

ERGO

Analysing developments impacting business

MONETARY THRESHOLDS FOR FILING OF APPEALS BY THE INCOME-TAX DEPARTMENT FURTHER ENHANCED

12 August 2019

Introduction

This is in furtherance to our Ergo Updates dated [23 July 2018](#) and [28 August 2018](#), on monetary limits for filing of appeal by the Income-tax department (Department). Now, the Central Board of Direct Taxes (CBDT), vide circular No. 17/2019 dated 8 August 2019 (Circular), has further enhanced the monetary limits for filing of appeals by the Department before the Income-tax Appellate Tribunal (ITAT), High Court (HC) and the Supreme Court (SC).

Enhanced Limits

The enhanced limits for each appellate forum are as under, i.e. the Department cannot file an appeal unless the 'tax effect' exceeds the following monetary thresholds.

| APPELLATE AUTHORITY BEFORE WHICH THE DEPARTMENT WANTS TO FILE AN APPEAL | OLD LIMITS FOR FILING AN APPEAL (INR) | ENHANCED MONETARY THRESHOLD FOR FILING AN APPEAL (INR) |
|---|---------------------------------------|--|
| ITAT | 2 Million | 5 Million |
| HC | 5 Million | 10 Million |
| SC | 10 Million | 20 Million |

With a view to provide parity in filing of appeals, the Circular further provides that where the tax dispute arises in multiple years in case of a taxpayer, the tax authorities should calculate tax effect year-wise and appeal should be filed only for those financial year(s) where the tax effect exceeds the above threshold. Also, in the case of a 'composite order' passed by High Court or appellate authority involving more than one financial year and containing common issues, no appeal should be filed by the Department for the financial year in which tax effect is less than the aforementioned monetary thresholds. Circular further clarifies that in case where a composite order / judgment has been passed involving more than one taxpayer, each taxpayer should be dealt with separately.

Comments

This is a welcome move which would help reduce unnecessary tax litigation which is a costly affair both in terms of valuable management time and financial resources. The monetary thresholds have been enhanced with a view to effectively reduce taxpayer grievances/litigation and help the Department to focus on litigation involving complex legal issues and high tax effect, thereby achieving its object of litigation management.

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