General of Income Tax (Investigation), North West Region is situated at Aayakar Bhawan, Panchkula (Haryana).

The Director General of Income Tax (Investigation) performs the following functions:-

(i) Supervision and control over the Directors of Income Tax (Investigation), Commissioner of Income Tax (Central) and Commissioner of Income Tax (CIB). Only in Mumbai and Delhi, Chief Commissioner of Income Tax (Central) exercises control over the Commissioner of Income Tax (Central).

(ii) Chief Commissioner of Income Tax to continue as cadre controlling authority in respect of Group “B” officers as also the staff allocated to the Director General or Directors or Commissioners of Income Tax, Additional / Joint / Deputy Directors, Additional Directors of Income Tax and central circles under the control of Director General of Income Tax (Investigation). In respect of Group “B” officers and staff borne on the strength of the Directorate of Income Tax (Investigation), Delhi, and the Director General is the cadre controlling authority.

(iii) Fixing of overall sanctioned strength of each Directorate, Commissioner of Income Tax (CIB) and central circle.

(iv) Selection of officers up to the level of Additional / Joint Director of Income Tax in consultation with cadre controlling Chief Commissioner of Income Tax and Chief Commissioner of Income Tax (Central).

(v) Computerization.
Functions of Director General of Income Tax (Research)

He supervises and controls over the Directorate of Income Tax (research). He is also responsible for solving the disciplinary matters. He makes plans regarding research studies and computerization. Even he has an authority to solve disciplinary matters but he has not a legal background. From the post of Assistant Commissioner, he comes to this position through promotion. But he has enough experience to take decisions independently. Junior staff is there to assist him in all related matters.

Functions of Director General of Income Tax (Exemptions)

He is also on the same position as DIG (research) but is incharge of different departments. The main function of this Director General is to provide assistance to CBDT in processing of certain approvals and notification for exemption. He supervises and controls DITs (E). He solves the disciplinary matters.

Functions of Director General of Income Tax (International Taxation)

He is also responsible for the supervision and control over the work of Directorate of Income Tax (International Taxation), vigilance and disciplinary matters, computerization, statutory functions.

Functions of Commissioners

Functions of Commissioner Income Tax (appeals)

The post of CIT (Appeals) was created in July’ 1978 to perform the functions of first appellate authority under the statute. It is not necessary that he should be master in handling taxation matters. But the Assistant Commissioner reaches on this position through promotion. He performs appellate functions with his staff and juniors.

Functions of Commissioner Income Tax (Computer Operations)

Each regional computer centre is headed by a Commissioner of Income Tax (Computer Operations). Other computer centers have also placed under the functional control of the CITs (CO). Their major functions are:-
i. Working as liaison officer between the CCIT / CIT and DGIT (System) / DIT (System).

ii. Management of RCC, Computer Centres and terminal banks in their charge.

iii. Working as liaison officer between department and outside agencies such as banks, telephone department etc.

iv. Implementation and maintenance of centralized application software, and monitoring their performance.

v. Providing help, raining and support to end users in implementation of other application software, and monitoring their performance.

vi. Implementation of technical instructions, concerning implementation of information technology issued from the CBDT /DGIT (S) /Directorate of Income Tax (Systems)

vii. Maintenance of hardware, and network including annual maintenance contracts.

viii. Resolving day to day problems of officers / officials in implementation of the computerization programme.

ix. Management of all types of backup such as systems backup, database backup, and software library.

x. Security of system and data.

**Functions of Commissioner Income Tax (Judicial)**

With the restructuring of the department, four posts of CIT (Judicial) were created at Delhi, Mumbai, Chennai and Kolkata, to co-ordinate the intra-zonal judicial work. He is responsible to tackle with judicial matters.

**Functions of Commissioner Income Tax (CIB)**

He control and supervise the wok of officers and staff of CIB branch. He looks after the vigilance and disciplinary matters. He collects the information from information branches.
Functions of Commissioner Income Tax (Audit)

Internal audit in the Income Tax Department was introduced in the year 1954 with a view to provide for a second check in ensuring arithmetical accuracy in the assessment of Income and levy of Tax. In 1960, the Government introduced audit of Income Tax receipts by C&AG. The object of internal function was subsequently enlarged so that "it has a deterrent and reforming effect in the direction of prevention of mistakes and secondly, it plays a corrective role by checking up on the mistakes and having these remedied without loss of time. This dual role, go a long way in improving the department's performance and image, saving it avoidable comments from C&AG as well as PAC, thus, safeguarding the interest of both the revenue and assessee." (Instruction No. 485 dated 13-12-1972). In pursuance of these objectives the department set up Internal Audit parties and Special Audit parties to audit assessments and refunds. The Directorate of Income Tax (Audit), set up in 1963 mainly co­ordinates and supervises the audit work on behalf of the Board. On restructuring of department in 2001, now the officers in the Assessment Unit will perform internal audit functions on a chain basis i.e. one officer will do the internal audit of work done by another officer. This new audit pattern has since been formulated and put in place vide Instruction No. 8/2001 dated 06.12.2001.

Functions of Additional / Joint Commissioner

Functions of Additional / Joint Commissioner of Income Tax (Headquarters)

The Additional / joint Commissioner attends to the work entrusted to him by the Chief Commissioner / Commissioner of Income Tax. He is also responsible to make coordination between headquarters and field offices.

Functions of Additional / Joint Commissioner of Income Tax (Range)

After restructuring of the department, the business process has been redesigned to make it range-centric, thus emphasizing the pivotal role of the range-head. Additional / Joint Commissioner, who is the head of the range, exercises
concurrent jurisdiction and also required to formulate assessments in revenue yielding and complex cases. The assessment unit of the range consists of five Assessing Officers (one DCIT / ACIT and four ITOs). The collection unit in a range is headed by a TRO who is responsible for collection and recovery of Tax. An Administrative Officers / Office Superintendent head the record keeping unit of the range. Its other functions are supervision and control, statutory functions, effective taxpayer services, judicial functions computerization.

**Functions of Additional/Deputy/Joint/Assistant Commissioner of Income Tax (Audit)**

The Additional / Deputy / Joint / Assistant Commissioner of Income Tax (Audit) are expected to test check the registers maintained in Income Tax Offices for recording audit objections and their disposal, as also to check the working of Audit cells set up in Income Tax Officers for dealing with audit objections. The primary responsibility in these matters rests with Additional / Deputy / Joint / Assistant Commissioner of Income Tax (Range). Additional / Deputy / Joint / Assistant Commissioner (Audit) will, however, report any deficiency in the matter to the CIT. The idea underlying is to ensure that the statistics complied from these registers reflect a true picture.

**Additional / Deputy / Joint / Assistant Director of Income Tax (Investigation)**

Additional / Deputy / Joint / Assistant Director make pre-search enquiries and reconnaissance work. He has a right to search and seizure the assets. He is responsible for the preparation of the appraisal reports. Conduct surveys u/s 133A (1) and 133A (5) and other important function is to keep close liaison with the other departments like customs, central excise, enforcement directorate, revenue intelligence, economic offensive wing of the state government, police etc. and deals with informants.
Functions of the Assessing Officers

The main functions of the Assessing Officers are:

1. Ensuring processing of returns on AST module.
2. Allotting PANs wherever required.
3. Making IRLA operational and ensuring that all demands are entered into this system.
4. Ensuring that all the software packages prescribed by the DIT (Systems) are made operational.
5. Seeing that all Taxpayers’ grievances are attended in time and redressed in a fixed time bound manner.
7. Selection of cases for scrutiny in time and ensuring their timely disposal.
8. Controlling all computer hardware and software of the range and ensuring its maintenance, replacement and updating. Providing technical support and guidance for operation of the computer system.
9. Taking all necessary steps for widening of the tax base.
10. Internal audit functions.
11. Ensuring that appeals effects are given an central scrutiny reports are submitted in time.
12. Statutory functions.

Functions of Administrative Officers

Following are the duties and functions of different categories of administrative officers:

1. **Functions of Senior Administrative Officer**: - He is responsible for general supervision of administration / establishment and accounts personnel and ensuring discipline and punctuality in office. He supervises the functioning of administrative officer grade-II and grade-III. He has an authority to inflict punishment to non-gazetted personnel according to the procedure laid down in CCS (CCA) Rules.
**Functions of Administrative Officer Grade –II: -**

As like the Senior Administrative Officer, grade-II officers is also responsible for General supervision of administration / establishment and accounts personnel and ensuring discipline and punctuality in the office. He supervise the functioning of Administrative Officers Grade-III. All important documents including annual confidential reports of non-gazetted personnel are in the custody of Administrative Officer Grade-II and any other work / duties assigned by the Senior Administrative Officer / JCIT / Addl. CIT / CIT / CCIT.

**Functions of Administrative Officer Grade-III: -**

1. Head of office holding the charge of drawing and disbursing officers for gazetted and non-gazetted personnel of the Region / charge / range.
2. Security officer of the office premises and general supervision.
3. Supervision of administration / establishment and accounts personnel and ensuring discipline in the office.
4. Annual physical verification and stock taking of records and stationery.
5. Drawing up of contingent bills within the time limit of sanction of budget allotted to the region / charge.
6. Management of areas relating to preparation of statements, statistics and matter relating to recovery.
7. Co-ordination of matters relating to Supreme Court, High Court, CAT etc. in the CCIT / CIT offices.
8. Grant of casual leave and also sanction of leave to non-gazetted personnel under existing rules to the extent laid down in the rules.
9. Administration relating to proper docketing of receipt and dispatch of dak and control over distribution of dak. Maintenance of service books, stock register, furniture and fixtures.
10. Preparation of pension and other retirement related papers and forwarding thereof.
11. Any other work/duties assigned by the Administrative Officer Grade-II/Senior Administrative Officer / JCIT / Addl. / CIT / CIT / CCIT.
Functions of Inspectors of Income Tax

The Inspector of Income Tax performs some general functions:

I. Assistance in search and seizure operations at any time if so directed.

II. Implementation of all roles assigned to an Inspector in the departmental application software.

III. Assistance in preparation of replies to parliament questions, reports for C&AG, and parliamentary committees etc.

IV. Assistance in performance reviews, monitoring of action and other targets, and submission of statistical reports to higher authorities.

V. Maintenance of daily diary for the work done during the day and submission thereof the immediate supervisory authority once a week unless called for earlier.

VI. Assistance in public relations and grievance redressal, taxpayer education and taxpayer assistance, work relating to staff welfare and staff association, departmental examinations and protocol work.

VII. Assistance in foreign section work.

VIII. Outdoor work relating to filing of appeals or reference application before ITAT, Courts, Settlement Commission consultation with standing counsel, attending courts / CA.

IX. Service of summons / notices, if so directed.

X. Any other work of official nature specially assigned.

XI. Instead of all these functions inspector performs some other functions as, work relating to enquiry and surveys, assessment, collection of arrear demand, Tax evasion petitions, prosecutions, relating to audit, relating to TDS, relating to Tax recovery, relating to the office of range Additional/Joint CIT, relating to office of CIT, office of the Chief CIT, relating to representation before Tribunal, relating to computer centers, investigation and related work, collection of information for CIB and related functions.
Headquarters Organisation and Functions

Introduction

Background: The core functions of the Income-Tax departments are to provide service to the Taxpayer in regard to assessment and collection of direct Taxes. Therefore, a sizable portion of human resources are either deployed directly for assessment, collection and recovery of revenue or indirectly through supervision of those who perform these functions. However, in order to effectively perform the latter functions, Administrative Commissioners and Chief Commissioners also require support at their headquarters.

Difference in Practices

Since no guiding principles have been prescribed for the functioning of the headquarters organization, different practices have evolved over a period of time at different places, even in respect of the same managerial functions. Thus differences exist with regard to nomenclature of post, inter-se allocation of duties/responsibilities among the officials, the employment intensity of various functions and the span of control.

Organization and functions of Headquarters of Chief commissioners of Income Tax

The CCIT exercises control over a region. This is of two types-multi CCIT regions in which more than one Chief Commissioner have their headquarters and single CCIT regions in which only one Chief Commissioner’s headquarters is located. The multi CCIT regions are again of two types, depending on territorial distribution of the Chief Commissioners. Thus, there are multi CCIT regions like Delhi and Mumbai, where all the Chief Commissioners including the cadre controlling Chief Commissioners of Income-Tax are headquartered. The second type of multi CCIT regions are the ones like in Andhra Pradesh and Uttar Pradesh, where Chief Commissioners are located in stations other than ones where the cadre controlling Chief Commissioner’s headquarters is located.
Further, Director General of Income Tax (Inv.) and Directors of Income Tax (Inv.) also function with their own headquarters, in most of the regions.

While all the Chief Commissioners perform similar functions in relation to the technical matters, in relation to non technical matters, the cadre controlling Chief Commissioners, whether in multi CCIT regions or single CCIT regions, will have a greater role to perform, in matters pertaining to personnel, vigilance and coordination. The headquarters of Commissioners of Income Tax also perform most of the functions assigned to Chief Commissioners, but on a lower scale. The functions of Commissioners differ depending on whether they are headquartered in the Chief Commissioner’s headquarters, or not. Where the Commissioner’s offices are situated in stations other than the Chief Commissioner’s headquarters, the Commissioners perform most of the functions relating to protocol, welfare, coordination and estate administration.

Given below is a brief description of various functions of the headquarters of the Chief Commissioners and Commissioners. While most of these functions are supposed to be discharged by the Chief Commissioners of Income Tax, it is quite common for the Chief Commissioner to delegate these powers to the Commissioners also. In the regions where more than one Chief Commissioner is deputed, the practice of distributing different functions between the Chief Commissioners is also there. So in actual practice, different functions are performed by the headquarters of Chief Commissioners, depending on the understanding amongst the Chief Commissioners and also on the levels of delegation of powers. In view of this, an attempt is being made to describe briefly the various administrative and technical functions, hereunder. The role to be played by either Chief Commissioners or Commissioners in discharging these functions are also indicated wherever it can be fixed.

The CCIT Chandigarh is headed by chief commissioner. Here only one chief commissioner’s headquarter is located. He is responsible for the functioning of North West Region, Chandigarh. He also make close liaison between head quarters and other offices.
Establishment Matters

Chief Commissioner: The headquarters of Chief Commissioner is primarily responsible for management of human resources available for the Department, with a region. The following are some of the important functions relating to this aspect of work.

i. Transfer and posting of the officers and staff, maintenance of roster.

ii. Registers, service registers, vigilance folders.

iii. Dealing with the staff association.

iv. Recognition of staff association.

v. Organizing meeting of the Joint Consultative Committees.

vi. Making appointments on compassionate grounds.

vii. Matters relating to promotions up to the cadre of Income Tax Officers.

viii. Matters relating to litigation matters pertaining to personnel.

ix. Selection, management and training to staff.

x. Conducting of departmental promotion committee meetings.

xi. Sanction of different kinds of leave to the officers working in the region.

xii. Related establishment matters.

Commissioner: The head quarters of the Commissioner of Income-Tax deals with the following aspects in relation to the personnel matters:

i. Transfer and posting of the officers and staff, when they are placed at his disposal.

ii. Issuing appointment and promotion orders of Group ‘C’ and ‘D’ staff.

iii. Pursuing litigation matters relating to personnel.

iv. Sanction of different kinds of leave to the officers working in the charge.

v. Maintenance of various registers, vigilance folders etc.
Budgetary Functions

Chief Commissioner: The office of the Chief Commissioner deals with all matters involving financial sanctions. Thus, all the sanctions relating to purchase of office equipment, hiring of office accommodation, printing etc. will have to be approved by the office of the Chief Commissioner, as per the General Financial Rules.

Further, the headquarters of the Chief Commissioner has the responsibility for preparing the budgetary requirement of the entire officer working under the Chief Commissioner’s Region. For the purpose, by 23rd September this office has to submit the following details to the IFU in the CBDT:

a. Expenditure incurred in the earlier financial year
b. Expenditure incurred in the last seven months of the earlier financial year.
c. Expenditure incurred for the first five months of the current financial year.
d. Revised estimates for the current financial year.
e. Budget estimates for the subsequent financial year.

For this purpose, details have to be obtained from Commissioners well in time.

Apart from this, a consolidated monthly expenditure statement has to be sent to the IFU before 20th every month, in relation to the earlier month. In the month of February, details of actual expenditure incurred in the first 10 months of the financial year will have to be sent. For the above purpose also, the details will have to be obtained from CIT.

The budget sanction given under various heads by the IFU to the CCIT’s region will have to distribute by the headquarters of the CCIT amongst all the Commissioners and DDOs functioning in the respective CCITs region.

The headquarters of the CCIT will also be in-charge of preparing pay bills and communication with ZAO and Pay & Accounts office, in relation to the offices working in the headquarters.
Commissioner: The headquarters of the Commissioner of Income Tax is responsible for submitting the consolidated figure required by the IFU, to the O/o CCIT. Hence this office obtains the details from all the DDOs functioning within the jurisdiction of a Commissioner’s charge and consolidates them before submission to the O/o CCIT.

The monthly consolidated expenditure statements and the ten monthly statements (to be submitted in February) are prepared by the CIT’s headquarters, after collating the details obtained from the offices functioning under his charge.

The headquarters of the administrative CIT is responsible for preparation of pay bills and communication with the ZAO and Pay & Accounts Officers, in respect of the offices working within his jurisdiction.

The office of the Commissioner deals with all matters involving financial sanctions. Thus, all the sanctions relating to purchase of office equipment, hiring of office accommodation, printing etc. within the charge will have to be given by the office of the commissioner, in accordance with the General Financial Rules.

Vigilance Related Matters

Chief Commissioner: The headquarters of the Chief Commissioners perform the following functions in relation to vigilance matters:

i. Processing of intimations received from the officers and staff regarding acquisition and disposal of immovable properties and transactions in movable properties.

ii. Verification of the annual property statements submitted by the officers.

iii. Dealing with complains against the staff and conducting enquiries and disciplinary proceedings against them.

iv. Pursuing litigation in relation to vigilance matters.

v. Maintenance of confidential reports of officers and staff.
It needs to be reiterated that even though matters pertaining to the intimations and annual property statements under the Conduct Rules are in a sense related to preventive vigilance, they have to be handled by the personnel/administrative division of the headquarters and not by vigilance section of the headquarters. This is because this work relates much more to personnel rather than vigilance management. It also needs to be emphasized that the intimations given by officers should ordinarily be accepted and not be subjected to unnecessary queries.

Unless specifically delegated or assigned to another CCIT, all the above functions except (iii) & (iv) supra are performed by the cadre controlling CCIT.

**Commissioner:** The headquarters of the Commissioner looks after the following matters, in relation to vigilance:

i. Appointment of Enquiry Officers where enquiries are pending against any member of the staff.

ii. Imposition of various kinds of penalties against the staff working in the charge on completion of enquiry proceedings.

iii. Processing of petitions received against officers in case where petitions are specific and signed.

It is not feasible to measure the extent of the targets achieved in respect of various performance benchmarks for the reason that any growth and progress in an organization is a result of an intricate inter-play of several factors and it is not feasible to ascertain the disaggregated effect of each such factor. However, the growth of revenue and increase in the productivity of the Department has been more than benchmarks indicated in the restructuring proposal.
Findings and Suggestions

The present organizational structure of the department is not fulfilling the needs of assessees. It is observed that the span of control is wide. All the powers are centralized at upper level. Upper level grabs all the facilities. In very few cases it is observed that powers are delegated to the lower authorities. There is long chain of hierarchy which causes delay in work. Superior subordinate relations are not healthy. Official’s behavior towards assessees is not friendly. Further The study of the organizational structure of the department has indicated that the organisation is functioning as a closed system. Consequently there are problems of interaction between the higher and lower level management. The differentiation of the functions between the higher lines of administration and lower level of administration are many.

The working of the department can be improved by increasing the effective control over Income Tax Authorities. Orientation courses for all officials may be organized by training institutes. Further it is suggested that the officials who discharge their duties honestly and quickly dispose off the cases may be encouraged and appreciated in form of incentives. Who fail in these respects may be helped to overcome these failings and, in bad cases, severely dealt with.