

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE

LOK SABHA
UNSTARRED QUESTION NO. 569
TO BE ANSWERED ON FRIDAY, THE 26TH FEBRUARY, 2016
7TH Phalguna, 1937 (SAKA)

PENDING INCOME TAX CASES

569. SHRI ASHOK SHANKARRAO CHAVAN: SHRI GAJANAN KIRTIKAR: SHRI SUDHEER GUPTA: SHRI RAMDAS C. TADAS: SHRI KONDA VISHWESHWAR REDDY: SHRI BIDYUT BARAN MAHATO: KUNWAR HARIBANSH SINGH: DR. J. JAYAVARDHAN: SHRI S.R. VIJAYAKUMAR: SHRI VENKATESH BABU T.G.:

Will the Minister of FINANCE be pleased to state:

- (a) the total amounts of various tax disputes under various Central Taxes along with the number of pending cases in various courts, case/court-wise;
- (b) whether the Government has taken steps to reduce the number of pending tax cases;
- (c) if so, the details thereof along with the time by which these pending cases are likely to be disposed;
- (d) whether the Government has raised the monetary limit for filing appeals in Appellate Tribunal/High Court; and
- (e) if so, the details thereof along with the other steps taken/being taken by the Government to minimize litigation on tax matters?

ANSWER

MINISTRY OF STATE IN THE MINISTRY OF FINANCE
(JAYANT SINHA)

- (a) The details of pending cases before various courts are as follows:

DIRECT TAXES

Pendency before various courts as on 30.09.2015		
Forum	Number of Cases	Amount(In Crores)
Commissioners of Income Tax(Appeal)*	2,68,726	5,57,040.03
Income Tax Appellate Tribunals	26,852	1,61,990.03
High Courts	33,931	1,63,080.58
Supreme Court	5,842	4,279.05
* as on 31.12.2015		

INDIRECT TAXES

Forum	Number of cases	Amount (in Crores)
CESTAT	3004	12200.5
Commissioner(Appeal)	14964	28644.2
High Court	77450	161006.8
Supreme Court	40967	10031.8

(b) & (c) Yes Madam. The Government has taken number of measures to reduce tax litigation. Details are as follows:-

Direct Taxes:

- (i) The Department monitors the monthly disposal of appeals at the level of CsIT (A) by setting targets for disposal and monitoring the same by Zonal Members, CBDT.
- (ii) Additional 119 posts of CsIT have been created in the cadre-restructuring to expedite disposal.
- (iii) Monitoring the disposal at other forums like ITAT/HC/SC is beyond the purview of CBDT. However, Standing Counsel and Departmental Representatives are instructed not to take adjournments.

Indirect Taxes:

- (i) Simplification of tax laws.
- (ii) Clarifying the complex legal issues from the Board without resorting to litigation.
- (iii) Settlement of the disputes through Alternate Dispute resolution mechanism of Settlement Commission & Authority for advanced ruling.
- (iv) Scheme of mandatory pre-deposit has been introduced in appeal before the Commissioner (Appeal) & CESTAT, so that the time spent by these authorities in hearing and deciding the stay applications is saved and devoted for final disposal of the appeals.
- (v) Additional Benches of the CESTAT are being created so that the appeals before the tribunal can be disposed expeditiously.
- (vi) As far as Central Sales Tax Act, 1956 is concerned, though this Act is administered at Central level, is executed by concerned State Governments and therefore information in this regard is not maintained by Central Government.

(d) and (e) :Yes Madam. The Government has raised the monetary limit for filing the appeal in the Appellate Tribunal and Courts as per details below:-

Direct Taxes:

The limit for filing appeals has been increased from Rs.4 lakhs to Rs.10 lakhs for ITAT and from Rs.10 lakhs to Rs.20 lakhs for High Court vide Circular No.21 dated 10.12.2015.

Indirect Taxes:

(i) The details of threshold limits prescribed for filing the appeals to various fora is as indicated below:

Forum	Threshold limit prescribed Rs(in Lakh)
Supreme Court	25
High Court	15
CESTAT	10

Other steps to minimize tax litigation include:-

Direct Taxes:

(i) Section 255(3) of the Act was amended by the Finance Act, 2015, to provide for increase in limit of single member bench of ITAT to 15 lakhs.

(ii) Section 158AA has been proposed to be introduced by the Finance Bill, 2015 to avoid filing appeals before the ITAT on issues pending before the Supreme Court.

(iii) An O.M. was issued on 06.11.2014 which impressed upon the supervisory officers to monitor the work of AOs to ensure that high pitched assessments are not made without proper basis. Further, CsIT(A) have been directed to call for remand reports on specific points only. These administrative directions ensure that the genesis of litigation, that is the assessment order and the appellate order, are based on proper facts and law.

(iv) The decision to file against ITAT orders before High Courts is taken by a panel of Chief Commissioners as against one Chief Commissioner earlier. This step has been taken to ensure that the case is properly vetted by more than one Senior Officer before deciding on agitating the matter.

(v) Alternate Dispute Resolution mechanisms in form of Dispute Resolution Panels, Advance Pricing Agreements, Authority of Advance Rulings, Income tax Settlement Commission, etc. are in place to ensure that litigation is minimised and that judicial system is not un-necessarily burdened. The scope of cases for which settlement application can be made has been enlarged. Scope of Authority for Advanced Rulings has been increased so as to enable the resident tax payers to obtain an advance rulings in respect of their income tax liability above a defined threshold.

(vi) The Supreme Court has constituted a Special Bench with effect from 09.03.2015 to deal exclusively with tax matters. All Pr. Chief Commissioners of Income Tax have been instructed to ensure complete compliance with the requirements of the Court.

(vii) National Judicial Reference System (NJRS) has been launched. It is a web based facility which also reflects the status of pending appeals, the issues/sections involved, etc. This database is expected to enable the field officers in identification of cases involving similar issues, bunching of such cases and pursuing the same for their early resolution.

(viii) With a view to improve quality of representation before Judicial forums, new guidelines are under consideration for engagement of counsels for the department. The same is in process of inter-ministerial consultation.

(ix) Directions issued on 10.12.2015 for formation of Collegium of 2 Chief Commissioners to consider withdrawal of suitable cases pending in the High Courts above monetary limit.

(x) The Central Technical Committee has issued 7 circulars on Settled Issues with directions not to file appeals on the issue and to withdraw pending appeals on these issues.

Indirect Taxes:

(i) The field formations have been directed to withdraw the pending appeals filed by the department, from various forums if the amount involved in them is below the limits as stated in para above and the appeals do not involve a substantial question of law, issue of classification, valuation or refund.

(ii) The field formations have also been directed to get the matters pending at various forum expeditiously settled in cases where the issue involved has been decided by the Supreme Court or High Court.
