

# Case Studies on e-Governance in India

## Transforming Taxpayer Services through e-filing of Income Tax Returns

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## About the Initiative

This publication is a part of the Capacity Building initiative under the National e-Governance Plan (NeGP) by NeGD with an aim to draw out learnings from various projects implemented in various States/ UTs and sharing this knowledge, in the form of case studies, with the decision makers and implementers to benefit them, by way of knowledge creation and skill building, from these experiences during planning and implementation of various projects under NeGP.

Conceptualised and overseen by the National e-Governance Division (NeGD) of Media lab Asia/DeitY these case studies are submitted by e-Governance Practitioners from Government and Industry/Research Institutions. The cases submitted by the authors are vetted by experts from outside and within the Government for learning and reference value, relevance to future project implementers, planners and to those involved in e-governance capacity Building programs before they are recommended for publication. National Institute for Smart Government (NISG), working on behalf of this NeGD provided program management support and interacted with the authors and subject matter experts in bringing out these published case studies. It is hoped that these case studies drawn from successful and failed e-Governance projects would help practitioners to understand the real-time issues involved, typical dilemmas faced by e-Governance project implementers, and possible solutions to resolve them.

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## Abstract

The Income Tax Department performs the sovereign function of collecting direct taxes for the government and in this role it operates as an enforcement agency. The 'enforcement agency' mindset has been one of the biggest challenges in setting up systems which respect the honest taxpayer. Other challenges include difficulties in developing a common understanding across different functionaries on what is to be achieved and how, and in standardizing office layout to align it with new technology and new process for receiving service requests. Many times functionaries at field level are confronted with issues that required policy level decisions. The Department could overcome mindset issues through extensive consultations with taxpayers, tax professionals and industry associations. Alignment issues were resolved by constituting working groups and task forces with multi-functional, multi-hierarchical representation, while retaining some common members across groups.

E-filing of tax returns has not only made it convenient for tax payers to file tax returns anytime anywhere, it has also reduced time to receive refund if due, and eliminated the need to get someone to help move files. Technology initiatives coupled with viewing taxpayers as customers who deserve quality services is making all the difference between automation and e-governance. The Government can cater to an ever-increasing number of tax payers with relative ease and mop up more revenues as well. This case study describes how the department understood the significance of reducing not just the time it took to process refunds but also the time which taxpayers spent waiting to actually get the refund, if any. The distinction between department's 'processing time' and taxpayer's 'waiting time' has been the key to using technology for internal efficiency as well as applying it for taxpayer benefit. The heady days of struggling with process simplification and change of heart have won their reward. Systems are now stabilizing, and many challenges that seemed larger than life lie fallen by the wayside.

## Keywords

Aaykar Sampark Kendra, Central Board of Direct Taxes, Change Management, E-filing Portal, Government-Citizen Interface, Government Process Re-engineering, Income Tax Return, Income Tax Refund, Service Excellence, Sevottam, Stakeholder Engagement

## Note to Practitioners

This case study describes the emergence of e-filing portal and Aaykar Seva Kendras (ASK) set up by Income Tax Department (ITD) as e-Governance initiatives that have contributed in the move towards non-adversarial tax administration, and providing quality service to taxpayers. While ITD offers quite a few services online, this case focuses on filing of returns and issue of refunds which impacts every taxpayer, big or small. As early as 1998, ITD had a

vision to offer better taxpayer services this case study shows how ITD has maintained harmony between its statutory function of tax collection and its role as a reliable service provider.

Accentuating its service provider role, ITD has set maximum time limits for action in respect of 16 services as listed in its Citizen's Charter. This is backed by the functionality of monitoring software that compares actual time taken for delivery of services with the committed time. ITD was able to do this because it broke free of the typical mould in which government agencies are set – that in which the left hand not only disregards what the right is doing, but may even work against it. ITD was among the ten departments identified for pilot implementation of a service excellence framework developed by Department of Administrative Reforms and Public Grievances (DARPG), Government of India. While some departments regarded this as an externally imposed compulsion, ITD welcomed it as an opportunity to support its own efforts to improve taxpayer services. Seeds sown during that pilot implementation have today blossomed in the form of ASKs, the technologically savvy, taxpayer-friendly face of ITD.

This is not the story of one project, but of different components of different projects that came together at approximately the same time, viz. Business Process Re-engineering (BPR), Simplification of Formats to file Income Tax Return (ITR), and participation in DARPG's service excellence pilot. Partly this was intentional, e.g. BPR preceding comprehensive computerization was part of the game plan. But partly it was providential, e.g. development of ASK concept as a result of the work done in accordance with DARPG pilot project timelines. In other situations, such convergence may not happen in the same way, implying that additional effort on bringing different viewpoints and work streams together will be needed.

The case visualizes e-Governance not only as a tool for self-service on the front-end and computerized transaction processing at the back-end, but also as an enabler for organizational development. The strategy of using technology to treat taxpayers as customers has brought in new organizational structures that capitalize on efficiency of processing huge volumes in a centralized location. Centralized Processing Centres (CPC) were set up to systemize the processing of returns and Assessment Units are left with more time for quality work.

This case study focuses on the management interventions through which ITD enabled itself to use technology as a strategic tool for transforming governance and offering cost-effective convenience to taxpayers with accountability. There is limited information on the technology acquisition and deployment aspects of the solutions ITD is using. Practitioners can use this case to 'think' differently about their citizen service problems and solutions, but will have to look elsewhere for understanding which technology to use for what purpose.

## Project Context

Financial year-end is generally associated with a lot of work related to finalization of accounts, clearance of dues and recovery of receivables. Not very long ago, it was also associated with an impossibly difficult tax collection and refund system, under which tax collection was mainly done through collection counters in public sector banks or through special tax collection drives organized for a week before the last date. Very often the counters had to be kept open late into the night to handle the large volume of work coming up all at once. The process was extremely inconvenient and inefficient, both for the taxpayers who had to deal with endless queues, as well as for ITD which received, sorted, checked, stored and retrieved the information when tax payers came back to claim refunds. Adding to the woes of both sides, the volume of income tax payers in India had more than doubled from 12.5 million in 1996-97 to 31.9 million in 2006-07.

On an average, two visits per taxpayer were needed to complete the filing process under the manual system which was also prone to errors. As data about refund claims, non-filers, stop-filers, tax payment, TDS claims etc. was dependent on manual data entry across Income Tax offices, ITD was unable to define a timeline for issuing refunds. Taxpayers often found that filing tax returns and following up on refunds was more taxing than paying additional taxes. Complexity of the forms added to their burden and made the system opaque.

## Project Overview

*“Next to being shot at and missed, nothing is quite as satisfying as an income tax refund”*

The problems in processing tax refunds together with the increasing number of taxpayers made ITD look for comprehensive technology solutions. As early as 2002, IT-enablement of processes and services was initiated. As a part of this massive exercise, electronic filing of Income Tax returns was first launched in Assessment Year (AY) 2006-07, when it became mandatory for companies and optional for individuals to submit their income tax returns electronically. Since then, the system has truly stabilized, and many challenges that seemed larger than life in the early days lie fallen by the wayside today.

Table 1 shows how the usage of ITD’s e-filing service has multiplied in the last five years.

Table 1: e-Filing Statistics		
	Time Period	Number
Number of Returns filed online	2006-07	3.70 lacs
	2008-09	21.92 lacs
	2009-10	52.53 lacs
	2011-12	1.65 crore
Number of Registered Users	As on 26-Nov-12	2,44,37,405
Peak rate of receipt of returns per day	2012	6,64,169
Peak rate of returns per hour	2012	73,104
Peak rate of returns per minute	2012	1492
Percentage of returns received outside office hours	2012	32.80%
Percentage of returns filed using e-Filing	2012	54.21%
Sources: Saaransh: A Compendium of Mission Mode Projects under NeGP <a href="https://incometaxindiaefiling.gov.in/">https://incometaxindiaefiling.gov.in/</a> (Retrieved November 26, 2012)		

The above numbers however, tell only part of the story. For AY 2012-13, *melas* and camps for filing tax returns were conspicuous by their absence, and without long queues outside income tax offices, it was difficult to believe that last date for filing returns had already come and gone. And most difficult to believe is the fact that tax refund due for a return filed in August 2012 can actually be received by a taxpayer in December 2012, and that too absolutely without any follow up.

ITD enabled itself to pull this feat through at least two kinds of reform:

1. Reform through Business Process Re-engineering (BPR)
2. Reform through Implementation of Sevottam<sup>1</sup>

In both cases, extensive consultations with stakeholders over extended periods of time were undertaken to ensure that Voice of Customer (VoC) was heard and incorporated into the new designs.

### **Business Process Re-engineering**

In his 2006 Budget Speech, the Union Finance Minister announced that ITD is taking up a Business Process Re-engineering (BPR) exercise. A global tendering process was followed to select and appoint a BPR consultant, and a separate Directorate of Business Process Re-engineering was created in May 2006. The following objectives were articulated for the BPR exercise:

- Review of all current processes to remove redundancy and obsolescence through redesign and/or creation of new processes
- Identification of stakeholders; capturing stakeholder expectations on availability of information, convenience of filing tax returns and documents, payment of taxes, issue of refunds
- Use best and leading practices of other organizations to develop milestones, objectives, targets to benchmark organizational performance
- Increased alignment between people, processes and technology
- Enhanced employee involvement, skills and creativity

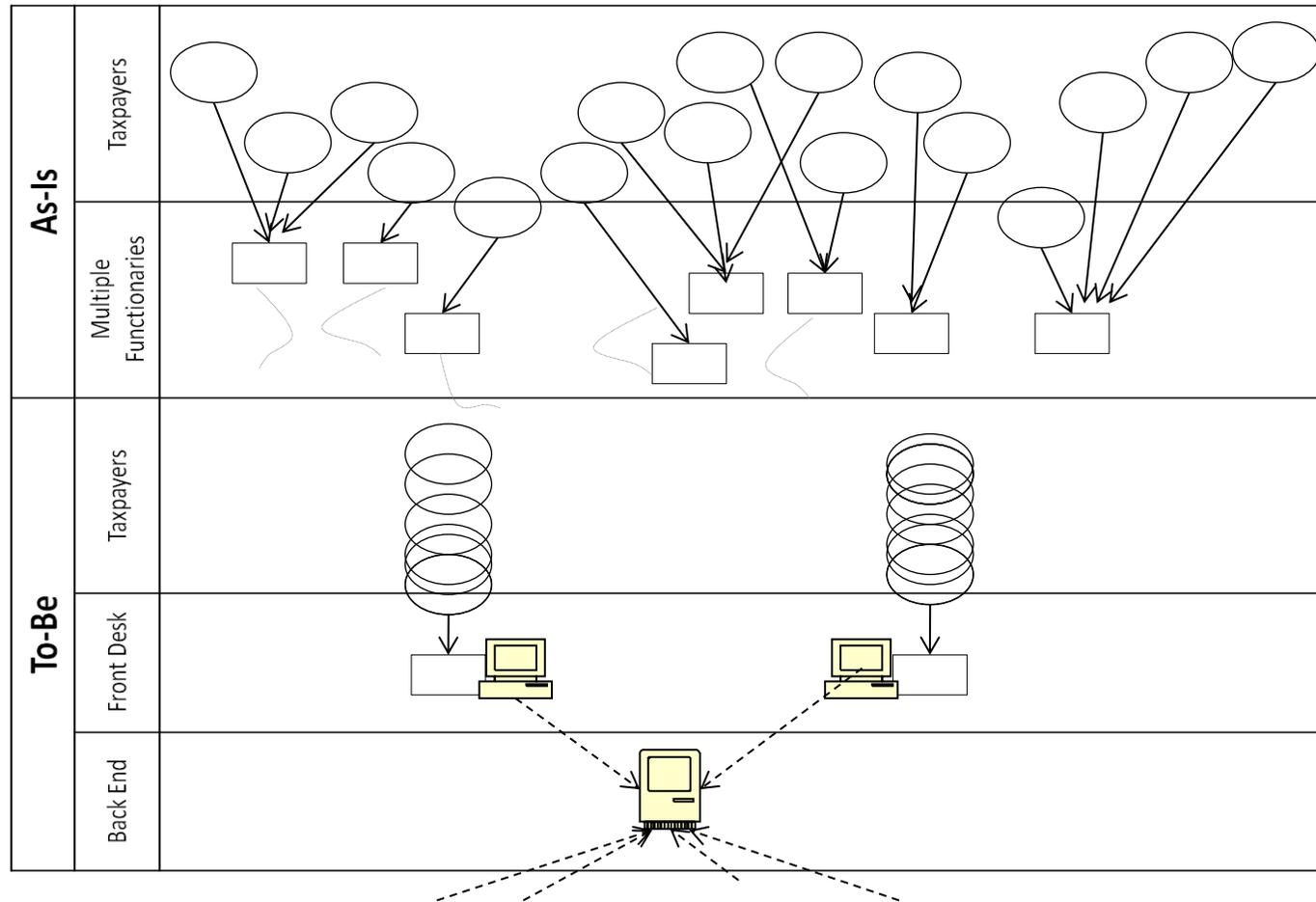
BPR studies were conducted at 15 locations which included three metros (Delhi, Mumbai, Kolkata), nine mid-size cities (Hyderabad, Nagpur, Patna, Bhopal, Mysore, Lucknow,

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<sup>1</sup> The word Sevottam is a combination of two Hindi words: Seva (Service) and Uttam (Excellent). It means “Service Excellence”, emphasizing the idea of “Service” in government. Sevottam is the name given to a framework applicable to the activities of public service delivery organizations at the point of interface with service recipients. It is a tool in the hands of implementing organizations, guiding and enabling them to undertake a systematic self-assessment on citizen-centric service parameters. Using this analysis, practical solutions are incorporated into the organization’s day-to-day routine thereby ensuring sustainable improvement in delivery of services to citizens. Sevottam has laid the foundation for legislation in the country to guarantee time bound services to citizens.

Sevottam was developed by DARPG under a World Bank project. In 2005, the Cabinet approved its implementation in 10 central government organizations. In 2009, the Second Administrative Reforms Commission released its 12<sup>th</sup> Report titled ‘Citizen-centric Governance’ recommending that Sevottam should be made mandatory for all government organizations. More information on Sevottam is available at [www.darpg.nic.in](http://www.darpg.nic.in)

Guwahati, Ludhiana, Shillong) and three moffusil areas (Hajipur, Mandya, Itarsi). The BPR project was initiated on May 01, 2007 and the final report was submitted in April 2008. In respect of taxpayer services, the need to track individual applications was incorporated into the new process design by discontinuing “As-Is” practice of service requests being handed over by different applicants to different functionaries and conceiving “To-Be” computer-equipped counters to receive and acknowledge all requests as is shown in Figure 1.



→ Physical Movement

- - - → Electronic Movement

⤵ Non-Standardized Response

**Figure 1: Re-engineering of Service Request Process** (Source: Discussions with ITD)

A key recommendation emerging from the BPR exercise has had a far-reaching impact on ITD's organization structure. Now that the system could be thought of anew with automated processing in mind, it made much better sense to segregate the working of the department on two broad lines – one being the Bulk Operations Division (BOD), handling routine and repetitive activities, not requiring the use of discretion and hence amenable to large scale automation; and the other being a Compliance Operations Division (COD) to carry out specialized activities. This was to replace the earlier system under which the same people were doing both kinds of jobs.

### **Voice of Customer**

'Voice of Customer' survey was conducted at 12 stations in which a specifically designed questionnaire was administered to 754 tax payers of different categories, and tax consultants.

Several meetings were also held with various categories of stakeholders to find out their needs and pain points, and discuss how best to address them. The first stakeholder meeting with the Chartered Accountants Institutes and Merchant Chambers was held at Mumbai on June 23, 2006. The following points extracted from the documented minutes of this meeting illustrate the depth of discussions during these meetings.

- **Holistic Review:** Public interaction with the Department begins much before a return is filed or taken up for assessment. Therefore it is not enough to re-engineer the process for filing of returns and scrutinizing them; the Income Tax Act also needs simultaneous review to ensure that the new processes are implemented seamlessly. For example, the announcement of a new format for taxpayers to file return must be accompanied by immediate availability and acceptance; otherwise there will be more problems than solutions.
- **Issue-based Clarifications:** Considering the plethora of requirements must to be fulfilled by taxpayers, the Department should frequently publish issue-based clarifications. This will help identify problem areas, draw attention to these issues, trigger application of mind to them followed by periodic amendments as needed.
- **Loyalty Incentives:** Loyal taxpayers should be awarded with valued taxpayer card, and computer based selection of cases for scrutiny should be rationalized and selection should be parameter based.
- **Training to Assessing Officers:** Officers should be trained to ask industry relevant questions and workload should be distributed so that the taxpayer is not subject to harassment for reasons unrelated to the tax return.

- **Service Enablers:** Proper infrastructure should be provided for the comfort of taxpayers and their representatives in every building. Information processing should be rationalized and data should be linked with the records of assessees.

Such intensive stakeholder discussions re-oriented ITD towards thinking of itself as a service provider to a large number of big and small taxpayers, and helped align its organizational structure with the business architecture needed to support new technical architectures.

### Simplification of ITR Forms

*“It takes more brains and effort to make out the income-tax form than it does to make the income”*

An Income Tax Return (ITR) form should ideally be easy for tax payers to fill in but with manual processing, it becomes necessary to capture the same data over and over again as data captured at one time is nearly impossible to retrieve at other times when volumes are huge. The increased use of technology coupled with a tax payer service orientation led to ITR forms being re-designed several times. With complex tax laws amenable to different interpretations, form redesign turned out to be quite a time consuming exercise with several iterations, and is in fact still going through some more. By now ITD has used up all the Hindi epithets for simplicity multiple times, from Saral to Sugam and Sahaj.

The first attempt at simplification was made much before the e-filing portal was conceived. This was done through the Saral form which was a simplification from what was being used until then, and there was a hope that this simplification would encourage voluntary compliance. For AY 2006-07, the Saral form was replaced with Form 2F, which included optional cash flow information. Next year, even this was dropped and a series of ITR forms were designed for taxpayers with multiple sources of income. In AY 2011-12, Saral II, which was much simpler than its predecessor, replaced these ITR forms. Table 2 shows some examples of the simplifications/ changes done from time to time. Specimens of the various forms are shown in Annexure 1.

Table 2: ITR Form Simplifications	
Assessment Year	Changes from Previous Year
2007-08	<ul style="list-style-type: none"> <li>• Cash flow section omitted</li> <li>• Reduced from six pages with instructions included with each section requiring information, to two pages of sections and two pages of instructions</li> </ul>

Table 2: ITR Form Simplifications	
Assessment Year	Changes from Previous Year
2010-11	<ul style="list-style-type: none"> <li>Income from one House Property added in the same form as salary, reducing the number of forms from two to one for salaried individuals who had some additional income only from one house</li> </ul>
2011-12	<ul style="list-style-type: none"> <li>Color added to the form which was black and white</li> <li>XML conversion was made easier by reducing errors in things like font , conversion</li> <li>Barcode added for easy identification and retrieval by ITD</li> </ul>

## Service Excellence through Sevottam

*“We can live with complicated forms if refund comes faster”*

Around this time, when the ITD was working on BPR and technology solutions, Government of India was undertaking another exercise through the Department of Administrative Reforms and Public Grievances (DARPG). Under a World Bank funded project, DARPG had developed a service delivery excellence framework called Sevottam and had identified ten departments which included ITD to participate in a pilot implementation exercise. In the very first meeting held in September 2006 on request from Additional Secretary DARPG, Secretary Revenue could see that the Sevottam framework was in line with many of the things ITD was trying to implement, and by taking up a pilot implementation of Sevottam, it could follow a much more structured approach to re-orient itself for improved service delivery. On the directions of Secretary Revenue, a detailed presentation on Sevottam was made by DARPG at North Block on September 15, 2006 to the Secretary and Joint Secretary level officers of ITD. Since then, there has been no looking back.

For effective implementation of Sevottam in ITD, a Core Group was set up to develop an Action Plan. The Core Group then prepared a blueprint and as a first step, review and re-writing of the 1998 Citizen’s Charter was recommended. However, rewriting the Charter needed a change of heart, and not just a change in the words used.

## Change of Heart

One of the most important challenges that ITD faced was within. For this initiative to deliver best results in terms of tax payer convenience, ITD had to stop thinking of itself as only an enforcement agency and start playing its role as a service provider also and create an enabling environment for voluntary compliance.

This is where the Sevottam framework worked best. For a department that could not give a reliable time frame for processing tax refunds, Sevottam was like a concept from another world. Sevottam requires an implementing department to set measurable service standards and make them available in the public domain. And not just make them available as a passive exercise, but go out actively to make service recipients aware of the standards so that empowered with this information, they can actually make demands on the department to deliver as per declared standards. Turnaround time was the most common service standard that Sevottam promoted. As ITD came to terms with the realization that taxpayers are entitled to demand faster refunds, it also started seeing tax refunds as a service to tax payers. This was a huge change from ITD's earlier notion of itself as an enforcement agency out to catch defaulters and penalize non-compliance without any accountability of its own, to being a responsible service provider offering more convenience and quality service to honest tax payers.

### **Time Norms for Services**

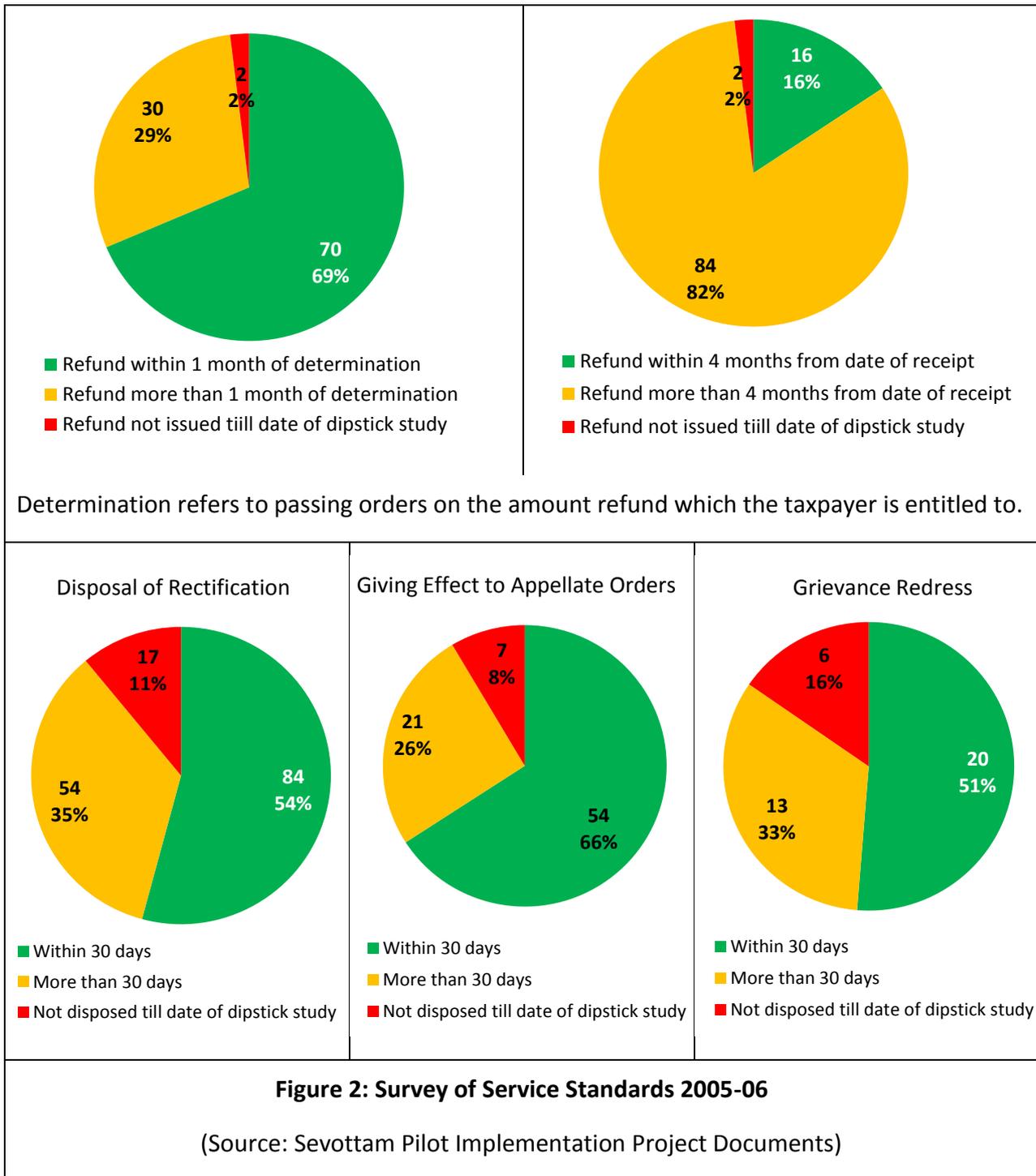
As ITD embarked on its Sevottam journey, it started questioning many of the things that were taken for granted till then. Although ITD prided itself on having a Citizen's Charter laying down time norms for key services, systems to detect and measure deviation from laid down norms were not in place at that time.

#### Monitoring of Time Norms

ITD very well knew that the deviation from norms was significant, but had not devoted sufficient thought to controlling it. Opinion was close to unanimous on regional variations in deviation from norms, but was divided on how big or small the deviations were. For the first time ITD undertook a quick survey to find out the extent of these deviations with the intention to use the findings to revise their Charter and include timelines that they could realistically hope to achieve. The results of this dipstick survey were used in two ways:

1. To engage in a longer drawn out exercise to revise the charter contents and bring them in line with current realities
2. To clearly demonstrate that at any point in time they could have unattended tax payer requests buried in files and there was no way to completely eliminate this in the current scheme of things.

Graphs in **Figure 2** show the results of the dipstick survey.



Although none of this information was new, the dipstick survey brought it out in the open, and it had to be officially acknowledged that this needed immediate remediation.

Review of Time Norms

The fact that majority of refunds were not being issued within 30 days of determination though serious, was the smaller part of the problem. The larger issue was that time norm for issuing refunds was linked to an internal workflow event and not to taxpayer needs.

ITD's Citizen's Charter of 1998 stated that ITD seeks to be efficient 'By issuing refunds within 30 days of determination.' Articulation of time norms in this way showed that ITD could not commit to how long determination would take after filing of return, implying that determination itself could take an indeterminate period of time. 'Determination' for ITD was a major milestone in ITD's internal workflow, but to the taxpayer it just meant endless waiting, both before and after determination. As soon as ITD recognized this anomaly in the way time norms were given in the Charter, a comprehensive review of the Charter was taken up.

In 2007, the Citizen's Charter was updated to state 'We aspire to provide the following services within specified time lines: Issue of refund along with interest u/s 143(1) of the I.T. Act (a) in case of electronically filed returns – 6 months (b) other returns – 9 months', and this time norm was 'From the end of the month in which return is received'. ITD's Charters of 1998, 2007, and 2012 are shown in **Annexure 2**. While the existence of ITD's 1998 Citizen's Charter was practically unknown to most taxpayers, it is now an established practice to prominently display the latest Citizen's Charter at all ASKs, upload it on ITD's website, and distribute it in printed form when references to service quality at ITD come up.

The blueprint which led to review of the Charter had also proposed monitoring of Citizen's Charter in future by introducing a system in every office building for receipt, distribution and monitoring of *dak* and paper returns using software that would also have the functionality of a robust grievance redress mechanism.

### **Aayakar Seva Kendra**

To ensure compliance with time norms laid down in the updated Charter, the *dak* receipt system envisaged electronic recording of all requests received for services listed in the Charter. Once a request enters the system, the history of how it had been dealt with is transparent, and instances of requests jumping the queue are easily identifiable. ITD was confident that this transparency will automatically eliminate about 20% of the deviation from norms. It would also eliminate the need for any dipstick studies in the future as the entire data set of service request date and service delivery date could be extracted from the system.

The first pilot runs with this system at Udaipur and Mumbai commenced on 15th October, 2007. Initially, the software operated with two-tier architecture in client server framework. An evaluation of these pilot runs showed that their success was not in actually being able to monitor and exercise control over time taken in delivery of services, but in providing

valuable lessons that paved the way for successes that came later. Before tasting success, some changes were needed.

1. The first change resulted from an appreciation of the cross-functional nature of the project. The Core Group was re-constituted by co-opting officers from various functional areas including Systems, Public Relations, Printing & Publications, Official Languages, and was now headed by the Chairman, Central Board of Direct Taxes (CBDT). This Core Group in effect acted as an Oversight Board for reviewing various strategic and operational issues that needed resolution at the apex level.
2. A new process document was developed for substantially improving upon the earlier software used at Udaipur and Mumbai and enable the following:
  - a. Single Window service for centralized receipt and registration of all representations/*dak* including paper returns, where the entire building is taken as one unit so that Single Window System operates for all the offices housed in that building
  - b. On receipt of an application/return, the system verifies the validity of the quoted PAN from the centralized database at the Primary Data Center to ensure that application/return goes only to the correct jurisdictional authority competent to take remedial action
  - c. For each *dak*/return of income, a system generated unique acknowledgement is generated and given to the taxpayer on the spot
  - d. Resolution dates are automatically generated by the system for each of the services included in the Citizen's Charter and the same can be viewed at all levels throughout the hierarchy of income tax authorities
  - e. Facility to receive bulk returns during rush periods is available
  - f. Since the Citizens' Charter includes six services relating to 'exemptions', a new software for processing exemption applications is installed at the Commissioner's office and linked with ASK software for quick resolution
  - g. All the *dak*/returns received at ASK are transferred electronically as well as physically to the concerned sections for resolution
  - h. As soon as action on applications/*dak* is completed, the date of actual resolution is captured in the system
  - i. System generated MIS supports continuous improvement

3. A lounge with basic facilities like drinking water and a screen for viewing departmental schemes and programmes is now included in the ASK layout. Facilitation Counter to help taxpayers discharge their legal obligations, seek clarifications on tax matters, and find out the status of applications filed by them was also introduced.

The first real success was thus achieved with the Pune ASK, closely followed by Kochi. Subsequently, ITD decided to brand ASKs with a specially designed logo and standardized office designs to be replicated across the country. The new software to be deployed during the roll out phase was also upgraded to the three tier architecture, compatible with ITD's existing application software. The ASK experiments made a significant contribution to ITD's Vision 2020 document which articulates the vision as:

The vision of the Income Tax Department (ITD) is to be a partner in the nation building process through progressive tax policy, efficient and effective tax administration and improved voluntary compliance. This will be achieved by an enabling policy environment and augmenting the revenue mobilization apparatus for optimum revenue collection under the law, while maintaining taxpayer confidence in the system.

What was initially attempted as a centralised *dak* receipt system in Udaipur and Mumbai today forms the basis of the ASKs being set up by the department across the country. ASKs are good examples of smartly designed and well-maintained offices. ITD plans to increase the number of ASKs in the coming years and eventually cover all its 750 offices with few exceptions made in cases where VSAT use restricts bandwidth availability, or office is housed in a rented building where it is not possible to make changes in accordance with ASK layout standards.

## Project Benefits

The current website of ITD has links to the following portals:



## Services Available Online

The services available through the above portals are shown in Table 3.

**Table 3: Services available through ITD portals**

#	Services	url
1	PAN Related Services	<a href="http://www.tin-nsdl.com">www.tin-nsdl.com</a>
2	TAN Related Services	<a href="http://www.tin-nsdl.com">www.tin-nsdl.com</a>
3	TDS Related Services	<a href="http://www.tin-nsdl.com">www.tin-nsdl.com</a>
4	Form 16A	<a href="http://www.tin-nsdl.com">www.tin-nsdl.com</a>
5	File Returns Online	<a href="https://incometaxindiaefiling.gov.in">https://incometaxindiaefiling.gov.in</a>
6	Pay Taxes Online	<a href="http://www.tin-nsdl.com">www.tin-nsdl.com</a>
7	View Tax Credits	<a href="http://www.tin-nsdl.com">www.tin-nsdl.com</a> & <a href="https://incometaxindiaefiling.gov.in">https://incometaxindiaefiling.gov.in</a>
8	Status of Tax Refund	<a href="http://www.tin-nsdl.com">www.tin-nsdl.com</a>
9	Tax Return Preparer Scheme	<a href="http://www.trpscheme.com">www.trpscheme.com</a>
10	Aaykar Sampark Kendra	<a href="mailto:ask@incometaxindia.gov.in">ask@incometaxindia.gov.in</a>
11	Tax Information Network	<a href="http://www.incometaxindia.gov.in">www.incometaxindia.gov.in</a> & <a href="http://www.tin-nsdl.com">www.tin-nsdl.com</a>
12	Locate Bank Branch for Tax Payment	<a href="http://www.tin-nsdl.com">www.tin-nsdl.com</a>
13	Annual Information Return	<a href="http://www.tin-nsdl.com">www.tin-nsdl.com</a>

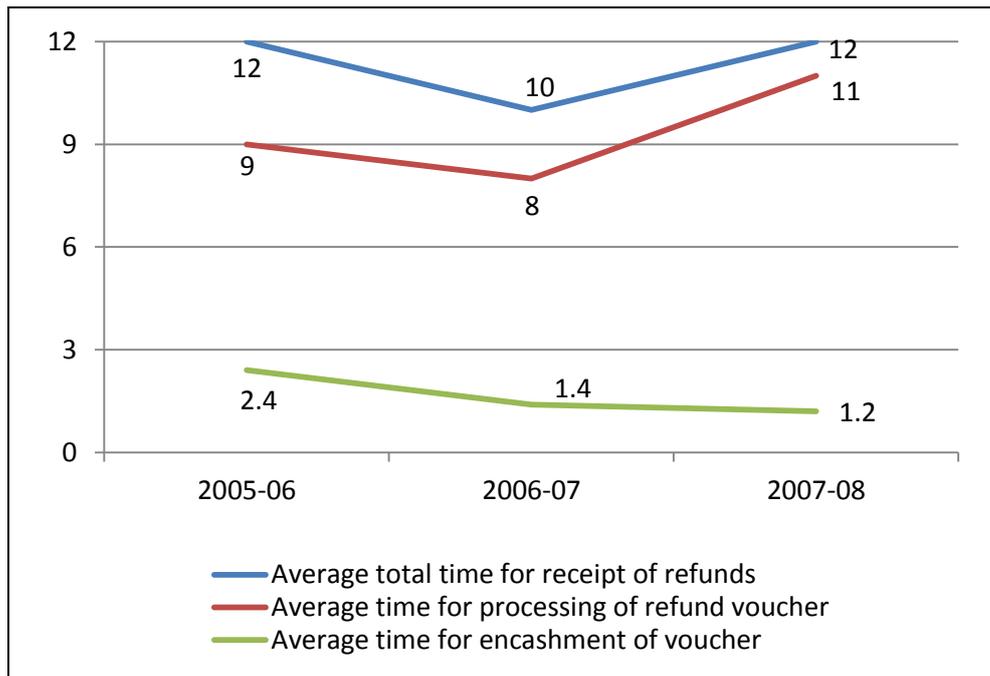
ITD's technological interventions are intended to achieve the following:

- Have a single application running over a single national database with Business Continuity Planning and Disaster Recovery Systems
- Speedy issue of PAN cards and improve authentication for all major financial transactions
- Facilitate day to day monitoring of taxpayer data and make it available for taking better informed policy decisions
- Anytime, Anywhere delivery of 18 services, securely and conveniently using the Internet
- Fast track issue of refunds through electronic transfer
- Web-based tracking of refund status.

In addition, there are benefits like cost savings in processing of returns, reduction in paper usage, and reduction in the need for storage space due to elimination of paper

### Quantitative Measures

As illustrated in Figure 2, the total time taken for processing of refunds is around one year during the period 2005 to 2008. This time came down to 169 days in 2009-10 and reduced further to 89 days in 2010-11.



**Figure 3: Service Standards (2005-08)**

For AY 2012-13, cases of refund being received in less than four months of filing return have been reported. Figure 3 shows the dates of filing return and receiving tax refund in one particular case.

Designation of AO (Ward / Circle)		WARD-6 (6)		Original or Revised		Original	
E-filing Acknowledgement Number		464391860160812		Date(DD-MM-YYYY)		16-08-2012	
1	Gross Total Income	1					1285000
2	Deductions under Chapter-VI-A	2					186046
3	Total Income	3					1098950
a	Current Year loss, if any	3a					0
4	Net Tax Payable	4					186106
5	Interest Payable	5					0
6	Total Tax and Interest Payable	6					186106
7	Taxes Paid						
a	Advance Tax	7a					0
b	TDS	7b					188140
c	TCS	7c					0
d	Self Assessment Tax	7d					0
e	Total Taxes Paid (7a+7b+7c +7d)	7e					188140
8	Tax Payable (6-7e)	8					0
9	Refund (7e-6)	9					2030

आयकर प्रतिदाय सूचना  
INCOME TAX REFUND ADVICE  
CMPQ7003529

दिनांक  
Date : 03-OCT-12

निम्न विवरण अनुसार आय कर प्रतिदाय संलग्न है :  
Income Tax Refund as per the following details is enclosed:

स्था. ले. सं. P.A.N.	निर्धारण वर्ष Assessment Year	राशि रूपये में Amount in Rupees	चेक / ड्राफ्ट सं. Cheque / Draft No.	बैंक खाता सं. Bank Account No.
AJNPB3230F	2012-13	*2,030.00*	426843	06402151013665

**Figure 4: Example of Speedy Refund (2012-13)**

## Issues and Challenges faced during Implementation

Three key challenges common to the different project components covered in this case can be articulated as:

- Bringing in cross-disciplinary expertise
- Access to highest decision-making levels at short notice
- Business-IT alignment

### Cross-disciplinary Expertise

At the time of setting up a project team, the focus is on drawing up a precise scope of work and forming work groups by drawing people who are dealing with the areas included in the scope of work. However, when it comes to implementation, the issues that come up do not obey the scope of work boundaries. Inevitably, there will be some issues that require expertise that is not available within the original work group. Additional inputs have to be brought in from relevant experts, and getting them on board calls for additional time and effort which cannot be factored into the original scheme of things. For example, for pilot

implementation of Sevottam, the initial understanding was that this requires improvement in the design of service delivery processes to enable setting service standards and adhering to the standards. Officers familiar with these areas were accordingly invited for meetings to discuss issues and next steps. However, during the course of implementation, issues that came up ranged from taking decisions on technology standards, specifications for office layout, moving from rented to owned buildings, etc. which required a much wider range of inputs from different departments within the department.

### **Access to Decision-makers at Short Notice**

As mentioned above, issues that keep coming up during the course of implementation know no boundaries. Many times, the project teams were faced with situations when decisions on strategic issues had to be taken, for which top management intervention was needed. For example, many of the issues in setting service standards were closely linked to statutory provisions on direct taxes, and taking a decision on service standards involved new interpretation of statutory provisions. The level of seniority at which such decision-making is required comprises of officers who are extremely senior and are always dealing with several issues of high visibility and national importance. Therefore escalating issues that come up during various projects at stages of implementation to that level of decision-making is not easy. It takes tremendous acumen on the part of the officer who is handling the project (most often with several other responsibilities) to not only escalate the issues to the right level, but also get a speedy resolution that can be implemented immediately.

This challenge was eventually resolved by re-constituting the Core Group on Sevottam implementation as the project moved from pilot stage to full scale implementation.

### **Business-IT Alignment**

There is a voluminous amount of literature available already on the need for Business-IT alignment. In this particular context, an example of the need for such alignment often came up when a new ASK was to be inaugurated. The imperatives behind setting a date for inauguration of any particular ASK by the Finance Minister or Secretary Revenue would be dictated by imperatives entirely different from the considerations with which the IT vendors and their teams worked. Finding a common ground between the two sets of imperatives posed a new challenge every time such a situation came up, especially during the time when the first few ASKs were set up.

## Key Lessons

Insiders at ITD believe that one key factor behind their success was that they analyzed problems in a scientific manner and avoided applying pre-conceived solutions. In a seminar on Taxpayer Services, one of the Commissioners is said to have remarked that they have visitor rooms but no visitors come. This information was used to question whether anyone had asked for visitors' room or it is being provided by force of habit.

The lessons from the content of this case study can be used by different types of organizations depending on the aspect being studied. The lessons learnt during the course of setting up ASKs are valuable for departments engaged in service delivery. The lessons from successful pilots of Sevottam (which were supported by DARPG) gradually turning into full-scale implementations (without the support of DARPG) are useful at the government level, especially for departments that are responsible for designing and supporting improvement initiatives that have to be implemented by other organizations.

### Setting up of ASK

The success of the early ASK pilots lies in providing valuable lessons that paved the way for successes that came later. Among the key lessons learnt from the Udaipur and Mumbai pilots are the following:

- Implementing team should have quick access to the highest level of decision-making at apex level to resolve issues with far-reaching implications
- Standards for electronic connectivity, basic infrastructure, and office layout must be established and implemented before setting up a monitoring system backed dependent on technology
- Geographically dispersed multiple locations where service requests can be submitted by citizens in the same city need to be consolidated in one place or connected seamlessly
- Wherever or whenever volumes are huge, token systems, queue management, and bulk processing facility is critical
- Selection of pilots should be done so as to ensure highest level of technical knowledge and willingness of the local in-charge

### Implementing Sevottam

Sevottam implementation in ITD has been an outstanding success as it was never viewed as something that is imposed from outside. In fact, prior to ITD, Sevottam pilot had been very successful in India Posts as well. In India Posts, Sevottam was welcomed as an initiative that

could support India Posts to improve customer service and thereby become more competitive. The lesson herein is that if Sevottam has to be encouraged as a voluntary initiative in any department, it must strike the right chord with senior management and find a champion from within. Without the conviction of any insider, Sevottam implementation work will be seen as a burden to get rid of at the earliest opportunity.

This conviction though, can be developed in several ways. In ITD and India Posts, it so happened that the first discussions and presentations were done with officers who also happened to be motivated and committed individuals, who were open-minded and applied their mind to finding positive synergies. The fact that DARPG was funding the consultancy support needed for getting the work started was a critical factor. Howsoever committed these individual officers had been, if they had to get funds sanctioned for supporting such an initiative before it reached the take-off stage, there would have been no progress. Initial funding of consultants by DARPG played a key role in getting the pilots off the ground. This funding though, was necessary but not sufficient, as some other departments where progress was not as substantial show.

Currently, the trend towards legislation on providing time-bound services to citizens indicates that initial successes borne out of voluntary Sevottam implementations are sought to be up-scaled much faster by making it mandatory to set time norms and monitor their compliance.

### **Methodology adopted for Case Writing**

The structure of this case study has been developed on the basis of authors' understanding from sustained interaction with DARPG and ITD in New Delhi during 2005-2012 as consultants/knowledge partners to DARPG for development of the Sevottam framework, its implementation in ten departments identified as initial pilots, and Sevottam capacity building programs conducted since 2010. Data used in the case study has been drawn from multiple sources including Sevottam implementation documents provided to auditors as part of ITD's application for IS 15700:2005 certification of the Pune ASK, progress reports on Sevottam pilot implementation provided by ITD to DARPG, and documents available in public domain mainly on the websites of ITD and DARPG.

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#### Abbreviations

ASK Aaykar Seva Kendra

AY Assessment Year

BPR Business Process Re-engineering

CBDT Central Board of Direct Taxes

DARPG Department of Administrative Reforms and Public Grievances

G2C Government to Citizen

GPR Government Process Re-engineering

ITD Income Tax Department

ITR Income Tax Return

MMP Mission Mode Project

VoC Voice of Customer

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### Project Case Fact Sheet

Item	Description
Sector	Direct Taxes
Stakeholders	<ul style="list-style-type: none"> <li>- Income Tax Payers and Potential Assesseees (Individuals, Corporates, Others)</li> <li>- Professionals (Chartered Accountants, Tax Lawyers, etc.)</li> <li>- Employees of ITD</li> </ul>
Calendar of Major Events	2006: Initiation of Sevottam Pilot in ITD
	2007: First Launch of E-filing facility
	2010: IS 15700 Certification of ASK Pune
	2011: Release of updated Citizen's Charter by FM
	2012: Electronic Credit of Tax Refunds
Channels of Delivery	<ul style="list-style-type: none"> <li>- Internet from home or office</li> <li>- Aaykar Sampark Kendras</li> </ul>
Estimated Investment	` 693 crores (Source Saaransh – A Compendium of Mission Mode Projects under NeGP)





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