

Tips to avoid corruption

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Tips to Avoid Corruption – Indirect Taxes

The last decade has seen the move towards usage of technology by the tax authorities and the traditional examination of statutory records has been gradually fading away. However the corruption in the local VAT / Excise offices across India as well as the central Customs, Central Excise & Service tax offices is still a great cause of concern. The target based tax administration has also forced tax officers to be very aggressive and the goose that lays the golden egg is many a times a bitter tax payer who may seize the chance to evade the tax.

The recent victory of persons who oppose corruption is indeed a very welcome change and it appears that all political parties would have to consider adopting anti- corrupt postures in time to come as also in this year prior to elections.

At times no doubt it is the shorter and less cumbersome alternative and the cost may even be less than the compliance costs. Nobody- neither the tax compliant assessee nor the professional who works for such assessee is comfortable in indulging but does it with dis taste and also with a sense of resignation that nothing can be done as the system is rotten.

In this article we examine whether the tax compliant assessee or the ethical professional can in some ways avoid being part of this dis-empowering practice. Some thought which readily come to mind are as under:

1. Understand the duties and responsibilities as a citizen of the country as also the laws being sought to be complied with or practiced in. Knowledge is strength.
2. IDT laws keep changing – keep abreast of the latest laws and examine possible impact on your business.
3. Many of the practices/ rules in VAT are archaic and not fair and need to be challenged and taken up in writs to the high courts. Examples could be illegal audits, frivolous demands forcing pre deposit before appeal is filed.
4. Ensure that your/ clients books are clean and there are no hidden skeletons. [it would be important that in almost 40 percent of clients representing 70 percent of Govt revenue this is TRUE!!]
5. Maybe do a health check in relation to IDT every year and if large every quarter. It would also automatically lead to all benefits taken as well as alarms on what is not happening.
6. As far as possible be transparent and declare in writing the aspects of records,

classification , valuation methods, credit methods, reason fro claiming exemptions etc and send by RPAD. [Not to personally file] In case of telecall ask officer to write back.

7. Pay correct tax in time.
8. File returns in time
9. When errors detected, voluntarily discharge the same and see whether the same can be recovered form the next stage thru supplementary invoice.
10. All oral enquiries of dept to be replied in writing by way of RPAD. [this may even discourage oral enquiries.]
11. All oral submissions made to officer and resultant discussion to be recorded and sent to officer for confirmation. [they would become careful]
12. All objections from dept- study and send your view with supporting by RPAD. [to avoid any rejection or non acceptance.]
13. In case of visits by officers official/ unofficial send a communication by RPAD recording the communication.
14. Audits by IAP/ CAG are presently not with authority of law. Seek confirmation form them in writing whether it is valid.
15. Get the dates of audit confirmed.
16. All search only with valid authorizations and all information copies provided to be duly acknowledged. If not, send letter next day by RPAD that the documents list provided.
17. Many many more actions towards this objective possible when as we examine each issue that causes doubt.

Wish all an empowered practice.