

## **CBEC raises monetary limits for filing appeals in indirect tax cases**

The Central Board of Excise and Customs (CBEC) on Monday raised the monetary ceiling for filing appeals in indirect tax cases to 10 lakh in appellate tribunals and to 15 lakh in high courts, as it tries to manage litigation better and reduce disputes with businesses.

Earlier, the limits were 5 lakh and 10 lakh, respectively.

In a statement, CBEC said it has also made it mandatory for principal commissioners or commissioners to hold a preshow cause notice (SCN) consultation with assessees in all cases where the duty is above 50 lakh. "Detailed instructions have been issued to all field formations regarding the manner, in which a SCN is to be issued, personal hearings are to be granted and speaking adjudication orders to be issued. The chief commissioners have been directed to do a sample verification of records of such proceedings from time to time," it added.

The department is organizing training and workshops in zones to train officers to issue quality SCNs, judicious adjudication orders and advocacy in order to minimize disputes and further litigation.

Bipin Sapra, tax partner, EY India, said the measures on litigation management are in line with the recommendation of the Tax Administration Reform Commission (TARC).

"The pre-showcause notice discussion with the assessee, if applied in true spirit, could drastically cut down litigation and, hence, the transaction cost of doing business in India," he added.

CBEC has asked officers to withdraw all cases in high courts and tribunals where there is a precedent of Supreme Court judgement and against which no review is contemplated by the department.

Chief commissioners and principal commissioners have been directed to identify the cases fit for withdrawal among the cases pending in appeal before the Custom Excise and Service Tax Appellate Tribunal (CESTAT) and the high courts.

"In response, field formations have identified 2,051 and 5,261 cases which are fit for withdrawal from high courts and CESTAT, respectively, as per the threshold monetary limits prescribed now and have already filed withdrawal applications in 980 and 2,174 cases in high courts and CESTAT respectively. Out of this, the high courts have allowed withdrawal in 250 cases and CESTAT in 202 cases," CBEC said.

At present, there are about 300,000 tax cases pending with the first appellate authority, with a disputed amount of 5.5 trillion.

Finance minister Arun Jaitley, in his budget 2016-17, had proposed a new dispute resolution scheme (DRS).

Under the scheme, a taxpayer who has an appeal pending before the commissioner (appeals) can settle his case by paying the disputed tax and interest up to the date of assessment.

“No penalty in respect of income tax cases with disputed tax up to 10 lakh will be levied. Cases with disputed tax exceeding 10 lakh will be subjected to only 25% of the minimum of the imposable penalty for both direct and indirect taxes. Any pending appeal against a penalty order can also be settled by paying 25% of the minimum of the imposable penalty,” he said.

Jaitley said the government is moving towards a lower tax regime with non-litigious approach.

“Thus, while compliant taxpayers can expect a supportive interface with the department, tax evasion will be countered strongly,” he added.

*(HT Mint)*