



# IN AND ABOUT ITAT – 20 THINGS I LEARNT IN TWENTY YEARS

**Justice T. N. C. Rangarajan**

*(Former Judge, High Courts of Madras and Andhra Pradesh,  
Former Vice President Income Tax Appellate Tribunal)*

Brotherhood is the first and foremost thing that has been imprinted deep in my memory. Each member was unique, coming from different parts of the country, speaking different languages at home, educated in different institutions and having varied interests. Yet we were brothers in insisting that the Government does the right thing for its citizens. The camaraderie was so great that once Justice Fathima Beevi, a sitting judge of the Supreme Court, was visiting the place where I was posted and came directly to my home and went straight to the kitchen to ask for lunch disregarding all protocol. She said she felt more at home in the Tribunal, where she had worked earlier, than in any other institution with which she was associated.

Earnest desire to do the right thing. I had the privilege of sitting with more than 65 different Accountant Members and over my tenure of 20 years, and disposed of not less than one lakh cases, but only in three cases were there any dissent. Every one of us came to the same conclusion in our own reasoning which indicated that we were doing the right thing.

Sharing our knowledge. Everyone felt free to pick the brains of others whenever any interesting question of law arose in any case.

**No hierarchy.** Even the President was one among equals except that he had some administrative tasks.

The Revenue/Tax Bar is the most talented and the cream of the Advocates/Chartered Accountants in the country. Very rarely did we see any Advocate/Chartered Accountant being inadequately prepared or failing to think on his legs.

The Departmental Representatives were also equal to the job. Most of them were very fair in presenting the department view.

**Bharat Darshan.** I had the chance to sit in all the Benches throughout the country except Kashmir and Gujarat.

**Work schedule and work life balance.** Sittings in the morning and dictating orders in the afternoon meant that I never had to take any file home and could spend quality time with my family.

**Broadening vision.** Income tax cases are not confined to Income-tax Act but lead to questions relating to every other branch of law. In fact many important tenets of Hindu Law have been pronounced in Income-tax cases. Besides I came to know the cultural diversity of our country and how it affects commerce.

**Excellent secretarial assistance.** The stenographers in the Tribunal are so good that rarely had I the need to correct any mistakes.

**Even the peons are alert and intelligent.** I was astonished in my early days when my peon brought to my attention a judgement of another bench of the

Tribunal on a point in an estate duty case which was most appropriate to the case that had been heard that morning. He had taken it from the Tribunal archives having remembered its relevance. Another was trained by a member so well that he rose to become an Assistant Registrar.

In the first ten years, there were more departmental appeals than assessee's appeals as the Appellate Assistant Commissioners were good enough to understand the grievance and apply the Act correctly and most of the appeals were dismissed.

In the next ten years the situation changed and appeals were heard by Commissioner (Appeals) who were reluctant to rectify wrong assessments and so there were more appeals by the assesseees and most of them were allowed.

**The Reference system.** Modelled on the British system, reference of a question of law to the High Court and deciding the matter in accordance with the opinion meant that the law was consistent and constantly updated. There was clear focus on the issues. The finding of the Tribunal on facts was final.

Consequent to the 42nd Amendment of the Constitution, and the substitution of reference by appeals, the Tribunal was degraded and the concept of justice was undermined. I had commented on this in my Ramamani Memorial Lecture titled 'Corrupting the Constitution'.

The Tribunal was a pristine institution with members taken at a young age and trained on the job to see that tax is collected rightly, not a rupee more nor a rupee less. But recruitment policy which has changed to

get people who are about to retire and who are interested in only a few more years of service and not doing any real work, has led to the decline of a great institution. It is twenty years since I left the Tribunal and I am sad to hear that institutional changes have not added stature to it.

**Reform is required to restore the system.** The Tribunal is concerned with the administration of tax law. It is really an error correction mechanism. The department whose errors are corrected may not be happy with the situation, but the remedy is to see that the department officers are trained to follow the orders of the Tribunal so that mistakes do not occur again, rather than take the matters up to Supreme Court in every case like a litigant.

Recent changes in the Act relating to resolution of disputes offend basic principles of natural justice and the doctrine of legitimate expectation.

It is time to recognise that administrative system requires a separate hierarchy of Courts as in France with trained personnel and an administrative procedure code similar to CPC.

What is required is a correction system at the lowest level by the department itself and then by the Tribunal, independent of the department, final on facts and above that a reference only on questions of law, which can be uniform throughout India. Such an efficient and effective system will reduce errors in the administration of income tax and bring confidence particularly to international commerce.

Lastly, I wish the Platinum Jubilee celebrations a grand success.

