

Business Standard

At least Rs 4.5 lakh crore stuck in tax appeals, litigation

There are 350,000 tax cases pending in the SC, HCs & I-T appellate tribunal

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At least Rs 3 lakh crore is held up in appeals with tax commissioners in 2013-14, while another Rs 1.5 lakh crore is estimated to be stuck in various stages of court litigation, according to the annual report of the Finance Ministry.

Finance Minister Arun Jaitley had stated during his maiden budget speech last year that "Tax demand of more than Rs 4 lakh crore is under dispute and litigation before various

courts and appellate authorities. This is one of the serious concerns of all taxpayers in this country. In order to reduce litigation in direct taxes, I propose to make certain legislative and administrative changes."

Currently, there are 350,000 tax cases pending in the Supreme Court, high courts and the Income Tax Appellate Tribunal (ITAT).

The Supreme Court estimates 10,843 tax cases are pending before it. To tackle these, the Supreme Court recently constituted a separate bench for direct and indirect tax matters.

This bench will have its first sitting on March 9 and will sit every weekday. The bench's constitution is not known, but it could be assisted by specialised personnel. The Supreme Court and High Courts already have dedicated courtrooms to handle tax litigation with specialised benches overseeing the cases.

"The Supreme Court's setting up of a specific bench is a positive step, but it may not be enough. The government will need to introduce definite measures to reduce tax litigation. An important step would be to prescribe time limits and consequences for conclusion of proceedings and penalties for frivolous litigation," said Sriram Govind, senior member of the international tax practice at Nishith Desai Associates.