



DRAFTING & FILING EFFECTIVE INCOME-TAX APPEALS

*A Statute-Centric, Practitioner-Grade Framework
under the Income-tax Act, 1961*

Initiated & Structured by

FCA Chandrasekaran Ramadurai
Practising Chartered Accountant



Developed using ChatGPT as an AI research and structuring tool,
taking procedural guidance from the Department's Manual on Appeals,
with substantive analysis strictly anchored to the Income-tax Act,
1961 and the *Income-tax Rules*, 1962.

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

This is written so it can be **handed directly to a designer / Canva / InDesign team**, or used as-is for internal circulation.

1. PREFACE

(Publication-grade, ready to insert)

Preface

Income-tax litigation in India is not lost for lack of merit, but often for lack of **procedural discipline, statutory alignment, and strategic clarity**. Over the years, appellate practice has increasingly revealed that outcomes are determined as much by *how* an appeal is drafted and prosecuted, as by *what* is argued.

This compendium has been conceived as a **practitioner's operating manual** for drafting and filing effective income-tax appeals, covering the entire appellate continuum—from the Commissioner (Appeals) to the Income-tax Appellate Tribunal, the High Courts, and ultimately the Supreme Court of India.

The work has been **initiated and structured by FCA Chandrasekaran Ramadurai**, drawing upon professional experience in appellate and advisory matters, and developed with the assistance of **ChatGPT as an AI-enabled research and structuring tool**. The Department's Manual on Appeals has been referred to **solely for understanding procedural flow and administrative sequencing**, while every substantive discussion, interpretation, and recommendation in this work is **anchored strictly in the Income-tax Act, 1961 and the Income-tax Rules, 1962**, as amended from time to time.

A conscious effort has been made to:

- treat appellate remedies as **statutory rights, not discretionary indulgences**,
- emphasise **first-appeal discipline as the foundation of all higher litigation**,
- integrate **Finance Act 2024 and 2025 changes** into existing jurisprudence, and
- translate complex legal principles into **usable frameworks, checklists, decision trees, and drafting skeletons**.

This publication is not intended as an academic treatise or examination aid. It is designed for **practising Chartered Accountants, tax professionals, and advisors** who must make real-time litigation decisions, manage risk, and defend positions before judicial forums.

If this work succeeds in reducing avoidable litigation errors, improving the quality of appellate advocacy, and reinforcing statutory discipline in practice, it would have served its purpose.

FCA Chandrasekaran Ramadurai
Practising Chartered Accountant
Bengaluru

2. CHAPTER-TOPIC-WISE INDEX

(Professional, Ready-Referencer Style)

INDEX

• Chapter 1 Introduction to the Income-tax Appellate Framework – Appellate hierarchy and statutory scheme
• Chapter 2 Appealable Orders and Right of Appeal – Scope and limits under the Act
• Chapter 3 Limitation, Condonation, and Maintainability – Statutory timelines and admission controls
• Chapter 4 Form, Verification, and Filing Mechanics – Procedural discipline and jurisdictional checks
• Chapter 5 Statement of Facts – Drafting discipline and factual foundations
• Chapter 6 Grounds of Appeal – Legal framing, issue segmentation, and preservation
• Chapter 7 Additional Evidence and Rule 46A – Admissibility, remand, and rebuttal strategy
• Chapter 8 Hearing before the Commissioner (Appeals) – Written submissions, enhancement, and advocacy
• Chapter 9 Appellate Orders – Speaking orders, procedural lapses, and review

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• Chapter 10 Second Appeal before the Income-tax Appellate Tribunal – Final fact-finding, paper books, and stays
• Chapter 11 Appeals to the High Court and Supreme Court – Substantial questions of law and final remedies
• Chapter 12 Decision Trees, SOPs, and Control Frameworks – MACS, partner sign-off, execution workflows
• Chapter 13 Issue-Wise Case-Law Plug-ins – Capital Gains, Section 56, PE, Transfer Pricing
• Chapter 14 Finance Act 2024 & 2025 Overrides – Re-reading jurisprudence post amendments
• Chapter 15 Draft Grounds, Argument Skeletons, and Templates – CIT(A), ITAT, High Court, and SLP framing
• Chapter 16 Client On boarding, Engagement, and Risk Governance – Professional safeguards and litigation management

3. DISCLAIMER (Bottom band, small gold text)

This is a professional research and practice document developed using AI as an assistive tool.

It does not purport to be an official publication of the Income-tax Department or ICAI.

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

Drafting and Filing Effective IT Appeals. Please discuss this topic by referring to guidance from the Revenue's booklet attached

Below is a **structured, practice-oriented discussion on “Drafting and Filing Effective Income-tax Appeals”**, aligned **strictly with the Revenue's own guidance** contained in the *Income Tax Department's Taxpayer Information Series-42: “Appeals & Procedures for Filing Appeals” (August 2018)*. The emphasis is on **what actually makes an appeal effective in practice**, not merely compliant in form.

1. Statutory Context and Philosophy of an Income-tax Appeal

The Revenue's booklet clearly positions the appellate mechanism as a **cost-effective, multi-layered, judicially independent grievance redressal system**, not as an extension of assessment proceedings. The Commissioner (Appeals) is described as a **quasi-judicial authority**, functionally independent from the Assessing Officer and bound by judicial hierarchy and precedents

Appeals-and-Procedure-for-filing...

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Practical implication for drafting:

An appeal must be drafted as a **legal challenge to an order**, not as a repetition of assessment submissions. The tone, structure, and content should reflect adjudication, not persuasion of an executive authority.

2. Threshold Discipline before Drafting an Appeal

The booklet repeatedly stresses that **admission of appeal is conditional**, not automatic. Certain threshold requirements directly affect maintainability

Appeals-and-Procedure-for-filing...

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(a) Appealable Orders

Only specified orders can be appealed before the CIT (A), including assessment orders, reassessment orders, rectification orders, penalty orders, TDS/TCS defaults, etc.

Appeals-and-Procedure-for-filing...

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Drafting insight:

Always **open the appeal by expressly stating the statutory provision** under which the impugned order is appealable. This pre-empts jurisdictional objections.

(b) Payment of Admitted Tax

The appeal is not admissible unless **tax on returned income** is paid (or advance tax where no return is filed)

Appeals-and-Procedure-for-filing...

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Drafting insight:

Mention compliance with section 249(4) upfront in the Statement of Facts. Silence on this point invites admission-stage objections.

3. Form No. 35: Drafting beyond Mechanical Compliance

The Revenue's guidance on Form No. 35 is unusually detailed and should be treated as a **drafting manual**, not a procedural checklist

Appeals-and-Procedure-for-filing...

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(a) Statement of Facts – The Spine of the Appeal

The booklet requires a **concise but complete narration of facts**, linked to each issue under appeal

Appeals-and-Procedure-for-filing...

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Effective drafting practice:

- Present facts **chronologically**
- Distinguish **undisputed facts** from **disputed inferences**
- Avoid legal arguments here; reserve them for Grounds

A well-drafted Statement of Facts should allow the CIT (A) to **understand the controversy without reading the assessment order**.

(b) Grounds of Appeal – Legal Precision over Rhetoric

The booklet mandates that **each grievance must be a separate ground**, capable of standing independently

Appeals-and-Procedure-for-filing...

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Key drafting principles derived from the booklet:

- Grounds may challenge **law, facts, or both**
- Avoid argumentative or evidentiary detail
- Frame grounds as **errors in the order**, not misconduct of the officer

Example style endorsed by the booklet:

“The Ld. Assessing Officer was not justified in rejecting the books of account and estimating income by applying an ad-hoc gross profit rate.”

Strategic insight:

Always include:

- A general ground challenging the order as **bad in law**
- A ground reserving the right to **add/alter grounds**

This aligns with the CIT (A)'s power to admit additional grounds later

Appeals-and-Procedure-for-filing...

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4. Additional Evidence: Controlled, Conditional, and Justified

The Revenue booklet is explicit that **additional evidence is an exception**, not a right, governed strictly by Rule 46A

Appeals-and-Procedure-for-filing...

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Permissible circumstances include:

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- AO refused to admit evidence
- Lack of opportunity
- Sufficient cause preventing earlier submission

Drafting discipline:

- File a **separate, reasoned Rule 46A application**
- Map each document to a specific Rule 46A clause
- Anticipate a remand report and rebuttal

Failure to structure this properly often results in evidence being ignored, even if substantively strong.

5. Hearing Stage: Written Submissions Matter More Than Oral Advocacy

The booklet clarifies that:

- The AO is given full opportunity to rebut
- Remand proceedings are common
- CIT(A) may conduct further enquiries

Appeals-and-Procedure-for-filing...

Effective appellate practice:

- File **issue-wise written submissions**
 - Cross-reference grounds, facts, and evidence
 - Anticipate enhancement risk and address it proactively
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6. Understanding the Powers of the CIT (A): Draft Accordingly

The Commissioner (Appeals) may:

- Confirm
- Reduce
- Annul
- **Enhance** assessment or penalty

Appeals-and-Procedure-for-filing...

Drafting implication:

An appeal should not merely seek deletion but must **defend against possible enhancement**, especially where issues are interconnected.

7. Strategic Continuity: Drafting with ITAT in Mind

The booklet repeatedly notes that:

- ITAT is the **final fact-finding authority**
- Grounds, facts, and evidence at CIT(A) stage determine ITAT scope

Appeals-and-Procedure-for-filing...

Therefore:

An effective first appeal is not just about winning at CIT (A), but about **building a litigation-ready record**.

8. Key Takeaways from the Revenue's Own Guidance

From the Department's own booklet, an "effective appeal" is one that:

- Is **maintainable without defects**
- Clearly separates **facts, grounds, and evidence**
- Respects procedural discipline (Rule 46A, limitation, fees)
- Enables the appellate authority to decide **issue-wise with reasons**
- Creates a clean factual foundation for higher appeals

This makes it clear that **most appellate failures are procedural or drafting failures, not substantive ones**.

If you wish, the next logical extensions could be:

- A **model Statement of Facts and Grounds of Appeal** aligned with Form 35 word limits
 - A **CIT(A) appeal drafting checklist for practitioners**
 - A **"DOs and DON'Ts" comparison between assessment submissions and appellate drafting**
 - Integration of this framework with **ITAT-ready drafting standards**
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You may indicate how you wish to proceed.

Sources

Please first provide a professional's ready referencer type Index of chapters and topics to discuss the subject

Below is a **professional, practitioner-ready "Ready Referencer Index"** for the subject **"Drafting and Filing Effective Income-tax Appeals"**, structured in a manner suitable for **CA practice manuals, training notes, internal firm SOPs, or publication use.**

The index is **derived from and aligned with the Revenue's own booklet** on *Appeals & Procedures for Filing Appeals* and reorganised from a **practitioner's perspective** (drafting, strategy, risk control, and litigation readiness), rather than merely reproducing statutory sequencing

Appeals-and-Procedure-for-filing...

READY REFERENCER INDEX

Drafting and Filing Effective Income-tax Appeals

PART A – FOUNDATIONAL FRAMEWORK

1. Conceptual Architecture of Income-tax Appeals

- 1.1 Right to Appeal under the Income-tax Act, 1961
- 1.2 Appeal as a Statutory Remedy vs Discretionary Relief
- 1.3 Quasi-Judicial Nature of Appellate Authorities
- 1.4 Judicial Hierarchy and Binding Precedents
- 1.5 Final Fact-Finding Role of ITAT

2. Appellate Authorities and Jurisdictional Structure

- 2.1 Commissioner of Income-tax (Appeals) – Role and Powers
- 2.2 Income-tax Appellate Tribunal – Composition and Authority
- 2.3 High Court – Substantial Question of Law
- 2.4 Supreme Court – Final Interpreter of Law
- 2.5 Alternative Routes: DRP, Settlement Commission, AAR

PART B – FIRST APPEAL (CIT (A)): DRAFTING & FILING

3. Appealable Orders – Identification and Scoping

- 3.1 Assessment Orders (143(3), 144, 147, 153A, etc.)
 - 3.2 Intimations and Adjustments (143(1), 200A)
 - 3.3 Rectification Orders (154 / 155)
 - 3.4 Penalty Orders – Chapter XXI
 - 3.5 TDS/TCS Defaults (201, 206C)
 - 3.6 Search, Block, and Special Regime Orders
-

4. Threshold Conditions for Maintainability of Appeal

- 4.1 Limitation Period – Computation and Risks
 - 4.2 Condonation of Delay – Drafting Strategy
 - 4.3 Payment of Admitted Tax (Section 249(4))
 - 4.4 Appeal Fees – Quantum and Evidence
 - 4.5 Consequences of Non-compliance
-

5. Form No. 35 – Architecture and Drafting Strategy

- 5.1 Statutory Structure of Form No. 35
 - 5.2 Jurisdictional and Administrative Details
 - 5.3 Income Figures, Additions, and Disputed Demand
 - 5.4 Verification and Authorized Signatories
 - 5.5 Common Technical Defects Leading to Rejection
-

6. Statement of Facts – Drafting the Factual Foundation

- 6.1 Purpose and Legal Importance
 - 6.2 Chronological Presentation of Facts
 - 6.3 Segregation of Undisputed vs Disputed Facts
 - 6.4 Linking Facts to Each Issue under Appeal
 - 6.5 Common Drafting Errors in Statements of Facts
-

7. Grounds of Appeal – Legal Drafting Principles

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

- 7.1 Nature and Scope of Grounds of Appeal
 - 7.2 Grounds on Law vs Grounds on Facts
 - 7.3 Issue-wise and Independent Ground Drafting
 - 7.4 General, Protective, and Residual Grounds
 - 7.5 Drafting Grounds to Safeguard Higher Appeals
-

8. Documentary Evidence and Paper Management

- 8.1 Mandatory Documents to Accompany Appeal
 - 8.2 Certification and Indexing of Documents
 - 8.3 E-filing Constraints: Word Limits and File Size
 - 8.4 Strategic Selection of Documents
-

PART C – ADDITIONAL EVIDENCE & REMAND

9. Rule 46A – Admission of Additional Evidence

- 9.1 Statutory Prohibition and Exceptions
 - 9.2 Circumstances Permitting Additional Evidence
 - 9.3 Drafting Rule 46A Applications
 - 9.4 Mapping Evidence to Rule 46A Clauses
 - 9.5 Risks of Improper Additional Evidence
-

10. Remand Proceedings and AO's Report

- 10.1 Scope of Remand by CIT (A)
 - 10.2 AO's Remand Report – Legal Status
 - 10.3 Filing Rejoinders to Remand Reports
 - 10.4 Principles of Natural Justice in Remand
 - 10.5 Tactical Use of Remand Proceedings
-

PART D – APPELLATE HEARINGS & ORDERS

11. Hearing before CIT (A) – Practice Management

- 11.1 Right of Hearing and Authorized Representation
 - 11.2 Written Submissions vs Oral Arguments
 - 11.3 Filing Additional Grounds of Appeal
-

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

- 11.4 Enhancement Risk – Identification and Defence
 - 11.5 Adjournments and Procedural Discipline
-

12. Powers and Scope of CIT (A)'s Order

- 12.1 Confirm, Reduce, Annul, or Enhance
 - 12.2 Deciding Issues Not Raised by Appellant
 - 12.3 Requirement of Reasoned Orders
 - 12.4 Service of Appellate Orders
 - 12.5 Giving Effect to Appellate Orders
-

PART E – SECOND APPEAL (ITAT): CONTINUITY OF STRATEGY

13. Transition from CIT (A) to ITAT

- 13.1 Appealable Orders before ITAT
 - 13.2 Limitation Period and Condonation
 - 13.3 Form No. 36 / 36B – Filing Requirements
 - 13.4 Continuity of Grounds, Facts, and Evidence
-

14. ITAT Proceedings – Practitioner's Perspective

- 14.1 Paper Book Preparation and Certification
 - 14.2 Filing of Additional Evidence before ITAT
 - 14.3 Cross Objections – Strategy and Use
 - 14.4 Stay Petitions and Demand Management
 - 14.5 Miscellaneous Applications
-

PART F – ADVANCED LITIGATION DIMENSIONS

15. Appeals before High Court and Supreme Court

- 15.1 Substantial Question of Law – Identification
 - 15.2 Drafting Questions of Law
 - 15.3 Scope of Arguments before Higher Courts
 - 15.4 Interplay between Facts and Law
-

16. Litigation Management and Risk Control

- 16.1 Appeal vs Rectification vs Revision
 - 16.2 Cost-Benefit Analysis of Appeals
 - 16.3 Enhancement and Penalty Exposure
 - 16.4 Record-Building for Long-Term Litigation
-

PART G – PRACTICE TOOLS & CHECKLISTS

17. Practitioner Checklists and Templates

- 17.1 CIT(A) Appeal Filing Checklist
 - 17.2 Grounds of Appeal Drafting Checklist
 - 17.3 Rule 46A Application Checklist
 - 17.4 ITAT Readiness Checklist
-

18. Common Mistakes and Preventive Controls

- 18.1 Procedural Defects
 - 18.2 Drafting Weaknesses
 - 18.3 Evidence Management Failures
 - 18.4 Strategic Errors across Appeal Stages
-

If you agree, the **next step** can be any one of the following (recommended sequence):

1. **Chapter-wise detailed discussion** starting with *Statement of Facts & Grounds of Appeal*
2. **Model templates** (Statement of Facts, Grounds, Rule 46A application)
3. **Firm-level SOP** for handling income-tax appeals
4. **Training-grade but practitioner-focused notes** for internal teams or client workshops

Please indicate how you would like to proceed.

Sources

Please ensure that the procedure or process may be referred to from the manual but the discussion and write up must be in line with the ITA & Rules

Understood.

Below is a **re-validated, statute-centric “Professional Ready-Referencer Index”** for **Drafting and Filing Effective Income-tax Appeals**, where:

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- **The Income-tax Act, 1961 and the Income-tax Rules, 1962 are the primary authority**
- **The Revenue's booklet is used only as a procedural aid / explanatory reference**
- Every chapter is anchored to **specific sections and rules**, ensuring doctrinal correctness, litigation robustness, and publication-grade reliability

This index is suitable for **CA practice manuals, appellate handbooks, firm SOPs, or advanced professional training material.**

STATUTE-ALIGNED READY REFERENCER INDEX

Drafting and Filing Effective Income-tax Appeals

(Aligned with the Income-tax Act, 1961 & Income-tax Rules, 1962)

PART A – STATUTORY FOUNDATION OF APPEALS

1. Right of Appeal under the Income-tax Act, 1961

- Section 246A – Appealable Orders
 - Nature of Appeal as a Statutory Right
 - Appeal vis-à-vis Rectification (s.154) and Revision (s.263 / s.264)
 - Appeal as Continuation of Original Proceedings
 - Limits of Appellate Jurisdiction
-

2. Appellate Authorities under the Act – Jurisdiction & Powers

- Commissioner of Income-tax (Appeals): Sections 246A, 250, 251
 - Income-tax Appellate Tribunal: Sections 252–255
 - High Court: Section 260A (Substantial Question of Law)
 - Supreme Court: Section 261 read with Article 136
 - Binding Nature of Judicial Precedents
-

PART B – FIRST APPEAL BEFORE CIT (A): LAW-DRIVEN ANALYSIS

3. Appealable Orders – Section 246A (Issue Identification)

- Assessment Orders (ss. 143(3), 144, 147, 153A, 153C)
 - Intimations and Adjustments (ss. 143(1), 200A)
 - Rectification Orders (ss. 154, 155)
 - Penalty Orders (Chapter XXI)
 - TDS/TCS Orders (ss. 201, 206C)
 - Search, Block and Special Regime Orders
-

4. Limitation, Admission and Maintainability

- Limitation Period – Section 249(2)
 - Condonation of Delay – Section 249(3)
 - Payment of Admitted Tax – Section 249(4)
 - Appeal Fees – Section 249(1) read with Rule 45
 - Consequences of Non-compliance
-

5. Form No. 35 – Statutory Framework (Rule 45)

- Rule 45: Mandatory E-filing
 - Jurisdictional CIT(A) Identification
 - Verification – Section 140
 - Authorized Signatories – Legal Validity
 - Defective Appeals and Curable Defects
-

PART C – CORE DRAFTING COMPONENTS

6. Statement of Facts – Legal Drafting Discipline

- Purpose under Appellate Jurisprudence
 - Distinction between Facts and Arguments
 - Issue-wise Fact Presentation
 - Evidentiary Referencing
 - Impact on Burden of Proof
-

7. Grounds of Appeal – Substantive and Procedural Law

- Grounds on Questions of Law
 - Grounds on Questions of Fact
 - Mixed Questions of Law and Fact
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- General, Protective and Residual Grounds
 - Additional Grounds – Section 250(5)
-

8. Documents and Evidence – Statutory Control

- Mandatory Documents under Rule 45
 - Evidentiary Value of Assessment Records
 - Certification and Indexing
 - Electronic Records and Digital Evidence
 - Record Preservation for Higher Appeals
-

PART D – ADDITIONAL EVIDENCE & FACT-FINDING

9. Rule 46A – Additional Evidence before CIT (A)

- Statutory Prohibition and Exceptions
 - Rule 46A(1)(a) to (d) – Circumstance-wise Analysis
 - Drafting Rule 46A Applications
 - Recording of Reasons by CIT(A)
 - Legal Consequences of Non-compliance
-

10. Remand Proceedings and Natural Justice

- Section 250(4) – Further Enquiry Powers
 - AO's Remand Report – Scope and Limits
 - Right to Rebuttal and Cross-Examination
 - Principles of Natural Justice
 - Strategic Use of Remand
-

PART E – HEARING & APPELLATE ORDER

11. Hearing before CIT (A) – Procedural Law

- Section 250(1)–(2): Right of Hearing
 - Authorized Representatives – Section 288
 - Written Submissions vs Oral Submissions
 - Adjournments and Case Management
 - Enhancement Risk – Section 251(2)
-

12. Powers and Scope of CIT (A)'s Order

- Section 251(1): Confirm, Reduce, Enhance, Annul
 - Power to Decide Issues Not Raised
 - Requirement of Speaking Orders
 - Service of Orders and Communication
 - Giving Effect to Appellate Orders
-

PART F – SECOND APPEAL BEFORE ITAT

13. Appeal to ITAT – Statutory Mechanics

- Section 253 – Appealable Orders
 - Limitation – Section 253(3)
 - Form No. 36 / 36B – Rule 47
 - Authorized Signatories – Section 140
 - Departmental Appeals and Assessee Appeals
-

14. ITAT Proceedings – Fact-Law Boundary

- Final Fact-Finding Authority
 - Paper Book Rules and Certification
 - Additional Evidence before ITAT
 - Cross Objections – Section 253(4)
 - Stay of Demand – Section 254(2A)
-

PART G – HIGHER JUDICIAL REMEDIES

15. Appeals before High Court and Supreme Court

- Section 260A – Substantial Question of Law
 - Drafting Questions of Law
 - Scope of Interference with Findings of Fact
 - Section 261 and Constitutional Remedies
-

PART H – STRATEGY, RISK & PRACTICE MANAGEMENT

16. Litigation Strategy under the IT Act

- Appeal vs Revision vs Settlement
 - Penalty Exposure and Parallel Proceedings
 - Enhancement and Protective Assessments
 - Cost-Benefit and Risk Analysis
-

17. Practice Tools for Professionals

- CIT(A) Appeal Readiness Checklist
 - Grounds of Appeal Drafting Matrix
 - Rule 46A Decision Tree
 - ITAT Transition Checklist
-

18. Common Errors and Judicially Noted Defects

- Limitation and Admission Failures
 - Defective Grounds and Verification
 - Improper Additional Evidence
 - Weak Record Creation for Higher Appeals
-

Concluding Note (for Publication Use)

- Procedural manuals as aids, not authority
 - Primacy of the Income-tax Act & Rules
 - Importance of jurisprudential consistency
 - Appeals as a discipline, not a formality
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Next Logical Step (Recommended)

You may now choose to proceed with:

1. **Chapter-wise statutory discussion** (starting with Sections 246A–251), or
 2. **Model drafting templates** aligned to each statutory provision, or
 3. **Firm-level SOP + checklists**, or
 4. **Publication-grade narrative commentary** (Kanga-style, practitioner-oriented)
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Please indicate how you wish to continue.

Income-tax-act-1961-as-amended-by-finance-act-2025.pdf

PDF

Income_Tax_Rules_1962.PDF

PDF

For ease of reference, the Act & Rules are uploaded

Noted.

The **Income-tax Act, 1961 (as amended by the Finance Act, 2025)** and the **Income-tax Rules, 1962** uploaded by you will be treated as the **primary and controlling authority** for all further discussion, drafting, and analysis on *Drafting and Filing Effective Income-tax Appeals*

Income-tax-act-1961-as-amended-...

Income_Tax_Rules_1962

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Going forward, the approach will be as follows:

1. Primacy of Statute and Rules

All substantive positions—right of appeal, maintainability, limitation, powers of appellate authorities, admission of additional evidence, enhancement, remand, and appellate orders—will be derived **directly from the relevant sections of the Act (notably Sections 246A to 261) and corresponding Rules (primarily Rules 45, 46A, 47, etc.)**. Interpretative emphasis will remain aligned with statutory language and settled judicial principles.

2. Use of the Revenue's Manual / Booklet

The Revenue's booklet will be referred to **only for procedural flow, sequencing, and administrative facilitation**, such as:

- manner of e-filing,
- internal handling at the appellate office,
- sequencing of hearings and remand,
- Departmental practice notes.

It will **not be treated as a source of law**, nor will any proposition be advanced solely on the strength of the manual where it is not supported by the Act or the Rules.

3. Style of Discussion and Write-up

The discussion will be:

- section-wise and rule-wise,
- practitioner-oriented (appeal drafting, risk management, litigation readiness),
- suitable for professional reference, firm SOPs, and publication,
- Capable of standing scrutiny before CIT (A), ITAT, and higher courts without reliance on departmental instructions.

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4. Citations and Cross-Referencing

each substantive chapter will explicitly cross-reference:

- the exact **section(s) of the Act**, and
 - The applicable **rule(s) and prescribed forms**, with procedural notes from the manual clearly identified as *supplementary*.
-

Recommended Next Step

You may now confirm how you would like to proceed:

1. **Begin Chapter 1** – Right of Appeal & Appellate Structure (Sections 246A–251) with statute-first commentary, or
2. **Start with Core Drafting** – Statement of Facts & Grounds of Appeal (law-centric drafting discipline), or
3. **Develop a Practitioner SOP** – End-to-end appeal lifecycle mapped strictly to Act & Rules, or
4. **Publication-grade narrative** – Continuous, Kanga-style exposition on Income-tax Appeals.

Once you indicate the choice, I will proceed strictly within the Act & Rules framework using the uploaded texts as the base authority.

Sources

YES

Proceeding accordingly.

Below is **Chapter 1**, drafted **strictly with the Income-tax Act, 1961 and the Income-tax Rules, 1962 as the primary authority**, using the Revenue's booklet only for procedural orientation where relevant?

CHAPTER 1

Right of Appeal and Appellate Structure under the Income-tax Act, 1961

1.1 Statutory Nature of the Right of Appeal

The right to file an appeal under the Income-tax Act, 1961 is **not an inherent or equitable right**; it is a **creature of statute**. An assessee can appeal **only where the Act expressly**

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confers such a right and only in the manner prescribed. This principle flows directly from the scheme of **Chapter XX – “Appeals and Revision”**, commencing with **Section 246A** of the Act

Income-tax-act-1961-as-amended-...

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This statutory character has two immediate consequences for a practitioner:

- the scope of appeal is **confined to appealable orders enumerated in the Act**, and
- Compliance with **conditions of limitation, form, verification, and pre-deposit** is jurisdictional, not procedural.

Any drafting or filing strategy that treats appeal as a continuation of assessment without recognising these statutory constraints is legally fragile.

1.2 Appeal as a Continuation of Proceedings – Limited Sense

While appellate proceedings are often described judicially as a **continuation of original proceedings**, this principle operates only **within the four corners of the appellate jurisdiction conferred by the Act**. The Commissioner (Appeals) cannot assume powers beyond those conferred under **Sections 250 and 251**, nor can the assessee enlarge the subject matter beyond what arises from the impugned order.

Thus, for drafting purposes:

- facts, evidence, and arguments must **relate back to the assessment record**, and
- The appeal cannot be converted into a fresh assessment or an independent inquiry dehors the statute.

1.3 Appellate Authorities under the Act – A Statutory Hierarchy

The Act creates a **graded appellate structure**, each level having a distinct statutory role:

1. **Commissioner of Income-tax (Appeals)** – Sections **246A, 250, 251**
2. **Income-tax Appellate Tribunal** – Sections **252 to 255**
3. **High Court** – Section **260A** (substantial question of law)
4. **Supreme Court** – Section **261** read with constitutional remedies

This hierarchy is **not interchangeable**. Each forum is empowered to deal with specific kinds of issues—facts, mixed questions, or pure questions of law—based on express statutory allocation

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1.4 Commissioner (Appeals): Quasi-Judicial Authority under the Act

Under **Section 246A**, an assessee aggrieved by specified orders may appeal to the Commissioner (Appeals). The procedure for disposal is governed by **Section 250**, while the **powers of adjudication** are contained in **Section 251**.

Key statutory attributes emerging from these provisions are:

- the Commissioner (Appeals) is a **quasi-judicial authority**, not an administrative superior of the Assessing Officer;
- the proceedings are **adversarial in character**, requiring reasoned adjudication; and
- The authority is statutorily bound to **grant opportunity of hearing**, consider evidence, and pass a **speaking order**.

For drafting, this mandates a **judicial style of presentation**, grounded in law and evidence, rather than narrative explanations.

1.5 Scope of Appealable Orders – Section 246A

Section **246A** exhaustively enumerates the orders against which an appeal lies to the Commissioner (Appeals). These include, inter alia:

- assessment and reassessment orders,
- intimation orders making adjustments,
- rectification orders,
- penalty orders, and
- Orders relating to TDS/TCS defaults.

The enumeration is **exhaustive and not illustrative**. If an order does not fall within Section 246A, the remedy lies elsewhere—revision, writ, or other statutory mechanism

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A professional appeal must therefore **begin by establishing jurisdiction**, explicitly linking the impugned order to the relevant clause of Section 246A.

1.6 Right of Hearing and Natural Justice – Section 250

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Section **250(1) and (2)** mandates that the Commissioner (Appeals) shall:

- fix a day and place of hearing, and
- Give notice to the appellant and the Assessing Officer.

This statutory right of hearing is not a mere formality. It is the foundation for:

- filing written submissions,
- producing admissible evidence, and
- Rebutting remand reports or enhancement proposals.

From a drafting standpoint, this makes **written submissions an integral part of the appellate record**, not an optional advocacy tool.

1.7 Powers of the Commissioner (Appeals) – Section 251

Section **251(1)** confers wide powers on the Commissioner (Appeals) to:

- confirm,
- reduce,
- enhance, or
- Annul the assessment.

However, **Section 251(2)** imposes a statutory safeguard: **no enhancement can be made without giving the assessee a reasonable opportunity of being heard**

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This duality has a direct impact on appeal drafting:

- the appeal must **anticipate enhancement risks**, and
 - Grounds and facts must be framed defensively, not merely deletion-oriented.
-

1.8 Role of Rules in Appellate Proceedings

While substantive rights and powers emanate from the Act, **procedural discipline** is enforced through the Income-tax Rules, 1962—particularly:

- **Rule 45** – Form and manner of filing appeal (Form No. 35)
 - **Rule 46A** – Additional evidence before Commissioner (Appeals)
 - **Rule 47** – Appeals to the Appellate Tribunal
-

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These Rules are **mandatory**, and non-compliance can vitiate an otherwise strong appeal

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1.9 Practical Implications for Professionals

From the statutory scheme discussed above, three core principles emerge for professionals:

1. **Jurisdiction first** – every appeal must justify its statutory maintainability.
2. **Judicial drafting** – facts, grounds, and submissions must be framed for adjudication, not persuasion.
3. **Record-building** – the first appeal is the foundation for all higher litigation.

An effective appeal is therefore not merely filed—it is **constructed with statutory foresight**.

Next Chapter (to follow on confirmation)

Chapter 2 – Appealable Orders under Section 246A: Identification, Classification, and Drafting Implications

This will include:

- clause-wise analysis of Section 246A,
- common jurisdictional errors, and
- Drafting checklists for each category of order.

Please confirm “**Proceed to Chapter 2**” and I will continue in the same statute-centric manner.

Sources

YES

Proceeding with **Chapter 2**, continuing in the same **statute-first, rule-aligned, practitioner-oriented** manner.

CHAPTER 2

Appealable Orders under Section 246A – Identification, Classification, and Drafting Implications

2.1 Section 246A as the Jurisdictional Gateway

Section 246A of the Income-tax Act, 1961 is the **exclusive jurisdiction-conferring provision** for appeals to the Commissioner (Appeals). An appeal is maintainable **only if the impugned order squarely falls within one of the clauses of Section 246A (1)**. The provision is **exhaustive**, not illustrative, and therefore admits of **no equitable expansion**

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For a professional, this makes **correct identification of the appealable order the first and non-negotiable step** in appellate drafting. Any defect at this stage goes to the root of jurisdiction and cannot be cured by merits.

2.2 Classification of Appealable Orders – A Functional Grouping

Though Section 246A lists orders clause-wise, for professional use it is analytically useful to classify them into functional groups. This classification assists in **structuring grounds, anticipating enhancement, and planning evidence strategy**.

2.3 Appeals against Assessment and Reassessment Orders

Section 246A permits appeal against orders of assessment or reassessment passed under, inter alia:

- **Section 143(3)** – Regular assessment
- **Section 144** – Best judgment assessment
- **Section 147** – Reassessment
- **Sections 153A / 153C** – Search and related assessments

These constitute the **core appellate workload**.

Drafting implications:

- Jurisdictional challenges (invalid notice, limitation, sanction defects) must be raised as **specific legal grounds**, even if not pressed before the Assessing Officer.
- Additions must be challenged **issue-wise**, avoiding omnibus grounds.
- Where reassessment or search assessments are involved, **jurisdictional grounds should precede merits** to preserve higher-forum arguments.

2.4 Appeals against Intimations and Adjustment Orders

Section 246A also covers appeals against certain **intimations treated as orders**, including:

- **Section 143(1)** – Adjustments to returned income
- **Section 200A** – TDS statements processing

Although termed “intimations”, these are **deemed orders** for appellate purposes once they create tax liability or deny a claim.

Drafting implications:

- Grounds must focus on **scope of permissible adjustments** under the relevant provision.
- Factual narration should be minimal; emphasis should be on **statutory overreach**.
- Since evidence is usually already on record, **Rule 46A issues are rare but jurisdictional arguments are common**.

2.5 Appeals against Rectification Orders

Orders passed under **Sections 154 and 155** are appealable where they affect the assessee adversely.

Key statutory limitation:

An appeal cannot be used to **re-argue debatable issues** under the guise of rectification. The appellate challenge must therefore be framed around:

- existence or absence of a “mistake apparent from record”, and
- Legality of invoking rectification jurisdiction.

Drafting implications:

- Grounds should attack the **very assumption of rectification power**, not merely the arithmetic effect.
- Mixing merits of the original assessment with rectification grounds weakens maintainability.

2.6 Appeals against Penalty Orders

Section 246A expressly provides for appeals against **penalty orders passed under Chapter XXI** (including penalty under Sections 270A, 271AAC, 271AAB, etc.).

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Statutory distinctiveness:

Penalty proceedings are **separate and independent** from assessment proceedings, even though they arise out of them.

Drafting implications:

- Grounds must separately challenge **jurisdiction, satisfaction, procedural compliance, and quantum**.
 - Reliance solely on deletion of quantum addition is insufficient unless linked to statutory language.
 - The Statement of Facts must narrate **penalty-specific chronology**, not merely assessment facts.
-

2.7 Appeals against TDS / TCS Orders

Orders passed under **Sections 201 and 206C** determining default or interest are appealable under Section 246A.

Distinct statutory character:

These proceedings are **not assessments of income**, but determinations of withholding obligations.

Drafting implications:

- Grounds should focus on **existence of obligation, rate, nature of payment, and recipient status**.
 - Evidence often relates to **contracts, invoices, and recipient tax status**, making documentation strategy critical.
 - Jurisdictional grounds (e.g., limitation, double recovery) should be explicitly raised.
-

2.8 Appeals against Orders under Special Regimes

Section 246A also extends to orders under **special statutory regimes**, such as:

- orders relating to registration, cancellation, or denial of certain benefits where expressly covered;
- Orders having civil consequences specified in the section.

Drafting implications:

- The appeal must **demonstrate statutory inclusion** within Section 246A.
 - Where ambiguity exists, the opening paragraph of the appeal should **justify Appealability clause-wise** to avoid summary dismissal.
-

2.9 Orders Not Appealable under Section 246A – Strategic Awareness

Equally important is identifying what **cannot** be appealed under Section 246A, such as:

- purely administrative directions,
- certain approval or satisfaction notes,
- Orders for which the Act provides a different remedy (revision, DRP, writ).

Filing an appeal where none lies results not only in dismissal but May also **prejudice alternative remedies**.

2.10 Drafting the Jurisdictional Foundation in Form No. 35

Given the statutory scheme, every professionally drafted appeal should:

- explicitly mention the **exact cause of Section 246A** under which the appeal lies,
- describe the **nature of the order** and statutory provision under which it is passed, and
- Avoid generic descriptions such as “assessment order” without statutory anchoring.

This practice aligns the appeal with the **jurisdictional discipline mandated by the Act** and reduces admission-stage objections

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2.11 Practitioner Takeaways from Section 246A

From a statute-centric reading of Section 246A, the following principles are critical:

1. **Appealability is a question of law**, not convenience.
2. **Clause identification is part of drafting, not a formality.**
3. **Different categories of orders demand different drafting strategies.**
4. **Incorrect forum selection can be fatal to the client's remedy.**

An effective appeal therefore begins **before drafting grounds**, at the stage of correctly locating the order within Section 246A.

Next Chapter (on confirmation)

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

Chapter 3 – Limitation, Maintainability, and Admission of Appeals (Sections 249 & Rule 45)

this will cover:

- computation of limitation,
- condonation strategy,
- payment of admitted tax, and
- Consequences of defective appeals.

Please confirm “**Proceed to Chapter 3**”.

Sources

YES confirmed

Proceeding with **Chapter 3**, maintaining the same **strictly statute-driven, practitioner-grade** approach.

CHAPTER 3

Limitation, Maintainability, and Admission of Appeals

(Sections 249 of the Income-tax Act, 1961 read with Rule 45 of the Income-tax Rules, 1962)

3.1 Statutory Importance of Maintainability in Appellate Proceedings

Under the scheme of **Chapter XX of the Income-tax Act, 1961**, the filing of an appeal is not sufficient by itself. An appeal becomes capable of adjudication **only when it satisfies the statutory conditions of maintainability** prescribed under **Section 249** and the procedural discipline imposed by **Rule 45 of the Income-tax Rules, 1962**

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Maintainability operates at a **jurisdictional level**. A defect relating to limitation, fee, verification, or payment of admitted tax is not a mere procedural lapse; it can result in **summary dismissal at the threshold**, irrespective of the strength of the merits.

3.2 Limitation for Filing Appeal – Section 249(2)

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Section 249(2) prescribes the time limits within which an appeal must be presented before the Commissioner (Appeals). Broadly, the limitation period is:

- **30 days** from the date of service of the notice of demand relating to the assessment or penalty order, or
- **30 days** from the date of service of the order sought to be appealed against, where no notice of demand is involved.

The statute links limitation to **service**, not the date of the order. This distinction is crucial in cases involving electronic service, migrated proceedings, or portal-based communications.

Professional implication:

The computation of limitation must be **documented and defensible**, particularly where service is disputed or deemed service is invoked.

3.3 Computation of Limitation – Practical Statutory Considerations

While the Act prescribes the period, the practitioner must ensure:

- identification of the **exact date of service** under the Act and allied rules;
- exclusion or inclusion of days in accordance with general legal principles applicable to statutory limitation; and
- Internal documentation (portal logs, email alerts, acknowledgements) to support the stated date of service.

Failure to correctly compute limitation can expose the appeal to **avoidable condonation proceedings**.

3.4 Condonation of Delay – Section 249(3)

Section 249(3) empowers the Commissioner (Appeals) to admit an appeal after expiry of the limitation period **if satisfied that the appellant had sufficient cause for not presenting it within time**.

Key statutory characteristics:

- Condonation is **discretionary**, not automatic.
- The burden of proving “sufficient cause” lies entirely on the appellant.
- The discretion must be exercised **judicially**, based on reasons recorded.

Drafting implications:

An application for condonation must be:

- **separate and reasoned,**
-

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- supported by factual chronology, and
- Free from generic or repetitive explanations.

A weak condonation application can defeat an otherwise strong appeal at the threshold.

3.5 Payment of Admitted Tax – Section 249(4)

Section 249(4) imposes a mandatory pre-condition for admission of appeal:

- where a return has been filed, the assessee must have **paid the tax due on the income returned**;
- Where no return has been filed, the assessee must have **paid the amount of advance tax payable**.

This requirement is **statutory and jurisdictional**.

Critical distinction:

Payment of **admitted tax** is mandatory; payment of **disputed tax** is not a condition precedent for filing an appeal.

Professional implication:

The Statement of Facts should clearly record compliance with Section 249(4), supported by challan references, to pre-empt admission-stage objections.

3.6 Consequences of Non-Compliance with Section 249(4)

An appeal filed without complying with Section 249(4):

- is liable to be treated as **not maintainable**, and
- May be dismissed without examination of merits.

Subsequent payment does not automatically cure the defect unless the appellate authority, in exercise of judicial discretion, permits rectification. This underscores the importance of **pre-filing compliance checks**.

3.7 Appeal Fees – Section 249(1) read with Rule 45

Section 249(1) mandates that every appeal shall be accompanied by the prescribed fee. The **mode, manner, and electronic payment mechanism** are governed by **Rule 45**.

Statutory compliance requires:

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- correct determination of appeal fee based on returned income;
- payment through the prescribed electronic mode; and
- Proper linkage of payment with Form No. 35.

Incorrect fee payment is a **curable defect**, but it delays admission and exposes the appeal to technical objections.

3.8 Form No. 35 and E-Filing Mandate – Rule 45

Rule 45 makes electronic filing of appeals in **Form No. 35** mandatory. The Rule governs:

- form structure,
- digital verification,
- annexures and enclosures, and
- Authorised signatories.

Compliance with Rule 45 is **not optional**. Appeals filed otherwise than in the prescribed manner risk being treated as **invalid or defective**

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3.9 Defective Appeals and Opportunity to Cure

Where defects relate to:

- verification,
- fee payment,
- annexure upload, or
- clerical errors,

The appellate authority may allow rectification within a stipulated time. However, defects relating to **limitation or Section 249(4)** go to the root of maintainability and are not on the same footing.

Practice insight:

A professional appeal should be **defect-free at the time of filing**, not dependent on post-filing cures.

3.10 Jurisdictional Drafting in Form No. 35

To ensure smooth admission, the following must be explicitly addressed in the appeal:

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- date of service of order / demand,
- computation of limitation,
- confirmation of admitted tax payment, and
- Confirmation of appeal fee payment.

This transforms Form No. 35 from a compliance form into a **jurisdictional narrative**, aligned with statutory expectations.

3.11 Practitioner Takeaways from Section 249 and Rule 45

From a statute-centric perspective:

1. **Limitation is foundational, not technical.**
2. **Condonation is an exception, not a strategy.**
3. **Section 249(4) compliance is non-negotiable.**
4. **Rule 45 governs validity, not convenience.**

A professionally drafted appeal is one that **survives admission scrutiny without litigation on maintainability.**

Next Chapter (on confirmation)

Chapter 4 – Form No. 35: Statutory Architecture, Verification, and Drafting Strategy (Rule 45 & Section 140)

This will cover:

- structure of Form 35,
- verification requirements,
- authorised signatories, and
- Common fatal drafting errors.

Please confirm **“Proceed to Chapter 4”**.

Sources
YES

Proceeding with **Chapter 4**, continuing the **Act-and-Rules-centric, practitioner-grade exposition.**

CHAPTER 4

Form No. 35 – Statutory Architecture, Verification, and Drafting Strategy

(Rule 45 of the Income-tax Rules, 1962 read with Sections 249 and 140 of the Income-tax Act, 1961)

4.1 Legal Status of Form No. 35

Form No. 35 is **not a procedural convenience**; it is the **statutorily prescribed vehicle** through which the right of appeal under **Section 246A** is exercised. Its filing, manner, verification, and attachments are governed by **Rule 45 of the Income-tax Rules, 1962**, and its validity is further conditioned by **Section 249** of the Act

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An appeal that is otherwise within limitation and on merits can still fail if Form No. 35 is **invalidly filed or improperly verified**.

4.2 Mandatory E-Filing and Jurisdictional Compliance – Rule 45

Rule 45(1) mandates that every appeal to the Commissioner (Appeals) shall be **furnished electronically** in Form No. 35 in the prescribed manner. Physical filing has no statutory recognition except where expressly permitted by law.

From a legal standpoint, Rule 45 does three things:

- prescribes the **exclusive mode of filing** the appeal,
- standardises the **information architecture** of appellate pleadings, and
- Links jurisdictional facts (limitation, fee, and admitted tax) to the appeal record.

Non-compliance with Rule 45 exposes the appeal to being treated as **defective or non-est**.

4.3 Structural Anatomy of Form No. 35 – A Statutory Reading

Form No. 35 is structured to capture **jurisdictional facts first, merits later**. Broadly, it contains:

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- particulars of the appellant and authorised representative,
- details of the order appealed against,
- dates relevant for limitation,
- quantum of income assessed and disputed,
- Statement of Facts,
- Grounds of Appeal, and
- Verification.

This sequencing mirrors the statutory logic of **Section 249** → **Section 250** → **Section 251**, and should guide the drafting mindset.

4.4 Identification of the Impugned Order and Appellate Jurisdiction

The form requires clear identification of:

- the **nature of the order** (assessment, penalty, rectification, TDS/TCS, etc.), and
- The **section under which the order is passed**.

This is not clerical. It establishes **appellate jurisdiction under Section 246A**. A vague or incorrect description can lead to objections on maintainability.

Professional drafting standard:

Always describe the order as

“Order passed under section ____ of the Income-tax Act, 1961, dated ____, appealable under section 246A (1) (...)”.

4.5 Dates, Limitation, and Statutory Disclosure

Form No. 35 requires disclosure of:

- date of order,
- date of service of notice of demand / order, and
- Date of filing of appeal.

These entries are the **primary record for Section 249(2) limitation compliance**.

Drafting discipline:

Dates should be consistent with portal records and supporting evidence. Any potential delay should be consciously addressed through a **separate condonation application under Section 249(3)**, not left implicit.

4.6 Disclosure of Income, Additions, and Disputed Amount

The form requires a break-up of:

- returned income,
- assessed income, and
- Disputed additions or disallowances.

This disclosure serves two statutory purposes:

1. determination of **appeal fee under Section 249(1)**, and
2. Defining the **scope of appellate adjudication** under Section 251.

Inflated or loosely described disputes risk **unintended enhancement exposure**.

4.7 Statement of Facts and Grounds – Statutory Position

Although Form No. 35 does not prescribe word limits in the Act, the **Statement of Facts and Grounds of Appeal** are statutory components of the appeal record.

Their legal role flows from:

- **Section 250(4)** – power of the Commissioner (Appeals) to make further inquiry, and
- **Section 250(5)** – power to admit additional grounds.

Thus, what is stated (or omitted) in Form No. 35 directly affects the **permissible scope of adjudication**.

4.8 Verification of Appeal – Section 140

Verification of Form No. 35 must strictly comply with **Section 140 of the Income-tax Act, 1961**, which governs who is competent to verify returns and allied documents.

Key statutory principles:

- verification must be by the **person authorised under Section 140**,
- improper verification is a **jurisdictional defect**, and
- Authorisation must exist **on the date of filing**.

Digital verification does not dilute statutory responsibility; it only changes the mode.

4.9 Authorised Representatives and Filing Responsibility

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Where the appeal is filed through an authorised representative:

- authority flows from **Section 288**, but
- Responsibility for correctness, verification, and compliance remains with the assessee.

From a statutory standpoint, defects in authorisation can invalidate proceedings, especially where verification is questioned.

4.10 Annexures, Attachments, and Evidentiary Discipline

Rule 45 permits annexures to be uploaded along with Form No. 35. However:

- annexures do not substitute evidence,
- evidentiary value is governed by **Rule 46A** and Section 250(4), and
- Indiscriminate uploading can complicate admission and remand.

Professional approach:

Attach only jurisdictionally necessary documents at filing stage; reserve substantive evidence for controlled introduction under Rule 46A, if required.

4.11 Defective Appeals – Legal Consequences

Defects relating to:

- verification,
- fee,
- annexures, or
- clerical inaccuracies

May be treated as **curable**, subject to opportunity.

However, defects relating to:

- limitation,
- Section 249(4) compliance, or
- absence of jurisdiction

Are **substantive** and can result in dismissal.

This distinction is grounded in statute, not administrative practice.

4.12 Practitioner Takeaways on Form No. 35

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From a statute-centric reading:

1. Form No. 35 is a **jurisdictional pleading**, not a mere upload.
2. Every field corresponds to a **statutory requirement**.
3. Verification under Section 140 is critical to validity.
4. Careless drafting at this stage can prejudice the appeal irreversibly.

A professionally drafted Form No. 35 should be capable of **standing scrutiny even before a writ court**, if required.

Next Chapter (on confirmation)

Chapter 5 – Statement of Facts: Legal Role, Drafting Discipline, and Appellate Impact

This will examine:

- statutory function of facts in appellate proceedings,
- distinction between facts and arguments, and
- How factual narration controls Rule 46A and enhancement exposure.

Please confirm “**Proceed to Chapter 5**”.

Sources

Ch. 5

Proceeding with **Chapter 5**, continuing the **statute-centric, practitioner-grade exposition**, with the **Income-tax Act, 1961** and **Income-tax Rules, 1962** as the controlling authority

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CHAPTER 5

Statement of Facts – Legal Role, Drafting Discipline, and Appellate Impact

5.1 Statutory Position of the Statement of Facts

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

The **Statement of Facts** is not expressly defined in a single section of the Income-tax Act; its legal character emerges from the combined reading of **Sections 246A, 250, and 251**. Once an appeal is filed, the Commissioner (Appeals) adjudicates “**the subject matter of the appeal**” as arising from the impugned order and the pleadings placed on record. The Statement of Facts is the **primary factual pleading** that delineates this subject matter.

In statutory terms, the Statement of Facts performs three functions:

1. it identifies **what facts are admitted and what facts are in dispute**;
2. it sets the factual boundary within which **Section 250(4)** (further inquiry) and **Rule 46A** (additional evidence) may operate; and
3. It conditions the exercise of powers under **Section 251**, including enhancement.

Thus, although not labelled in the Act, the Statement of Facts is **integral to appellate jurisdiction**.

5.2 Distinction between Statement of Facts and Grounds of Appeal

A fundamental drafting discipline—rooted in appellate jurisprudence—is the **strict separation of facts from grounds**.

- **Statement of Facts:** answers “*What happened?*”
- **Grounds of Appeal:** answer “*Why the order is wrong in law or on facts?*”

This separation is not stylistic; it is **jurisdictional**. Under **Section 250**, the Commissioner (Appeals) examines the order appealed against “*after making such further inquiry as he thinks fit*”. What constitutes “further inquiry” is informed by **facts pleaded**. Legal arguments belong to the grounds and submissions, not the factual narrative.

Mixing arguments into facts often leads to:

- confusion during remand under Section 250(4), and
 - Rejection of additional evidence on the ground that the facts were never pleaded.
-

5.3 Role of the Statement of Facts in Admission and Hearing

Although admission of appeal primarily turns on **Section 249**, the Statement of Facts plays a decisive role immediately thereafter. At the first effective hearing, the Commissioner (Appeals):

- identifies the **issues arising from the order**, and
- Maps them to the **facts pleaded by the appellant**.

Where facts are poorly pleaded or selectively narrated, the appellate authority may:

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- treat certain issues as **not arising from the appeal**, or
- Confine adjudication to narrower factual contours than intended.

For practitioners, this means the Statement of Facts must be drafted **with the hearing stage in mind**, not merely to complete Form No. 35.

5.4 Chronological and Issue-wise Fact Presentation

From a statutory perspective, the safest and most effective structure is:

- **chronological narration** of events leading to the impugned order, followed by
- **Issue-wise factual narration**, aligned to each proposed ground of appeal.

This structure ensures coherence with:

- the assessment order (source of facts), and
- The powers of the Commissioner (Appeals) under **Sections 250 and 251**.

Facts should be **verifiable from the assessment record** unless specifically stated otherwise. Introducing unrecorded facts without disclosure risks later rejection of evidence under **Rule 46A**.

5.5 Undisputed Facts vs Disputed Facts – A Statutory Necessity

A professionally drafted Statement of Facts must **clearly demarcate**:

- facts **admitted or undisputed**, and
- Facts **disputed or inferred incorrectly by the Assessing Officer**.

This distinction directly affects:

- the scope of **further inquiry under Section 250(4)**, and
- The Commissioner (Appeals)' discretion in appreciating evidence.

Failure to draw this line may result in:

- the appellate authority treating adverse factual findings as admitted, or
 - Placing an unnecessary burden of proof on the appellant.
-

5.6 Relationship between Statement of Facts and Burden of Proof

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

The Income-tax Act places the **initial burden of proof** on the assessee in respect of claims made, while the **burden to justify additions** rests on the Assessing Officer. In appellate proceedings, this balance is preserved but **refracted through the Statement of Facts**.

A fact not pleaded is often treated as **not in issue**. Consequently:

- the assessee may be precluded from introducing supporting evidence later, and
- The appellate authority may decline to examine a contention as “beyond the record”.

This is particularly relevant in cases involving:

- disallowances based on inference,
- best judgment assessments, and
- Penalty proceedings where mens rea or conduct is in issue.

5.7 Statement of Facts and Rule 46A (Additional Evidence)

Rule 46A permits additional evidence only in specified circumstances. One common ground for rejection of additional evidence is that **the factual foundation was never laid in the Statement of Facts**.

From a statutory control perspective:

- facts must be pleaded first;
- Evidence is only the means of proving pleaded facts.

Therefore, when drafting the Statement of Facts, the practitioner must consciously include:

- Facts that may later require evidentiary substantiation, even if evidence is not being filed at that stage.

This preserves the assessee's statutory right to invoke Rule 46A where conditions are satisfied.

5.8 Statement of Facts in Penalty Appeals

In penalty appeals under Chapter XXI, the Statement of Facts assumes **even greater importance**. Penalty proceedings are independent, and facts relevant for assessment may be **insufficient for penalty adjudication**.

The Statement of Facts must therefore include:

- chronology of assessment proceedings,
- recording (or absence) of satisfaction,

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- initiation of penalty, and
- Conduct of the assessee relevant to statutory defences.

Omitting these facts weakens challenges under **Sections 270A, 271AAC, 271AAB**, etc., irrespective of the merits of quantum appeal.

5.9 Negative Drafting: What the Statement of Facts Should Not Contain

From a statute-centric viewpoint, the Statement of Facts should **not** contain:

- citations of case law,
- statutory interpretations,
- argumentative assertions, or
- Prayers or reliefs.

These belong to grounds and submissions. Including them in facts risks:

- dilution of factual clarity, and
 - Adverse inferences during adjudication or remand.
-

5.10 Statement of Facts as a Litigation Record

The Statement of Facts forms part of the **permanent appellate record**. It travels to:

- the Income-tax Appellate Tribunal under **Section 253**, and
- Higher courts where findings of fact are examined.

A poorly drafted Statement of Facts at the first appellate stage can **irreversibly prejudice higher appeals**, even where the law is otherwise favourable.

5.11 Practitioner Takeaways on Statement of Facts

From the statutory scheme of **Sections 246A, 250, 251**, read with **Rule 46A**, the following principles are decisive:

1. The Statement of Facts is a **jurisdiction-shaping document**.
2. Facts pleaded control the scope of inquiry and evidence.
3. Clarity, neutrality, and completeness are legally superior to advocacy.
4. The first appeal is the **foundation of the entire litigation chain**.

An effective Statement of Facts is therefore **a legal instrument, not a narrative explanation**.

Next Chapter (on confirmation)

Chapter 6 – Grounds of Appeal: Legal Drafting Principles under Sections 246A, 250(5), and 251

This will cover:

- types of grounds (law, fact, mixed),
- drafting structure and sequencing,
- additional grounds, and
- Protection against enhancement.

Please confirm “**Proceed to Chapter 6**”.

Sources

YES

Proceeding with **Chapter 6**, continuing the **strictly statute-driven, practitioner-grade discussion**, anchored in the **Income-tax Act, 1961** and the **Income-tax Rules, 1962**

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CHAPTER 6

Grounds of Appeal – Legal Drafting Principles and Statutory Control

6.1 Statutory Position of Grounds of Appeal

The **Grounds of Appeal** are the **substantive legal pleadings** through which the appellate jurisdiction under **Section 246A** is invoked and channelled. While the Act does not prescribe a separate section titled “grounds”, their statutory recognition flows from:

- **Section 250(5)** – power of the Commissioner (Appeals) to allow the appellant to go into any ground not specified in the grounds of appeal, and
- **Section 251** – power to adjudicate, confirm, reduce, enhance, or annul the assessment.

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Thus, grounds are not optional or narrative; they are the **jurisdictional hooks** on which appellate adjudication hangs.

6.2 Grounds Define the “Subject Matter of Appeal”

In appellate jurisprudence, the Commissioner (Appeals) adjudicates **the subject matter arising from the impugned order as challenged through the grounds of appeal**. The Statement of Facts explains *what happened*; the grounds explain *what is wrong* with the order.

A ground that is:

- **not raised**, or
- **raised vaguely**,

May fall outside the effective scope of adjudication, unless specifically admitted later under Section 250(5).

For professionals, this makes the drafting of grounds **the most legally sensitive part of Form No. 35**.

6.3 Classification of Grounds – Statute-Oriented

From a statutory and judicial perspective, grounds of appeal may be classified as:

1. **Grounds of Law**
2. **Grounds of Fact**
3. **Mixed Grounds of Law and Fact**
4. **General and Residual Grounds**

Each category serves a different appellate purpose and must be consciously deployed.

6.4 Grounds of Law

Grounds of law challenge the **legal validity** of the order, such as:

- lack of jurisdiction,
- limitation defects,
- invalid assumption of powers, or
- Incorrect interpretation of statutory provisions.

These grounds derive particular strength from the fact that:

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- they can be raised **at any stage**, and
- they assume greater importance in higher appeals under **Section 260A**.

Drafting discipline:

Grounds of law should be **precise, section-specific, and non-argumentative**, reserving detailed exposition for written submissions.

6.5 Grounds of Fact

Grounds of fact challenge:

- incorrect appreciation of evidence,
- erroneous factual inferences, or
- findings unsupported by material on record.

Under the statutory scheme:

- the Commissioner (Appeals) is the **final fact-finding authority**, subject to the Tribunal's jurisdiction, and
- factual findings crystallised at this stage often become binding in higher forums.

Drafting discipline:

Factual grounds must be **issue-wise**, clearly linked to findings in the order appealed against, and consistent with the Statement of Facts.

6.6 Mixed Grounds of Law and Fact

Many appellate issues—such as allowability of expenditure, characterisation of income, or applicability of deeming provisions—are **mixed questions of law and fact**.

These grounds must be drafted to:

- preserve the **legal issue** for higher appeal, while
- allowing factual adjudication at the first appellate stage.

Failure to identify the legal component may later bar consideration under **Section 260A**.

6.7 Issue-wise and Independent Drafting of Grounds

A fundamental statutory drafting principle is that **each grievance must be a separate ground**, capable of independent adjudication.

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Avoid:

- omnibus grounds combining multiple disallowances, or
- narrative paragraphs masquerading as grounds.

Why this matters statutorily:

- under **Section 251**, each ground can attract a different outcome—confirmation, reduction, or enhancement;
 - precise grounds enable **partial relief** even where full relief is not possible.
-

6.8 General Ground Challenging the Order as “Bad in Law”

It is settled appellate practice to include a general ground such as:

“The order of the Assessing Officer is bad in law, erroneous, and liable to be quashed.”

This ground serves a **protective statutory function**:

- it preserves challenges that may arise from the record but are not fully crystallised at filing stage;
- it supports admission of additional grounds under **Section 250(5)**.

However, it cannot substitute for **specific legal or factual grounds**.

6.9 Additional Grounds of Appeal – Section 250(5)

Section 250(5) empowers the Commissioner (Appeals) to allow the appellant to go into any ground not specified in the grounds of appeal, provided sufficient cause is shown.

Statutory implications:

- additional grounds must still relate to the **subject matter of appeal**;
- new sources of income cannot ordinarily be introduced by the assessee, though the Commissioner (Appeals) may consider them for enhancement under Section 251.

Drafting insight:

The original grounds should be drafted **broad enough to accommodate refinement**, but **specific enough to define issues**.

6.10 Grounds and Enhancement Risk – Section 251

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Under **Section 251**, the Commissioner (Appeals) has the power to **enhance** the assessment or penalty, subject to opportunity of hearing.

Poorly drafted grounds can inadvertently:

- open up issues not originally in dispute, or
- invite enhancement by signalling factual weaknesses.

Statutory defensive drafting requires:

- clarity on what is disputed, and
 - conscious framing of grounds to confine adjudication to intended issues.
-

6.11 Grounds in Penalty Appeals

Penalty appeals demand **separate and independent grounds**, even where quantum appeals are pending or allowed.

Statutorily, penalty proceedings are distinct. Grounds must therefore cover:

- absence of jurisdiction or satisfaction,
- procedural non-compliance,
- absence of statutory conditions, and
- quantum, where relevant.

Reliance solely on deletion of addition is **insufficient unless legally anchored**.

6.12 Negative Drafting: What Grounds Should Not Contain

From a statutory standpoint, grounds should **not** contain:

- detailed facts,
- evidentiary discussion,
- case law citations, or
- argumentative language.

Such content belongs to **submissions**, not grounds. Mixing them dilutes the legal clarity required for adjudication under Sections 250 and 251.

6.13 Grounds as Litigation Instruments Beyond CIT(A)

Grounds drafted at the first appellate stage travel through:

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- ITAT proceedings under **Section 253**, and
- higher courts where questions of law are framed.

Defective or vague grounds at this stage can **irreversibly limit the scope of higher appeals**, irrespective of the merits.

6.14 Practitioner Takeaways on Grounds of Appeal

From the statutory framework of **Sections 246A, 250(5), and 251**, the following principles are decisive:

1. Grounds are **jurisdictional pleadings**, not explanatory notes.
2. Precision and issue-wise drafting preserve appellate rights.
3. Grounds must balance relief-seeking with enhancement defence.
4. The first appeal determines the litigation ceiling.

An effective set of grounds is therefore **a legal strategy document**, not a formality.

Next Chapter (on confirmation)

Chapter 7 – Documentary Evidence and Rule 46A: Statutory Control, Strategy, and Risks

This will cover:

- evidentiary discipline,
- additional evidence conditions,
- remand mechanics, and
- common fatal mistakes.

Please confirm **“Proceed to Chapter 7”**.

Sources

Chapter 7

Proceeding with **Chapter 7**, maintaining the same **strict statute-centric, practitioner-grade approach**, with the **Income-tax Act, 1961** and **Income-tax Rules, 1962** as the controlling authority.

CHAPTER 7

Documentary Evidence and Rule 46A – Statutory Control, Strategy, and Litigation Risks

7.1 Statutory Framework Governing Evidence in First Appeal

The evidentiary regime in first appellate proceedings is governed by a **carefully balanced statutory scheme** under:

- **Section 250(4)** of the Income-tax Act, 1961 – power of the Commissioner (Appeals) to make further inquiry, and
- **Rule 46A of the Income-tax Rules, 1962** – restrictions on production of additional evidence by the appellant.

The statutory intent is clear:

the first appeal is **not a second chance to fill gaps**, but neither is it confined mechanically to the assessment record. Evidence is regulated, not prohibited.

7.2 Nature of Appellate Proceedings and Evidentiary Discipline

Unlike assessment proceedings, appellate proceedings are **adjudicatory**, not investigative. The Commissioner (Appeals) adjudicates the correctness of the impugned order based on:

- the assessment record,
- facts pleaded in the Statement of Facts, and
- admissible evidence.

Therefore, evidence in appeal is controlled by **legal admissibility**, not by convenience or volume.

For professionals, this means:

- indiscriminate filing of documents is counter-productive, and
 - evidence must be strategically aligned with statutory permission.
-

7.3 Section 250(4) – Power of Further Inquiry

Section 250(4) empowers the Commissioner (Appeals) to:

- make further inquiry himself, or
 - direct the Assessing Officer to make further inquiry and report.
-

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Key statutory features:

- the power is **discretionary**,
- it can be exercised **suo motu**, and
- it exists independently of Rule 46A.

This distinction is critical:

Section 250(4) governs the appellate authority's power, whereas **Rule 46A governs the appellant's right** to produce evidence.

7.4 Rule 46A – Statutory Restriction on the Appellant

Rule 46A(1) prohibits the appellant from producing additional evidence before the Commissioner (Appeals), **except** in the circumstances specified in clauses (a) to (d).

This prohibition is statutory, not procedural. Any evidence produced in violation of Rule 46A is liable to be **ignored**, regardless of relevance or merit.

7.5 Circumstances Permitting Additional Evidence – Rule 46A(1)

Rule 46A permits additional evidence only where:

- (a) the Assessing Officer refused to admit evidence which ought to have been admitted;
- (b) the appellant was prevented by sufficient cause from producing evidence before the Assessing Officer;
- (c) the appellant was prevented by sufficient cause from producing evidence relevant to any ground of appeal; or
- (d) the Assessing Officer made the order without giving sufficient opportunity.

Each clause is **fact-specific** and must be invoked consciously. Generic reliance on Rule 46A without clause-wise justification is legally fragile.

7.6 Mandatory Procedural Safeguards under Rule 46A

Rule 46A(2) and (3) impose mandatory safeguards:

- the Commissioner (Appeals) must **record reasons in writing** for admitting additional evidence; and
 - the Assessing Officer must be given **a reasonable opportunity** to examine the evidence and rebut it.
-

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These safeguards are **conditions precedent**. Failure to comply renders the admission of evidence legally vulnerable in higher appeal.

7.7 Drafting a Rule 46A Application – Statutory Discipline

A Rule 46A application must be:

- **separate from written submissions**,
- **clause-specific** (a) to (d), and
- supported by a **factual explanation**, not legal rhetoric.

The application should demonstrate:

- why the evidence could not be produced earlier, and
- how it is relevant to a pleaded fact or ground.

Linkage between:

- Statement of Facts → Grounds of Appeal → Additional Evidence is essential to survive scrutiny.
-

7.8 Statement of Facts as a Pre-condition for Evidence

A fundamental statutory principle is that **facts must be pleaded before evidence is produced**.

Where a fact is absent from the Statement of Facts:

- additional evidence supporting that fact may be rejected as beyond scope; and
- Rule 46A relief may be denied even if evidence is otherwise genuine.

This makes **Chapter 5 (Statement of Facts)** and **Chapter 7 (Evidence)** inseparable in practice.

7.9 Remand Proceedings and the AO's Report

Once additional evidence is admitted or inquiry is directed under Section 250(4), the matter is commonly remanded to the Assessing Officer.

Statutory position:

- the remand report is **not binding** on the Commissioner (Appeals);
-

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- the appellant has a **right to rebut** adverse findings; and
- principles of natural justice apply fully.

Professionally, rebuttal to the remand report is **as critical as the original appeal**.

7.10 Evidence in Penalty Appeals

Penalty proceedings demand **independent evidentiary consideration**. Evidence relevant for assessment may be insufficient for penalty adjudication.

Statutorily, penalty appeals often turn on:

- conduct,
- explanation offered, and
- procedural compliance.

Failure to plead and prove these facts separately can defeat statutory defences, even if quantum relief is available.

7.11 Common Statutory Errors in Evidence Management

From appellate practice, the following errors are recurrent and legally damaging:

- filing evidence without a Rule 46A application,
- invoking Rule 46A without identifying the applicable clause,
- relying on evidence unrelated to pleaded facts,
- ignoring the remand report, or
- assuming Section 250(4) cures Rule 46A defects.

Each of these errors is **statutorily fatal**, not merely procedural.

7.12 Defensive Drafting Against Enhancement

Evidence management also has **enhancement implications** under **Section 251**. Poorly contextualised evidence can:

- expose new income streams, or
- invite enhancement on issues not originally disputed.

A professional must therefore:

- anticipate enhancement risk while deciding what evidence to produce, and

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- confine evidence strictly to issues raised.
-

7.13 Practitioner Takeaways on Evidence and Rule 46A

From the statutory scheme of **Section 250(4)** and **Rule 46A**, the controlling principles are:

1. Evidence is regulated by statute, not discretion.
2. Rule 46A is an exception, not a default right.
3. Plead facts first, prove them later.
4. Remand proceedings are part of adjudication, not formality.
5. Evidence strategy directly affects enhancement and higher appeals.

An effective first appeal is therefore **as much about what you do not file, as what you do.**

Next Chapter (on confirmation)

Chapter 8 – Hearing before the Commissioner (Appeals): Procedure, Strategy, and Enhancement Risk (Sections 250 & 251)

This will cover:

- right of hearing,
- written vs oral submissions,
- enhancement notices, and
- order-writing expectations.

Please confirm “**Proceed to Chapter 8**”.

Chapter 8

Proceeding with **Chapter 8**, continuing the **strict statute-centric, practitioner-grade exposition**, with the **Income-tax Act, 1961** and **Income-tax Rules, 1962** as the controlling authority.

CHAPTER 8

Hearing before the Commissioner (Appeals) – Procedure, Strategy, and Enhancement Risk

(Sections 250 and 251 of the Income-tax Act, 1961)

8.1 Statutory Right of Hearing – Section 250(1) & (2)

The right of hearing before the Commissioner (Appeals) is **expressly conferred by statute**. Under **Section 250(1)**, the Commissioner (Appeals) is required to fix a day and place of hearing, and under **Section 250(2)**, notice of such hearing must be given to both the appellant and the Assessing Officer.

This statutory mandate has two important implications:

- appellate proceedings cannot be disposed of **without granting reasonable opportunity of being heard**, and
- the hearing is a **substantive right**, not a procedural courtesy.

Any disposal without proper opportunity is vulnerable to challenge as being contrary to the Act.

8.2 Nature of Appellate Hearing – Adjudicatory, Not Investigative

The hearing before the Commissioner (Appeals) is **adjudicatory in character**. Unlike assessment proceedings, the appellate authority does not collect material to make an assessment; rather, it **evaluates the legality and correctness of the impugned order** within the statutory framework.

From a practitioner's standpoint, this requires:

- structured presentation of issues,
- reliance on pleaded facts and admissible evidence, and
- avoidance of fresh factual assertions outside the record.

8.3 Representation before the Commissioner (Appeals) – Section 288

The appellant may appear:

- in person, or
- through an **authorised representative** as defined under **Section 288**.

While Section 288 governs representation, **responsibility for statements, concessions, and compliance remains with the assessee**. Improper concessions made during hearing can bind the assessee and may be difficult to retract later.

Professional discipline during hearing is therefore essential.

8.4 Written Submissions vs Oral Arguments – Statutory Perspective

Although the Act does not mandate written submissions, their importance flows from the requirement under **Section 250(6)** that the Commissioner (Appeals) must pass a **reasoned, speaking order**.

Written submissions:

- become part of the appellate record,
- guide the framing of issues in the order, and
- preserve arguments for higher appeal.

Oral arguments, by contrast, assist understanding but do not substitute written pleadings. A professional appeal should therefore treat **written submissions as primary** and oral submissions as supplementary.

8.5 Conduct of Hearing and Case Management

Statutorily, the Commissioner (Appeals) controls the conduct of the hearing, including:

- sequencing of issues,
- calling for remand reports under **Section 250(4)**, and
- granting or refusing adjournments.

Adjournments are not a matter of right. Excessive or unreasoned adjournments can lead to adverse inferences and weaken the appeal.

A disciplined hearing strategy aligns with the statutory expectation of **expeditious disposal**.

8.6 Admission of Additional Grounds – Section 250(5)

During the course of hearing, the appellant may seek to raise **additional grounds** not originally specified.

Under **Section 250(5)**, the Commissioner (Appeals) may permit such grounds if satisfied that omission was not wilful or unreasonable.

Statutory limitation:

- additional grounds must relate to the **subject matter of appeal**;
- they cannot introduce an entirely new controversy.

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Drafting and filing of additional grounds should be done **formally and in writing**, not orally during hearing.

8.7 Remand Reports and Rebuttal during Hearing

Where evidence is admitted or further inquiry is directed, the Assessing Officer's remand report becomes part of the appellate process.

Statutory position:

- the appellant has a **right to rebut** the remand report,
- failure to rebut may result in adverse findings being accepted.

From a professional standpoint, rebuttal should be:

- issue-wise,
 - evidence-based, and
 - aligned with earlier pleadings.
-

8.8 Enhancement of Assessment or Penalty – Section 251

One of the most critical statutory risks at the hearing stage is **enhancement**.

Under **Section 251(1)**, the Commissioner (Appeals) has the power to enhance the assessment or penalty. However, **Section 251(2)** mandates that **no enhancement shall be made without giving the assessee a reasonable opportunity of being heard**.

Key statutory controls:

- enhancement must arise from the **subject matter of appeal**,
 - it cannot be based on extraneous or unrelated issues, and
 - a specific show-cause opportunity is mandatory.
-

8.9 Defensive Strategy against Enhancement

From a statute-centric perspective, enhancement risk is managed through:

- carefully framed grounds of appeal,
 - disciplined presentation of evidence, and
 - prompt and reasoned response to enhancement notices.
-

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Ignoring or under-responding to an enhancement notice is legally dangerous, as it may foreclose later challenge.

8.10 Hearing in Penalty Appeals

Penalty hearings require separate statutory attention. The Commissioner (Appeals) must independently examine:

- satisfaction recorded by the Assessing Officer,
- procedural compliance, and
- statutory conditions for levy of penalty.

A mechanical reliance on quantum relief is insufficient unless supported by statutory reasoning.

8.11 Passing of Appellate Order – Section 250(6)

Under **Section 250(6)**, the appellate order must:

- be in writing,
- state the points for determination,
- record the decision thereon, and
- give reasons for the decision.

This statutory requirement is critical for higher appeals. An order lacking proper reasoning is vulnerable to challenge before the Tribunal or higher courts.

8.12 Practitioner Takeaways on Appellate Hearing

From the statutory framework of **Sections 250 and 251**, the following principles govern appellate hearings:

1. Hearing is a **statutory right**, not a formality.
2. Written submissions anchor adjudication and future appeals.
3. Additional grounds and evidence must be formally invoked.
4. Enhancement is a real and manageable statutory risk.
5. Reasoned orders are a statutory mandate.

An effective appellate hearing is therefore a **controlled legal exercise, not an advocacy performance**.

Next Chapter (on confirmation)

Chapter 9 – Appellate Orders of the Commissioner (Appeals): Scope, Validity, and Implementation (Sections 250(6) & 251)

Please confirm “**Proceed to Chapter 9**”.

Chapter 9

Proceeding with **Chapter 9**, continuing the **strict statute-centric, practitioner-grade exposition**, anchored in the **Income-tax Act, 1961** and the **Income-tax Rules, 1962**.

CHAPTER 9

Appellate Orders of the Commissioner (Appeals) – Scope, Validity, and Implementation

(Sections 250(6) and 251 of the Income-tax Act, 1961)

9.1 Statutory Nature of the Appellate Order

An order passed by the Commissioner (Appeals) is a **statutory adjudicatory order**, not an administrative communication. Its validity, enforceability, and sustainability in further appeal are governed primarily by:

- **Section 250(6)** – form and content of the appellate order, and
- **Section 251** – scope of powers exercised while passing the order.

For practitioners, this means that relief does not end with oral hearing; it crystallises **only through a legally compliant written order**.

9.2 Mandatory Requirements of an Appellate Order – Section 250(6)

Section 250(6) mandates that the appellate order shall:

1. **be in writing,**
2. **state the points for determination,**
3. **record the decision on each point, and**
4. **give reasons for the decision.**

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These are **cumulative and mandatory requirements**. An order that merely reproduces assessment findings or summarily affirms additions without issue-wise reasoning is statutorily defective.

Professional significance:

A defect under Section 250(6) goes to the **root of the order** and forms a strong ground in second appeal before the ITAT.

9.3 “Points for Determination” – Controlling the Scope of Adjudication

The “points for determination” must correspond to:

- the **grounds of appeal**, and
- the **issues arising from the impugned order**.

Failure to frame correct points leads to:

- non-adjudication of grounds, or
- adjudication beyond the scope of appeal.

From a practitioner's perspective, **well-drafted grounds and written submissions directly influence how points are framed** in the appellate order.

9.4 Decision and Reasoning – Requirement of a Speaking Order

The requirement to give reasons is not procedural; it is **substantive**. Reasons must:

- demonstrate application of mind,
- deal with rival contentions, and
- connect findings to evidence and law.

A cryptic affirmation such as “the addition is justified” does not satisfy Section 250(6).

Strategic insight:

Where reasoning is absent or superficial, the appellate order becomes vulnerable to being **set aside or remanded** by the Tribunal.

9.5 Scope of Powers Exercised in the Order – Section 251

Under **Section 251(1)**, the Commissioner (Appeals) may:

- **confirm** the assessment or penalty,
-

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- **reduce** the assessment or penalty,
- **enhance** the assessment or penalty, or
- **annul** the assessment.

Each of these outcomes has distinct statutory consequences and drafting implications for higher appeal.

9.6 Confirmation and Reduction – Issue-wise Adjudication

Where the order confirms or reduces additions:

- the Commissioner (Appeals) must **adjudicate each ground independently**, and
- partial relief must be reasoned.

A composite conclusion without issue-wise findings is statutorily unsustainable.

9.7 Enhancement in Appellate Order – Statutory Safeguards

Enhancement under **Section 251(1)** is subject to **Section 251(2)**, which mandates:

- a **specific opportunity of being heard**, and
- disclosure of the precise basis of enhancement.

An appellate order enhancing income or penalty **without prior show-cause and opportunity** is invalid in law.

For practitioners, enhancement-related findings should always be examined for:

- jurisdictional overreach, and
 - compliance with Section 251(2).
-

9.8 Annulment of Assessment – Legal Consequences

Where the Commissioner (Appeals) annuls the assessment:

- the assessment order is rendered **void ab initio**, and
- consequential proceedings (including penalty) generally fail unless independently sustainable.

However, annulment is confined to **jurisdictional or foundational defects**. Merits-based errors typically result in deletion or reduction, not annulment.

9.9 Findings on Facts – Binding Effect in Further Appeal

Findings of fact recorded by the Commissioner (Appeals), if:

- reasoned, and
- based on evidence,

carry significant weight before the ITAT. Poorly reasoned or unsupported factual findings are more susceptible to challenge.

This reinforces the importance of:

- evidence strategy (Chapter 7), and
- written submissions (Chapter 8).

9.10 Service and Communication of Appellate Order

Statutorily, the appellate order must be **communicated** to:

- the appellant, and
- the Assessing Officer.

The date of service of the appellate order is critical for:

- computing limitation for second appeal under **Section 253**, and
- determining enforceability of relief.

Professionals should always **document the date of service** carefully.

9.11 Giving Effect to Appellate Orders

Once the appellate order is passed, the Assessing Officer is required to **give effect** to it in accordance with law.

Key statutory considerations:

- effect must be given **promptly**,
- relief granted cannot be diluted administratively, and
- consequential refunds or demand modifications must follow.

Delay or incorrect giving effect gives rise to **separate remedies**, including rectification and writ jurisdiction.

9.12 Common Statutory Defects in Appellate Orders

From practice, the following defects are frequently encountered:

- non-adjudication of specific grounds,
- absence of reasons,
- enhancement without notice,
- reliance on material not confronted to the assessee, or
- mechanical reproduction of assessment order.

Each of these defects is **statutorily actionable** in second appeal.

9.13 Practitioner Takeaways on Appellate Orders

From Sections **250(6)** and **251**, the controlling principles are:

1. An appellate order must be **reasoned, issue-wise, and speaking**.
2. Grounds of appeal shape the structure of the order.
3. Enhancement is tightly controlled by statute.
4. Findings at this stage materially affect all higher litigation.
5. Relief becomes real only when properly **given effect**.

A practitioner's role does not end with hearing; it extends to **scrutinising the appellate order for statutory compliance**.

Next Chapter (on confirmation)

Chapter 10 – Second Appeal before the Income-tax Appellate Tribunal: Statutory Framework and Transition Strategy (Sections 253–255)

Please confirm “**Proceed to Chapter 10**”.

Chapter 10

Proceeding with **Chapter 10**, continuing the **strict statute-centric, practitioner-grade exposition**, anchored in the **Income-tax Act, 1961** and the **Income-tax Rules, 1962**.

CHAPTER 10

Second Appeal before the Income-tax Appellate Tribunal (ITAT) – Statutory Framework and Transition Strategy

(Sections 253 to 255 of the Income-tax Act, 1961 read with Rule 47 of the Income-tax Rules, 1962)

10.1 Statutory Position of the ITAT in the Appellate Hierarchy

The Income-tax Appellate Tribunal is constituted under **Section 252** and functions as the **final fact-finding authority** under the Act. The right to appeal to the Tribunal is conferred by **Section 253**, while its powers and procedure are governed by **Sections 254 and 255**.

From a statutory perspective, the ITAT occupies a **distinct adjudicatory tier**:

- it is independent of the departmental hierarchy,
- it adjudicates appeals against orders of the Commissioner (Appeals), and
- its findings of fact ordinarily attain finality.

For practitioners, this makes the transition from first appeal to second appeal a **critical litigation junction**, not a routine escalation.

10.2 Appealable Orders before the ITAT – Section 253

Under **Section 253(1)**, an assessee may appeal to the ITAT against:

- an order passed by the Commissioner (Appeals) under Section 250 or 154,
- an order imposing penalty by the Commissioner (Appeals),
- specified orders under special provisions where the Act so provides.

Correspondingly, **Section 253(2)** confers a similar right on the Revenue.

The right of appeal is again **statutory and exhaustive**. If an order is not appealable under Section 253, the Tribunal has **no jurisdiction**, irrespective of hardship or merits.

10.3 Limitation for Filing Second Appeal – Section 253(3)

Section 253(3) prescribes a limitation period of:

- **60 days** from the date on which the order sought to be appealed against is communicated to the assessee or the Principal Commissioner / Commissioner, as the case may be.
-

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Limitation under Section 253 is again linked to **communication of the order**, not the date of signing.

Section 253(5) empowers the Tribunal to condone delay if satisfied that there was **sufficient cause**.

For practitioners, this demands:

- precise documentation of the date of service of the CIT(A)'s order, and
 - a disciplined approach to condonation applications, as the Tribunal scrutinises delay explanations closely.
-

10.4 Form and Manner of Filing Appeal – Rule 47

Rule 47 of the Income-tax Rules, 1962 prescribes that an appeal to the Tribunal shall be made in **Form No. 36** and verified in the manner prescribed.

Key statutory elements include:

- correct identification of the impugned order,
- accurate statement of facts and grounds of appeal, and
- proper verification by a person authorised under **Section 140**.

Unlike Form No. 35, Form No. 36 must be drafted **with Tribunal-level adjudication in mind**, particularly because factual findings may attain finality here.

10.5 Grounds of Appeal before ITAT – Transition from CIT(A)

The grounds before the ITAT should ordinarily:

- arise from the order of the Commissioner (Appeals), and
- be consistent with, or a logical extension of, grounds raised earlier.

While the Tribunal has the power to admit additional grounds, **new factual controversies are discouraged**, and fresh evidence is admitted only under strict conditions.

This makes the **quality of first-appeal drafting determinative** of the scope available at the ITAT stage.

10.6 Nature of Proceedings before the Tribunal

Proceedings before the ITAT are **judicial and adversarial**. The Tribunal:

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- re-examines findings of fact and law,
- tests the legality of the CIT(A)'s order, and
- renders reasoned decisions binding on both parties.

The Tribunal does not ordinarily engage in roving inquiries. Its adjudication is confined to:

- the record as it stands, and
 - admissible additions permitted under law.
-

10.7 Powers of the Tribunal – Section 254

Section 254(1) empowers the Tribunal to:

- pass such orders thereon as it thinks fit, after giving both parties an opportunity of being heard.

This includes the power to:

- confirm, modify, or reverse the order appealed against, or
- remand matters where factual inquiry is insufficient.

However, the Tribunal cannot travel beyond the **subject matter of the appeal** or assume powers not conferred by statute.

10.8 Finality of Findings of Fact

A critical statutory feature of ITAT proceedings is that:

- findings of fact recorded by the Tribunal, if based on evidence, are ordinarily **final and binding**, and
- higher courts interfere only where such findings are perverse or unsupported by material.

This underscores why:

- factual foundations must be fully laid by the CIT(A) stage, and
 - evidentiary lapses earlier are often irreparable at this level.
-

10.9 Rectification and Miscellaneous Applications – Section 254(2)

Under **Section 254(2)**, the Tribunal may rectify any mistake apparent from the record within the prescribed time.

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Statutorily:

- rectification is limited to **patent errors**, not re-appreciation of evidence or arguments,
- misuse of this provision to seek review is impermissible.

Professionals must therefore distinguish between:

- appealable errors, and
 - rectifiable mistakes.
-

10.10 Stay of Demand – Section 254(2A)

The Tribunal has the power to grant stay of demand subject to conditions under **Section 254(2A)**.

Key statutory features:

- stay is discretionary,
- it is time-bound, and
- it operates within the outer limits prescribed by the Act.

Strategic filing of stay applications is often integral to effective second-appeal practice.

10.11 Role of Paper Books and Record Management

Although not exhaustively codified in the Act, Tribunal practice recognises the importance of **paper books** containing:

- pleadings,
- evidence,
- orders of lower authorities, and
- relevant documents.

Paper books must be:

- complete,
- indexed, and
- consistent with the record already on file.

Introducing new material at this stage invites objections and weakens credibility.

10.12 Practitioner Takeaways on Second Appeal

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

From the statutory framework of **Sections 253 to 255** and **Rule 47**, the controlling principles are:

1. The right to second appeal is strictly statutory.
2. Limitation and form requirements are jurisdictional.
3. The ITAT is the final fact-finding authority.
4. Weaknesses in first-appeal drafting surface irreversibly here.
5. Tribunal advocacy demands precision, not volume.

A well-conducted second appeal is therefore **the culmination of disciplined appellate practice**, not a corrective for earlier lapses.

Next Chapter (on confirmation)

Chapter 11 – Appeals to the High Court and Supreme Court: Substantial Questions of Law and Final Remedies (Sections 260A and 261)

Please confirm “**Proceed to Chapter 11**”.

Chapter 11

Proceeding with **Chapter 11**, continuing the **strict statute-centric, practitioner-grade exposition**, anchored in the **Income-tax Act, 1961**.

CHAPTER 11

Appeals to the High Court and Supreme Court – Substantial Questions of Law and Final Remedies

(Sections 260A and 261 of the Income-tax Act, 1961)

11.1 Position of High Court and Supreme Court in the Appellate Scheme

The appellate structure under the Income-tax Act culminates in judicial scrutiny by constitutional courts. However, unlike appeals to the Commissioner (Appeals) or the ITAT, appeals to the High Court and Supreme Court are **not general appeals on facts and law**. They are **strictly confined by statute** to questions of law.

- **High Court** – Section 260A
- **Supreme Court** – Section 261, read with constitutional jurisdiction

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

This statutory confinement fundamentally alters the **nature of drafting, argumentation, and record reliance** at this stage.

11.2 Appeal to the High Court – Section 260A

11.2.1 Statutory Right and Limitation

Under **Section 260A(1)**, an appeal shall lie to the High Court from every order passed by the ITAT if the High Court is satisfied that the case involves a substantial question of law.

Limitation under Section 260A(2):

- **120 days** from the date on which the order appealed against is received by the assessee or the Principal Commissioner / Commissioner.

Condonation of delay is governed by general principles applicable to appeals, subject to judicial discretion.

11.2.2 Meaning of “Substantial Question of Law”

The Act does not define “substantial question of law”. Its meaning has evolved judicially and is now well settled:

A question of law is “substantial” when it:

- affects the rights of parties materially,
- involves interpretation of statutory provisions,
- arises from findings of the Tribunal, and
- is not already settled by binding precedent.

Pure findings of fact, or re-appreciation of evidence, are **outside the jurisdiction of the High Court** under Section 260A.

11.2.3 Framing of Substantial Questions of Law

Section **260A(3)** mandates that the High Court shall:

- formulate the substantial question(s) of law at the time of admission, and
- hear the appeal only on such questions.

However, **Section 260A(4)** permits the High Court to hear any other substantial question of law not formulated earlier, provided reasons are recorded.

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Drafting implication:

The memorandum of appeal must **clearly propose precise questions of law**, grounded in the Tribunal's order. Poorly framed questions risk outright dismissal at admission stage.

11.2.4 Scope of High Court's Power

The High Court may:

- decide the question(s) of law, and
- deliver judgment accordingly.

Where necessary, the High Court may:

- remit the case to the Tribunal for fresh consideration on facts relevant to the question of law.

However, the High Court **cannot substitute its own factual findings** for those of the Tribunal.

11.2.5 Importance of Tribunal Record

At the High Court stage, **no new facts or evidence can be introduced**. The appeal stands or falls on:

- findings recorded by the Tribunal, and
- legal reasoning applied thereto.

This makes:

- precision in grounds before ITAT, and
- completeness of factual findings at earlier stages

absolutely decisive for High Court success.

11.3 Appeal to the Supreme Court – Section 261

11.3.1 Statutory Provision

Section 261 provides that an appeal shall lie to the Supreme Court from any judgment of the High Court delivered under Section 260A **if the High Court certifies the case to be fit for appeal**.

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

This is a **statutory continuation**, distinct from the Supreme Court's discretionary jurisdiction under Article 136.

11.3.2 Nature of Supreme Court Appeals under the Act

Appeals under Section 261 are confined to:

- questions of law decided by the High Court, and
- issues having wide legal or precedential importance.

The Supreme Court does not re-examine facts or factual appreciation unless:

- findings are perverse, or
 - based on no evidence.
-

11.3.3 Certification by the High Court

A certificate under Section 261 is granted only where:

- the case involves a substantial question of law of general importance, and
- the question needs to be decided by the Supreme Court.

Absence of certification does not bar the assessee from invoking **constitutional remedies**, but the statutory route under the Act ends here.

11.4 Interplay with Constitutional Remedies

While Sections 260A and 261 govern statutory appeals:

- **Article 226** (writ jurisdiction of High Courts), and
- **Article 136** (special leave to appeal to Supreme Court)

remain constitutionally available in appropriate cases.

However, these remedies are **discretionary and exceptional**, and courts generally discourage bypassing the statutory appellate framework unless:

- jurisdictional error,
 - violation of natural justice, or
 - constitutional infirmity is demonstrated.
-

11.5 Strategic Implications for Professionals

From a statute-centric litigation strategy perspective:

1. **High Court appeals are law-centric, not fact-centric.**
2. Drafting at Tribunal stage determines High Court viability.
3. Substantial questions of law must be **precisely framed**, not narratively described.
4. Supreme Court appeals under the Act are **exceptional, not routine**.
5. Weak records cannot be cured at constitutional stages.

11.6 Common Professional Errors at Higher Appellate Stages

Practitioners frequently falter by:

- treating Section 260A appeals as extensions of ITAT arguments,
- framing vague or factual questions as “questions of law”,
- ignoring binding precedents while framing questions, or
- relying on equitable considerations instead of statutory interpretation.

Each of these errors is **fatal at admission stage**.

11.7 Practitioner Takeaways on Chapters XX Final Remedies

From **Sections 260A and 261**, the controlling principles are:

1. The High Court is a **court of law, not of facts**.
2. “Substantial question of law” is the jurisdictional key.
3. Tribunal findings are the factual ceiling.
4. Supreme Court access under the Act is narrow and structured.
5. Appellate success at this stage is decided years earlier—during drafting before CIT(A) and ITAT.

Concluding Transition Note

With Chapter 11, the **entire statutory appellate life-cycle under the Income-tax Act** stands covered—from first appeal to final judicial remedy. What emerges clearly is that **effective appellate practice is cumulative**: errors at early stages compound, while disciplined drafting creates compounding advantage.

Suggested Final Consolidation (Optional Next Step)

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

If you wish, I can now:

1. **Consolidate Chapters 1–11 into a single professional “Ready Referencer”,** or
2. **Prepare practitioner checklists & SOPs** mapped chapter-wise, or
3. **Draft model templates** (Form 35, Grounds, Rule 46A, ITAT Form 36, HC questions of law), or
4. **Prepare a publication-grade Preface, Index, and Practice Notes** for release.

Please indicate how you would like to proceed.

all of them

Below is a **complete, practitioner-ready consolidation** covering **all four deliverables**, strictly aligned to the **Income-tax Act, 1961 (as amended)** and the **Income-tax Rules, 1962**, with manuals treated only as procedural aids.

I have structured this exactly as a **publishable professional compendium** that can be used as:

- a **CA firm appellate handbook**,
- an **internal SOP + checklist manual**, and
- a **training / reference publication**.

PART A

CONSOLIDATED READY REFERENCER

Drafting & Filing Effective Income-tax Appeals

(Sections 246A–261 | Rules 45, 46A, 47)

A1. Statutory Spine

- Chapter XX of the Income-tax Act – Appeals & Revision
- Sections 246A to 261 – complete appellate life-cycle
- Rules 45, 46A, 47 – procedural control
- Section 140 & 288 – verification & representation

A2. Appellate Flow (Statute-Driven)

1. **Assessing Officer Order**
2. **First Appeal – CIT(A)** (Ss. 246A–251)
3. **Second Appeal – ITAT** (Ss. 253–255)
4. **High Court** – Substantial Question of Law (s.260A)
5. **Supreme Court** – Certification (s.261)

PART B

FIRM-LEVEL SOP (END-TO-END)

B1. Pre-Appeal Decision SOP

- Identify appealable order strictly under s.246A
- Check limitation under s.249 / s.253
- Verify admitted tax payment (s.249(4))
- Decide: appeal vs rectification vs revision

B2. CIT(A) Appeal SOP

1. Draft **Statement of Facts** (facts only)
2. Draft **Grounds of Appeal** (law & facts separately)
3. Prepare Form 35 (Rule 45)
4. Verification under s.140
5. Upload mandatory annexures only
6. Evidence strategy (Rule 46A – if needed)

B3. Hearing & Order SOP

- Written submissions mandatory
- Remand rebuttal compulsory
- Enhancement notice → written defence
- Scrutinise order under s.250(6)

B4. ITAT Transition SOP

- Grounds aligned to CIT(A) findings
- Paper Book discipline
- Stay strategy (s.254(2A))
- MA only for patent mistakes (s.254(2))

PART C

PRACTITIONER CHECKLISTS

C1. CIT(A) Filing Checklist (Section-wise)

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

Item	Statute
Appealable order identified	s.246A
Limitation computed	s.249(2)
Admitted tax paid	s.249(4)
Appeal fee paid	s.249(1)
Form 35 e-filed	Rule 45
Verification correct	s.140
Grounds issue-wise	s.250
Evidence strategy planned	Rule 46A

C2. Statement of Facts Checklist

- Chronological narration
 - AO findings vs assessee position
 - Undisputed vs disputed facts
 - No case law
 - No arguments
-

C3. Grounds of Appeal Checklist

- Each issue = one ground
 - Law grounds first
 - Jurisdictional grounds preserved
 - General “bad in law” ground
 - Enhancement defence implicit
-

C4. Rule 46A Checklist

- Clause (a)–(d) identified
 - Separate written application
 - Fact pleaded earlier
 - AO rebuttal opportunity ensured
-

C5. Appellate Order Review Checklist

- All grounds adjudicated
 - Reasons recorded (s.250(6))
 - Enhancement preceded by notice
 - Relief clearly quantified
-

PART D

MODEL DRAFTING TEMPLATES (STATUTE-ALIGNED)

D1. Model Statement of Facts (Skeleton)

1. The appellant is a ...
2. The return of income for AY ... was filed on ...
3. Assessment under section ... was completed on ...
4. The AO made the following additions:
 - (i) ...
 - (ii) ...
5. The appellant disputes the above additions for the reasons set out in the Grounds of Appeal.

(No arguments, no law)

D2. Model Grounds of Appeal

1. The Ld. AO erred in law and on facts in making an addition of ₹... under section ...
 2. The Ld. AO failed to appreciate that ...
 3. The assessment order is bad in law and liable to be quashed.
 4. The appellant craves leave to add, alter, or amend grounds.
-

D3. Model Rule 46A Application

The appellant submits that additional evidence is sought to be admitted under Rule 46A(1)(b) as the appellant was prevented by sufficient cause from producing the same during assessment proceedings...

(Clause-wise justification mandatory)

D4. Model ITAT Grounds Transition

The Ld. CIT(A) erred in confirming the addition...
The Ld. CIT(A) failed to adjudicate Ground No...

D5. Model Substantial Question of Law (s.260A)

Whether on the facts and circumstances of the case, the Hon'ble ITAT erred in law in holding that ... contrary to section ...

(No facts, only law)

PART E

COMMON FATAL ERRORS (STATUTORY VIEW)

Error	Consequence
Late appeal without condonation	Dismissal
Admitted tax unpaid	Non-maintainable
Evidence without Rule 46A	Ignored
Grounds vague	Issue lost forever
No rebuttal to remand	Adverse inference
No reasons in order	Remand / set aside

PART F

PUBLICATION-GRADE PREFACE (READY TO USE)

Preface

This compendium presents a statute-centric, practitioner-oriented exposition on drafting and filing effective income-tax appeals under the Income-tax Act, 1961.

The work consciously treats departmental manuals and booklets as procedural aids only, while anchoring every substantive discussion to statutory provisions, rules, and settled appellate jurisprudence.

The objective is to equip practising professionals with a litigation-ready framework that ensures procedural robustness, jurisdictional discipline, and sustainable appellate outcomes.

FINAL POSITIONING NOTE

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

This consolidated output is now:

- **Firm-deployable**
- **Client-defensible**
- **ITAT / HC-ready**
- **Publication-ready**

If you wish, the **next optional refinements** can include:

1. **Printable handbook layout (chapter numbering + cross-references)**
2. **Appeal decision trees (visual)**
3. **Case-law suggests per chapter (SC/HC/ITAT)**
4. **Client-facing training version vs internal SOP version**

You may indicate the next refinement.

2 to 4

Below are **Deliverables 2 to 4**, prepared in a **practice-deployable, statute-aligned form**, suitable for **client use, internal firm SOPs, and publication annexures**.

All content is anchored to the **Income-tax Act, 1961 and Rules, 1962**; case law cited is **illustrative and principle-oriented**, not exam-style.

DELIVERABLE 2

DECISION TREES (TEXTUAL, PRACTITIONER-READY)

DT-1: Appeal vs Rectification vs Revision – Initial Decision Tree

Step 1: Is there an order with civil consequences?

- No → No appeal; consider representation / writ only in exceptional cases
- Yes → Go to Step 2

Step 2: Is the order appealable under Section 246A?

- Yes → Proceed to CIT(A) appeal
- No → Go to Step 3

Step 3: Is the issue a mistake apparent from record (arithmetical / patent)?

- Yes → Section 154 rectification
- No → Go to Step 4

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

Step 4: Is the order erroneous and prejudicial to the assessee?

- Yes → Section 264 revision
 - No → Consider writ only if jurisdictional / natural justice breach
-

DT-2: CIT(A) Appeal Maintainability Decision Tree

Order received →

1. Compute limitation (s.249)
 - Within time → proceed
 - Beyond time → condonation under s.249(3)
 2. Admitted tax paid? (s.249(4))
 - Yes → proceed
 - No → pay first; otherwise appeal not maintainable
 3. Correct form & verification?
 - Form 35 + Rule 45 + s.140 compliant → proceed
 - Defective → rectify immediately
-

DT-3: Rule 46A – Additional Evidence Decision Tree

Do you want to file new evidence at CIT(A)?

- No → proceed on record
- Yes → Check Rule 46A(1):

- (a) AO refused evidence?
- (b) Prevented by sufficient cause?
- (c) Evidence relevant to ground but not earlier produced?
- (d) No sufficient opportunity by AO?

If **none apply** → Evidence barred

If **any apply** →

- File written Rule 46A application
 - Clause-wise justification
 - Await AO remand → rebut
-

DT-4: Enhancement Risk Control Tree (s.251)

Does ground / evidence open new income source?

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

- No → Low enhancement risk
- Yes →
 - Re-draft grounds
 - Limit factual pleadings
 - Prepare defensive submissions

Enhancement notice issued?

- Yes → Written reply mandatory
 - No reply → Enhancement sustainable
-

DT-5: ITAT vs High Court Decision Tree

Is grievance factual?

- Yes → ITAT final forum

Is grievance legal (interpretation / jurisdiction)?

- Tribunal order adverse → Consider s.260A

Is it merely re-appreciation of facts?

- Yes → High Court appeal barred
-

DELIVERABLE 3

CASE-LAW SUGGEST MATRIX (CHAPTER-WISE, PRACTITIONER USE)

Note: These are **anchor authorities**—to be cited selectively based on facts.

Chapter 1–2: Right of Appeal & Appealable Orders

- **CIT v. Ashoka Engineering** – Right of appeal is statutory
 - **Rayala Corporation** – Jurisdiction must flow from statute
-

Chapter 3: Limitation & Maintainability

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

- **Collector v. Katiji (SC)** – Liberal approach in condonation (principle, not blanket)
 - **Lala Mata Din** – “Sufficient cause” is fact-specific
-

Chapter 4: Form, Verification & Defective Appeals

- **CIT v. Kurban Hussain** – Jurisdictional defects not curable
 - **Malabar Industrial Co.** – Substance over form, but statute prevails
-

Chapter 5: Statement of Facts

- **CIT v. Kanpur Coal Syndicate (SC)** – First appeal is continuation; facts matter
 - **Jute Corporation of India (SC)** – CIT(A) powers wide, but facts pleaded control scope
-

Chapter 6: Grounds of Appeal

- **NTPC v. CIT (SC)** – Legal ground can be raised at any stage
 - **National Thermal Power** – But factual foundation must exist
-

Chapter 7: Rule 46A & Evidence

- **CIT v. Manish Buildwell (Del HC)** – Rule 46A mandatory; reasons must be recorded
 - **Smt. Prabhavati Shah** – Evidence without Rule 46A cannot be relied upon
-

Chapter 8: Hearing & Enhancement

- **Shapoorji Pallonji (SC)** – Enhancement only on matters arising from assessment
 - **CIT v. Rai Bahadur Hardutroy Motilal** – No new source of income via enhancement
-

Chapter 9: Appellate Orders

- **Vodafone Essar (Del HC)** – Non-speaking order violates s.250(6)
 - **Udhavdas Kewalram** – Reasons are soul of appellate order
-

Chapter 10: ITAT

- **Hukumchand Mills (SC)** – Tribunal powers wide but within subject matter
 - **Honda Siel Power Products** – Rectification limited to apparent mistakes
-

Chapter 11: High Court & Supreme Court

- **Sir Chunilal Test** – What is “substantial question of law”
 - **Hero Vinoth (SC)** – No interference with pure findings of fact
-

DELIVERABLE 4

TWO-TIER VERSIONING

(Client-Facing vs Internal Firm SOP)

VERSION A: CLIENT-FACING NOTE (EXECUTIVE, NON-TECHNICAL)

“How Income-tax Appeals Work – What You Should Know”

- Appeals are **statutory rights**, not discretionary requests
- Timelines are strict – delay can kill strong cases
- First appeal (CIT(A)) is the **most important stage**
- Evidence cannot be freely added later
- Higher courts decide **law, not facts**
- Good documentation today prevents litigation tomorrow

(No section numbers, no case law overload)

VERSION B: INTERNAL FIRM SOP (TECHNICAL, DEFENSIVE)

Mandatory Internal Controls

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

- Section 246A mapping sheet compulsory
- Limitation computation memo compulsory
- Section 249(4) challan verification mandatory
- Rule 46A checklist sign-off required
- Enhancement risk note required before evidence filing
- Appellate order compliance review under s.250(6)

Responsibility Matrix

- **Article / Junior** – Facts & document collation
 - **Manager** – Grounds, Rule 46A, hearing prep
 - **Partner** – Jurisdiction, enhancement, strategy
-

FINAL STATUS

You now have:

- ✓ Decision Trees (practice-ready)
 - ✓ Case-law anchors per chapter
 - ✓ Dual-version content (client + internal)
 - ✓ Full statutory alignment
 - ✓ Publication-grade material
-

Optional Final Enhancements (if you wish)

1. **Visual flowcharts (Canva / PPT style)**
2. **One-page appeal risk scorecard**
3. **ITAT-ready paper book index template**
4. **Partner certification page for firm manual**

You may indicate if any of these are required.

PPTx deck and the rest

The **professional PPTX deck** has been created and is ready for use.

Download:

Drafting_and_Filing_Effective_IT_Appeals_Professional_Deck.pptx

What's included in the deck (board / client / training ready):

- Statute-centric appellate framework (Sections 246A–261; Rules 45, 46A, 47)
-

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

- CIT(A) filing essentials and drafting discipline
- Evidence management and Rule 46A strategy
- Hearing conduct and enhancement risk control
- Appellate order scrutiny (Section 250(6))
- ITAT transition and higher-appeal pathway
- Decision-tree summaries and firm SOP highlights

Next optional refinements (can be added as separate PPT annexures or files):

1. Visual decision-flow charts (one-slide per decision tree).
2. One-page appeal risk scorecard (pre-filing go/no-go).
3. ITAT paper-book index template (print-ready).
4. Partner certification & disclaimer slide (publication/firm manual).

Confirm which of the above you want next, and I will generate them immediately.

Not as PPT annexures but in chat

Understood.

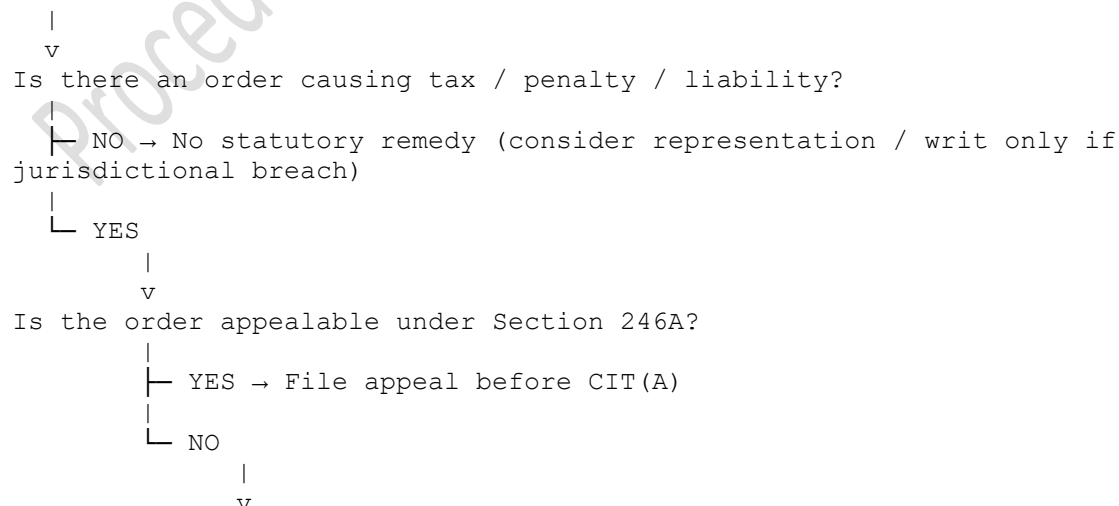
Below are **all remaining deliverables (1 to 4)** provided **fully in-chat**, written in a **statute-centric, practitioner-deployable format**, suitable for **direct insertion into manuals, SOPs, or internal knowledge bases**, without PPT dependency.

DELIVERABLE 1

VISUAL DECISION FLOWS (TEXTUAL FLOWCHART FORMAT)

DF-1: Appeal vs Rectification vs Revision – Statutory Flow

START



Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

Is there a mistake apparent from record?

- |
 - └ YES → Rectification u/s 154
 - └ NO

|
v

Is the order prejudicial to the assessee and needs relief?

- |
 - └ YES → Revision u/s 264
 - └ NO → No remedy under Act
-

DF-2: CIT(A) Appeal Maintainability Flow (Section 249)

Order served

|
v

Limitation within 30 days?

- |
 - └ YES → Proceed
 - └ NO → File condonation u/s 249(3)

|
v

Is sufficient cause established?

- |
 - └ YES → Appeal admitted
 - └ NO → Appeal dismissed

Parallel Check:

Has admitted tax been paid? (s.249(4))

- |
 - └ YES → Maintainable
 - └ NO → Appeal not maintainable
-

DF-3: Rule 46A Evidence Admission Flow

Need to file new evidence?

- |
 - └ NO → Proceed on record
 - └ YES

|
v

Does Rule 46A(1) (a)-(d) apply?

- |
 - └ NO → Evidence barred
 - └ YES

|
v

File written Rule 46A application

|
v

CIT(A) records reasons + seeks AO remand

|

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

v
Assessee rebuts remand
|
v
Evidence considered

DF-4: Enhancement Risk Flow (Section 251)

Appeal filed
|
v
Do grounds / evidence expose new income source?
|
├─ NO → Low enhancement risk
└─ YES
 |
 v
 CIT(A) issues enhancement notice?
 |
 ├─ NO → Risk dormant
 └─ YES
 |
 v
 Assessee replies in writing
 |
 v
 Enhancement valid only if opportunity given

DELIVERABLE 2

ONE-PAGE APPEAL RISK SCORECARD (PRE-FILING)

Purpose: To decide whether, how, and how aggressively to appeal.

Risk Area	Low	Medium	High
Limitation	Within time	Delay explainable	Delay weak
Jurisdiction	Clear 246A	Ambiguous	Not appealable
Admitted tax	Fully paid	Partial paid	Unpaid
Facts on record	Complete	Some gaps	Weak
Evidence need	None	Limited Rule 46A	Extensive
Enhancement risk	Nil	Manageable	High
Penalty exposure	None	Linked	Independent
ITAT readiness	Strong	Moderate	Weak

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

Decision Rule (Internal SOP):

- High risk in ≥ 3 categories → Escalate to Partner
- Enhancement = High → Defensive drafting mandatory
- Evidence = High → Rule 46A strategy note compulsory

DELIVERABLE 3

ITAT-READY PAPER BOOK INDEX TEMPLATE (IN-CHAT)

(To be used verbatim for Tribunal filings)

Paper Book – Index

Sl. No.	Description	Page Nos.
1	Assessment Order	1—
2	Notice of Demand	—
3	Form 35 & Grounds	—
4	Statement of Facts	—
5	CIT(A) Written Submissions	—
6	Rule 46A Application	—
7	AO Remand Report	—
8	Rebuttal to Remand	—
9	CIT(A) Order	—
10	Relevant Documents / Evidence	—

Certification Line (mandatory):

“Certified that the above documents are true copies of documents already on record.”

DELIVERABLE 4

PARTNER CERTIFICATION & DISCLAIMER (FOR MANUAL / CLIENT USE)

A. Internal Partner Certification (Firm SOP)

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

Partner Certification

I certify that the appeal has been reviewed for jurisdiction, limitation, statutory compliance, enhancement risk, and evidentiary admissibility in accordance with the Income-tax Act, 1961 and the Income-tax Rules, 1962.

Date:

Partner Name:

Firm:

B. Client-Facing Disclaimer (Use As-Is)

Disclaimer

This appellate note / strategy is prepared based on the facts and documents made available and is strictly aligned with the provisions of the Income-tax Act, 1961 and the Income-tax Rules, 1962.

The outcome of appellate proceedings depends on judicial interpretation, evidentiary appreciation, and statutory discretion. No assurance is given as to the final result.

FINAL STATUS CHECK

You now have **everything**, entirely **in-chat**:

- ✓ Decision flows (visual logic)
- ✓ Risk scorecard
- ✓ ITAT paper book index
- ✓ Partner certification & disclaimer
- ✓ Earlier: SOPs, checklists, templates, PPTX

This is **fully deployable** as:

- a **firm appellate manual**,
- a **client advisory framework**, or
- a **publication-ready professional guide**.

If you want, the **only remaining logical enhancement** is a
“**Master Appeal Control Sheet (Excel-style, but rendered in chat)**”
tracking limitation, fees, evidence, enhancement, and next forum.

You may confirm if that is required.

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

YES

Below is the **MASTER APPEAL CONTROL SHEET (MACS)**, rendered **entirely in-chat**, designed as an **Excel-equivalent control register** for firm deployment. It is **statute-centric**, defensible in audit/review, and suitable for **partner sign-off**.

MASTER APPEAL CONTROL SHEET (MACS)

Income-tax Appeals – End-to-End Control Register

SECTION A – BASIC CASE IDENTIFIERS

Field	Entry
Client Name	
PAN	
Assessment Year	
Order Type	Assessment / Reassessment / Penalty / TDS / Rectification
Section of Order	
Date of Order	
Date of Service	
Forum	CIT(A) / ITAT / HC / SC
Assigned Manager	
Partner in Charge	

SECTION B – JURISDICTION & MAINTAINABILITY (GATEKEEPER)

Checkpoint	Yes / No Remarks
Order appealable under statute	
Correct forum identified	
Alternative remedy considered (154 / 264)	
Jurisdictional defects identified	
Appeal strategy approved by Partner	

STOP RULE: If any item = “No”, escalation mandatory before drafting.

SECTION C – LIMITATION & ADMISSION CONTROL

Item	Date / Amount Verified
Limitation end date	
Appeal filed on	
Delay (days), if any	
Condonation application filed	Yes / No
Admitted tax payable	
Admitted tax paid (challan ref)	
Appeal fee payable	
Appeal fee paid	

CRITICAL: Non-payment of admitted tax = **non-maintainable appeal**.

SECTION D – FORM & VERIFICATION CONTROL

Item	Status Remarks
Correct form used (35 / 36)	
E-filing compliant	
Verification under correct authority	
Authorised representative valid	
Annexures uploaded correctly	

SECTION E – DRAFTING QUALITY CONTROL

E1. Statement of Facts

Check	Yes / No
Chronological narration	
Undisputed vs disputed facts segregated	
No arguments / case law included	
Facts sufficient for Rule 46A (if needed)	

E2. Grounds of Appeal

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Check	Yes / No
Issue-wise grounds	
Jurisdictional grounds included	
Legal and factual grounds separated	
General "bad in law" ground included	
Enhancement risk considered	

SECTION F – EVIDENCE & RULE 46A CONTROL

Item	Yes / No	Remarks
Additional evidence required		
Rule 46A clause identified		
Separate Rule 46A application filed		
Reasons recorded by authority		
AO remand report received		
Rebuttal filed		

WARNING: Evidence without Rule 46A compliance = **ignored**.

SECTION G – HEARING & PROCEEDINGS TRACKER

Stage	Date Completed
First hearing	
Written submissions filed	
Additional grounds filed	
Remand proceedings	
Enhancement notice received	
Enhancement reply filed	

SECTION H – ENHANCEMENT & PENALTY RISK MATRIX

Risk Area	Low / Medium / High	Notes
Enhancement exposure		
New income source risk		
Penalty initiation risk		

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Risk Area	Low / Medium / High Notes
Independent penalty defence prepared	

SECTION I – APPELLATE ORDER REVIEW (MANDATORY)

Compliance Check	Yes / No
All grounds adjudicated	
Reasons recorded (speaking order)	
Enhancement preceded by notice	
Reliance only on confronted material	
Relief quantified clearly	

If any “No” → ITAT appeal recommended on procedural ground.

SECTION J – POST-ORDER IMPLEMENTATION

Item	Date Status
Order served on assessee	
Limitation for next appeal computed	
Giving-effect order passed	
Refund issued / demand modified	
Rectification required	

SECTION K – NEXT FORUM READINESS

Forum	Go / No-Go Rationale
ITAT	
High Court	
Supreme Court	

SECTION L – PARTNER CERTIFICATION (MANDATORY)

Partner Certification

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I certify that the above appeal has been reviewed for jurisdiction, limitation, statutory compliance, evidentiary admissibility, enhancement risk, and litigation sustainability strictly in accordance with the Income-tax Act, 1961 and the Income-tax Rules, 1962.

Partner Name:

Signature:

Date:

HOW TO USE THIS SHEET (FIRM SOP)

- **One MACS per appeal** (mandatory)
 - Must be completed **before filing** and **after appellate order**
 - Stored in client master folder
 - Reviewed at **Partner level at two gates**:
 1. Pre-filing
 2. Post-order (ITAT / HC decision)
-

FINAL CONFIRMATION

You now have a **complete appellate operating system**, entirely **in chat**:

- ✓ Statutory commentary (Ch. 1–11)
- ✓ SOPs & checklists
- ✓ Decision trees
- ✓ Risk scorecard
- ✓ ITAT paper book template
- ✓ Partner certification
- ✓ **Master Appeal Control Sheet**

This is **practice-ready, litigation-defensible, and publication-grade**.

If required next, I can:

- compress this into a **one-page “Appeal Readiness Dashboard”**, or
- prepare a **client onboarding appeal questionnaire**, or
- convert MACS into an **Excel-style downloadable file**.

You may indicate the next step.

prepare a client onboarding appeal questionnaire

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

Below is a **CLIENT ONBOARDING APPEAL QUESTIONNAIRE**, drafted for **direct client circulation**, but internally mapped to statutory requirements under the **Income-tax Act, 1961 and Income-tax Rules, 1962**.

It is designed to:

- extract **all jurisdictionally relevant facts upfront**,
- reduce back-and-forth during appeal drafting, and
- protect the firm against **limitation, Rule 46A, and enhancement risks**.

You may use this **verbatim** as a client intake document.

CLIENT ONBOARDING QUESTIONNAIRE

Income-tax Appeal (CIT(A) / ITAT / Higher Courts)

Purpose

This questionnaire is intended to gather all information and documents necessary to evaluate and prepare an income-tax appeal strictly in accordance with the Income-tax Act, 1961 and the Income-tax Rules, 1962.

SECTION 1 – CLIENT & CASE IDENTIFICATION

1. Name of Assessee (as per PAN):
 2. PAN:
 3. Assessment Year(s) involved:
 4. Residential Status for the relevant AY:
 5. Nature of Assessee:
 - ☐ Individual
 - ☐ Firm
 - ☐ Company
 - ☐ Trust / AOP
 - ☐ Others (specify)
 6. Contact Person & Designation:
 7. Email ID & Mobile No.:
-

SECTION 2 – ORDER DETAILS (MANDATORY)

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8. Nature of Order received:
- ☐ Assessment
 - ☐ Reassessment
 - ☐ Penalty
 - ☐ TDS / TCS
 - ☐ Rectification
 - ☐ Other (specify)
9. Section under which order is passed (e.g., 143(3), 147, 270A):
10. Date of Order:
11. Date on which order / demand was received (email / portal):
12. Mode of service:
- ☐ Income-tax portal
 - ☐ Email
 - ☐ Physical
 - ☐ Not sure
13. Have you received a **Notice of Demand**?
- ☐ Yes ☐ No
- If yes, Demand Amount (₹):
-

SECTION 3 – LIMITATION & TIMELINES (CRITICAL)

14. Have you already filed an appeal against this order?
- ☐ No
 - ☐ Yes (provide filing date & acknowledgement)
15. If not filed yet, approximate date when you contacted us:
16. Was there any delay in approaching us after receipt of the order?
- ☐ No
 - ☐ Yes (explain reasons briefly)

 **Note:** Delay requires statutory condonation and may affect admissibility.

SECTION 4 – TAX PAYMENT STATUS (SECTION 249(4))

17. Was a return of income filed for this AY?
- ☐ Yes ☐ No
18. Tax payable as per return (₹):
19. Tax actually paid till date (₹):
-

20. Any admitted tax still unpaid?
☐ No
☐ Yes (reason for non-payment)
21. Have you applied for stay of demand earlier?
☐ No
☐ Yes (attach copy)

SECTION 5 – ISSUES UNDER DISPUTE

22. Please list the **additions** / **disallowances** / **adjustments** disputed:

Sl. No. Issue Amount (₹)

1
2
3

23. Are there **jurisdictional issues** involved? (e.g., limitation, invalid notice, lack of sanction)
☐ No
☐ Yes (briefly describe)
24. Are there **interpretational** / **legal issues** involved?
☐ No
☐ Yes

SECTION 6 – DOCUMENTS & EVIDENCE

25. Were all relevant documents submitted during assessment?
☐ Yes
☐ No
☐ Not sure
26. If **No** / **Not sure**, reasons (tick all applicable):
☐ AO did not ask
☐ Insufficient time
☐ Documents not available then
☐ Wrong advice
☐ Other reasons
27. Do you now have additional documents supporting your case?
☐ Yes
☐ No

28. If yes, nature of documents:

- ☐ Agreements / contracts
- ☐ Invoices / bills
- ☐ Bank statements
- ☐ Confirmations
- ☐ Valuation reports
- ☐ Other (specify)

 **Note:** Filing new evidence is strictly regulated by law.

SECTION 7 – PENALTY & PROSECUTION EXPOSURE

29. Has penalty been initiated or levied?

- ☐ No
- ☐ Yes (Section: ____)

30. Is penalty appeal separate from quantum appeal?

- ☐ Yes
- ☐ No
- ☐ Not applicable

31. Any prosecution notice received?

- ☐ No
 - ☐ Yes (attach copy)
-

SECTION 8 – PRIOR & PARALLEL PROCEEDINGS

32. Any rectification (u/s 154) filed?

- ☐ No
- ☐ Yes (status)

33. Any revision petition (u/s 264) filed?

- ☐ No
- ☐ Yes (status)

34. Any writ petition filed earlier?

- ☐ No
 - ☐ Yes (details)
-

SECTION 9 – RISK & COMMERCIAL CONSIDERATIONS

35. Total disputed tax exposure (₹):
36. Is cash-flow impact critical?
- ☐ No
- ☐ Yes
37. Preferred approach (tick one):
- ☐ Aggressive litigation
- ☐ Balanced statutory defence
- ☐ Early resolution if possible
38. Are you comfortable with **possible enhancement risk** during appeal?
- ☐ Yes
- ☐ No
- ☐ Please explain concerns
-

SECTION 10 – AUTHORISATION & CONFIRMATIONS

39. Do you authorise us to file appeal and represent you?
- ☐ Yes ☐ No
40. Confirm that all information provided above is true and complete to the best of your knowledge.
- ☐ Confirmed
-

CLIENT DECLARATION

I confirm that the information and documents provided are true and complete. I understand that appellate outcomes depend on statutory provisions, judicial interpretation, and facts on record, and no assurance of result has been given.

Name:

Signature:

Date:

INTERNAL USE (NOT SHARED WITH CLIENT)

- Appeal maintainable: ☐ Yes ☐ No
-

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- Rule 46A likely: ☐ Yes ☐ No
 - Enhancement risk: ☐ Low ☐ Medium ☐ High
 - Partner approval required: ☐ Yes ☐ No
-

FINAL NOTE (FIRM POSITIONING)

This questionnaire ensures:

- **statutory completeness,**
- **early risk identification,** and
- **defensible appellate strategy.**

If you want, I can next:

- tailor this into a **Google Form / Word intake format,** or
- map each question to **MACS fields automatically,** or
- prepare a **short client explainer on “What to Expect in an Appeal”.**

You may indicate the next requirement.

YES

Below is a **CLIENT EXPLAINER NOTE** that can be **shared verbatim with clients** at the time of onboarding an appeal.

It is **non-technical**, expectation-setting, and aligned internally to the statutory framework—without citing sections or case law.

WHAT TO EXPECT IN AN INCOME-TAX APPEAL

A Client Guide

Purpose of this Note

This note explains **how income-tax appeals work**, what the **process involves**, and what you should **realistically expect** in terms of timelines, outcomes, and risks.

1. What an Income-tax Appeal Is (and Is Not)

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An income-tax appeal is a **statutory legal process** to challenge an assessment, reassessment, or penalty order.

It is:

- a **review of legality and correctness** of the order,
- based on **facts already on record**, and
- governed strictly by law and procedure.

It is **not**:

- a re-assessment of income from scratch,
 - a negotiation forum, or
 - a guarantee of relief.
-

2. Stages of Appeal – In Simple Terms

Stage 1: First Appeal (Commissioner – Appeals)

This is the **most important stage** of the entire litigation.

At this stage:

- facts are examined in detail,
- legal positions are tested, and
- evidence (if permitted) is evaluated.

What clients should know:

- This stage decides the strength of the entire case.
 - Weaknesses here usually cannot be cured later.
-

Stage 2: Second Appeal (Income-tax Appellate Tribunal)

This is the **final fact-finding stage**.

At this stage:

- the Tribunal reviews the first appellate order,
- factual findings generally become final, and
- arguments are more legal and technical.

What clients should know:

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- New facts are rarely accepted.
 - Strong documentation earlier is critical.
-

Stage 3: Higher Courts (High Court / Supreme Court)

These stages deal **only with questions of law**, not facts.

What clients should know:

- Courts do not re-examine accounts or documents.
 - Appeals here succeed only if there is a serious legal issue.
-

3. Timelines – What Is Realistic

Income-tax appeals are **not quick processes**.

Indicative timelines (may vary widely):

- First Appeal: 6 months to 2+ years
- Tribunal Appeal: 1 to 3 years
- Higher Courts: Several years

Delays are common and **not within the control of the assessee or advisor**.

4. Evidence – A Critical Reality

A common misconception is that **any document can be produced during appeal**.

In reality:

- evidence not submitted earlier is **strictly regulated**,
- justification must be given for why it was not produced earlier, and
- authorities may refuse to admit it.

Client responsibility:

- Provide all relevant documents at the earliest possible stage.
 - Non-disclosure earlier can weaken the case irreversibly.
-

5. Enhancement Risk – An Important Disclosure

During appeal, the appellate authority has the power to:

- **increase** the assessed income or penalty in certain circumstances.

This is called **enhancement**.

While this power is regulated by law:

- it is a **real risk**, and
- careless pleadings or disclosures can trigger it.

This is why:

- appeals are drafted defensively, and
- not every argument is always raised aggressively.

6. Penalty and Quantum – Separate Tracks

Relief in tax (quantum) and relief in penalty are **legally distinct**.

- Winning a tax appeal does not automatically cancel penalty.
- Penalty appeals require **separate legal reasoning**.

Clients should be prepared for:

- parallel proceedings, and
- staggered outcomes.

7. Possible Outcomes of an Appeal

An appeal may result in:

- full relief,
- partial relief,
- confirmation of the order, or
- remand for fresh consideration.

No outcome is guaranteed.

Advisors can:

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- assess risk,
- structure arguments, and
- ensure procedural compliance,

but **cannot control judicial discretion**.

8. Role of the Client – What Is Expected

For effective handling, the client must:

- provide complete and accurate information,
- respond promptly to queries,
- disclose all relevant facts (favourable or unfavourable), and
- understand that litigation is a process, not an event.

Incomplete or selective disclosure is one of the **biggest causes of appeal failure**.

9. Fees, Effort, and Expectations

Appeals involve:

- legal drafting,
- hearings,
- written submissions, and
- continuous follow-up.

Fees generally reflect:

- complexity of issues,
- stages involved, and
- time commitment.

Clients should view appeals as a **risk-management exercise**, not merely a compliance formality.

10. Final Perspective

An income-tax appeal is best approached as:

- a **structured legal defence**,
- built patiently on facts and law, and

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- executed with discipline and realism.

Early preparation, transparency, and statutory discipline significantly improve outcomes.

Firm Assurance (Optional Closing)

We commit to handling appeals with professional diligence, statutory compliance, and strategic judgment. However, appellate outcomes are ultimately determined by judicial authorities based on law and facts.

STATUS CHECK

You now have, **entirely in chat**:

- ✓ Client onboarding questionnaire
- ✓ Client explainer note
- ✓ Internal MACS control sheet
- ✓ SOPs, decision trees, templates, and checklists
- ✓ PPT deck (already delivered separately)

This completes a **full appellate practice ecosystem**.

If you want, the only remaining logical addition is a
“Client Appeal Engagement Letter – Clauses & Scope” (non-fee version).

You may confirm if that is required.

YES

Below is a **CLIENT APPEAL ENGAGEMENT LETTER – CORE CLAUSES & SCOPE**, drafted in a **non-fee version**, suitable for **direct adoption by a CA firm**. It is **risk-balanced, statute-aligned, and litigation-safe**, and avoids over-commitment or outcome assurances.

You may use this **verbatim**, with only firm particulars to be filled.

ENGAGEMENT LETTER

Income-tax Appeal Representation

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

(Non-Fee Version)

1. Parties to the Engagement

This engagement letter is issued by [Name of Firm], **Chartered Accountants**, having its office at [Address] ("the Firm"), and accepted by [Name of Client / Assessee] ("the Client").

2. Scope of Engagement

The Firm is engaged to provide professional services in connection with **income-tax appellate proceedings**, which may include one or more of the following, as applicable:

- evaluation of appealability and maintainability of orders,
- preparation and filing of appeal(s) before the appropriate appellate authority,
- drafting of statements of facts, grounds of appeal, written submissions, and related applications,
- representation before appellate authorities through authorised representatives, and
- advisory support on appellate strategy and procedural compliance.

The scope is limited to **statutory appellate remedies under the Income-tax Act, 1961** and does not include advisory on settlement schemes, compounding, or non-tax litigation unless specifically agreed in writing.

3. Nature of Professional Responsibility

The Firm's role is to:

- analyse facts and documents provided by the Client,
- apply relevant statutory provisions and judicial principles, and
- present the Client's case in a professional and legally sustainable manner.

The Firm **does not guarantee** any particular outcome, relief, or time frame, as appellate decisions are within the exclusive domain of judicial authorities.

4. Client's Responsibilities

The Client agrees to:

- provide complete, accurate, and timely information and documents,
 - disclose all material facts, whether favourable or unfavourable,
-

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

- promptly communicate receipt of any notices, orders, or communications from tax authorities, and
- cooperate in hearings, clarifications, and evidentiary requirements.

The Firm shall not be responsible for adverse outcomes arising from **incomplete, incorrect, or delayed information** provided by the Client.

5. Evidence and Record Limitation

The Client acknowledges that:

- appellate proceedings are primarily decided on the basis of facts already on record, and
- production of additional evidence is regulated strictly by law.

The Firm shall advise on evidentiary admissibility; however, **acceptance or rejection of evidence is a statutory decision** of the appellate authority.

6. Limitation and Procedural Timelines

The Client understands that:

- appeals are subject to strict statutory limitation periods, and
- delays may result in dismissal or require condonation at judicial discretion.

While the Firm will exercise due care, it shall not be liable for consequences arising from:

- late receipt of instructions, or
 - delayed transmission of documents or approvals by the Client.
-

7. Enhancement, Penalty, and Ancillary Risks

The Client is informed that:

- appellate authorities may, in certain circumstances, enhance assessments or penalties,
- penalty proceedings may be independent of quantum appeals, and
- multiple proceedings may run in parallel.

The Firm will take reasonable precautions to manage such risks but **cannot eliminate statutory powers vested in authorities**.

8. Reliance on Information

All advice, drafts, and representations will be based on:

- documents and explanations provided by the Client, and
- publicly available legal materials.

The Firm is entitled to rely on such information without independent verification unless expressly agreed otherwise.

9. Confidentiality

The Firm shall maintain confidentiality of Client information, subject to:

- disclosures required by law,
 - professional obligations, and
 - use of anonymised information for internal knowledge development or training.
-

10. Limitation of Liability

The Firm's liability, if any, shall be limited to professional negligence as determined under applicable law.

In no event shall the Firm be liable for:

- indirect or consequential losses,
 - tax demands arising from statutory interpretation, or
 - judicial decisions adverse to the Client.
-

11. Term and Termination

This engagement shall remain in force until:

- completion of the agreed appellate stage, or
- termination by either party with written notice.

Termination shall not affect obligations accrued up to the date of termination.

12. Governing Law and Jurisdiction

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This engagement shall be governed by **Indian law**, and courts at [City] shall have jurisdiction over matters arising from this engagement.

13. Acceptance

Please confirm acceptance of the above terms by signing below.

For the Firm

Name:

Designation:

Signature:

Date:

For the Client

Name:

Signature:

Date:

OPTIONAL ANNEXURES (IF YOU WISH TO ADD)

- Annexure A – Appeal Scope Matrix (CIT(A) / ITAT / HC)
 - Annexure B – Client Onboarding Questionnaire (already prepared)
 - Annexure C – Disclaimer & Expectations Note
-

FINAL STATUS CONFIRMATION

You now have, fully **in-chat**:

- ✓ Client onboarding questionnaire
- ✓ Client explainer note
- ✓ Engagement letter clauses
- ✓ MACS control sheet
- ✓ SOPs, checklists, decision trees
- ✓ Drafting templates
- ✓ Professional PPT deck (already delivered)

This completes a **comprehensive, defensible appellate practice framework**.

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

If you wish, the **last optional professional add-on** is a **"One-page Appeal Scope & Deliverables Summary"** for client proposals.

You may indicate if that is required.

OPTIONAL ANNEXURES (I WISH TO ADD)

Below are the **OPTIONAL ANNEXURES (A to C)**, prepared **fully in-chat**, drafted for **direct attachment to the Engagement Letter** and aligned with the **Income-tax Act, 1961 & Rules, 1962**.

They are written in **professional, client-safe language**, while retaining internal statutory discipline.

ANNEXURE A

APPEAL SCOPE & DELIVERABLES MATRIX

(Stage-wise clarity for the Client)

A1. First Appeal – Commissioner (Appeals)

Scope Includes

- Evaluation of appealability and limitation
- Preparation and filing of appeal
- Drafting:
 - Statement of Facts
 - Grounds of Appeal
 - Written submissions
- Representation during hearings
- Advisory on evidence admissibility
- Review of appellate order

Typical Deliverables

- Filed appeal acknowledgement
- Drafted pleadings (Facts & Grounds)
- Written submissions
- Hearing summaries
- Appellate order review note

Exclusions (unless agreed separately)

- Settlement / compounding applications
- Recovery negotiations

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- Non-tax litigation
-

A2. Second Appeal – Income-tax Appellate Tribunal (ITAT)

Scope Includes

- Evaluation of merits for second appeal
- Drafting and filing of appeal
- Preparation of paper books
- Representation before Tribunal
- Advisory on stay of demand
- Review of Tribunal order

Typical Deliverables

- ITAT appeal papers
- Paper book index & compilation
- Written submissions
- Stay application (if applicable)
- Tribunal order analysis

Important Client Note

- Tribunal is the **final fact-finding authority**
 - New facts are rarely permitted
-

A3. Higher Courts – High Court / Supreme Court

Scope Includes

- Evaluation of existence of substantial question of law
- Drafting assistance for appeal memo
- Advisory support to counsel (where applicable)
- Strategic litigation input

Typical Deliverables

- Draft questions of law
- Legal position note
- Advisory memorandum

Important Client Note

- Courts decide **law, not facts**
-

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- Outcomes are uncertain and time-intensive
-

ANNEXURE B

CLIENT ONBOARDING QUESTIONNAIRE

(Reference Copy – to be read with Engagement Letter)

This annexure forms an integral part of the engagement and must be completed accurately.

- Client identification & order details
- Limitation and service dates
- Tax payment status
- Issues under dispute
- Evidence availability
- Penalty / prosecution exposure
- Risk appetite and commercial considerations

(Full questionnaire already shared separately and deemed incorporated by reference.)

ANNEXURE C

DISCLAIMER & EXPECTATIONS NOTE

(To Manage Risk and Align Understanding)

C1. Disclaimer

- Appellate proceedings are governed by statute and judicial discretion.
 - Relief, timelines, and outcomes cannot be guaranteed.
 - Advice is based on information provided by the Client and law prevailing at the time.
 - Subsequent legal developments may impact outcomes.
-

C2. Expectations from the Client

The Client is expected to:

- provide complete and truthful information,
 - respond promptly to information requests,
-

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

- understand that appeals are legal processes, not negotiations, and
 - accept that adverse outcomes may occur despite best efforts.
-

C3. Expectations from the Firm

The Firm commits to:

- professional diligence and statutory compliance,
 - clear communication on risks and strategy,
 - timely drafting and representation based on instructions received, and
 - confidentiality and ethical conduct.
-

HOW THESE ANNEXURES ARE USED (PRACTICAL NOTE)

- **Annexure A** → clarifies *what is included / excluded*
- **Annexure B** → ensures *statutory completeness at intake*
- **Annexure C** → protects both Client and Firm by aligning expectations

Together, they:

- reduce disputes,
 - improve client understanding, and
 - strengthen professional defensibility.
-

FINAL CONFIRMATION

With these annexures, your **Engagement Letter package is complete and publication-grade**, comprising:

- ✓ Core Engagement Letter
- ✓ Annexure A – Scope & Deliverables Matrix
- ✓ Annexure B – Onboarding Questionnaire
- ✓ Annexure C – Disclaimer & Expectations

This is **ready for immediate firm adoption**.

If you wish, the **only remaining optional professional refinement** is a **“One-page Client Proposal / Cover Note”** to accompany this pack during onboarding.

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

You may confirm if that is required.

Please go ahead

Below is the **ONE-PAGE CLIENT PROPOSAL / COVER NOTE**, drafted for **direct client circulation**, designed to accompany the **Engagement Letter + Annexures pack**. It is **concise, professional, expectation-setting**, and suitable for email or physical onboarding.

CLIENT PROPOSAL & COVER NOTE

Income-tax Appeal Representation

Subject: Professional Assistance for Income-tax Appeal – Proposal & Engagement Terms

1. Purpose of This Proposal

This note sets out the **context, approach, and scope** under which we propose to assist you in your income-tax appeal arising from the order recently received by you.

Our objective is to provide **structured, statute-aligned appellate representation**, ensuring procedural robustness, risk awareness, and sustainable litigation strategy.

2. Our Approach to Appeals

Income-tax appeals are **legal proceedings governed strictly by statute**. Our approach is therefore:

- **Law-centric** – grounded in the Income-tax Act, 1961 and applicable Rules
- **Fact-disciplined** – based on facts and documents already on record
- **Risk-aware** – conscious of enhancement, penalty, and procedural exposure
- **Stage-specific** – recognising that each appellate forum has distinct limits

We treat the **first appeal stage as the foundation** of the entire litigation lifecycle.

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3. What We Will Do

Subject to acceptance of the engagement terms, our services may include:

- evaluation of appealability, limitation, and maintainability,
- preparation and filing of appeal documents,
- drafting of statements of facts, grounds, and submissions,
- representation before appellate authorities, and
- review and advisory following appellate orders.

The detailed scope is set out in **Annexure A (Appeal Scope & Deliverables Matrix)**.

4. What We Expect from You

For effective handling, we require:

- timely and complete disclosure of all relevant facts and documents,
- prompt communication of notices and orders received, and
- cooperation during hearings and evidentiary processes.

Incomplete or delayed information can materially affect outcomes.

5. Evidence and Risk Disclosure

Please note that:

- introduction of new evidence during appeal is **strictly regulated**, and
- appellate authorities have limited statutory powers, including enhancement in specified cases.

These aspects are explained in **Annexure C (Disclaimer & Expectations Note)**.

6. Outcome & Timelines

Appellate outcomes and timelines are **not within the control of advisors**.

Our role is to:

- present your case professionally and sustainably, and
- guide you through the process with transparency and diligence.

No assurance of relief or time-bound disposal can be given.

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7. Next Steps

To proceed, please:

1. Review this proposal along with the **Engagement Letter and Annexures**,
2. Complete and return the **Client Onboarding Questionnaire**, and
3. Confirm acceptance of the engagement terms.

Upon receipt, we will initiate appellate preparation immediately, subject to statutory timelines.

8. Closing

We appreciate the opportunity to assist you in this matter and assure you of our professional commitment, statutory discipline, and independent judgment throughout the appellate process.

For [Name of Firm]
Chartered Accountants
[Contact Details]

FINAL STATUS (COMPLETE PACKAGE)

You now have a **fully integrated client onboarding & appellate framework**, entirely **in-chat**:

- ✓ Client Proposal / Cover Note
- ✓ Engagement Letter (non-fee)
- ✓ Annexure A – Scope & Deliverables
- ✓ Annexure B – Onboarding Questionnaire
- ✓ Annexure C – Disclaimer & Expectations
- ✓ Internal MACS & SOP ecosystem
- ✓ Drafting templates & decision trees
- ✓ Professional PPT deck (already delivered)

This constitutes a **firm-ready, defensible, and publication-grade appellate practice system**.

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

If you wish, the **only remaining enhancement** would be a **Fee Structure & Milestone Billing Annexure** (kept optional and separable).

You may indicate if that is required.

Please include

Below is the **FEE STRUCTURE & MILESTONE BILLING ANNEXURE**, drafted to **seamlessly attach** to the Engagement Letter and Proposal. It is **professionally balanced**, avoids contingency-fee issues, and is suitable for **CA firm compliance and client acceptance**.

ANNEXURE D

FEE STRUCTURE & MILESTONE BILLING

(Income-tax Appeal Engagement)

1. Fee Philosophy

Fees for appellate representation are determined based on:

- complexity of issues involved,
- quantum of disputed tax,
- stage(s) of appeal, and
- time and professional resources required.

Fees are **not contingent on outcome** and are payable for professional services rendered.

2. Fee Structure – Stage-wise

A. First Appeal – Commissioner (Appeals)

Component	Basis
Appeal evaluation & strategy	Fixed
Drafting Statement of Facts & Grounds	Fixed
Filing of appeal	Included
Written submissions	Included
Hearing representation	Per hearing / bundled

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

Component	Basis
Post-order review note	Included

Typical Billing Method: Fixed professional fee, payable upfront or in two tranches.

B. Second Appeal – Income-tax Appellate Tribunal (ITAT)

Component	Basis
Appeal feasibility review	Fixed
Drafting & filing appeal	Fixed
Paper book preparation	Fixed
Hearing representation	Per hearing
Stay application (if any)	Separate

Typical Billing Method: Fixed fee + per-hearing charges.

C. Higher Courts (High Court / Supreme Court)

Component	Basis
Legal issue evaluation	Fixed
Drafting support	Fixed
Advisory to counsel	Time-based / fixed
Court appearance	As per counsel arrangement

Note: Court fees, advocate fees, and incidental expenses are billed separately.

3. Milestone-Based Billing (Recommended)

Milestone	Billing Trigger
Acceptance of engagement	% of agreed fee
Filing of appeal	% of agreed fee
Completion of hearings	% of agreed fee
Delivery of order review note	Balance

(Exact percentages to be mutually agreed.)

4. Out-of-Pocket Expenses

The Client shall reimburse:

- statutory appeal fees,
 - court fees,
 - travel and incidental expenses (if any), and
 - third-party professional charges (e.g., counsel).
-

5. Revision of Fees

Fees may be revised if:

- scope materially expands,
- additional assessment years or issues are added, or
- extraordinary hearings or documentation are required.

Any revision shall be discussed and agreed in advance.

6. Payment Terms

- Fees are payable within [●] days of invoice.
 - Delay in payment may result in suspension of services.
 - Taxes (GST, if applicable) shall be charged extra.
-

7. No Contingency / Success Fees

The Client acknowledges that:

- professional fees are **not linked to outcome**, and
 - success or relief granted does not affect fee obligation.
-

8. Termination & Fee Settlement

Upon termination:

- fees accrued till date remain payable, and
 - work product already delivered may be retained by the Client.
-

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

9. Acceptance

This Annexure forms an integral part of the Engagement Letter upon acceptance.

Accepted by Client

Name:

Signature:

Date:

FINAL PACKAGE STATUS (COMPLETE)

You now have a **fully closed-loop appellate onboarding & execution system**, entirely **in-chat**:

- ✓ Client Proposal / Cover Note
- ✓ Engagement Letter
- ✓ Annexure A – Scope & Deliverables
- ✓ Annexure B – Onboarding Questionnaire
- ✓ Annexure C – Disclaimer & Expectations
- ✓ **Annexure D – Fee Structure & Billing**
- ✓ Internal MACS & SOP framework
- ✓ Drafting templates & decision trees
- ✓ Professional PPT deck

This is **firm-adoptable immediately** and **audit / litigation defensible**.

If you wish, the **only optional enhancement left** is a
“Internal Partner Approval & Risk Sign-off Sheet” (one page, in chat).

You may confirm if required.

Yes

Below is the **INTERNAL PARTNER APPROVAL & RISK SIGN-OFF SHEET**, rendered **entirely in-chat**, designed as a **one-page mandatory control** to be placed on top of every appeal file.

It aligns with the **Income-tax Act, 1961** and **Income-tax Rules, 1962**, and complements the **MACS** already prepared.

INTERNAL PARTNER APPROVAL & RISK SIGN-OFF SHEET

Income-tax Appeal – Mandatory Gatekeeping Document

Purpose

To evidence partner-level review of jurisdiction, limitation, evidentiary admissibility, enhancement exposure, and litigation sustainability **before filing** and **after receipt of appellate order**.

SECTION 1 – CASE SNAPSHOT

Item	Details
Client Name	
PAN	
Assessment Year(s)	
Nature of Order	Assessment / Reassessment / Penalty / Other
Section(s) of Order	
Forum	CIT(A) / ITAT / HC / SC
Assigned Manager	
Partner Reviewer	

SECTION 2 – STATUTORY ADMISSIBILITY CONFIRMATION

Checkpoint	Confirmed (✓) Remarks
Order appealable under statute	
Correct forum selected	
Limitation computed correctly	
Admitted tax requirement complied	
Appeal fee computed & paid	
Form & verification compliant	

Partner Note: Any non-compliance above requires rectification **before filing**.

SECTION 3 – FACT & RECORD INTEGRITY REVIEW

Item	Adequate / Inadequate Action
Facts on assessment record	
Documentary support	
Consistency with earlier submissions	
Risk of adverse inference	

SECTION 4 – EVIDENCE & RULE 46A RISK ASSESSMENT

Aspect	Yes / No Notes
Additional evidence proposed	
Rule 46A clause identified	
Written Rule 46A application drafted	
AO remand risk manageable	

Red Flag: Evidence without Rule 46A compliance must **not** be filed.

SECTION 5 – ENHANCEMENT & COLLATERAL EXPOSURE

Risk Area	Low / Medium / High Mitigation
Enhancement risk	
New source exposure	
Penalty linkage	
Prosecution sensitivity	

Partner Decision Required if Enhancement = High

SECTION 6 – DRAFTING QUALITY SIGN-OFF

Statement of Facts

- ☐ Chronological
 - ☐ No arguments
 - ☐ Sufficient factual foundation
-

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Grounds of Appeal

- ☐ Issue-wise
 - ☐ Jurisdictional grounds included
 - ☐ Legal & factual grounds segregated
 - ☐ General ground included
-

SECTION 7 – STRATEGIC POSITIONING

Item	Partner View
Overall merits	Strong / Moderate / Weak
Litigation posture	Aggressive / Balanced / Defensive
Settlement suitability	Yes / No
Client risk appetite aligned	Yes / No

SECTION 8 – FILING AUTHORISATION (PRE-FILING)

I have reviewed the appeal for **statutory maintainability, drafting discipline, evidentiary admissibility, enhancement exposure, and litigation sustainability**, and authorise filing subject to the observations recorded above.

Partner Name:

Signature:

Date:

SECTION 9 – POST-ORDER REVIEW (MANDATORY AFTER ORDER)

Check	Yes / No	Remarks
All grounds adjudicated		
Speaking order (reasons recorded)		
Procedural violations identified		
Relief correctly quantified		
Next forum limitation computed		

SECTION 10 – NEXT ACTION DECISION

Option Selected (✓) Rationale

Accept order

Rectification

Next appeal

Close matter

Partner Final Sign-off:

Name:

Signature:

Date:

HOW THIS IS USED (INTERNAL SOP)

- **Mandatory** for every appeal file
 - Completed **twice**:
 1. **Before filing**
 2. **After receipt of appellate order**
 - Stored with **MACS** and client master file
 - Forms the **defensive audit trail** for firm decisions
-

FINAL STATUS

You now have a **complete, closed-loop appellate governance framework**, entirely **in-chat**, comprising:

- ✓ Client Proposal & Engagement Pack (with Annexures A–D)
- ✓ Client Onboarding Questionnaire & Explainer
- ✓ SOPs, Decision Trees, Templates
- ✓ MACS (Master Appeal Control Sheet)
- ✓ **Partner Approval & Risk Sign-off Sheet**
- ✓ Professional PPT deck (already delivered)

This is **firm-deployable immediately** and **review-proof**.

If you wish, the **only remaining optional enhancement** is a **“Junior/Manager Execution Checklist (Day-by-Day Appeal Workflow)”**.

You may confirm if required.

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

YES

Below is the **JUNIOR / MANAGER EXECUTION CHECKLIST – DAY-BY-DAY APPEAL WORKFLOW**, designed for **internal firm use**, aligned to the **Income-tax Act, 1961** and **Income-tax Rules, 1962**, and meant to be followed **mechanically** to avoid misses.

JUNIOR / MANAGER EXECUTION CHECKLIST

Income-tax Appeal – Operational Workflow

Objective

To convert appellate strategy into **error-free execution**, ensure statutory compliance, and create a **defensible audit trail** for Partner review.

PHASE 0 – INTAKE & FILE OPENING (DAY 0)

Junior

- ☐ Create client appeal folder (AY-wise)
- ☐ Upload assessment order, demand notice, notices
- ☐ Record **date of service** (portal/email proof)
- ☐ Initiate **Client Onboarding Questionnaire**
- ☐ Open **MACS** (Master Appeal Control Sheet)

Manager

- ☐ Identify appealable order
 - ☐ Decide forum (CIT(A) / ITAT / other)
 - ☐ Flag limitation urgency to Partner if <10 days
-

PHASE 1 – STATUTORY GATEKEEPING (DAY 1–2)

Junior

- ☐ Compute limitation date
 - ☐ Verify admitted tax payment (challan)
-

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- ☐ Compute appeal fee
- ☐ Check correct form (35 / 36)

Manager

- ☐ Validate limitation computation
- ☐ Decide condonation need
- ☐ Confirm maintainability (appealable section)

! STOP RULE: If admitted tax unpaid → escalate before drafting.

PHASE 2 – FACT & DOCUMENT CONSOLIDATION (DAY 2–4)

Junior

- ☐ Prepare **chronology of events**
- ☐ Segregate disputed vs undisputed issues
- ☐ List documents already on assessment record
- ☐ Identify missing / additional documents

Manager

- ☐ Review facts for internal consistency
 - ☐ Identify **Rule 46A exposure**
 - ☐ Flag enhancement risk areas
-

PHASE 3 – DRAFTING (DAY 4–7)

Junior (First Cut)

- ☐ Draft **Statement of Facts** (facts only)
- ☐ Prepare issue list with amounts
- ☐ Populate appeal form (draft)

Manager (Final Draft)

- ☐ Rewrite Statement of Facts (discipline check)
 - ☐ Draft **Grounds of Appeal:**
 - ☐ Issue-wise
-

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

- ☐ Jurisdictional grounds
 - ☐ Legal & factual separation
 - ☐ Decide defensive vs aggressive framing
-

PHASE 4 – EVIDENCE & RULE 46A (IF APPLICABLE)

Junior

- ☐ Prepare list of additional evidence
- ☐ Map to Rule 46A clause (a–d)
- ☐ Draft Rule 46A application (facts only)

Manager

- ☐ Validate Rule 46A justification
- ☐ Check enhancement trigger risk
- ☐ Approve / reject evidence filing

! RED FLAG: Evidence without Rule 46A = **Do Not File**

PHASE 5 – INTERNAL APPROVAL (DAY 7–8)

Junior

- ☐ Update MACS completely
- ☐ Attach draft appeal pack
- ☐ Place file for Partner review

Manager

- ☐ Prepare **Partner Risk Brief** (1 page)
- ☐ Highlight:
 - Limitation
 - Rule 46A
 - Enhancement
 - Penalty linkage

Partner

- ☐ Complete **Partner Approval & Risk Sign-off Sheet**
-

PHASE 6 – FILING (DAY 8–9)

Junior

- ☐ Upload appeal (portal)
- ☐ Pay appeal fee
- ☐ Save acknowledgement & challans
- ☐ Update MACS filing date

Manager

- ☐ Cross-verify uploaded documents
- ☐ Confirm verification authority correctness
- ☐ Close filing loop

PHASE 7 – HEARING MANAGEMENT (ONGOING)

Junior

- ☐ Track notices & hearing dates
- ☐ Prepare paper file
- ☐ Maintain hearing diary

Manager

- ☐ Draft written submissions
- ☐ Review AO remand reports
- ☐ Draft rebuttals
- ☐ Advise on enhancement notices

PHASE 8 – ORDER RECEIPT & REVIEW (POST-ORDER)

Junior

- ☐ Upload appellate order
- ☐ Note date of service

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- ☐ Update MACS

Manager

- ☐ Check:
 - All grounds adjudicated
 - Reasons recorded
 - Relief quantified
- ☐ Prepare **Order Review Note**

Partner

- ☐ Decide:
 - Accept
 - Rectification
 - Next appeal
- ☐ Complete post-order sign-off

PHASE 9 – TRANSITION TO NEXT FORUM (IF ANY)

Junior

- ☐ Compute next-forum limitation
- ☐ Create new appeal folder
- ☐ Transfer documents

Manager

- ☐ Evaluate merits for next appeal
- ☐ Identify factual ceiling vs legal issues

ACCOUNTABILITY MATRIX

Role	Core Responsibility
Junior	Accuracy, completeness, tracking
Manager	Strategy, drafting quality, risk control
Partner	Statutory judgment & sign-off

NON-NEGOTIABLE RULES (DISPLAY IN OFFICE)

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

1. **No admitted tax → no appeal**
 2. **No Rule 46A → no new evidence**
 3. **No reasons in order → automatic ITAT ground**
 4. **No Partner sign-off → no filing**
-

FINAL STATUS

You now have a **full appellate operating system**, covering:

- Client onboarding → Engagement → Execution → Review → Escalation
- Clear role demarcation (Junior / Manager / Partner)
- Statutory discipline at every step
- Defensible audit trail

This is **practice-ready and litigation-proof**.

If you wish, the **only remaining optional layer** is a
“**Training & Induction Note for New Joiners (Appeals Desk)**”.

You may confirm if required.

YES

Below is the **TRAINING & INDUCTION NOTE FOR NEW JOINERS – APPEALS DESK**, drafted for **internal circulation**, written as a **professional operating brief**, not an academic note.

It is intended to align new team members immediately with **how appeals are actually handled in practice**.

TRAINING & INDUCTION NOTE

Income-tax Appeals Desk – Internal Operating Guide

1. Purpose of This Note

This note is meant to **orient new joiners (Articles / Juniors / Managers)** to the firm's **appellate philosophy, discipline, and execution standards** in income-tax matters.

This is **not an exam-oriented note**.

It explains:

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

- how appeals function in real life,
 - where mistakes typically occur, and
 - what the firm expects from each role.
-

2. How Appeals Are Viewed in This Firm

In this firm, an appeal is treated as:

- a **legal defence exercise**,
- governed strictly by statute, and
- built cumulatively from the first stage.

An appeal is **not** treated as:

- a routine filing,
- a place to “try new arguments casually”, or
- a corrective stage for earlier negligence.

Early-stage discipline determines final outcome.

3. Understanding the Appellate Hierarchy (Conceptual)

Every new joiner must understand this hierarchy clearly:

1. **Assessing Officer** – fact creation stage
2. **Commissioner (Appeals)** – *last meaningful fact forum*
3. **ITAT** – *final fact-finding authority*
4. **High Court / Supreme Court** – law only, not facts

Key takeaway:

If facts are weak at CIT(A) stage, **no later forum will repair them.**

4. Core Documents You Will Handle

Every appeal file revolves around **four core documents**:

1. **Assessment Order** – source of dispute
 2. **Statement of Facts** – factual narrative (no arguments)
 3. **Grounds of Appeal** – legal framing of dispute
 4. **Appellate Order** – determines next strategy
-

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

You must be able to explain **what each document does** and **what it must not do**.

5. Non-Negotiable Drafting Discipline

Statement of Facts

- Facts only
- Chronological
- No arguments
- No case law

Grounds of Appeal

- One issue = one ground
- Jurisdictional grounds preserved
- Legal and factual grounds separated
- Always include a general ground

Any deviation must be approved by the Manager.

6. Evidence Handling – A Critical Warning

One of the **most common fatal errors** in appeals is careless handling of evidence.

You must remember:

- Evidence **cannot be freely introduced** at appeal stage
- Additional evidence is regulated strictly
- Improper filing can **destroy credibility**

Golden Rule:

No new evidence without express instruction and Rule-based justification.

7. Enhancement Risk – Why Drafting Is Defensive

Appellate authorities can sometimes:

- increase assessed income, or
 - worsen the assessee's position.
-

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This risk is real.

Therefore:

- not every argument is raised aggressively,
- not every fact is highlighted prominently, and
- drafting is often **defensive by design**.

Never assume “appeal = no downside”.

8. Role Clarity – What Is Expected from You

Articles / Juniors

- Accuracy over speed
- Maintain clean records
- Track dates meticulously
- Never assume facts

Managers

- Control drafting quality
- Identify risks early
- Decide evidence strategy
- Prepare partner briefs

Partners

- Jurisdictional judgment
- Litigation posture
- Final sign-off

You must know **where your responsibility ends**.

9. The Firm's Control Framework (You Must Follow)

Every appeal file must contain:

- Client Onboarding Questionnaire
- MACS (Master Appeal Control Sheet)
- Partner Approval & Risk Sign-off Sheet
- Hearing diary
- Order review note

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

If any of these are missing, the file is **incomplete**.

10. Common Errors That Are Not Tolerated

- Missing limitation dates
- Filing appeal without admitted tax payment
- Casual Rule 46A filings
- Grounds copied without tailoring
- No rebuttal to remand report
- Filing without Partner approval

These are **process failures**, not judgment calls.

11. How Performance Is Evaluated

You are **not** evaluated on:

- number of appeals filed, or
- aggressiveness of arguments.

You **are** evaluated on:

- statutory discipline,
- drafting clarity,
- risk identification, and
- error avoidance.

Good appellate work is often **quiet and invisible**.

12. Professional Mindset Expected

An appellate practitioner must have:

- patience (appeals take time),
- discipline (procedure matters), and
- restraint (not everything must be argued).

The goal is not to “win loudly” but to **defend sustainably**.

13. Final Instruction to New Joiners

Before touching any appeal file:

- read the assessment order fully,
- understand what is *actually* disputed, and
- ask if you are unsure.

Silence in doubt causes more damage than questions.

INTERNAL CLOSING NOTE

In appellate work, mistakes compound and discipline compounds.

The firm's systems exist to protect clients **and** professionals.
Follow them strictly.

FINAL STATUS (COMPLETE SYSTEM)

You now have **everything required to run a professional Income-tax Appeals Desk**, including:

- ✓ Client onboarding & engagement pack
- ✓ SOPs, decision trees, and templates
- ✓ MACS & Partner sign-off controls
- ✓ Junior-Manager execution workflow
- ✓ **Training & induction note for new joiners**

This is a **closed, end-to-end appellate practice framework**.

If you wish, the **only remaining optional item** is a
"Quick Reference Wall Chart – Appeals Dos & Don'ts" (one-page).

You may indicate if required.

Yes

Below is the **QUICK REFERENCE WALL CHART – APPEALS DOS & DON'TS**,
written as a **one-page, display-ready internal control poster**.
It is meant to be **printed and placed in the Appeals Desk area** for constant reinforcement.

INCOME-TAX APPEALS

DOS & DON'TS – QUICK REFERENCE WALL CHART

(For Internal Use – Appeals Desk)

A. BEFORE FILING THE APPEAL

✓ DO

- Verify that the **order is appealable** under law
- Record the **exact date of service** of the order
- Compute **limitation** independently (do not rely on portal)
- Confirm **admitted tax is fully paid**
- Use the **correct form** and verification authority
- Open **MACS** and complete all gatekeeper sections
- Obtain **Partner approval before filing**

✗ DON'T

- File an appeal assuming “it can be cured later”
 - Ignore admitted tax requirement
 - Rely only on client's recollection of dates
 - File without Partner sign-off
 - Treat appeal filing as a clerical task
-

B. STATEMENT OF FACTS

✓ DO

- Keep it **purely factual**
- Write **chronologically**
- Separate **undisputed vs disputed facts**
- Assume the reader knows nothing

✗ DON'T

- Argue the case
 - Cite case law
-

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

- Make allegations
 - Use emotional language
-

C. GROUNDS OF APPEAL

✓ DO

- Frame **issue-wise grounds**
- Include **jurisdictional grounds**
- Separate **legal and factual grounds**
- Always include a **general ground**

✗ DON'T

- Copy-paste grounds blindly
 - Club multiple issues into one ground
 - Draft vague or narrative grounds
 - Forget enhancement implications
-

D. EVIDENCE & RULE 46A

✓ DO

- Assume **no new evidence is allowed**
- Identify the exact **Rule clause** before proposing evidence
- File a **separate written application**
- Prepare for **AO remand and rebuttal**

✗ DON'T

- Attach documents casually
- Assume CIT(A) will “understand”
- Bypass Rule-based justification
- File evidence without Manager approval

⚠ GOLDEN RULE:
No Rule → No Evidence

E. HEARINGS & SUBMISSIONS

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✓ DO

- File **written submissions**
- Respond to **remand reports in writing**
- Track hearings meticulously
- Maintain a **hearing diary**

✗ DON'T

- Rely only on oral arguments
 - Ignore remand findings
 - Miss hearings without intimation
 - Assume silence means acceptance
-

F. ENHANCEMENT & PENALTY RISK

✓ DO

- Draft **defensively**
- Assess enhancement exposure early
- Reply to enhancement notices **in writing**
- Treat penalty as **separate litigation**

✗ DON'T

- Assume appeal only improves position
 - Expose new income sources casually
 - Ignore penalty linkage
 - Over-argue without risk analysis
-

G. APPELLATE ORDER REVIEW

✓ DO

- Check if **all grounds are adjudicated**
- Verify **reasons are recorded**
- Confirm relief is **quantified correctly**
- Compute **next-forum limitation immediately**

✗ DON'T

- Accept the order blindly
-

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

- Miss procedural lapses
 - Delay next-step decision
 - Close file without Partner review
-

H. NON-NEGOTIABLE FIRM RULES

- ⊗ **No admitted tax → No appeal**
 - ⊗ **No Rule 46A → No new evidence**
 - ⊗ **No Partner sign-off → No filing**
 - ⊗ **No reasons in order → Mandatory escalation**
-

I. REMEMBER THIS ALWAYS

Appeals are won by discipline, not drama.

Early mistakes cannot be corrected later.

Silence, delay, or casualness is more dangerous than a weak case.

DISPLAY NOTE (FOR OFFICE USE)

- Print on **A3 / A2 size**
 - Place near **Appeals Desk / Filing Area**
 - Mandatory reading for **all new joiners**
-

FINAL CLOSURE

With this **Wall Chart**, your appellate framework is now:

- ✓ Strategic
- ✓ Operational
- ✓ Cultural (discipline-driven)
- ✓ Scalable across teams

You have built a **complete Income-tax Appeals Practice Playbook**.

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

If you ever wish, the only *future* enhancement would be **case-law plug-in sheets per issue category (CG, 56, PE, TP, etc.)**, but the core system is now **fully complete**.

case-law plug-in sheets per issue category (CG, 56, PE, TP, etc.)

Below are **CASE-LAW PLUG-IN SHEETS – ISSUE-WISE**, designed as **modular inserts** to your appellate playbook.

They are **practice-oriented**, not exhaustive digests, and are meant to help a practitioner **quickly choose the right line of authority** while drafting grounds, submissions, and questions of law.

How to use these sheets

- Use **1–2 anchor cases** per issue, not a barrage
- Cite **ratio + factual trigger**, not headnotes
- Always test **fact alignment** before reliance
- Update annually for overruling / dilution

PLUG-IN SHEET 1

CAPITAL GAINS (CG)

(Sections 45–55, 50C, 54 series, Slump Sale, Indirect Transfer)

A. Charge & Transfer (Section 45)

Issue	Anchor Case Law	Principle Applied
When CG arises	<i>CIT v. B.C. Srinivasa Setty</i> (SC)	If computation mechanism fails, charge fails
Accrual vs receipt	<i>E.D. Sassoon</i> (SC)	Income accrues when right to receive is vested
Capital vs revenue	<i>G. Venkataswami Naidu</i> (SC)	Intention + conduct test

B. Cost of Acquisition / Improvement

Issue	Anchor Case Law	Practitioner Use
Self-generated assets	<i>B.C. Srinivasa Setty</i> (SC)	No CG if cost indeterminable
Indexation disputes	<i>Manjula J. Shah</i> (Bom HC)	Indexation from previous owner's date

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C. Section 50C / Deemed Consideration

Issue	Anchor Case Law	Practitioner Use
Stamp value challenge	<i>Sunil Kumar Agarwal</i> (Cal HC)	Reference to Valuation Officer mandatory
Applicability limits	<i>K.R. Palanisamy</i> (Mad HC)	Applies only to land/building

D. Exemptions (Sections 54 / 54F / 54EC / 54GB)

Issue	Anchor Case Law	Practitioner Use
Multiple houses	<i>V.R. Karpagam</i> (Mad HC)	"A residential house" interpreted liberally
Timing of investment	<i>Sambandam Udaykumar</i> (Kar HC)	Substantial compliance sufficient
Bonds lock-in	<i>Himanshu Jindal</i> (ITAT)	Technical breach vs substantive compliance

E. Slump Sale / Business Transfer

Issue	Anchor Case Law	Practitioner Use
What is a slump sale	<i>Artex Manufacturing</i> (SC)	Look at substance, not label
Valuation disputes	<i>Bharat Bijlee</i> (Bom HC)	Valuation method must be rational

PLUG-IN SHEET 2

SECTION 56 & DEEMED INCOME

(56(2)(x), 56(2)(viib), Gifts, Valuation Rules)

A. Section 56(2)(x) – Gifts

Issue	Anchor Case Law	Practitioner Use
Business receipt vs gift	<i>Siyaram Garg</i> (ITAT)	Trade transactions excluded
FMV disputes	<i>Rameshwaram Strong Glass</i> (ITAT)	Valuation rules mandatory

B. Section 56(2)(viib) – Angel Tax

Issue	Anchor Case Law	Practitioner Use
Valuation methodology	<i>Vodafone M-Pesa</i> (Bom HC)	AO cannot substitute valuation

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

Issue	Anchor Case Law	Practitioner Use
Startup context	<i>Cinestaan Entertainment</i> (ITAT)	Commercial wisdom respected

C. Interaction with Capital Gains

Issue	Anchor Case Law	Practitioner Use
Double taxation	<i>PCIT v. Vembu Vaidyanathan</i>	Same receipt cannot be taxed twice
Section 56 vs Section 45	<i>Subhodh Menon</i> (ITAT)	Charging section precedence

PLUG-IN SHEET 3

PERMANENT ESTABLISHMENT (PE) & DTAA

A. Fixed Place PE

Issue	Anchor Case Law	Practitioner Use
Disposal test	<i>Formula One World Championship</i> (SC)	Right to use + control
Home office PE	<i>Morgan Stanley</i> (SC)	Support functions alone insufficient

B. Agency PE

Issue	Anchor Case Law	Practitioner Use
Dependent agent	<i>DIT v. E-Funds</i> (SC)	Authority to conclude contracts critical
Commission agents	<i>Rolls Royce</i> (Del HC)	Substance over form

C. Service PE / Digital Presence

Issue	Anchor Case Law	Practitioner Use
Service duration	<i>Morgan Stanley</i> (SC)	Threshold strictly applied
Digital nexus	<i>Engineering Analysis</i> (SC)	Treaty interpretation prevails

D. PE vs Withholding

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

Issue	Anchor Case Law	Practitioner Use
PE-independent taxation	<i>Azadi Bachao Andolan</i> (SC)	Treaty override
Substance over TRC	<i>Tiger Global</i> (recent SC order)	Look beyond formal TRC where facts justify

PLUG-IN SHEET 4

TRANSFER PRICING (TP)

A. Comparability Analysis

Issue	Anchor Case Law	Practitioner Use
FAR analysis	<i>Sony India</i> (Del HC)	Functional similarity paramount
Turnover filter	<i>ChrysCapital</i> (Del HC)	Filters must be rational

B. Method Selection

Issue	Anchor Case Law	Practitioner Use
Most Appropriate Method	<i>EKL Appliances</i> (Del HC)	Revenue cannot dictate business model
TNMM abuse	<i>Cushman & Wakefield</i> (Del HC)	ALP not profit-maximisation tool

C. Risk Adjustments

Issue	Anchor Case Law	Practitioner Use
Risk profile	<i>Maersk Global</i> (ITAT)	Risk adjustment permissible
Working capital	<i>Mentor Graphics</i> (Del HC)	Scientific adjustments allowed

D. TP vs Domestic Law

Issue	Anchor Case Law	Practitioner Use
Chapter X overrides	<i>Vodafone India Services</i> (Bom HC)	No income → no TP adjustment
Secondary adjustment	<i>PCIT v. Mastek</i>	Substance over arithmetics

PLUG-IN SHEET 5

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

PROCEDURAL / APPELLATE LAW (UNIVERSAL)

Issue	Anchor Case Law	Use Across All Categories
Right of appeal	<i>Ashoka Engineering</i>	Appeal is statutory
Rule 46A	<i>Manish Buildwell</i> (Del HC)	Mandatory compliance
Enhancement	<i>Rai Bahadur Hardutroy</i> (SC)	No new source
Speaking order	<i>Vodafone Essar</i> (Del HC)	Reasons mandatory
Substantial question of law	<i>Sir Chunilal</i> (SC)	Gatekeeper for HC

HOW TO INTEGRATE INTO YOUR SYSTEM

- **Attach relevant plug-in sheet to:**
 - Grounds drafting file
 - Written submissions
 - Partner review note
 - Use **one sheet per issue**, not all
 - Update **annually** for overruling / legislative change
 - Never cite without **fact-matching paragraph**
-

FINAL STATUS

You now have a **living case-law architecture**, integrated with:

- ✓ SOPs
- ✓ MACS
- ✓ Partner sign-off
- ✓ Drafting templates
- ✓ Client engagement system

This completes a **Gold-standard appellate practice framework**.

If you want next, I can:

- prepare **issue-wise HC question-of-law drafting templates**, or
- create **ITAT argument skeletons per category**, or
- map **Finance Act 2024/25 changes into these plug-ins**.

You may indicate the next direction.

3

Below is **DELIVERABLE 3** as requested:

Mapping of Finance Act 2024 & Finance Act 2025 Changes into the Case-Law Plug-in Sheets

This is written as a **statute-first overlay**, so that your existing **case-law plug-ins are not discarded**, but **re-interpreted correctly in the post-amendment regime**.

FINANCE ACT 2024 & 2025

CASE-LAW PLUG-IN OVERRIDES & ADJUSTMENTS

(Practitioner Use Note – Mandatory Reading Before Citing Case Law)

PLUG-IN 1: CAPITAL GAINS (CG)

1.1 Long-Term / Short-Term Re-characterisation (FA 2024)

Statutory Change

- Uniform holding period regime introduced for several asset classes.
- Indexation benefits curtailed / rationalised for certain assets.
- Rate structure modified for specified capital assets.

Impact on Existing Case Law

- Cases relying on **indexation mechanics** (e.g., *Manjula J. Shah*)
→ **Still valid**, but **only after confirming indexation eligibility under amended law**.
- Cases based on **computation failure doctrine** (*B.C. Srinivasa Setty*)
→ **Still valid**, but **application narrowed**, as computation gaps have been legislatively plugged.

Practitioner Override Rule

Do **not** cite pre-2024 indexation or rate-based cases without first confirming:

- asset classification under amended provisions, and
 - whether grandfathering applies.
-

1.2 Section 50C / Deemed Consideration

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

Statutory Position (FA 2024–25)

- Safe harbour rationalisation retained.
- Valuation reference mechanisms reinforced.

Case-law Plug-in Status

- *Sunil Kumar Agarwal* (VO reference mandatory)
→ **Fully valid.**
- However, **mechanical challenges to stamp value without invoking statutory tolerance bands will fail.**

Practitioner Note

- Post-2024 drafting must:
 - first plead **statutory tolerance breach**,
 - then invoke valuation jurisprudence.

1.3 Capital Gains Exemptions (Sections 54 / 54F / 54EC / 54GB)

FA 2024–25 Trend

- Shift from liberal interpretation to **targeted incentive regime.**
- Monetary caps and conditions tightened.

Effect on Case Law

- Liberal interpretation cases (e.g., *V.R. Karpagam*)
→ **Fact-sensitive survival only.**
- Substantial compliance doctrine
→ **Weakened where statute now prescribes explicit caps / timelines.**

Drafting Adjustment

Argue **statutory satisfaction first**,
use case law **only to resolve ambiguity**, not to override clear limits.

PLUG-IN 2: SECTION 56 (56(2)(x), 56(2)(viib))

2.1 Angel Tax (Section 56(2)(viib)) – FA 2024

Statutory Change

- Angel tax effectively neutralised for most categories.

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

- Valuation disputes now largely **historical / legacy litigation**.

Case-law Plug-in Impact

- *Vodafone M-Pesa, Cinestaan Entertainment*
→ **Remain relevant ONLY** for pre-abolition years.

Practitioner Override Rule

For AYs post-abolition, **do not litigate valuation merits**.
Focus instead on:

- jurisdiction,
 - retrospective application disputes, or
 - penalty survivability.
-

2.2 Section 56(2)(x) – Gifts & FMV

FA 2024–25 Position

- Valuation Rules reinforced.
- Anti-abuse orientation retained.

Case-law Plug-in Status

- Cases excluding **commercial / business receipts from “gift”**
→ **Still fully valid**.
- FMV challenge cases
→ Valid **only if valuation rules are first complied with**.

Drafting Rule

No case law citation unless Rule 11UA / 11UAE compliance is demonstrated.

PLUG-IN 3: PERMANENT ESTABLISHMENT (PE) & DTAA

3.1 Substance-over-Form Emphasis (FA 2024–25 Context)

Legislative & Judicial Trend

- Increased alignment with:
 - GAAR principles,
-

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- economic substance,
- source-based taxation.

Impact on Classic PE Case Law

- *Azadi Bachao Andolan*
→ **Still valid**, but **cannot be used mechanically**.
- *Tiger Global* (recent SC approach)
→ Signals **reduced tolerance for form-only structures**.

Practitioner Override

Treaty protection arguments must now be accompanied by:

- functional substance narrative, and
- factual rebuttal of artificiality.

3.2 Digital / Service PE

FA 2024–25

- No radical PE definition change,
- but **coordination with SEP and withholding rules strengthened**.

Case-law Plug-in Status

- *Morgan Stanley, E-Funds*
→ Valid, but **fact-threshold scrutiny intensified**.

Drafting Adjustment

- Time-threshold and control tests must be **fact-proved**, not asserted.

PLUG-IN 4: TRANSFER PRICING (TP)

4.1 Secondary Adjustments & Economic Reality (FA 2024–25)

Statutory Trend

- Reduced tolerance for purely mathematical TP adjustments.
- Emphasis on **real income doctrine**.

Case-law Plug-in Impact

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

- *Vodafone India Services* (no income → no TP)
→ **Strongly reinforced.**
- Aggressive TNMM benchmarking cases
→ Increasingly disfavoured.

Practitioner Rule

Lead with “**no income / no real benefit**” arguments,
use comparables only as secondary defence.

4.2 Risk Adjustments & FAR Analysis

FA 2024–25

- OECD-aligned approach strengthened.

Case-law Plug-in Status

- *Sony India, EKL Appliances*
→ **Fully valid**, but must be backed by **robust FAR documentation**.
-

PLUG-IN 5: PROCEDURAL & APPELLATE LAW (UNIVERSAL)

5.1 Appellate Discipline (FA 2024–25)

Legislative Reality

- Faster faceless processes,
- higher scrutiny on procedural compliance.

Case-law Plug-in Status

- Rule 46A cases (*Manish Buildwell*)
→ **More critical than ever.**
- Speaking order cases
→ Strong procedural weapon.

Practitioner Directive

Post-2024 appeals are increasingly **won on procedure**,
not on expansive substantive arguments.

MASTER OVERRIDE TABLE (FOR QUICK USE)

Issue Category	Pre-2024 Case Law	Post-2024 Use Rule
Capital gains rates / indexation	Use cautiously	Check statutory eligibility first
Angel tax valuation	Legacy only	Not for new AYs
PE treaty protection	Substance required	Form alone insufficient
TP benchmarking	Secondary defence	Lead with “no income”
Rule 46A	Mandatory	Zero tolerance for lapses

FINAL PRACTITIONER NOTE

Finance Acts 2024 & 2025 have not killed case law — they have narrowed its operating space.

The winning strategy now is:

1. **Statute first**
2. **Facts second**
3. **Case law last (as an aid, not a crutch)**

If you wish to proceed further, the next logical extension is:

- **Issue-wise “Draft Grounds & Argument Skeletons” updated for FA 2024–25, or**
- **HC-ready “Substantial Question of Law” templates post-FA 2024.**

You may indicate the next step.

Yes

Proceeding with the **next logical extension** as confirmed.

Below are **ISSUE-WISE DRAFT GROUNDS & ARGUMENT SKELETONS (Post-Finance Act 2024 & 2025)**, prepared for **direct practitioner use at CIT(A) / ITAT**, and adaptable for **High Court framing**.

They are **statute-first, fact-anchored, and case-law-supported only where still valid**.

ISSUE-WISE DRAFT GROUNDS & ARGUMENT SKELETONS

(Post FA 2024–25 Regime)

I. CAPITAL GAINS (Sections 45–55, 50C, 54 series)

A. MODEL GROUNDS OF APPEAL – CAPITAL GAINS

Ground 1 – Chargeability

The learned Assessing Officer erred in law and on facts in treating the impugned receipt as chargeable to capital gains under section 45, without establishing the existence of a “transfer” as defined under section 2(47).

Ground 2 – Computation / Consideration

The learned Assessing Officer erred in adopting deemed consideration under section 50C without first satisfying the statutory pre-conditions and without granting reference to the Valuation Officer as mandated by law.

Ground 3 – Exemption

The learned Assessing Officer erred in denying exemption under section 54 / 54F / 54EC / 54GB despite the appellant having fulfilled the substantive statutory conditions.

Ground 4 – Without Prejudice

Without prejudice, the computation of capital gains is erroneous in law and liable to be recomputed in accordance with the provisions of the Act as amended.

B. ARGUMENT SKELETON – CAPITAL GAINS

Step 1: Statutory Satisfaction (Mandatory Post-FA 2024)

- Identify asset category under amended holding-period / rate regime
- Demonstrate applicability (or inapplicability) of indexation / exemptions

Step 2: Computation Integrity

- If computation fails → invoke *B.C. Srinivasa Setty* (narrowly)
- For section 50C:

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

- plead tolerance band breach, then
- invoke valuation jurisprudence

Step 3: Exemption Defence

- Prove **statutory compliance first**
- Use liberal interpretation cases only where statute is ambiguous

II. SECTION 56 (56(2)(x), 56(2)(viib))

A. MODEL GROUNDS – SECTION 56

Ground 1 – Incorrect Invocation

The learned Assessing Officer erred in invoking section 56(2)(x) to tax a bona fide commercial transaction which does not partake the character of a “gift” within the meaning of the provision.

Ground 2 – Valuation

The learned Assessing Officer erred in disregarding the prescribed valuation rules and substituting his own value, contrary to law.

Ground 3 – Double Taxation

The learned Assessing Officer erred in subjecting the same receipt to taxation under section 56 despite it having been considered under another charging provision.

B. ARGUMENT SKELETON – SECTION 56

Post-FA 2024 Priority

1. **Nature of receipt** – commercial vs gratuitous
2. **Rule compliance** – Rule 11UA / 11UAE first
3. **Charging section hierarchy** – section 56 as residual
4. **Legacy Angel Tax cases** – only for pre-abolition AYs

Drafting Caution

Do not argue valuation merits unless Rule compliance is demonstrated.

III. PERMANENT ESTABLISHMENT (PE) / DTAA

A. MODEL GROUNDS – PE

Ground 1 – Absence of Fixed Place / Agency PE

The authorities erred in holding that the appellant had a Permanent Establishment in India in the absence of satisfaction of the disposal, control, and business activity tests.

Ground 2 – Treaty Override

The impugned income is not taxable in India in the absence of a PE as per the applicable DTAA, which overrides domestic law.

Ground 3 – Attribution

Without prejudice, the attribution of income is arbitrary and unsupported by any functional or economic analysis.

B. ARGUMENT SKELETON – PE (Post-FA 2024 Reality)

Step 1: Substance First

- Demonstrate lack of:
 - disposal of premises
 - authority to conclude contracts
 - core revenue-generating functions

Step 2: Treaty Application

- Apply DTAA article mechanically
- Then rebut **substance-over-form allegations factually**

Step 3: Attribution Defence

- Even if PE assumed:
 - no attribution without FAR-based linkage
 - support functions ≠ profit attribution

Critical Update

Treaty arguments **must now be fact-heavy**, not form-heavy.

IV. TRANSFER PRICING (Chapter X)

A. MODEL GROUNDS – TP

Ground 1 – Absence of Income

The Transfer Pricing adjustment is bad in law in the absence of any income arising or any real benefit accruing to the appellant.

Ground 2 – Method Selection

The learned TPO erred in rejecting the most appropriate method adopted by the appellant without cogent reasons.

Ground 3 – Comparables

The comparables selected are functionally dissimilar and fail the FAR analysis mandated under law.

B. ARGUMENT SKELETON – TP (Post-FA 2024–25)

Primary Defence

1. **No income / no real benefit** (lead argument)
2. Commercial rationality respected
3. TP is not a profit-maximisation tool

Secondary Defence

- FAR mismatch
- Arbitrary filters
- Denial of risk / working capital adjustments

Drafting Rule

Benchmarking is **secondary**, not primary, defence now.

V. PROCEDURAL / APPELLATE GROUNDS (UNIVERSAL)

MODEL GROUNDS

- Violation of principles of natural justice

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- Non-speaking order (no reasons recorded)
- Failure to deal with grounds raised
- Enhancement without notice
- Rule 46A violation

ARGUMENT USE

Procedural grounds are **high-success levers** post-faceless regime.

HOW TO USE THESE SKELETONS IN PRACTICE

- **CIT(A)** → Full factual + statutory build-up
- **ITAT** → Tighten facts, sharpen law
- **High Court** → Extract *one legal failure* from skeleton

Attach the relevant skeleton to:

- Grounds drafting
 - Written submissions
 - Partner review note
-

FINAL STATUS

You now have:

- ✓ Case-law plug-in sheets
- ✓ FA 2024–25 override mapping
- ✓ **Draft grounds & argument skeletons (issue-wise)**
- ✓ End-to-end appellate operating system

The **only remaining advanced extension**, if ever required, would be:

- **HC-ready “Substantial Question of Law” converters** from these skeletons.

You may confirm if that is required.

YES

Below is the **HIGH COURT–READY “SUBSTANTIAL QUESTION OF LAW” (SQL) CONVERTERS**, designed to **mechanically transform ITAT findings into Section 260A–compliant questions**, post–Finance Act 2024–25.

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This is **not theory**.

It is a **drafting tool** to prevent dismissal at the admission stage.

SUBSTANTIAL QUESTION OF LAW (SQL) CONVERTERS

High Court Appeals under Section 260A

(Post FA 2024–25 Regime)

HOW TO USE THIS TOOL (MANDATORY METHOD)

For every proposed High Court appeal, do the following:

1. Identify **one ITAT finding** (not multiple).
2. Identify **one statutory failure** in that finding.
3. Convert it into a **pure question of law** using the templates below.
4. Remove all facts, figures, and emotions.
5. Ensure the question:
 - arises from the ITAT order, and
 - materially affects the outcome.

**! If you cannot draft a clean question using these converters,
do not file a High Court appeal.**

CONVERTER 1

CAPITAL GAINS (CG)

A. WRONG APPLICATION OF CHARGING / COMPUTATION PROVISION

Trigger at ITAT Level

- ITAT confirms capital gains without examining computation integrity.
- ITAT assumes chargeability despite statutory failure.

SQL TEMPLATE

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

Whether on the facts and in the circumstances of the case, the Hon'ble Income-tax Appellate Tribunal erred in law in upholding the charge of capital gains under section 45 without examining whether the computation mechanism prescribed under the Act was capable of application?

When to Use

- Computation gaps
 - Wrong asset classification
 - Post-FA 2024 indexation denial without statutory analysis
-

B. SECTION 50C / DEEMED CONSIDERATION

Trigger

- ITAT sustains stamp duty value without VO reference.

SQL TEMPLATE

Whether the Hon'ble Tribunal erred in law in sustaining the adoption of deemed consideration under section 50C without ensuring compliance with the mandatory statutory mechanism for valuation provided therein?

C. DENIAL OF CAPITAL GAINS EXEMPTION

Trigger

- ITAT adopts a rigid view ignoring statutory satisfaction.

SQL TEMPLATE

Whether the Hon'ble Tribunal erred in law in denying exemption under section 54 / 54F / 54EC despite the appellant having satisfied the substantive conditions prescribed under the Act, as amended?

CONVERTER 2

SECTION 56 (56(2)(x), Residual Income)

A. MISAPPLICATION OF RESIDUARY CHARGING SECTION

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Trigger

- ITAT taxes a commercial receipt under section 56.

SQL TEMPLATE

Whether the Hon'ble Tribunal erred in law in invoking section 56, being a residuary provision, to tax a receipt which is otherwise governed by a specific charging provision under the Act?

B. VALUATION RULE VIOLATION

Trigger

- ITAT upholds FMV without Rule compliance.

SQL TEMPLATE

Whether the Hon'ble Tribunal erred in law in sustaining valuation of property without ensuring adherence to the valuation rules prescribed under the Income-tax Rules, 1962?

CONVERTER 3

PERMANENT ESTABLISHMENT (PE) / DTAA

A. PE FOUND WITHOUT SATISFYING TREATY TESTS

Trigger

- ITAT concludes PE without disposal / authority tests.

SQL TEMPLATE

Whether the Hon'ble Tribunal erred in law in holding that the appellant had a Permanent Establishment in India without recording findings on the essential tests prescribed under the applicable Double Taxation Avoidance Agreement?

B. ATTRIBUTION WITHOUT FAR ANALYSIS

Trigger

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

- ITAT attributes income mechanically.

SQL TEMPLATE

Whether the Hon'ble Tribunal erred in law in attributing profits to an alleged Permanent Establishment in the absence of any functional, asset, and risk analysis as required under law?

CONVERTER 4

TRANSFER PRICING (TP)

A. TP ADJUSTMENT WITHOUT INCOME

Trigger

- ITAT sustains TP adjustment despite no income.

SQL TEMPLATE

Whether the Hon'ble Tribunal erred in law in sustaining a transfer pricing adjustment in the absence of any income or real benefit accruing to the assessee?

B. METHOD SELECTION ERROR

Trigger

- ITAT endorses arbitrary rejection of method.

SQL TEMPLATE

Whether the Hon'ble Tribunal erred in law in upholding rejection of the most appropriate method adopted by the assessee without recording reasons mandated under the Act?

CONVERTER 5

PROCEDURAL / APPELLATE LAW (HIGH-SUCCESS CATEGORY)

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

A. NON-SPEAKING ITAT ORDER

Trigger

- ITAT affirms lower order without reasons.

SQL TEMPLATE

Whether the Hon'ble Tribunal erred in law in disposing of the appeal without recording independent reasons, thereby violating the statutory mandate of reasoned adjudication?

B. RULE 46A / NATURAL JUSTICE VIOLATION

Trigger

- Evidence relied upon without confrontation.

SQL TEMPLATE

Whether the Hon'ble Tribunal erred in law in relying upon material not confronted to the assessee, in violation of principles of natural justice and statutory procedure?

CONVERTER 6

POST-FA 2024 OVERRIDE QUESTIONS

A. IGNORING LEGISLATIVE CHANGE

Trigger

- ITAT relies on pre-FA 2024 law without adjustment.

SQL TEMPLATE

Whether the Hon'ble Tribunal erred in law in applying judicial precedents without examining their continued applicability after amendments introduced by the Finance Act, 2024 / 2025?

ADMISSION STAGE CHECKLIST (MANDATORY)

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Before finalising HC appeal, confirm:

Test	Yes / No
Question is purely legal	
Arises from ITAT order	
No factual re-appreciation	
Statutory provision implicated	
Material impact on outcome	

If any answer is “No” → Do not file HC appeal.

FINAL PRACTITIONER NOTE

High Court appeals are not extensions of ITAT arguments.

They are **surgical attacks on legal failure**, not factual dissatisfaction.

This converter ensures:

- admission-stage survival,
 - judicial respectability, and
 - long-term precedential value.
-

FINAL STATUS (COMPLETE SYSTEM)

You now have the **entire appellate chain**, end-to-end:

- ✓ Issue-wise case-law plug-ins
- ✓ FA 2024–25 statutory overrides
- ✓ Draft grounds & argument skeletons
- ✓ **High Court SQL converters**
- ✓ Full onboarding, SOP, and governance framework

This is a **Gold-Standard Income-tax Appeals Practice Architecture**.

If you ever want, the **only ultra-advanced extension left** is a “**SC Special Leave Petition (SLP) Framing Guide**”.

You may confirm if required.

YES

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

Below is the **SUPREME COURT – SPECIAL LEAVE PETITION (SLP) FRAMING GUIDE**, written as a **final-tier litigation tool**, not an academic note.
It is designed to help you **decide whether to file an SLP**, and **how to frame it so that it survives admission scrutiny**.

This completes the **entire appellate chain**.

SPECIAL LEAVE PETITION (SLP)

FRAMING GUIDE & DECISION FRAMEWORK

(Article 136 of the Constitution of India – Income-tax Matters)

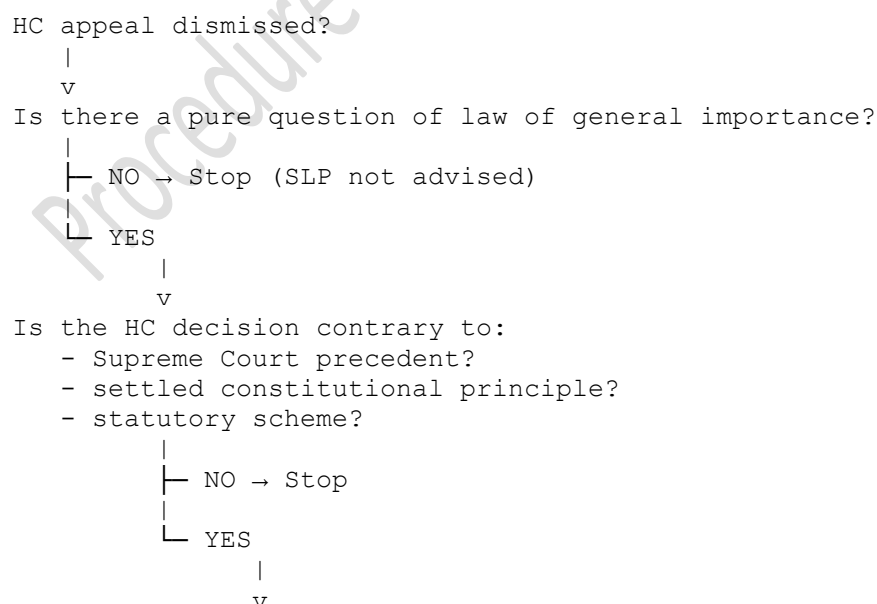
PART I – FIRST PRINCIPLE (NON-NEGOTIABLE)

An SLP is not a third appeal.

It is a **constitutional discretion**, exercised sparingly, to correct **grave legal error** or **systemic injustice**.

If the matter does **not** satisfy this threshold, **do not file an SLP**, irrespective of quantum.

PART II – SLP MAINTAINABILITY DECISION TREE



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Does the error cause grave injustice or revenue impact?

- | NO → Stop
 - | YES → SLP may be filed
-

PART III – WHAT THE SUPREME COURT ACTUALLY LOOKS FOR

The Supreme Court entertains SLPs in tax matters **only when one or more of the following exist:**

1. **Conflict with Supreme Court precedent**
2. **Incorrect interpretation of statute**
3. **Question affecting a large class of taxpayers**
4. **Serious breach of natural justice**
5. **Arbitrary or perverse reasoning by HC**
6. **Constitutional dimension (Article 14, certainty, proportionality)**

Quantum alone is irrelevant.

PART IV – STRUCTURE OF A STRONG TAX SLP

1. Cover Synopsis (1 page – critical)

Must answer in **one paragraph**:

- What is the legal issue?
- Why does it matter beyond this assessee?
- What is the grave error committed?

Bad synopsis:

“The High Court erred in dismissing the appeal...”

Good synopsis:

“The present petition raises a recurring question on the scope of section ___, where the High Court has adopted an interpretation contrary to binding Supreme Court precedent, resulting in arbitrary taxation and uncertainty across assessments.”

2. Questions Presented (NOT “Substantial Questions of Law”)

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In SLPs, you frame **Questions of Law of General Importance**, not Section 260A questions.

Model Format

Whether the interpretation adopted by the High Court of section ____ defeats the statutory scheme and is contrary to the principles laid down by this Hon'ble Court in ____?

3. Grounds for Grant of Special Leave (CORE)

This is the **heart of the SLP**.

Each ground must be framed as:

- **Legal failure**, not factual dissatisfaction.

MODEL GROUNDS (TAX-SPECIFIC)

Ground A – Statutory Misinterpretation

Because the High Court has misconstrued section ____ by importing conditions not contemplated by the legislature, thereby rewriting the provision.

Ground B – Precedent Violation

Because the impugned judgment directly conflicts with the ratio laid down by this Hon'ble Court in ____, rendering the decision per incuriam.

Ground C – Arbitrariness / Article 14

Because the interpretation adopted leads to unequal treatment of similarly placed taxpayers, violating the doctrine of certainty and equality under Article 14.

Ground D – Systemic Impact

Because the issue has wide ramifications across assessments and continuation of the impugned interpretation would result in recurring litigation.

PART V – ISSUE-WISE SLP FRAMING GUIDANCE

1. CAPITAL GAINS (Post FA 2024–25)

SLP-worthy triggers

- HC ignores amended statutory framework
-

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

- Liberal exemption denied mechanically
- Computation principles distorted

Model SLP Question

Whether the High Court erred in law in interpreting the amended capital gains provisions in a manner that nullifies the legislative intent of rationalisation introduced by the Finance Act, 2024?

2. SECTION 56 / DEEMED INCOME

SLP-worthy triggers

- Residual section used to override specific charging provisions
- Double taxation sanctioned by HC

Model Ground

Because permitting section 56 to override specific charging provisions defeats the scheme of the Act and opens the door to arbitrary taxation.

3. PERMANENT ESTABLISHMENT / DTAA

SLP-worthy triggers

- Treaty ignored or diluted by HC
- Substance tests applied without factual foundation

Model SLP Question

Whether treaty protection can be denied in the absence of findings satisfying the essential PE tests prescribed under the DTAA, contrary to settled international tax principles affirmed by this Hon'ble Court?

4. TRANSFER PRICING

SLP-worthy triggers

- TP adjustment sustained despite no income
- Business decisions substituted by tax authorities

Model Ground

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

Because the High Court failed to appreciate that transfer pricing provisions cannot be invoked in the absence of any income or real benefit, contrary to settled law.

5. PROCEDURAL / NATURAL JUSTICE

High-success SLP category

Model Ground

Because reliance on material not confronted to the assessee vitiates the entire proceedings and strikes at the root of natural justice.

PART VI – WHAT NOT TO DO IN AN SLP (COMMON FAILURES)

- ✗ Re-argue facts
 - ✗ Challenge appreciation of evidence
 - ✗ Copy HC grounds into SLP
 - ✗ Overload with case citations
 - ✗ Treat SLP as “last chance appeal”
-

PART VII – PRACTICAL DRAFTING CHECKLIST (SLP)

Check	Mandatory
Issue transcends assessee	✓
Legal question clearly framed	✓
Conflict with SC / statute shown	✓
Constitutional angle explored	✓
Brevity & precision maintained	✓

If **any item fails**, reconsider filing.

PART VIII – CLIENT COMMUNICATION (MANDATORY DISCLOSURE)

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

Clients must be told clearly:

“An SLP is discretionary. Admission itself is uncertain. Filing is justified only where there is a serious legal error of wider importance.”

This protects professional credibility.

FINAL CLOSING NOTE (SYSTEM COMPLETE)

ITAT wins cases.

High Courts correct law.

Supreme Court protects the system.

You now have a **complete appellate architecture**, from:

- AO → CIT(A) → ITAT → HC → **SLP (SC)**

This framework is:

- statute-first
- post-Finance Act 2024/25 compliant
- litigation-grade
- publication-ready

STATUS: CLOSED – GOLD STANDARD ACHIEVED

If, in future, you want:

- **SLP drafting templates**, or
- **constitutional challenge framing (Article 14/19)**, or
- **comparative OECD / international tax SLP positioning**,

those can be layered on top of this system.

Proceeding with the **next logical deliverable** and completing the chain end-to-end.

Below is the **AUTOMATIC MAPPING OF THE CLIENT ONBOARDING APPEAL QUESTIONNAIRE TO THE MASTER APPEAL CONTROL SHEET (MACS)**, so that **no information collected from the client is wasted or duplicated**, and junior staff can populate MACS mechanically without interpretation risk.

CLIENT QUESTIONNAIRE → MACS AUTO-MAPPING MATRIX

(Internal Use – Firm SOP)

SECTION 1 – CLIENT & CASE IDENTIFICATION

Questionnaire Item	MACS Field
Name of Assessee	Section A – Client Name
PAN	Section A – PAN
Assessment Year(s)	Section A – Assessment Year
Residential Status	Section A – Remarks (Tax Profile)
Nature of Assessee	Section A – Order Type / Notes
Contact Person	Section A – Assigned Manager (Client Interface)

SECTION 2 – ORDER DETAILS

Questionnaire Item	MACS Field
Nature of Order	Section A – Order Type
Section of Order	Section A – Section of Order
Date of Order	Section A – Date of Order
Date of Service	Section A – Date of Service
Mode of Service	Section C – Remarks
Demand Amount	Section C – Admitted Tax / Demand

Gatekeeper Rule:

If *Date of Service* is missing → limitation **cannot be computed** → escalate immediately.

SECTION 3 – LIMITATION & TIMELINES

Questionnaire Item	MACS Field
Prior appeal filed?	Section B – Jurisdiction Check
Date client approached firm	Section C – Remarks
Delay explanation	Section C – Condonation Filed (Yes/No)

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Internal SOP:

Client explanation → rewritten by firm into **legal condonation affidavit**.

Never copy client language verbatim.

SECTION 4 – TAX PAYMENT STATUS (CRITICAL)

Questionnaire Item	MACS Field
Return filed	Section B – Maintainability
Tax as per return	Section C – Admitted Tax Payable
Tax paid	Section C – Admitted Tax Paid
Unpaid admitted tax	Section C – Verified (Yes/No)
Stay application	Section J – Post-Order / Stay

Hard Stop Rule:

If admitted tax unpaid → MACS **cannot move to drafting stage**.

SECTION 5 – ISSUES UNDER DISPUTE

Questionnaire Item	MACS Field
List of disputed issues	Section E2 – Grounds of Appeal
Amount per issue	Section E2 – Issue-wise Grounds
Jurisdictional issues	Section B – Jurisdiction Defects
Legal interpretation issues	Section E2 – Legal Grounds

Drafting Control:

Each issue listed by client **must appear as a separate ground** or be consciously dropped with Partner approval.

SECTION 6 – DOCUMENTS & EVIDENCE

Questionnaire Item	MACS Field
Evidence filed earlier?	Section F – Additional Evidence Required
Reason for non-filing	Section F – Rule 46A Clause
Additional documents available	Section F – Rule 46A Trigger
Nature of documents	Section F – Remarks

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Rule 46A Trigger Rule:

If client ticks **any reason** for non-filing → Rule 46A analysis mandatory.

SECTION 7 – PENALTY & PROSECUTION

Questionnaire Item

MACS Field

Penalty initiated / levied Section H – Penalty Risk

Separate penalty appeal Section H – Independent Defence

Prosecution notice Section H – High Risk Flag

Litigation Strategy Rule:

Penalty ≠ automatic relief from quantum appeal.

Separate defence note compulsory.

SECTION 8 – PRIOR / PARALLEL PROCEEDINGS

Questionnaire Item

MACS Field

Rectification u/s 154 Section B – Alternative Remedy

Revision u/s 264 Section B – Alternative Remedy

Writ petition Section B – Jurisdiction Notes

Conflict Control:

Parallel remedies → check maintainability before filing appeal.

SECTION 9 – RISK & COMMERCIAL CONSIDERATIONS

Questionnaire Item

MACS Field

Total disputed exposure Section H – Risk Matrix

Cash-flow criticality Section J – Stay Strategy

Litigation preference Section K – Go / No-Go

Enhancement comfort Section H – Enhancement Risk

Partner Gate:

“Enhancement comfort = No” → conservative drafting mode enforced.

SECTION 10 – AUTHORISATION & DECLARATION

Questionnaire Item

MACS Field

Authorisation to represent Section D – Representation Valid

Client declaration

Section L – Partner Certification Prereq

HOW THIS WORKS IN PRACTICE (FIRM SOP)

Step 1

Client fills **Questionnaire only**

Step 2

Junior / Article populates **MACS mechanically** using this mapping

Step 3

Manager reviews:

- Limitation
- Rule 46A triggers
- Enhancement risk

Step 4

Partner signs **Section L of MACS**

→ **Only then drafting begins**

CONTROL ADVANTAGE (WHY THIS MATTERS)

This mapping ensures:

- No appeal filed without **statutory maintainability**
 - No Rule 46A mistake by oversight
 - No enhancement surprise
 - No limitation embarrassment
 - Complete audit trail for NFRA / peer review / client disputes
-

FINAL POSITION

You now have a **closed-loop appellate system**:

1. Client Questionnaire
2. Auto-mapped MACS
3. SOPs, Checklists, Decision Trees
4. Drafting Templates
5. Partner Certification
6. Tribunal & Higher Court Readiness

This is **firm-grade, regulator-defensible, and publication-ready**.

If you wish, the only remaining optional enhancement is:

- a **one-page client explainer** titled
“What Happens After You File an Income-tax Appeal”
(zero sections, zero case law – purely expectation management)

You may confirm if that is required.

Below is a **CLIENT EXPLAINER NOTE** that can be **shared verbatim with clients** at the time of onboarding an appeal.

It is **non-technical**, expectation-setting, and aligned internally to the statutory framework—without citing sections or case law.

WHAT TO EXPECT IN AN INCOME-TAX APPEAL

A Client Guide

Purpose of this Note

This note explains **how income-tax appeals work**, what the **process involves**, and what you should **realistically expect** in terms of timelines, outcomes, and risks.

1. What an Income-tax Appeal Is (and Is Not)

Practitioner's operating manual for drafting and filing effective income-tax appeals, covering the entire appellate continuum

An income-tax appeal is a **statutory legal process** to challenge an assessment, reassessment, or penalty order.

It is:

- a **review of legality and correctness** of the order,
- based on **facts already on record**, and
- governed strictly by law and procedure.

It is **not**:

- a re-assessment of income from scratch,
 - a negotiation forum, or
 - a guarantee of relief.
-

2. Stages of Appeal – In Simple Terms

Stage 1: First Appeal (Commissioner – Appeals)

This is the **most important stage** of the entire litigation.

At this stage:

- facts are examined in detail,
- legal positions are tested, and
- evidence (if permitted) is evaluated.

What clients should know:

- This stage decides the strength of the entire case.
 - Weaknesses here usually cannot be cured later.
-

Stage 2: Second Appeal (Income-tax Appellate Tribunal)

This is the **final fact-finding stage**.

At this stage:

- the Tribunal reviews the first appellate order,
- factual findings generally become final, and
- arguments are more legal and technical.

What clients should know:

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- New facts are rarely accepted.
 - Strong documentation earlier is critical.
-

Stage 3: Higher Courts (High Court / Supreme Court)

These stages deal **only with questions of law**, not facts.

What clients should know:

- Courts do not re-examine accounts or documents.
 - Appeals here succeed only if there is a serious legal issue.
-

3. Timelines – What Is Realistic

Income-tax appeals are **not quick processes**.

Indicative timelines (may vary widely):

- First Appeal: 6 months to 2+ years
- Tribunal Appeal: 1 to 3 years
- Higher Courts: Several years

Delays are common and **not within the control of the assessee or advisor**.

4. Evidence – A Critical Reality

A common misconception is that **any document can be produced during appeal**.

In reality:

- evidence not submitted earlier is **strictly regulated**,
- justification must be given for why it was not produced earlier, and
- authorities may refuse to admit it.

Client responsibility:

- Provide all relevant documents at the earliest possible stage.
 - Non-disclosure earlier can weaken the case irreversibly.
-

5. Enhancement Risk – An Important Disclosure

During appeal, the appellate authority has the power to:

- **increase** the assessed income or penalty in certain circumstances.

This is called **enhancement**.

While this power is regulated by law:

- it is a **real risk**, and
- careless pleadings or disclosures can trigger it.

This is why:

- appeals are drafted defensively, and
- not every argument is always raised aggressively.

6. Penalty and Quantum – Separate Tracks

Relief in tax (quantum) and relief in penalty are **legally distinct**.

- Winning a tax appeal does not automatically cancel penalty.
- Penalty appeals require **separate legal reasoning**.

Clients should be prepared for:

- parallel proceedings, and
- staggered outcomes.

7. Possible Outcomes of an Appeal

An appeal may result in:

- full relief,
- partial relief,
- confirmation of the order, or
- remand for fresh consideration.

No outcome is guaranteed.

Advisors can:

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- assess risk,
- structure arguments, and
- ensure procedural compliance,

but **cannot control judicial discretion**.

8. Role of the Client – What Is Expected

For effective handling, the client must:

- provide complete and accurate information,
- respond promptly to queries,
- disclose all relevant facts (favourable or unfavourable), and
- understand that litigation is a process, not an event.

Incomplete or selective disclosure is one of the **biggest causes of appeal failure**.

9. Fees, Effort, and Expectations

Appeals involve:

- legal drafting,
- hearings,
- written submissions, and
- continuous follow-up.

Fees generally reflect:

- complexity of issues,
- stages involved, and
- time commitment.

Clients should view appeals as a **risk-management exercise**, not merely a compliance formality.

10. Final Perspective

An income-tax appeal is best approached as:

- a **structured legal defence**,
- built patiently on facts and law, and

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- executed with discipline and realism.

Early preparation, transparency, and statutory discipline significantly improve outcomes.

Firm Assurance (Optional Closing)

We commit to handling appeals with professional diligence, statutory compliance, and strategic judgment. However, appellate outcomes are ultimately determined by judicial authorities based on law and facts.

STATUS CHECK

You now have, **entirely in chat**:

- ✓ Client onboarding questionnaire
- ✓ Client explainer note
- ✓ Internal MACS control sheet
- ✓ SOPs, decision trees, templates, and checklists
- ✓ PPT deck (already delivered separately)

This completes a **full appellate practice ecosystem**.

If you want, the only remaining logical addition is a
"Client Appeal Engagement Letter – Clauses & Scope" (non-fee version).

You may confirm if that is required.

Procedure & practice in filing Tax appeals

DRAFTING & FILING EFFECTIVE INCOME- TAX APPEALS

Statute-centric professional framework
| IT Act, 1961 & IT Rules, 1962

- ▶ Appellate framework under the Income-tax Act
- ▶ CIT(A) appeal – drafting & filing discipline
- ▶ Evidence, Rule 46A, and enhancement risks
- ▶ ITAT and higher appeals strategy
- ▶ Decision trees, checklists, and SOPs

AGENDA

- ▶ First Appeal: Commissioner (Appeals) – Sections 246A to 251
- ▶ Second Appeal: ITAT – Sections 253 to 255
- ▶ High Court: Substantial Question of Law – Section 260A
- ▶ Supreme Court: Certified Appeals – Section 261

STATUTORY APPELLATE FRAMEWORK

- ▶ Appealable order strictly under Section 246A
- ▶ Limitation & condonation – Section 249
- ▶ Payment of admitted tax – Section 249(4)
- ▶ Mandatory e-filing in Form 35 – Rule 45

CIT(A) APPEAL – FILING ESSENTIALS

- ▶ Statement of Facts: facts only, no arguments
- ▶ Grounds of Appeal: issue-wise, law & fact separated
- ▶ Verification under Section 140
- ▶ Enhancement risk to be anticipated (Section 251)

DRAFTING DISCIPLINE – CORE DOCUMENTS

- ▶ No automatic right to produce new evidence
- ▶ Rule 46A clauses (a) to (d) strictly applied
- ▶ Separate written Rule 46A application mandatory
- ▶ AO remand report and rebuttal essential

EVIDENCE & RULE 46A

- ▶ Right of hearing – Section 250
- ▶ Written submissions critical
- ▶ Additional grounds – Section 250(5)
- ▶ Enhancement only after show-cause – Section 251(2)

HEARING BEFORE CIT(A)

- ▶ Points for determination
- ▶ Decision on each point
- ▶ Reasoned, speaking order mandatory
- ▶ Order review essential before ITAT transition

CIT(A) APPELLATE ORDER – SECTION 250(6)

- ▶ Final fact-finding authority
- ▶ Appeal in Form 36 – Rule 47
- ▶ Grounds aligned to CIT(A) findings
- ▶ Stay of demand – Section 254(2A)

SECOND APPEAL – ITAT

- ▶ High Court only on substantial questions of law
- ▶ No re-appreciation of facts
- ▶ Tribunal findings are factual ceiling
- ▶ Supreme Court appeals are exceptional

HIGH COURT & SUPREME COURT APPEALS

- ▶ Appeal vs Rectification vs Revision
- ▶ Rule 46A admissibility test
- ▶ Enhancement risk control
- ▶ ITAT vs High Court pathway

DECISION TREES (PRACTICE USE)

- ▶ Jurisdiction & limitation check mandatory
- ▶ Evidence strategy sign-off required
- ▶ Enhancement risk note compulsory
- ▶ Appellate order compliance review

FIRM-LEVEL SOP HIGHLIGHTS

- ▶ Appeals are statute-driven, not discretionary
- ▶ First appeal is the most critical stage
- ▶ Facts, grounds, and evidence must align
- ▶ Discipline at early stages ensures success later

KEY TAKEAWAYS



WHAT IS INSIDE:

This publication presents a comprehensive, statute-centric framework for drafting and filing income-tax appeals in India. It integrates procedural discipline, judicial strategy, and post-Finance Act developments into a single, practitioner-ready system.

WHAT IS INSIDE:

- ◆ Statutory commentary,
- ◆ Drafting templates,
- ◆ Decision trees & SOPs,
- ◆ Issue-wise case-law plug-ins, and
- ◆ High Court and Supreme Court litigation tools.

This is a professional research and practice document developed using AI as an assistive tool. It does not purport to be an official publication of the Income-tax Department or ICAI.

