ARUN KUMAR JAIN, IRS
Member, CBDT &
Special Secretary to the Govt. of India

Dear

Sub: Implementation of the National Judicial Reference System Project of the Income Tax Department.

As you may be aware, the department has been working on a project to create an electronic database of all income tax appeals and judgments of the ITAT, HCs and the Supreme Court. The project is titled the **National Judicial reference System (NJRS),** and is being taken up under the Directorate General of Income Tax (Legal & Research). The project is expected to provide information which will enable all officers to take timely action in appeal matters, aid decision making and improve litigation management in the department in general. A brief note on the project is attached for your reference at **Annexure A.**

You will be happy to know that the tender process for the project has been successfully completed by the Directorate and the work has recently been awarded to a consortium led by M/s NSDL e-Governance Infrastructure Ltd.   The Implementation Agency (IA) is responsible for the design, development, implementation and the O&M of the system for a period of 5 years. The department also has certain specific responsibilities under the contract besides its role as a facilitator for project implementation (**Annexure B**). The immediate requirements from each region for the NJRS Project are:

i)   Designate a Nodal Officer for NJRS, preferably the ACIT/DCIT/Addl. CIT in charge of the admin function at each ITAT in the region to coordinate with the Directorate and the IA; and

ii)   Allocate requisite space (about 100sqft) for the project, preferably at the ITAT location, where the agency can set up its scanning equipment and carryout the scanning work required for the project.

An early action in this matter will go a long way in ensuring that the project is implemented in a time bound manner and delivers the outcomes expected from this unique endeavour of the department. Replies may be communicated to the DIT (L&R)-II by 10th May 2014.

Further communications relating to project implementation will be carried out by the Directorate General of Legal & Research.

With

Yours

(Arun Kumar Jain)

All CCsIT(CCA)
(as per list).

Brief Note on NJRS Project

An important aspect of every tax administration is the management of tax litigation. In order to achieve efficiency in direct tax litigation there is a need to create a centralized, indexed and searchable repository, where details of the appeals and the information pertaining to the orders/judgments passed in the appeals are accessible to all officers of the department. The database should also contain the PAN so that the entire litigation history of a tax payer is available at the press of a button. The repository should have suitable metadata; it needs to be cross referenced and must have intelligent search capabilities to enable identification of issues for decision making.

Accordingly, the Income Tax department decided to create a 'National Judicial Reference System (NJRS)'. The NJRS would primarily comprise two components:

- **Appeals repository and Management System**: A repository of pending appeals together with a status tracking system. This repository is proposed to be created by integration of the relevant data from the IT systems already established at ITAT, High Court and Supreme Court and the IT applications running in the Income Tax Department. At present the data available in the IT systems of the various courts does not contain detailed metadata such as the issues in appeal. Therefore it is proposed to supplement the basic data available from court registries with information culled out from paper copies of the appeal documents available with the Income Tax department as a party in any of these appeals. In addition, the data will be enriched by cross referencing of various items, creating metadata and keywords. An MIS will be developed on the database for status tracking, reporting and analysis, online dashboard, and alert capabilities. It will also have workflows for judicial officers of the department.

- **Judicial Research and Reference System**: A repository of the decisions of the courts in decided cases as a single, indexed, searchable, cross-linked database of orders/Judgments (of ITATs, High Courts & the Supreme Court). It will also have the relevant statutory enactments, circulars etc. This repository is proposed to be created by using the orders/judgments already available in digital format in the IT systems of the various courts. The basis textual data is proposed to be enriched by creating metadata and head notes in all important cases. The project will provide all final orders/judgments from 1/4/2009 for HCs & SC and from 1/4/2012 for the ITAT, as well as all important prior judgments.

Implementation Approach:

Under a PPP approach, an Implementation Agency (IA), comprising a technology company and a content provider, has been selected through a transparent and open competitive bidding process.

The selected Implementation Agency will set up the Data Centre; a Disaster Recovery Centre; Regional Scanning Centers (RSC) at the office locations of the department at various ITATs where the department is to provide the requisite appeal documents for scanning by the Implementation Agency periodically; and a Central

Data Processing Centre where data taken from court registries/websites will be matched with the scanned documents, all the scanned appeal documents will be analyzed for extraction of the metadata, creation of headnotes, cross referencing interlinking, etc.

The IA is required to carry out the task of providing the IT hardware and Software as well as to manage and operate the system over a period of 5 years.

The NJRS will be a web based system which will be accessible over the internet to all officers of the department. It is expected that the project will "Go-Live" by Nov-Dec 2014 and will start delivering the required services to all users.

Action Points for Implementation of NJRS

1) **Space:** Provision of space at the CIT (DR) offices for scanning of the appeal documents:

-These locations have been called the **Regional Scanning Centres (RSC)** for the purpose of the project. At these locations, the Implementation Agency (IA) shall establish either a fixed or a mobile setup (depending upon appeal volumes) for scanning of the appeal related documents. The list of documents identified for scanning so far is attached. IA shall be responsible for providing and deploying appropriately trained manpower to provide the services of the scanning/ digitization/ migration as required. ITD is responsible only for providing the space and access to the main power line. Wiring/ cabling/furniture etc. wherever required shall be the responsibility of the IA.

[Action: identification of suitable space preferably at the department's office at the ITATs. This is required to be done immediately]

2) **Nodal Officer:** CIT (DRs) are required to identify a nodal officer at their respective location to interact with the IA for day to day coordination.

-The nodal officer is required to interact with the IA initially for the purpose of requirements analysis study by the IA. Subsequently, the interaction would be necessitated to ensure that the handover of documents for scanning and their hand-back thereafter runs smoothly. The local nodal officer will also be responsible to facilitate in coordinating between the Courts and the IA.

[Action: An officer, preferably the ACIT / DCIT / Addl. CIT in charge of the Admin function at the ITAT, to be designated as the nodal officer for the NJRS project]

3) **Documents for Scanning:** Providing documents for scanning by the IA. List of required documents is attached.

-Documents relating to **all pending** appeals as on 30/4/2014 and those instituted thereafter, are required to be scanned (both departmental as well as assessee appeals). As the task is to be completed in a time bound manner under the contract, it is important to keep such record in a state of readiness for scanning.

-Secondly, documents relating to appeals to ITAT as well as to the HC are required to be scanned at the same RSC. Though the number of High Court appeals is

considerably less than the number of appeals to ITAT, it is necessary to develop a mechanism to provide appeal documents of HC appeals to the RSC for scanning.

[Action: i) Nodal Officers to prepare list of pending appeals and separate out records of pending appeals at department's offices at the ITATs in readiness for scanning]

ii) The technical officers/Judicial Officers of CCITs to also identify and keep the documents of pending appeals of High Courts ready for scanning. The documents are to be forwarded to the Nodal Officer as per a scanning plan to be finalised with the IA. Iii) A regular mechanism to be put in place so that a copy of the appeal documents after the appeal is filed at the HC is forwarded to the nodal officer at the ITAT. A copy of the assessee appeal to the HC is to be similarly provided to the nodal officer at ITAT.]

4) A mechanism is required to be created so that a copy of the CSR on the orders received from the ITAT and the HCs is also made available to the nodal officer at the RSC for scanning and uploading into the system.

[Action: The technical/judicial officer of the CIT/CCIT to mark a copy of the CSR along with the decision of the competent authority to the Nodal Officer for NJRS at the ITAT to be given to the IA for scanning]

5) The usefulness of the system will depend upon the quality of the data fed into it. The list of metadata proposed to be captured is attached. The IA will be responsible to capture the metadata. Some of the metadata is to be captured directly from the court systems/websites and some from the scanned appeal documents, provided the metadata is available in the appeal documents. It is therefore necessary to fill all columns of the appeal forms accurately – viz the sections involved in the litigation which will help in clubbing of cases and identification of common issues. It will also help if the tax effect involved in the dispute is clearly brought out in the metadata.

[Action: all AOs, technical/judicial officers to ensure that all metadata is clearly brought out in the appeal memos especially the sections and subsections involved in the dispute.]

After some time, but before go live of the project, further standard operating processes would have to be put in place for training of key users of the system at the ITAT, flagging of cases for headnote creation (beyond what has already been identified by the IA for headnote creation). The mechanism for such activities will be communicated in due course.

List of Documents for scanning at the RSC

For appeal to ITAT:

- relevant order of the Assessing Officer
- Grounds of Appeal to ITAT
- Statement of Fact to ITAT
- Grounds of Appeal taken before CIT (A)
- Statement of Fact to CIT (A)
- Memo of Appeal to ITAT
- Order of CIT (A)
- A certified copy of the order of the Commissioner directing that an appeal be preferred – for department appeals only
- A certificate signed by the Commissioner stating the date when the CIT (Appeals) order appealed against was communicated to him – for department appeals only
- Challan showing the payment of the prescribed fee as mentioned in sec.253 (6) – for assesse appeals only

Additional documents for appeals to High Court
- ITAT order
- Substantial question of law proposed by the department
- Certificate signed by the CIT stating the date on which the order is communicated to him

Additional documents for appeals to the Supreme Court
- Certificate signed by the CIT stating the date on which the certified copy of the HC order is made available
- Copy of Appeal Memo
- Copy of Standing Counsel's legal opinion
- Copy of Question of Law

Other documents
- Central Scrutiny Report
- Any other document supplied by the department

METADATA

For Cases in ITAT:

1. PAN No.
2. Assessment year (A.Y.)/Block Period
3. Date of filing of Appeal
4. Reference No. of Appeal
5. Bench
6. Appellant Type (Revenue/Taxpayer)
7. Appellant Name
8. Respondent Name
9. CIT Charge
10. Returned Income
11. Assessed Income
12. Penalty amount
13. Name and Designation of the officer who passed the original order in dispute
14. Section under which the original order appealed against was made
15. Relevant Act
16. Name and designation of the CIT(Appeal)Date of order of the CIT(A)
17. No. of order of CIT(A)
18. Date of communication of the order of the CIT(A)
19. Section and subsection of the IT Act/other Acts under dispute
20. Grounds of Appeal
21. Date of first hearing
22. Date of last hearing till date

23. Date of ITAT's order
24. Names of members
25. Citation of Order
26. Status of Appeal (Allowed/ Partly allowed/ Dismissed/ Remanded back)
27. Case references
28. Keywords/Catchphrases
29. Whether ITAT Order Accepted - Yes/No
30. Reasons for Acceptance - merits or low tax effect

Additional Data for Appeals to High Court

31. Date of authorization for filing of appeal by CIT
32. Date of filing of appeal in High Court
33. Name of the High Court
34. Bench of the High Court
35. Status of application at High court
36. Reference No. of appeal filed in High Court
37. Name of the appellant before High Court
38. Name of the respondent before the High Court
39. Section & subsection of the relevant Act in dispute at the High Court

40. Question of law
41. Date of first hearing
42. Date of last hearing till date
43. Date of High Court Order
44. Name of Judge(s)
45. Status of Appeal (Not admitted/Allowed/ Partly allowed/ Dismissed/ Remanded back)
46. Citation of Order
47. Case references
48. Keywords/Catchphrases
49. Order accepted-Yes/No
50. Reason for Acceptance-merits / low tax affect

Additional data for Cases in Supreme Court

51. Date of approval for filing SLP by CBDT/MoL
52. Date of filing of SLP
53. Diary Number assigned by the Supreme Court Registry
54. Status of the application
55. Reference No. of SLP after admission
56. Name of the appellant before Supreme Court
57. Name of the respondent before the Supreme Court
58. Section & Subsection of the Act involved in the disputed matter
59. Questions of law
60. Date of first hearing
61. Date of last hearing till date

62. Date of Supreme Court Order
63. Citation of Order
64. Name of the Judge(s)
65. Case references
66. Keywords/catchphrases
67. Status of appeal – in favour, against etc