

I-T officers abandon ship as tide turns

Recovery Sees Senior Tax Personnel Switch To Lucrative Private Sector

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A YEAR ago, as the great meltdown originating in the developed markets led to people being laid off in sectors such as financial services, those employed in the recession-hit private sector envied their counterparts in the government who did not have to live in the fear of pink slips.

But a rapidly recovering economy has meant that those ensconced in government jobs are once again becoming venturesome. Over the past two months, at least a dozen senior officers of the Income-Tax department, belonging to the elite Indian Revenue Service (IRS), have opted for voluntary retirement, a government scheme that allows them to quit before the statutory retirement age. These officers are likely to end up in the private sector, most likely as consultants, to get around rules that prevent government employees from working within a year of quitting.

The senior-most among these officials is VK Mangotra, chief commissioner of income-tax in Ahmedabad. Before taking up his most recent post, Mr Mangotra was the director of the Mumbai-based transfer pricing division of the I-T department that exclusively deals with the issue of taxing cross-border transactions involving multinational companies. He is currently serving his notice period.

Mr Mangotra told ET that he was resigning on “personal grounds” and denied rumours that he was set to join the Indian arm of a leading global accounting firm. **Talent exodus may hit tax collection**

MOST officers from the government’s tax-collecting arms, who have quit in the past, have ended up consulting for global accounting firms.

Another officer dealing with transfer pricing, Alpana Saxena, currently based in Mumbai, has also put in her papers. She declined to discuss the reasons behind her resignation or her future plans. “I have not made any plans right now,” she said.

Maya Sinha, income-tax commissioner, Mumbai, who was on deputation to Jawaharlal Nehru Port Trust (JNPT), has also quit after her stint with JNPT came to an end. Asked whether she has plans to join any MNC firm, Ms Sinha said, “I will do my planning for the future after the formal acceptance of my resignation.”

Others who have exited the department in the recent past include Rajesh Ojha, a commissioner in Mumbai, S Udhayakumaran, commissioner based in Kozhikode, and Shalini Kaul, commissioner, Agra. Other tax officials who have quit include MS Subramanay, deputy commissioner, SL Tilakchand, chief commissioner of West Bengal and TS Vishalakshi, assistant commissioner based in Bangalore.

There is concern that the government’s tax collecting capabilities could be affected by such talent exodus. When contacted, SSN Moorthy, chairman, CBDT, the body that is in charge of administering direct tax in the country, said, “There’s little I can say when officers tell me they are resigning for personal reasons.” However, chief commissioner of Mumbai RK Singh said the resignation of officers would not matter. “There is no dearth of talent within the government. The officers who quit will be replaced by equally skilled personnel.”

According to I-T officials, the prospect of earning more by consulting for and later joining either multinational companies or the Indian arms of global accounting firms is tempting. A senior functionary in the department said, “Consider transfer pricing. In India, it’s a comparatively new concept and not many have command over it.

Therefore, the market value of these officers is very high. Even consulting jobs would fetch them far higher income.”

Private firms offer attractive packages to those with experience in the government. The paraphernalia of power and status that go along with government jobs may be missing in private jobs, but this is adequately compensated by fat pay packets. For their part, private companies consider the skill and experience of government officers to be unmatched as no professional in any other sector gets exposure to the multitude of issues a government officer has to deal with while in service.

SP Singh, who resigned in 2005 as the director of international taxation, Mumbai, is now a partner with Deloitte India in New Delhi. He joined the global accounting firm a year after his retirement, having practised as a freelance consultant in the interim. Mr Singh told ET, “There is not much difference between what I was doing in the department and what I am doing now, which is to ensure the legal accuracy of the work put out by my team. While in the department, I had to work on maximising revenue realisation, in Deloitte, I have to devise the best tax structure for the client”.

An I-T commissioner draws a gross salary of Rs 80,000 a month, but this shrinks to a take-home of Rs 40,000 after paying tax and other statutory deductions. A commissioner is entitled to a chauffeur-driven car and a house in upmarket locales like South Mumbai. On the other hand, a private firm can pay anywhere between Rs 2.5 lakh and Rs 3.5 lakh per month to an officer who holds the rank of commissioner. “A few officers, at some stage in their career, find this package convenient,” another senior official said.

Vispi T Patel of Vispi T Patel & Associates, a law firm dealing with transfer pricing and international taxation, added, “In the US, there is a to-and-fro movement of professionals between government and private enterprises. It will be good for the profession if experts in private firms are also allowed to join the government.”

Not all tax officials joining the private sector prosper. A senior professional who heads the tax practice of an MNC accounting firm told ET: “The working environment in private firms is different from that in the government. Many who crossed over have found it difficult to adjust to the new work atmosphere.”



