Module 3 · Grievance Redressal P15 · topics 3.1–3.5

SM pp. 204–228 (exercise 229–230). 6–16 marks a paper (expected ~10): **Q5(a) a 7-mark legal situation in every paper since Dec'23** (revision 263 / 264, appeal procedure, DRC) + an appeal-time-limit MCQ.

Paper	Long (7 marks)	MCQs
Jun'23	Q3(b) advance ruling: withdrawal; FMV question (4)	appeal against a 270A order of the CIT
Dec'23	Q5(a) **263** on an addition not under appeal; **264** after appealing others · Q8(a) is a 143(1) intimation an "order" for 264?	remedy against a BAR ruling: High Court
Jun'24	Q5(a) remedies and time limits against orders u/s 143(3), 263, 254	–
Dec'24	Q5(a) **263** on enhanced depreciation while an appeal on other items is pending · Q8(a) ITAT stay beyond 365 days	rectification time limit
Jun'25	Q5(a) total merger and 263; AAR ruling appealable; 264 when the issue is not under appeal	ITAT time limit
Dec'25	Q5(a) **CIT(A) appeal**: time limit, condonation, disposal time, pre-deposit	Department's monetary limit for the High Court
Jun'26	Q5(a) (i) **263** on a valuation report received after assessment · (ii) **DRC** eligibility	CIT(A) time limit

HOW IT IS EXAMINED · DEC'26 PREDICTION

- **Q5(a) 7 marks, near-certain**: revision 263 / 264 (most likely), appeal procedure, DRC eligibility, or advance ruling (PTP Q5(a)).
- Answer in four steps: **issue** → **provision** → **analysis** → **conclusion**, with the section and time limit.
- MCQ: appeal time limits, Department's monetary limits, rectification 4 years, withdrawal of appeal.

MAP OF THIS MODULE

1. Appeal ladder: JCIT(A) / CIT(A) → ITAT → HC → SC ★★★
2. CIT(A): orders, 30 days, fees, powers ★★★
3. ITAT: 2 months, cross objection, stay, rectification ★★
4. HC, SC, 158A / 158AB ★
5. Rectification s.154 ★★
6. Revision 263 v 264 (merger doctrines) ★★★
7. Settlement Commission → Interim Board, DRC ★★
8. Advance ruling (BAR) ★★
9. Model answers · revision sheet

A Appeals (3.1)

Level	Against	Who appeals	Time limit · form · fee
JCIT(A) s.246	orders of an AO below Joint Commissioner (143(1), 143(3) / 144, 147, 200A, 201, 206C(6A), 206CB, penalties, 154 / 155) — not if passed by or with approval of an authority above Deputy Commissioner	assessee	as for CIT(A); appeals may be transferred between JCIT(A) and CIT(A) (rehearing) [SM 204–205]
CIT(A) s.246A	143(1) / 143(3) / 144 / 147 / 153A (not DRP-directed), 154 / 155 enhancing, 163 agent, 170, 171, 201, 237, penalties ...	assessee	**30 days** from service of the demand notice (assessment / penalty) or of the order; Form **35**; fee ₹250 / ₹500 / ₹1,000 by assessed income (≤ ₹1,00,000 / ≤ ₹2,00,000 / above) [SM 204–208]
ITAT s.253	orders of CIT(A) / JCIT(A); 263; 12AB / 80G(5); DRP-directed orders	assessee or Commissioner	within **2 months** from the end of the month the order is communicated; Form **36**; fee ₹500 / ₹1,500 / 1% of assessed income (max **₹10,000**); stay ₹500; no fee for the Commissioner [SM 211–212]
High Court s.260A	ITAT orders involving a **substantial question of law**	assessee or Commissioner	**120 days** from receipt; bench of not less than 2 judges [SM 214–215]
Supreme Court s.261	HC judgment certified fit; else SLP under Article 136	assessee or Commissioner	[SM 215–216]

- **Exclude** (s.268): the day of service; time to get a copy; period of a 270AA application. **Delay** condoned for sufficient cause (statutory duty to consider). [SM 206–207]
- **Tax before appeal**: return filed → pay tax on the returned income; no return → pay advance tax (CIT(A) may waive for good reason). AO may treat the assessee **not in default** for the disputed amount u/s **220(6)** while the appeal is pending; else apply to the Commissioner for stay. [SM 207]
- **Disposal**: within **one year** (if possible) from the end of the FY in which the appeal is filed / transferred. [SM 208]
- **Additional evidence** only if the AO refused it, sufficient cause prevented it, or no opportunity was given; AO is heard first. New grounds allowed if the omission was not wilful. [SM 208–209]
- **Powers** (s.251): confirm, reduce, **enhance** (after show-cause) or annul; set aside only a **s.144** best-judgment assessment. An appeal once filed **cannot be withdrawn**. [SM 209]

- **ITAT**: either party may file a **cross objection** within **30 days** of notice of the appeal (Form 36A, no fee); an assessee cannot **withdraw** an ITAT appeal (MQP MCQ). [SM 211–212]
- ITAT decides facts finally (writ possible); may **rectify** within **6 months** from the end of the month of its order (assessee's fee ₹50); no additional evidence unless it asks. [SM 212–213]
- **ITAT time**: decide within **4 years** from the end of the FY of filing (if possible); **stay** up to **180 days** if the assessee deposits not less than **20%** of the sum or gives security; extension only if the delay is not the assessee's (aggregate limit 365 days; **Comverse Network**, SC: protection may continue). [SM 213]
- Single member: total income as computed ≤ **₹50 lakh**; Special Bench of 3 or more. [SM 214]
- **Department's monetary limits** (tax effect): ITAT ₹60,00,000 · High Court **₹2,00,00,000** (D25 MCQ) · Supreme Court **₹5,00,00,000**. [SM 211, SM 214–215]
- **s.158A**: assessee's declaration (Form 8) that a question is identical to one pending in HC / SC → AO / appellate body decides without waiting; no further appeal on it. **s.158AB**: collegium may defer the Department's appeal; file within **60 days** (ITAT) / **120 days** (HC) of the final decision. [SM 216–217]

B Rectification (3.2) and revision (3.3)

s.154 RECTIFICATION

- Any income-tax authority may rectify a **mistake apparent from the record** (fact or law) in its order, or amend an intimation u/s 143(1), 200A(1), 206CB(1) — suo motu or on application; in writing. [SM 218]
- Within **4 years** from the end of the FY in which the order was passed (D24 MCQ, PTP); on an application, order within **6 months** from the end of the month of receipt. Prejudicial rectification → hearing first; enhanced liability → demand notice u/s 156. [SM 218]

FACELESS

- Schemes: faceless appeal 2021, faceless rectification (157A), faceless revision (264A), e-Dispute Resolution 2022, e-Advance Rulings 2022. [SM 210, SM 218, SM 223, SM 225, SM 228]
- Jun'26 supp: period of a court stay is excluded from the time limits of ss. 263, 264 (and others) from the date of stay to receipt of the certified order vacating it. [SM 221] [Supp J26 p.22]

Basis	s.263 — order prejudicial to the revenue	s.264 — other orders (for the assessee)
Order	AO / TPO order that is **erroneous AND prejudicial** to revenue (even a 143(1) intimation); not if the AO made proper inquiries and followed SC decisions [SM 219]	erroneous order not covered by 263; never prejudicial to the assessee; non-appealable orders too [SM 221]
Initiated by	Principal Commissioner / Commissioner (own motion) on the **records** — incl. material available at the time of examination, not only at assessment [SM 220]	own motion **or** assessee's application (within **1 year** of communication; fee **₹500**) [SM 221–222]
Appeal pending	**Partial merger**: may revise points not considered and decided in appeal [SM 220, SM 223]	**Total merger**: no revision of any part once an appeal is filed; not while appeal time is running (unless the right is waived) [SM 222–223]
Time for order	**2 years** from the end of the FY in which the order was passed (no limit to give effect to ITAT / HC / SC orders) [SM 221]	own motion: **1 year** from the original order; application: **1 year** from the end of the FY of the application [SM 222]
Remedy	appeal to the **Tribunal** [SM 221]	**no appeal**; writ under Article 226 [SM 222]
Hearing	must hear the assessee; may enhance, modify, cancel and direct fresh assessment; works even on **debatable** issues (unlike s.154) [SM 220–221]	declining to interfere is not prejudicial; no relief for an earlier year from a later Tribunal finding [SM 222]

C Settlement Commission, DRC (3.4) · Advance ruling (3.5)

- **Settlement Commission** ceased after **31/01/2021**; pending applications go to **Interim Boards** of **3** Chief Commissioners (majority view). [SM 224]
- **Dispute Resolution Committee** (s.245MA): optional for a **specified order** where the aggregate **variations ≤ ₹10 lakhs** and the **returned income ≤ ₹50 lakhs**; not for orders based on **search, requisition, survey** or information under a DTAA; not for persons detained under COFEPOSA, convicted under listed Acts, prosecuted by income-tax, or notified under the Special Court Act. [SM 224–225]
- DRC may **reduce / waive penalty** and grant immunity from prosecution; the AO passes / modifies the order within **1 month** from the end of the month of receipt. [SM 224]
- **Board for Advance Rulings**: 2 members, each not below Chief Commissioner; its ruling is **not binding** on the Department or the applicant. [SM 226]
- **Advance ruling**: on a transaction of a non-resident, a non-resident's liability from a resident's transaction, a resident's own transaction, a pending computation issue (notified residents), or whether an arrangement is an **impermissible avoidance arrangement** (GAAR). [SM 226]
- **Applicants**: such non-residents / residents; a resident with transactions of **₹100 crore** or more; a PSU. Fee: higher of **₹10,000** or prescribed; withdraw within **30 days**. [SM 227]
- **Rejected** if the question is already pending before an authority / ITAT / court, involves the **FMV of property**, or is designed for tax avoidance (J23 Q3(b)); hearing first; ruling within **6 months**. [SM 227–228]
- **Appeal to the High Court** within **60 days** (+**30 days** for sufficient cause) (D23 MCQ, J25 Q5(a)); void ab initio if obtained by fraud. [SM 228]

PROBLEMS BOX · Q5(a) LEGAL SITUATION · MODEL ANSWERS (OUR ANSWERS FROM THE SM RULES; NO ICMAI ANSWER YET)

J26 Q5(a)(i) · 263 ON A VALUATION REPORT RECEIVED AFTER ASSESSMENT

- **Issue**: can the Commissioner revise a 143(3) order (30.10.2024) in November 2025 on a valuation report received after the assessment?
- **Provision**: s.263 — order **erroneous and prejudicial**; "record" includes material available when the Commissioner examines it; order within 2 years from the end of the FY of the original order.
- **Analysis**: the AO completed the assessment without the report he had called for (inadequate inquiry) → erroneous; the ₹80 lakh difference means loss of revenue → prejudicial; limitation runs to 31.3.2027.
- **Conclusion**: revision is **valid**.

J26 Q5(a)(ii) · DRC

- Returned income ₹45 lakh (≤ ₹50 lakh) but the variation is ₹18 lakh (> ₹10 lakh) → **not a specified order**; DRC not available — appeal to the CIT(A) instead.

D24 Q5(a) · 263 WHILE AN APPEAL IS PENDING

- Appeal covers only the disallowance; depreciation was not appealed → **partial merger**: the CIT **can** revise the depreciation point; the answer is the same after the appeal is disposed of, since the depreciation point was not "considered and decided" in it.

D25 Q5(a) · CIT(A) APPEAL (DR. MATHEW)

- (i) **Time limit**: 30 days from service of the demand notice (25.9.2025) → by 25.10.2025; the appeal on 15.11.2025 is late.
- (ii) **Remedy**: apply for **condonation of delay**; absence from India (1.9.2025 – 13.11.2025) is a sufficient cause the CIT(A) must consider.
- (iii) **Disposal**: where possible within one year from the end of the FY of filing, i.e. by 31.3.2027.
- (iv) **Deposit**: only the tax on the **returned income** must be paid before appealing; for the ₹28 lakh addition, apply u/s **220(6)** to be treated as not in default (then the Commissioner for stay).

PRACTISE THESE

J26 Q5(a) · D25 Q5(a) · J25 Q5(a) · D24 Q5(a) · D23 Q5(a), Q8(a) · J24 Q5(a) · D24 Q8(a) · J23 Q3(b) · PTP Q5(a) (advance ruling) · postal Q3(a) (DRC), Q7(b) · SM M3 short essays 1–4 (SM 230: appealable orders, 263, 154, who can apply for an advance ruling) · MCQ bank Q11–Q17, Q124, Q127, Q135, Q143, Q171 · **ICMAI Practice Workbook: no problem on this module**.

TRAPS

- 263 needs **both** erroneous and prejudicial; a view the AO took after inquiry is not erroneous.
- 264 is barred while appeal time is running — unless the assessee **waives** the appeal.
- ITAT time limit runs from the **end of the month** of communication; CIT(A) from the **date** of service.

Revision sheet · Module 3 (glance page)

Item	Rule / number	Item	Rule / number
CIT(A) / JCIT(A)	30 days; Form 35; fee ₹250 / ₹500 / ₹1,000; dispose in 1 year	ITAT	2 months from end of month; Form 36; fee up to 1% (max ₹10,000); cross objection 30 days, Form 36A
High Court	120 days; substantial question of law; ≥ 2 judges	Supreme Court	HC certificate or SLP (Article 136)
Department limits	ITAT ₹60 lakh · HC ₹2 crore · SC ₹5 crore	ITAT stay	180 days with 20% deposit; aggregate 365 days
ITAT rectification	6 months from end of month; fee ₹50	ITAT decision	within 4 years from end of FY (if possible)
Withdrawal	CIT(A) and ITAT appeals cannot be withdrawn	Single member	income ≤ ₹50 lakh
s.154	4 years from end of FY; application decided in 6 months	s.263	erroneous + prejudicial; partial merger; 2 years; appeal to ITAT
s.264	application in 1 year; fee ₹500; order in 1 year; total merger; no appeal	DRC	variation ≤ ₹10 lakh; returned income ≤ ₹50 lakh; no search / survey / DTAA info
Settlement Commission	ceased 31/01/2021; Interim Boards of 3	BAR	2 members; ₹100 crore residents; fee ₹10,000; withdraw in 30 days; ruling in 6 months; HC in 60 (+30) days

MEMORY HOOKS

- Appeal days: **"30 – 2 months – 120"** (CIT(A), ITAT, HC); Department limits **"60 lakh – 2 crore – 5 crore"**.
- 263 = Revenue's sword, **partial** merger, **2** years, appealable · 264 = Assessee's shield, **total** merger, **1** year, ₹500, no appeal.
- DRC: **"10 and 50, no raids"**.

Module 3 mind map

