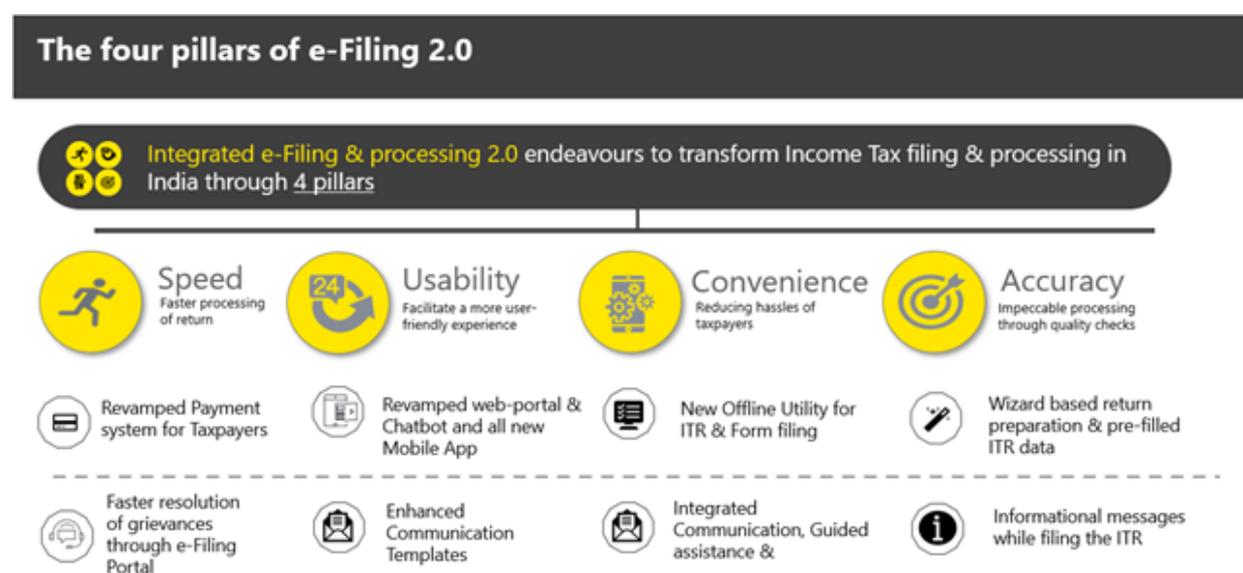


## India: Integrated E-Filing and Centralized Processing Centre 2.0 (Next level digital transformation of Direct Tax compliance Ecosystem)

Integrated E-Filing and Centralized Processing Centre 2.0 (IEC 2.0) is technology led process innovation enablement that intends to transform tax filing and processing in India with the aim to provide best-in-class taxpayer experience across the taxpayer journey.

This project is based on four pillars - *speed, usability, convenience and accuracy* - in terms of portal efficiency and availability (for e-filing) as well as processing outcomes (processing of filed tax returns).

Figure 1. The four pillars of e-Filing 2.0



Beyond the core functioning, i.e., e-Filing and processing of tax returns, this project has envisaged outreach for proactive and continuous engagement with taxpayers and taxpayer facilitation to help them resolve their issues – including demands - in more efficient and effective manner.

This project aims to enhance overall taxpayer experience in the country using latest technologies (like chatbots, etc.), leveraging digital media (including social media) to build a connect with taxpayer and promoting an ecosystem approach to assist taxpayers in their filing process, resolution of outstanding demands, grievances to deliver desired outcomes.

The above objectives are being achieved by, -

- Providing ease in filing returns using wizard-based forms, intuitive user interface with simple questions to guide filing journey and generating pre-filled returns for the tax payers.

**Outcome:** More than 6.12 Crore returns of income for FY 2020-21 were filed till 31.01.2022

- Actively promoting e-verification of tax returns and establish complete (100%) paperless environment.

**Outcome:** About 73% of ITRs e-verified for FY 2020-21

- Reducing processing time of returns on year-on-year (YoY) basis and achieve real time processing of returns and credit of refunds.

**Outcome:** Processing data with percentage of ITRs processed within 24 hours, 1 week and 15 days of filing till 31.01.2022 is as follows:

<b>ITR Processing data as on 31.01.2022 for FY 2020-21</b>	
% of ITRs processed (out of total filed ITRs)	63%
% of ITRs processed within 24 hours of filing (Out of the total ITRs processed)	22%
% of ITRs processed within one week of filing (Out of the total ITRs processed)	15%
% of ITRs processed within 15 days of filing (Out of the total ITRs processed)	17%

- Educating and empowering the tax payers by pro-actively engaging with tax payers through digital media.

**Outcome:** During 6 months (August, 2021 to January, 2022), more than 17 crore email communication and around 1 crore SMS communication was done with the taxpayers to keep them updated;

- Reducing errors, grievances, rectifications on a YoY basis and achieve “first-time-right”.

**Outcome:** The percentage of defective tax returns out of total tax returns filed have reduced from 1.05% for FY 2019-20 to mere 0.0025% for FY 2020-21;

- Facilitating taxpayers and consistently reducing the outstanding demand;
- Ensuring real time data exchange (API based) with all stakeholders (including banks and other government agencies) to achieve total seamless integration; and
- Continuously promoting tax compliance with focus on reduction of tax delinquency.

In reference to the OECD’s Digital Transformation Maturity Model, the IEC 2.0 Project strives to digitally transform the taxpayer experience for various compliances. This project broadly covers the six themes of Maturity Model through bouquet of services and functionalities. It provides to the taxpayers, various intermediaries as well as departmental users, the following:

- **Digital Identity:** The project incorporates Unique Digital Identity (Permanent Account Number-PAN) which can be applied for and obtained in near real time through ‘**Instant e-PAN**’ service to quickly on-board taxpayers for its compliance journey.
- **Digital Touchpoints:** The IEC 2.0 project not only provides the core service of e-Filing but also has integrated communication and facilitation services for structured interaction with taxpayers for various tax compliances.
- **Data Management and standardisation:** IEC 2.0 is following this theme and continuously building digital interfaces with external agencies like financial institutions (Banks), regulators and other government organizations. This is meant to ease the burden of compliances for taxpayers through initiatives like pre-filing of Tax Returns, Validating Bank Accounts for the issuance of tax refunds, enabling e-verification of various compliances etc. as well as focussed enforcement.
- **Tax Rule Management and Application:** The project is striving to shift compliances (in addition to Return/statutory forms filing) from manual to online to ease the compliance burden and to process various claims of the taxpayers in speedy manner. Under this project, the tax payment

rules are also being upgraded to enable taxpayers to have multiple options for making tax payments with ease.

Upgradation of Skill Sets of officials as well as Governance Framework in line with digital transformation of processes and operational environment is also incorporated in IEC 2.0. Benchmarked against maturity levels provided in the OECD model, the IEC2.0 project propels the tax administration in India from progressing towards established level.

By implementing the IEC2.0, the Indian Tax Administration is consistently striving to provide convenience, simplicity, awareness and “one-stop shop” to the taxpayers for Direct Tax related compliances which is helping in reducing compliance cost.

**Figure 2. IEC2.0 Ecosystem (Taxpayer facing)**

