

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2407

ANSWERED ON:23.07.2004

HEADING: C & AG REPORT ON REVIEW OF SOME SELECTED JUDGEMENTS PRONOUNCED

Jha Shri Raghunath

**Will the Minister of FINANCE be pleased to state:**

(a) whether it is a fact that C&AG in its report No. 13 of 2003 (Direct Taxes) on pages 31 to 69 has stated that they conducted a review of some selected judgements pronounced by the Supreme Court and found majority of those judgements were not implemented involving tax effect of crores of rupees;

(b) if so, the details of those judgements and the quantum of tax money involved therein;

(c) whether the Government goes into the reasons for non-implementation of the judgements and fixed the responsibility and accountability of the officials responsible therefor; and

(d) if so, the action the Government has taken/proposed to implement those judgements?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHR1 S. S. PALANIMANICKAM)

(a) It is a fact that C&AG conducted a review and made observations contained in Report No. 13 of 2003, (Direct Taxes). Raising of audit observation and its settlement is a continuous process.

(b) The C&AG has studied non-implementation in 26 out of 34 selected judgements of Hon'ble Supreme Court. The decisions of Supreme Court are listed in the Annexure. Short levy of Rs. 607.46 crores has been alleged due to the non-implementation of these judgements in 1067 cases.

(c) Officers of the seniority of Commissioner have monitored these observations. The reasons for non-implementation include:

(i) The audit objections were raised on order U/s 143 (1) (a), wherein the Assessing Officer was not empowered in law to make any disallowances.

(ii) In some of the cases facts and issues involved were not same as in the cited Supreme Court cases so the ratio of the decisions of Supreme Court were not applicable.

(iii) in cases where the audit objections are found to be correct the CsIT are required to call for explanation of the Officer.

(d) CBDT has directed vide Instruction No. 1928 dated 7.8.1995 to their Assessing Officers working in all Commissionerates of Income Tax in the country to invariably initiate remedial actions including rectificatory measures, in all cases of revenue audit objections irrespective of the fact whether the revenue audit objection are accepted by the department or not. The CCITV CsIT are already under instruction to immediately act on the audit objections raised by office of C&AG and to ensure that objections get settled at an early date. A part reply has already been submitted in this regard by C.B.D.T. to C&AG in regard to Report No. 13. Observations of C&AG as raised in the System Review are monitored in a time bound manner by Commissioner of Income Tax and rectificatory action are taken as per law.