

No.	Appeals in Income-tax matters	Monetary Limit (in Rs)
1.	Before Appellate Tribunal	10,00,000/-
2.	Before High Court	20,00,000/-
3.	Before Supreme Court	25,00,000/-

It is clarified that an appeal should not be filed merely because the tax effect in a case exceeds the monetary limits prescribed above. Filing of appeal in such cases is to be decided on merits of the case.

4. For this purpose, "tax effect" means the difference between the tax on the total income assessed and the tax that would have been chargeable had such total income been reduced by the amount of income in respect of the issues against which appeal is intended to be filed (hereinafter referred to as "disputed issues"). However the tax will not include any interest thereon, except where chargeability of interest itself is in dispute. In case the chargeability of interest is the issue under dispute, the amount of interest shall be the tax effect. In cases where returned loss is reduced or assessed as income, the tax effect would include notional tax on disputed additions. In case of penalty orders, the tax effect will mean quantum of penalty deleted or reduced in the order to be appealed against."

3. In para-10 of the said circular it has further been clarified that the revised monetary limits will apply retrospectively. The relevant para-10 of the Circular reads thus:

"10. This instruction will apply retrospectively to pending appeals and appeals to be filed henceforth in High Courts/ Tribunals. Pending appeals below the specified tax limits in para 3 above may be withdrawn/ not pressed. Appeals before the Supreme Court will be governed by the instructions on this subject, operative at the time when such appeal was filed."

4. In the present case, the tax effect in this appeal by the revenue is less than Rs.10,00,000/-. Though this appeal had been filed by the revenue on 07.10.2015 and was within the monetary limit in the form of tax effect for filing appeals before Tribunal, in view of para-10 of the Circular of CBDT, even such appeals will be governed by the new monetary limits laid down in the CBDT Circular No.21/2015 referred to above.

5. It is a settled law that the Circulars issued by CBDT are binding on the Revenue. This position was confirmed by the Apex Court in the case of Commissioner of Customs vs Indian Oil Corporation Ltd. reported in 267 ITR 272 wherein their Lordships examined the earlier decisions of the Apex Court with regard to binding nature of the Circular and laid down that when a circular issued by the Board remains in operation then the Revenue is bound by it and cannot be allowed to plead that it is not valid or that it is contrary to the terms of the statute. The appeal under consideration has certainly been filed contrary to the Circular issued by the CBDT Circular No.21 dated 10.12.2015.

5.1. In the event, the Revenue finds at a later point of time that the tax effect in the appeal is more than Rs.10 lakhs or despite low tax effect the appeal of the revenue is maintainable, the revenue is at liberty to move this Tribunal for recalling of this order.

6. In view of the above, we hold that the appeal filed by the Department, against the impugned order of the Ld. CIT(A), is contrary to the policy decision of the Department and as such the appeal filed by the Department is dismissed *in limine*.

7. In the result, the appeal by the Revenue is dismissed.

Order pronounced in the open Court on 18.09.2017

Sd/-

[N.V.Vasudevan]
Judicial Member

Sd/-

[M. Balaganesh]
Accountant Member

Dated : 18.09.2017.

SB, Sr. PS.

Copy of the order forwarded to:

- 1.DCIT, Circle-11(1), Kolkata, P-7, Chowringhee Square, Kolkata-700069
- 2.Kesoram Textile Mills Ltd., 42, Garden Reach Road, Kolkata-700024
3. CIT(A)- , Kolkata.
4. CIT- , Kolkata.
5. CIT(DR), Kolkata Benches, Kolkata.

True Copy

By order,

Asst. Registrar, ITAT, Kolkata Benches