CERTIFICATE COURSE ON INCOME TAX APPEALS & ASSESSMENTS

Today's Content – Statement of Written Arguments under the Income Tax Act & How to Prepare It

Introduction

A civil case essentially is all about claim of some legal right by one party and the denial of it by the other party, resulting in a judgement by a dispassionate judge functioning as an arbiter or umpire.

In a criminal case, the prosecution charges the accused guilty of some criminal offence punishable under the penal law and the accused defends the charges, ending up in a judgement of either conviction or acquittal.

A **Statement of Written Arguments** under the Income Tax Act is a formal submission made by an assessee or their authorized representative during an income tax assessment, appeal, or litigation process. It presents legal and factual arguments supporting the assessee's case.

I.   When is a Statement of Written Arguments Required?

A written statement is generally submitted in the following cases:

- **During Assessment Proceedings** (before the Assessing Officer under Section 143(3))
- **In response to Show Cause Notices** issued under various sections (e.g., Section 147 for reassessment, Section 271 for penalties)
- **Before the Commissioner of Income Tax (Appeals) [CIT(A)]** under Section 246A
- **Before the Income Tax Appellate Tribunal (ITAT)** in appeal proceedings
- **Before the High Court or Supreme Court** in tax-related litigations

II. Key Components of a Written Argument Statement

A well-drafted statement should include the following sections:

1. Heading & Case Details

- Title: **"Statement of Written Arguments"**
- Name of the Assessee: [Your Name/Company Name]
- PAN: [Permanent Account Number]
- Assessment Year: [AY XXXX-XX]
- Case Number/Appeal Number: [If applicable]
- Name & Designation of the Assessing Officer/Appellate Authority

2. Introduction & Background

- Brief summary of the case
- Reference to the assessment order, penalty notice, or appeal filed
- Specific section under which the proceedings are being conducted

3. Legal & Factual Arguments

This is the most important section and should include:

- **Factual Analysis:** Explanation of the facts leading to the dispute
- **Legal Provisions:** Relevant sections of the **Income Tax Act, 1961** and **case laws**
- **Analysis & Justifications:** How the legal provisions support the assessee's position

4. Precedents & Judicial Decisions

- Citing relevant **case laws** from ITAT, High Court, or Supreme Court supporting the arguments
- Reference to **CBDT Circulars/Notifications**, if applicable

5. Relief Sought

- Clearly mention the relief requested (e.g., cancellation of demand, penalty waiver, tax refund, etc.)
- Reference to any supporting documents submitted along with the statement

6. Conclusion & Prayer

- Summary of the arguments
- A request for a fair and just decision in favor of the assessee

7. Signature & Verification

- Signature of the Assessee or Authorized Representative
- Date & Place

III.   Step-by-Step Guide to Drafting a Written Argument

Step 1: Review the Assessment Order or Notice

- Understand the **reasons for addition/disallowance/penalty** mentioned by the Income Tax Department.
- Identify the **section under which proceedings are initiated** (e.g., Section 143(3), 147, 271).

Step 2: Gather Supporting Documents

- **Financial Statements** (P&L, Balance Sheet)
- **Bank Statements & Tax Returns**
- **Case Laws & Precedents**
- **Correspondence with the Tax Department**

Step 3: Prepare a Structured Draft

- Maintain a professional and **formal tone**
- Use **bullet points & headings** for clarity
- Keep arguments **concise & legally sound**

Step 4: Cite Relevant Case Laws & CBDT Circulars

- Strengthen your arguments by referencing judgments from the **Supreme Court, High Courts, ITAT**

- Use **CBDT circulars & clarifications** where applicable

Step 5: Conclude with a Strong Prayer

- Request for **favorable relief**
- Mention "**In the interest of justice, it is prayed that...**"

Step 6: Review & Submit

- Double-check for errors & missing points
- Sign & submit before the due date

IV.   Sample Format of a Written Argument Statement

Statement of Written Arguments

Before the Income Tax Officer / CIT(A) / ITAT / High Court

In the matter of: Assessment under Section 143(3) / Appeal under Section 246A
Assessee: XYZ Pvt. Ltd.
PAN: XXXXXXXX
Assessment Year: 2023-24
Case Number: ITA/2023/XXXX

Respected Sir/Madam,

1. Introduction & Background

The present submission is being made in response to the assessment order passed under Section 143(3) for AY 2023-24, wherein the learned Assessing Officer (AO) has made an addition of ₹50,00,000 on account of alleged unexplained cash credits under Section 68 of the Income Tax Act.

2. Factual & Legal Arguments

- The addition made by the AO is **incorrect** as all receipts are properly accounted for and backed by documentary evidence.
- Section 68 requires the assessee to prove the **identity, creditworthiness, and genuineness** of transactions, which has been duly complied with.

3. Supporting Documents & Judicial Precedents

- Bank Statements, Ledger Copies, and Confirmation Letters of Depositors are enclosed.

- Reliance is placed on the Supreme Court judgment in **CIT v. Lovely Exports Pvt. Ltd. [2008] 216 CTR 195 (SC)**, where it was held that if the identity of the shareholder is established, no addition under Section 68 can be made.

4. Relief Sought

In light of the above, it is respectfully submitted that the addition of ₹50,00,000 be **deleted** and relief be granted.

Prayer:
It is humbly prayed that the impugned addition be set aside, and justice be rendered in favor of the assessee.

Date: _____
Place: _____

(Signature)
For XYZ Pvt. Ltd.
(Authorized Representative)

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5. Tips for Effective Written Arguments

☑ **Be Clear & Concise** – Avoid unnecessary legal jargon
☑ **Use Bullet Points** – Makes it easier to read
☑ **Support with Case Laws** – Strengthens your argument
☑ **Attach Relevant Documents** – To substantiate claims
☑ **Stay Professional & Respectful** – Address the authority properly

Discussion on any questions