All India Federation of Tax Practitioners

(An Association of Advocates, Chartered Accountants & Tax Practitioners of India)

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Vadodara

March 8, 2025

Smt. Nirmala Sitharaman
Hon'ble Finance Minister of India,
Ministry of Finance,
Government of India,
North Block,
NEW DELHI.

Subject: Pendency of 5,49,042 before Commissioner of Income-tax (Appeals) / National Faceless Appeal Centre- Request for an early disposal of appeals of which some are pending for disposal for more than five years.

Hon'ble Madam,

The All-India Federation of Tax Practitioners (AIFTP) is the Apex Body of Tax Practitioners across the country, comprising of more than 11000 individual tax practitioners who are actively engaged in the tax practice before various forums.

Madam, we have been informed by our members that after the introduction of faceless appeal scheme, the disposal of pending appeals filed prior to introduction of the faceless appeal scheme is very slow. In fact, several appeals filed are still pending. In many cases even though Assessee have uploaded their submissions multiple times, no order is passed. It seems nearly more than 5,50,000 appeals are pending for disposal.

Madam, kindly note that this slow disposal of Appeals by NFAC have now led to a spiral effect on the working of the Income Tax Appellate Tribunal. The pendency at ITAT has reduced drastically resulting in ineffective utilization of available resources.

Madam, when the first appeal is pending the assessee has to deposit at least 20 percent of tax in dispute to get the stay. As stated, we have been informed that some of the appeals are pending for more than five years. Deposit of tax without simultaneous early disposal of appeal causes hardship to the assesses. Further, if Assessee wins then tax has to be refunded with interest and said interest is to be ultimately borne by the taxpayers.

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In a number of matters the remand report is called by the CIT(A) from the Assessing Officer, as there is no time limit prescribed under the Act or Rules, the remand report is not forwarded within reasonable time which resulted in disposal of appeals. We make an appeal to direct the CBDT to the concerned officials to send the reand report within a period of 15 days from the receipt of direction from the CIT(A). In exceptional cases the CIT (A) on request by the Assessing Officer may grant another 15 days time, however, it should not exceed more than 30 days.

Honourable Madam there is no time limit prescribed for disposal of appeals by the CIT(A) and also passing of order. As per Appellate Tribunal Rules 1963, Rule 34(5) the ITAT has to pronounce the order within 60 days from the date on which the hearing was concluded, but where its is not practicable so to do on the ground of exceptional and extraordinary circumstances of the case, the Bench shall fix a future day for pronouncement of the order and such date shall not ordinarily be a day beyond a further period of 30 days and due notice of the day so fixed shall be given on the notice board. Such a provision is not there for passing of the orders by CIT(A) in the present Income-Tax Act, 1961 as well as the proposed Income-tax Bill, 2025.

We desire that the such a provision may be introduced in the Income-tax Bill, 2025

Madam, we are making an appeal before your honour to direct the CBDT to direct the NFAC to hear the appeals expeditiously and effectively so that the taxpayers will be able to get the finality on the tax dispute at the earliest. Also, considering the huge quantum of pendency, CBDT may be directed to frame guidelines for disposal of pending appeals so that there are no untoward effects of such disposal which would affect the justice delivery system.

In Om Vision Infraspace Private Limited v. ITO (2024) 167 taxmann.com 709 (Guj.)(HC) www.itatonline.org

In the affidavit filed by the Revenue the Revenue has provided the pendency of appeals as under as on 26-9-2024.

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Category	**Pending Appeals**	**No. of Appointments**	**Average Pendency per Category**
Faceless CIT(Appeals)	3,90,878	279	1400
Non-Faceless CIT(Appeals)	80,170	64	1252
JCIT (Appeals)	1,09,140	100	1091
TOTAL	**5,80,188**	443	

The Honourable Court directed the Revenue to provide the mechanism to dispose of pending appeals. The Court observed that the Revenue has not come out with any concrete proposal or the mechanism to dispose of the pendency of appeals.

Honourable Court observed that if the Respondents are not interested in resolution of the issue of pendency of the Appeals the manner in which it ought to have been resolved by classifying the Appeals as per the issues concerning the recurring issues, covered issues, etc. The Court held that no recovery should be made from the assessees during the pendency of the Appeals. Therefore, in all these petitions, there shall be no recovery of any outstanding dues from the petitioners whose Appeals are pending during pendency of petition.

In Bagaria Trade Impex v. ITO (2024) 463 ITR 243 (Raj.)(HC), on a writ petition challenging the recovery made from the assessee in the matter of demand under various assessments which were in appeal. Allowing the petition the Court held that on the peculiar circumstances that the appeals were pending since 2016 and 2019 and recoveries of tax had been made long back, directions were issued to decide the pending appeals within a period of three months.

In Mahesh Mathuradas Ganatra v. CPC (Bom.)(HC) www.itatonline.org, the Court observed that there was a delay of six years in deciding the stay application is unjustified and that respondents cannot take advantage of their own delay. The Court further directed CIT(A) to dispose of the appeal before 31st May, 2025 and ordered the Chief Commissioner of Income-tax to investigate the delay in disposing of the appeal pending since 2018.

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In Suparshva Swabs (I) v. NFAC (Delhi)(HC) www.itatonline.org, the appeal was pending for more than two years, the Court directed the CIT (A) to dispose of the appeal within eight weeks. The Court also observed that the NFAC would endeavour to implement the remedial measures in all earnest.

Honourable madam, it may not be possible to every assessee to approach the case for an early disposal of the matters pending before the CIT(A).

Madam, we would highly appreciate an early action on the pendency of appeal before the Commissioner of Income-tax (Appeals) / National Faceless Appeal Centre.

Thanking You

Yours sincerely,

(Samir S Jani)
National President
All India Federation of Tax Practitioners (AIFTP)

CC. Shri Ravi Agarwal, Chairman, CBDT