

# What's New

## News Flash



August 2018

### ***CBDT widens the scope for filing of appeals by tax department***

#### **Background**

The Central Board of Direct Taxes (CBDT) had recently issued Circular No. 03 of 2018 dated 11 July, 2018 (circular) wherein it prescribed the monetary limits for filing of appeal by the Income-tax department (tax department) before the Income-tax Appellate Tribunals and High Courts, and Special Leave Petition before the Supreme Court. (Please refer to our [news alert dated 13 July 2018](#) on circular no. 3 of 2018.)

Para 10 of the aforesaid circular provided that notwithstanding the tax effect involved, the appeals can be filed in cases involving the constitutional validity of a provision, a CBDT circular being held ultra-vires, and cases of revenue audit objections and additions involving undisclosed foreign assets/ bank accounts.

#### **Amendments made by the CBDT *vide* its directive**

The CBDT *vide* its directive dated 20 August, 2018 has enlarged the scope of issues to be contested on merits modifying para 10 of its circular by adding the following issues:

- Addition relating to undisclosed foreign income/ undisclosed financial assets.
- Addition based on the information received from external sources in the nature of law enforcement agencies such as CBI/ED/DRI/SFIO/Directorate General of GST Intelligence.
- Cases where prosecution has been filed by the Department and is pending in Court.

The above modification is effective from 20 August, 2018.

#### **Key takeaway**

The above directive has increased the scope of appeals that can be filed by the tax department on the basis of merits, even in cases where the tax effect is less than the prescribed monetary limits.

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With Best Regards  
PwC TRS Team

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