Q11

Case study. Dr. X is a leading medical practitioner in a city. He has set up a charitable trust through which he plans to establish a super-specialty hospital in the city to cater to the medical needs of all sections of society. Incidentally, that part of the State had been neglected over the years. The proposed hospital would be a boon for the region. You are heading the tax investigation agency of that region. During an inspection of the doctor's clinic, your officers have found out some major irregularities. A few of them are substantial which had resulted in considerable withholding of tax that should be paid by him now. The doctor is cooperative. He undertakes to pay the tax immediately. However, there are certain other deficiencies in his tax compliance that are purely technical in nature. If these technical defaults are pursued by the agency, considerable time and energy of the doctor will be diverted to issues that are not so serious, urgent, or even helpful to the tax collection process. Further, in all probability, it will hamper the prospects of the hospital coming up. There are two options before you: Taking a broader view, ensuring substantial tax compliance, and ignoring defaults that are merely technical in nature. Pursue the matter strictly and proceed on all fronts, whether substantial or merely technical. As the head of the tax agency, which course of action will you opt for and why? (250 words).

UPSC Civil Services Mains 2018 · GS IV · 20 marks · Ethics Case Studies

Case Studies on above issues.

Facts & figures for this PYQ only.

Numbers move. Confirm the latest Budget, Economic Survey or census round. This sheet is for revision, not a substitute for the model answer.

https://wrapexams.com/upsc/mains-answers/gs-4/2018/case-study-dr-x-is-a-leading-medical-practitioner-in-a-city-he-has-set-up-a-charitable-trust-through-which-he-plans-to-establish-a-super-specialty-hospital-in-the-city-to-cater-to-the-medical-needs-of-all-sections-of/

Tax as a legal duty

Voluntary payment after detection is compliance going forward; it does not by itself wipe penalty where the statute still applies.

Proportionality in enforcement

Administrative power should fit the aim: collect tax and deter evasion, not destroy an unrelated public good for a zero-revenue footnote.

Article 14 equality

A famous doctor and a small trader sit under the same tax law; any condonation must be a class of cases, not a person.

Compounding and condonation

Tax statutes often distinguish payable tax from technical lapses and provide specified doors to close the latter; those doors are the lawful broader view.

Conflict of interest

The investigating head must not accept a future benefit from the charitable trust whose file is on the table.