

SECTION 220 OF THE INCOME - TAX ACT, 1961 - COLLECTION AND RECOVERY OF TAX - WHEN TAX PAYABLE AND WHEN ASSESSEE DEEMED IN DEFAULT - INCOME DETERMINED ON ASSESSMENT WAS SUBSTANTIALLY HIGHER THAN RETURNED INCOME - WHETHER COLLECTION OF TAX IN DISPUTE IS TO BE HELD IN ABEYANCE TILL DECISION ON APPEAL

INSTRUCTION : NO. 96 [F. NO. 1/6/69-ITCC], DATED 21-8-1969

1. One of the points that came up for consideration in the 8th meeting of the Informal Consultative Committee was that income-tax assessments were arbitrarily pitched at high figures and that the collection of disputed demands as a result thereof was also not stayed in spite of the specific provision in the matter in section 220(6).
2. The then Deputy Prime Minister had observed as under :

". . . where the income determined on assessment was substantially higher than the returned income, say, twice the latter amount or more, the collection of the tax in dispute should be held in abeyance till the decision on the appeals, provided there were no lapse on the part of the assessee."
3. The Board desire that the above observations may be brought to the notice of all the Income-tax Officers working under you and the powers of stay of recovery in such cases up to the stage of first appeal may be exercised by the Inspecting Assistant Commissioner/Commissioner of Income-tax.

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