

LUCKNOW INCOME TAX TRIBUNAL BAR ASSOCIATION
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Notice of Extraordinary General Meeting

**Enhancement of monetary limit for Single Member Bench (SMC)
cases before ITAT**

To
Smt. Nirmala Sitharaman
Hon'ble Union Minister of Finance
Government of India
New Delhi

Sub: Representation for enhancement of monetary limit prescribed under section 255(3) of the Income Tax Act, 1961 for hearing and drafting of appeal by fixation of appeals in Single Member Bench (SMC) of Income-tax Appellate Tribunal.

Respected Madam,

With utmost respect and humility, we beg to submit this representation for the gracious and kind consideration of the competent authority, *praying for* enhancement of the monetary limit prescribed under section 255(3) for matters to be heard and disposed of by the Single Member Bench (SMC) of the Hon'ble Income Tax Appellate Tribunal.

2. At present, the monetary limit for SMC cases stands at ₹50,00,000/-, which was last revised in the year 2016. Over the last nine years, the economic and tax landscape has undergone substantial transformation, rendering the existing threshold inadequate for achieving the objective of speedy and efficient disposal of appeals.

3. Details of the revision of monetary limits for SMC case in the past are as follow: -

Amendment	Increased Limit (In Rs.)	Limit Prior to amendment (In Rs.)
Prior to 01.04.1971	25,000	-

Finance Act, 1970, w.e.f. 01.04.1971	40,000	25,000
Finance Act, 1989, w.e.f. 01.04.1989	1,00,000	40,000
Finance Act, 1998, w.e.f. 01.10.1998	5,00,000	1,00,000
Finance Act, 2015, w.e.f. 01.06.2015	15,00,000	5,00,000
Finance Act, 2016, w.e.f. 01.06.2016	50,00,000	15,00,000

Supporting statistics and factual background

(i) Inflationary impact:

As per official CPI data, cumulative inflation since 2016 has exceeded 55–60%, meaning that ₹50 lakh in 2016 is broadly equivalent to nearly ₹80–85 lakh in today's terms. The existing SMC limit, therefore, no longer reflects real monetary values.

(ii) Growth in tax base and collections:

Gross direct tax collections have increased from approximately ₹10.12 lakh crore in FY 2016–17 to over ₹19 lakh crore in F.Y. 2025-26 (upto 10.02.2026), reflecting a significant rise in assessed incomes and disputed amounts, even in routine matters.

(iii) Increase in average appeal values:

Due to higher turnover thresholds, faceless assessments, and widespread data-based additions, even small and medium taxpayers are now facing additions exceeding ₹50 lakh, despite the issues involved being limited, repetitive, or covered by precedent.

(iv) Pendency before the ITAT:

The Hon'ble ITAT continues to face a substantial backlog of appeals, and experience shows that SMC matters are disposed of significantly faster than Division Bench matters. Expanding the SMC jurisdiction would directly contribute to reducing of pendency.

(v) Precedents and policy consistency

The monetary limits for SMC cases have been periodically revised in the past to align with economic realities, demonstrating legislative and administrative recognition of inflation and growth.

3. Similar upward revisions have been made by Central Board of Direct Taxes (CBDT) in the monetary limits for filing departmental appeals and pecuniary jurisdictions of various judicial and quasi-judicial forums, reinforcing the principle that thresholds must evolve with time.

3.1 The Government of India, through the Central Board of Direct Taxes (CBDT), has consistently revised monetary limits for filing departmental appeals with the objective of reducing litigation, improving judicial efficiency, and aligning thresholds with economic realities.

3.2 Historical revisions in monetary limit for Departmental Appeals are summarized below:

Year of Enhancement	Circular Reference	Monetary Limit for filing Appeals before		
		ITAT	High Court	Supreme Court
2011	CBDT Circular No. 5/2014 dated 10.07.2014	₹3 lakh	₹10 lakh	₹25 lakh
2015	CBDT Circular No. 21/2015 - dated 10.12.2015	₹10 lakh	₹20 lakh	₹25 lakh
2018	CBDT Circular No. 3/2018 dated 11.07.2018	₹20 lakh	₹50 lakh	₹1 crore
2019	CBDT Circular No. 17/2019 dated 08.08.2019	₹50 lakh	₹1 crore	₹2 crore
2024	CBDT Circular No. 09/2024 dated 17.09.2024	₹60 lakh	₹2 crore	₹5 crore

3.3. Impact of Monetary Limit Revisions

As per the Government statements and CBDT estimates, the enhancement of monetary limits in 2019 and 2024 resulted in withdrawal or non-filing of thousands of departmental appeals, thereby significantly reducing pendency at various judicial levels.

3.4 Growth in Tax Collections

Gross direct tax collections have increased substantially as shown below:

FY 2016-17: approximately ₹10.12 lakh crore

F.Y. 2025-26 (upto 10.02.2026): approximately ₹19.43 lakh crore.

3.5 Inflationary Impact

The SMC monetary limit of ₹50 lakh was fixed in 2016. Cumulative inflation since then has exceeded 55-60 percent. Accordingly, in real terms, ₹50 lakh in 2016 is equivalent to approximately ₹80-85 lakh today.

3.6 SMC Monetary Limit - Stagnation

Despite the substantial increase in gross tax collection over the last 9 years, the SMC monetary limit before the ITAT has remained unchanged since 2016, unlike other monetary thresholds which have been periodically revised.

CONCLUSION

4. The historical data clearly establishes that periodic upward revision of monetary limits is a recognised policy tool of the Government. Enhancement of the SMC monetary limit to ₹1 crore would, therefore, be consistent with past practice, economic reality, and the objective of speedy disposal of tax litigation.

PRAYER

5. In view of the above, we humbly propose that the monetary limit for SMC cases before the Hon'ble ITAT be enhanced from ₹50,00,000 to ₹1,00,00,000.

6. Such an enhancement would ensure speedy disposal of appeals under section 254(1), enable the Division Benches to focus on complex and high-value disputes, optimize judicial resources, and advance the Government's objective of ease of doing business, certainty in taxation and timely justice.

7. We, therefore, earnestly request your good self to kindly consider this representation and take necessary steps in this regard.

Thanking you,

Yours faithfully,

For Lucknow Income Tax Tribunal Bar Association

Sd./-

sd/-

**(CA. Pradeep Kumar Kapoor)
President**

**(CA. Shubham Rastogi)
Secretary**

Place: Lucknow

Date: 27.02.2026

- Copy to:**
- (i) Shri Arjun Ram Megawal,
Hon'ble Minister of State for Legal Affairs,**
 - (ii) Hon'ble President,
ITAT**
 - iii) Chairman,
CBDT**