

F.No.279/Misc-142/2007-ITJ-(Pt)
Government of India
Ministry of Finance
Department of Revenue
Central Board of Direct Taxes

New Delhi, the 14th July, 2017

To,

All Principal Chief Commissioners of Income Tax

Sub: Modification of Circular No. 21/2015 dated 10.12.2015

Madam/Sir,

References are being received by the Board that in certain cases appellate authorities are dismissing appeals without going into the merits of the case by relying on the definition of 'tax effect' as defined in Circular No. 21/2015, which prescribes the monetary limit for filing appeals before various appellate authorities. In certain situations where income is computed under the provisions of section 115JB or section 115JC for the purposes of determination of 'tax effect', and the additions made under provisions other than sections 115JB or section 115JC do not impact book profit, the appellate authorities are not considering the said additions for the purpose of 'tax effect' as defined in para 4 Circular No. 21/2015. The matter has been examined by the Board and the following para may be read as para 4.1 after the para 4 of the Circular No. 21/2015.

"4.1 Where income is computed under the provisions of section 115JB or section 115JC for the purposes of determination of 'tax effect', tax on the total income assessed shall be computed as per the following formula-

$$(A - B) + (C - D)$$

where,

A = the total income assessed as per the provisions other than the provisions contained in section 115JB or section 115JC (herein called general provisions);

B = the total income that would have been chargeable had the total income assessed as per the general provisions been reduced by the amount of the disputed issues under general provisions;

C = the total income assessed as per the provisions contained in section 115JB or section 115JC;

D = the total income that would have been chargeable had the total income assessed as per the provisions contained in section 115JB or section 115JC been reduced by the amount of disputed issues under the said provisions:

However, where the amount of disputed issues is considered both under the provisions contained in section 115JB or section 115JC and under general provisions, such amount shall not be reduced from total income assessed while determining the amount under item D."

2. The Same may brought to the knowledge of all officers working under your charge.
3. This issues with the approval of the Board.

Yours faithfully,


(D.S. Rathi)

DCIT(OSD)(ITJ)

Tele: 011-26882637

Copy to:

1. The Chairman, Members and all other officers in CBDT of the rank of Under Secretary and above.
2. All Pr. Chief Commissioners of Income Tax and All Directors General of Income Tax with a request to bring to the attention of all officers.
3. ADG (PR, PP & OL), Mayur Bhawan, New Delhi for printing in the quarterly Tax Bulletin and for circulation as per usual mailing list.
4. The Comptroller and Audit General of India.
5. ADG† (Vigilance), Mayur Bhawan, New Delhi.
6. The Joint Secretary & Legal Advisor, Ministry of Law & Justice, New Delhi.
7. All Directorates of Income-tax, New Delhi and DGIT(NADT), Nagpur.
8. ITCC (3 Copies).
9. The ADG(Systems)-4, for uploading on the Department's website.
10. Data Base Cell for uploading on irsofficeronline.gov.in
11. Hindi Cell for translation.
12. Guard file.

(D.S. Rathi)
DCIT(OSD)(ITJ)