

## Central Board of Direct Taxes (CBDT) - UPSC Notes

The Central Board of Direct Taxes (CBDT) is the authority vested with the responsibility of the administration of laws related to direct taxes through the Department of Income Tax. In India, necessary inputs for policy and planning is provided by the CBDT.

### What is the Central Board of Direct Taxes (CBDT)?

- It is a statutory body established as per the **Central Board of Revenue Act, 1963**.
- It is India's official financial action task force unit.
- It is administered by the **Department of Revenue** under the **Ministry of Finance**.

To note is that originally there was a board called the Central Board of Revenue that functioned as the apex body of the Income Tax Department. The said board was set up under the Central Board of Revenue Act, 1924 and was in charge of both direct and indirect taxes. The Central Board of Revenue got split in 1964 into two boards:

1. Central Board of Direct Taxes
2. Central Board of Excise and Customs

### CBDT Structure

The Central Board of Direct Taxes consists of a Chairman, and six members that deal with the following:

- Income Tax & Revenue
- Administration
- Legislation
- Audit and Judicial
- Investigation
- TPS & System

The Members of the CBDT are selected from the Indian Revenue Service (IRS). The members constitute the top management of the Income Tax Department.

### Functions of CBDT

- It deals with matters related to levying and collecting Direct Taxes.
- Formulation of various policies.
- Supervision of the entire Income Tax Department
- Suggests legislative changes in Direct Tax Enactments
- Suggests changes in tax rates
- Proposes changes in the taxation structure in line with the Government policies.

## UPSC Questions related to CBDT

### What are the powers of the Central Board of Direct Taxes?

The Central Board of Direct Taxes deals with matters related to levying and collecting Direct Taxes and formulation of various policies related to direct taxes.

### What is Direct tax and Indirect tax?

- Direct Taxes are taxes that are directly paid to the government by the taxpayer.
- Indirect Taxes are applied to the manufacture or sale of goods and services. These are initially paid to the government by an intermediary, who then adds the amount of the tax paid to the value of the goods/services and passes on the total amount to the end-user.

