

IN THE INCOME TAX APPELLATE TRIBUNAL "B", BENCH KOLKATA

BEFORE SHRI S.S. GODARA, JM & DR. A.L. SAINI, AM

ITA No.1826/Kol/2017
(Assessment Year: 2014-15)

ACIT(IT), Circle 1(1), Kolkata 2 nd Floor, Aayakar Bhawan Poorv, 110, Shanti Pally, Kolkata – 700 107.	Vs.	Shri Golap Ghosh, Flat 6C, Block 3, West Wind, 78, Raja S.C. Mallick Road, Gari, Kolkata – 700 084
स्थायी लेखा सं./जीआइआर सं./PAN/GIR No. : AEGPG 3978 R		
(अपीलार्थी /Appellant)	..	(प्रत्यर्थी / Respondent)

Revenue by : Shri S. Dasgupta, Addl. CIT, DR
Assessee by : Shri Navin Jain, AR

सुनवाई की तारीख / Date of Hearing : 30/07/2018

घोषणा की तारीख/Date of Pronouncement: 30/07/2018

आदेश / O R D E R

Per Dr. A. L. Saini, AM:

The captioned appeal filed by the Revenue pertaining to Assessment Year 2014-15, is directed against an order passed by Id. Commissioner of Income Tax (Appeals)-22, Kolkata, dated 29.05.2017.

2. At the outset, it was brought to our notice by the Id. AR that the appeal preferred by the Revenue is struck by the new Circular of CBDT i.e. Circular No. 3/2018 dated 11.07.2018, wherein the CBDT has directed the Department to withdraw/not press the appeal, before the Income Tax Appellate Tribunal (ITAT), if the tax effect is less than Rs.20 lacks. The CBDT has issued Circular No. 3/2018 dated 11.07.2018, whereby the monetary limits for filing of appeals by the Department before Income Tax Appellate Tribunal and High Courts and SLP before Supreme Court have been increased as a measure for reducing Litigation. The revised monetary limits laid down in para-3 of this Circular and the manner of computing tax effect as laid down in para-4 of this Circular are as follows:

"3 . Henceforth, appeals/ SLPs shall not be filed in cases where the tax effect does not exceed the monetary limits given hereunder:

Sl. No.	Appeals/SLP's in Income-tax matters	Monetary Limit (in Rs)
1.	Before Appellate Tribunal	20,00,000/-
2.	Before High Court	50,00,000/-
3.	Before Supreme Court	1,00,00,000/-

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'). Further, 'tax effect' shall be tax including applicable surcharge and cess. 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-13 of the said circular it has further been clarified that the revised monetary limits will apply retrospectively. The relevant para-13 of the Circular reads thus:

"13. This Circular will apply to SLPs/appeals/cross objections/references to be filed henceforth in SC/HCs/Tribunal and it shall also apply retrospectively to pending SLPs/appeals/cross objections/references. Pending appeals below the specified tax limits in para 3 above may be withdrawn/not pressed.

4. In the present case, the tax effect in this appeal by the Revenue is less than Rs.20,00,000/-. Though this appeal had been filed by the Revenue on 10.08.2017 and was within the monetary limit in the form of tax effect for filing appeals before Tribunal, in view of para-13 of the Circular of CBDT, even such appeals will be governed by the new monetary limits laid down in the CBDT Circular No.3/2018 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.3 dated 11.07.2018.

6. In the event, the Revenue finds at a later point of time that the tax effect in the appeal is more than Rs.20 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.
7. 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*.
8. In the result, the appeal filed by the Revenue is dismissed.

Order pronounced in the open court on this 30/07/2018.

Sd/-
(S.S. Godara)

Sd/-
(A. L. Saini)

न्यायिक सदस्य / JUDICIAL MEMBER लेखा सदस्य / ACCOUNTANT MEMBER

कोलकाता /Kolkata;

Dated: 30/07/2018

RS, Sr.PS

आदेश की प्रतिलिपि अग्रेषित/Copy of the Order forwarded to :

1. अपीलार्थी / The Appellant – ACIT(IT), Circle 1(1), Kolkata.
2. प्रत्यर्थी / The Respondent- Shri Golap Ghosh.
3. आयकर आयुक्त(अपील) / The CIT(A),
4. आयकर आयुक्त / CIT
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, कोलकाता / DR, ITAT, Kolkata
6. गार्ड फाईल / Guard file.

//True Copy//

By Order

Senior Private Secretary,
 Head of Office/D.D.O,
 I.T.A.T, Kolkata Benches,
 Kolkata.