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## DRAFT LETTER FOR STAY OF DEMAND BY INCOME TAX AUTHORITIES

To,

The Income Tax Officer

[City]

[Pin Code]

### Assessee Details:

- **Name:** .....
- **PAN:** .....
- **Status:** .....
- **Assessment Year:** .....

**Subject:** Request for Stay of Demand – Rs. .....

**Reference:** Your Order Dated .....

**Respected Sir/Madam,**

With reference to the above-mentioned subject, and in continuation of our previous submissions, I wish to submit the following:

#### 1. Assessment & Appeal Status:

- I was assessed under **Section** ..... and a demand of **Rs.** ..... was raised against me.
- I have **filed an appeal** with the **CIT (A)** on **[Date]**.

#### 2. Payment Details:

- I have already paid **Rs. ....** on **31/03/2022** against the outstanding demand.
- This amount constitutes **more than 20% of the tax demand** as required under the **CBDT guidelines**.
- The copy of the **challan** is enclosed as **Annexure-I**.

#### 3. Request for Stay of Demand:

- As per **CBDT Instruction No. 1914 dated 21.03.1996** and further clarified by **O.M. No. 404/72/93-ITCC dated 29.02.2016**, if **20% of**

**the disputed demand** is paid, a **stay on recovery** should be granted until the disposal of the first appeal.

- For your reference, a copy of the relevant **CBDT instruction** is enclosed as **Annexure-II**.

**In light of the above, I kindly request you to grant a stay of demand.**

Thanking you.

**Yours faithfully,**

[Your Name]

[Your Address]

**Place:** .....

**Date:** .....

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#### **CBDT Guidelines on Stay of Demand (Latest Updates)**

#### **CBDT Instruction No. 1914 & Office Memorandum (O.M.) Updates**

#### **F.No. 404/72/93-ITCC (FTS:284146) – Issued by CBDT on 31st July 2017**

The **Central Board of Direct Taxes (CBDT)** has modified earlier instructions regarding the **procedure for stay of demand** at the first appeal stage:

- **As per O.M. No. 404/72/93-ITCC dated 29.02.2016**, a taxpayer disputing a demand before **CIT(A)** must pay **15% of the demand** to obtain a stay.
- However, **as per the revised order dated 31.07.2017**, this percentage has been increased to **20% of the disputed demand**.
- If **20% of the disputed amount** is paid, the Assessing Officer **must grant a stay** until the disposal of the **first appeal**.

#### **Key Takeaways from CBDT Guidelines:**

- **Mandatory Stay:** If the taxpayer has paid **20% of the disputed tax demand**, a **stay on further recovery** must be granted.
- **No Immediate Coercive Action:** The Assessing Officer cannot initiate **recovery actions** if the stay conditions are met.
- **Compliance Instructions:** These guidelines apply to **all officers** for uniform enforcement.

For complete assistance in handling **Income Tax Notices & Stay of Demand Procedures**, visit:

 [www.companymitra.com](http://www.companymitra.com)