



13<sup>th</sup> November, 2019

12027

**Smt. Nirmala Sitharaman,**  
Hon. Finance Minister,  
Ministry of Finance, Govt. of India,  
North Block,  
New Delhi

**Durgesh V. Buch**  
President

**Natubhai Patel**  
Sr. Vice President

**Bhargav Thakkar**  
Vice President

**Sanjeev Chhajer**  
Secretary

**Dilip M. Padhya**  
Secretary (R)

**Pathik S. Patwari**  
Treasurer

**Re: Issues with respect to undue delay in passing appeal effect orders**

Respected Madam,

Greetings from Gujarat Chamber of Commerce & Industry. (GCCI )

At the outset, we appreciate and applaud the efforts of the Income Tax Department for envisaging the implementation of a non-adversarial and effective tax administration, with progressive tax policy and improved tax compliance. The critical steps taken by the department such as proper litigation management, frequent interaction with the taxpayers, issuing prompt clarifications and strengthening compliance and enforcement functions have enhanced the trust in tax authorities and are very well taken note of by the members of trade and industry.

While the department is doing its best to ensure smooth implementation of tax reforms, we wish to draw your attention to the issues concerning timely passing of appeal effect orders, the details of which are mentioned below.

**Undue delay in passing appeal effect orders**

We have received complaints from various trade associations and professionals that there is an undue delay on the part of the department in passing appeal effect orders. It has been time and again noticed that the department is showing no alacrity in giving effect to the orders of CIT (A) or ITAT when these are in favour of the assessee. When the demand persists, department enforces recovery by attachments, other pressure tactics and now even initiating the garnishee proceedings in some cases but the department shows lethargy to give effect to orders favourable to the assessee. Due to this lack of keenness on the part of the department, refunds are getting stuck and outstanding demand lingers on even after getting a favourable appeal orders.

Madam, we would like to draw your attention to para 4 of Instruction no. 8/2011, wherein it was mentioned that:

- i. On receipt of the order of the CIT (A), **the AO shall give appeal effect promptly and properly.** The Range Head shall monitor correctness and timely appeal effect in respect of orders of CIT (A).
- ii. Any pendency in regard to the appeal effect beyond one month shall be reported by the Range Head to the CIT in the DO reporting monthly activities of the Range, along with reasons for the delay.

Whereas the instruction provided for adequate procedural control, the implementation of the same has been found wanting. We would also like point out the **CBDT directive dated 7<sup>th</sup> October, 2015**, wherein the Board had directed the Pr. CCITs/ DGITs to monitor delay in giving timely effect to the orders of CIT (A) by the Assessing Officers.

As per Chapter II of Central Action Plan for 2019-20 which deals with Reduction and cash collection out of arrear demand, "reconciliation of arrear demand on CPC portal, early disposal of appeals and **passing of appeal effect orders at an early date are critical to the achievement of the targeted reduction in arrear demand.** Specific targets for giving effect to appeal orders are fixed as under:

Passing of appeal effect order	<ul style="list-style-type: none"><li>All pending appeal effect orders should be issued by 31.07.2019</li><li>In all other cases, appeal effect orders should be passed <b>within two months from the date of receipt of the order.</b></li></ul>
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However, it has been noticed that the passing appeal effect orders is taking much longer time (at times even more than 6-7 months) causing undue hardship to the assesseees.

We would be very grateful if your goodself would take an early action in this regard and issue appropriate orders to the AOs to give appeal effect in a **time bound manner** and in case of delay, to **fix proper accountability and responsibility of the concerned officers.** This will be very welcome step for the members of trade and industry. In conclusion, we request that a suitable order may be issued to this effect at the earliest to address the above-mentioned concerns.

With warm regards,  
Thanking You,



Jainik Vakil  
(Chairman – Direct Tax Committee, GCCI – 2019-20)

CC.

1) Shri Pramod Chandra Mody – IRS, Chairperson – Central Board of Direct Taxes, North Block, Secretariat Building, New Delhi.  
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2.) Shri Ajay Das Mehrotra, Principal Chief Commissioner of Income Tax – Gujarat Region, Income Tax Building, Ashram Road, Ahmedabad, Gujarat.