

F.No. 285/08/2014-IT(Inv.V)/163
Government of India
Ministry of Finance
Department of Revenue
(Central Board of Direct Taxes)

Room No. 515, 5th Floor, C-Block,
Dr. S.P. Mukherjee Civic Centre,
Minto Road, New Delhi-110002
Dated: 17.10.2024

To,

All Pr.CCsIT/ / Pr.DGsIT
All CCsIT/ DGsIT

Madam/ Sir,

Subject: Guidelines for Compounding of Offences under the Income-Tax Act, 1961 – reg.

1. Section 279(2), read with section 2 (15A) and 2 (21) of the Income Tax Act, 1961 ('Act') provides that any offence under Chapter XXII of the Act may, either before or after the institution of proceedings, be compounded by the Pr. CCIT/ CCIT/ Pr. DGIT/ DGIT. The Central Board of Direct Taxes ('CBDT') had earlier issued following guidelines for compounding of offences under section 279 (2) of the Act:
 - i. Guidelines issued vide letter dated 16.05.2008,
 - ii. Guidelines issued vide letter dated 23.12.2014,
 - iii. Guidelines issued vide letter dated 14.06.2019, and
 - iv. Guidelines issued vide letter dated 16.09.2022.
2. The above Guidelines have been reviewed and in supersession thereof, and in exercise of powers conferred u/s 119 read with explanation to section 279 of the Act, following Guidelines are hereby issued.
3. **Scope of the Guidelines to prosecutions under Income Tax Act, 1961**
 - 3.1 These Guidelines shall come into effect from the date of issuance. They shall apply mutatis mutandis to all applications which are either filed after the date of issuance of these guidelines or were already filed earlier but had not been disposed. For applications, pending on the date of issuance of these Guidelines, if compounding charges have already been determined and intimated but not fully paid, the compounding charges shall be re-determined, provided they are lower as per these

Guidelines. However, no refund or adjustment against other dues shall be made if the higher compounding charges, determined as per the previous Guidelines, have already been paid.

- 3.2 Applications may also be filed again, in case applications under earlier guidelines were rejected only on account of curable defects such as non-payment of outstanding tax, interest, penalty, or any other sum related to the offence, filing of application in incorrect proforma, mention of incorrect assessment year/financial year or section under which offence has been committed, non-payment or short payment of compounding charges, non-submission of undertaking regarding withdrawal of appeals, etc. Credit for the payment already made shall be given against the compounding charges to be paid under these Guidelines. Further, it is clarified that those applications rejected in the past on merits by the Competent Authority shall not be reconsidered, under this provision.

4. Conditions for consideration of Compounding Application

Offences may be considered for compounding if all the following conditions are satisfied:

4.1 Compounding Application:

- 4.1.1 An application for compounding is made to the Pr. CCIT/ CCIT/ Pr. DGIT/ DGIT, having jurisdiction over the case, for compounding of the offence(s) in the prescribed format (Annexure-1), in the form of an affidavit on a stamp paper of Rs.100/-.

- 4.1.2 The compounding application may be filed for offence(s) pertaining to one financial year (in case of taxpayers) or quarter (in case of tax deductors) or for multiple years/quarters. The Compounding Application, filed for multiple years/quarters, shall be called 'Consolidated Compounding Application'. Similarly, if there are more than one rejected application under the previous Guidelines, one Consolidated Compounding Application may be filed for all such previous applications.

- 4.1.3 The compounding application or 'Consolidated Compounding Application' may be filed suo-moto at any time after the offence(s) is committed, irrespective of whether it comes to the notice of the Department or not. The Compounding Application or the Consolidated Compounding Application may also be filed after the launch of prosecution proceedings.

4.2 Compounding Application Fee

- 4.2.1 For Compounding Applications or the Consolidated Compounding Applications, filed on or after the date of issuance of these guidelines, irrespective of the year of offence, the applicant shall deposit non-refundable Compounding Application Fee as following:

- Single Compounding application – Rs. 25,000/- (per application).

- Consolidated Compounding application – Rs. 50,000/- (per such application).
- 4.2.2 The said fee is a non-refundable fee, but adjustable against applicable total compounding charges decided by the Competent Authority, if any.
- 4.2.3 The Compounding Application Fee, at above rates, shall also be payable in respect of applications which were filed before the date of issuance of these guidelines but have been rejected and that are proposed to be revived in terms of these guidelines.
- 4.2.4 The Compounding Application Fee shall not be payable in respect of applications pending as on date of issuance of the guidelines and filed in terms of earlier guidelines.
- 4.3 **Payment of all taxes, interest & other sums relating to offence for which compounding sought:**
- 4.3.1 All outstanding tax, interest (including interest u/s 220 of the Act), penalty and any other sum due, relating to the offence(s) for all relevant year(s) and/or quarter(s) for which compounding has been sought shall be paid before making the Compounding Application or the Consolidated Compounding Application, as the case may be.
- 4.3.2 However, if on verification by the Department, any related demand is found outstanding or is considered payable, the same, on being intimated to the applicant, shall be paid (including interest u/s 220 of the Act) within 30 days of the intimation by the Department or such period (not exceeding three months) allowed by the Competent Authority. The compounding application or the consolidated compounding application, as the case may be, shall be considered valid only consequent to the payment of all the demand pertaining to the offence(s) for respective years/quarters.
- 4.4 **Undertaking by the applicant:** The applicant shall undertake to pay the Compounding charges, determined in accordance with these guidelines by the Pr. CCIT/CCIT/Pr. DGIT/DGIT concerned, within the stipulated timeframe.
- 4.5 **Withdrawal of appeals:** The person/applicant shall undertake to withdraw appeals filed by him, if any, related to the offence(s) sought to be compounded. In case such an appeal has mixed grounds, one or more of which may not be related to the offence(s) under consideration, an undertaking shall be given for withdrawal of such grounds as are related to the offence to be compounded.
- 4.6 **Consolidation of offences:** Any application for compounding of offence u/s 276B/276BB of the Act by an applicant for any period for a particular TAN should cover all defaults constituting offence u/s 276B / 276BB in respect of that TAN for such period. For the purposes of considering the quantum of TDS defaults, the total default on account of non-payment of TDS/TCS for a quarter shall be considered by combining the defaults in all the statements filed by the TDS deductor, in respect of the relevant quarter.

5. Revival of a defective application:

Applications which do not fulfil any of the specified conditions (4.1 to 4.6 above) or are not acceptable due to curable defects such as

- Non-payment of outstanding tax, interest, penalty, or any other sum related to the offence;
- Application not filed in correct proforma;
- Applications filed for incorrect financial year or assessment year, or under incorrect section, etc.;

shall be treated as 'defective' under these guidelines and shall not be proceeded with. However, such applications can be revived without additional payment of Compounding Application Fee, provided the defects are cured within a period of one month from the date of intimation of the defect(s). In case, the defect is not cured within time allowed, defective application will be returned back to the applicant. Any further application filed for the same purpose, will be considered as subsequent compounding application and charges will be applicable as per para 10 of these guidelines.

6. Offences compoundable with the approval of higher authority

6.1 The Competent Authority, in the following cases, may compound only with the approval of Chairman, CBDT.

- (a) In case of an offence for which the applicant has been convicted with imprisonment for two years or more, with or without fine, by a court of law;
- (b) In case of an offence which is related to another offence under any other law for which he has been convicted with imprisonment for two years or more, with or without fine, by a court of law;
- (c) If the applicant, as per information available on the basis of an investigation conducted by any Central or State Agency, has been found to be involved, in any manner, in anti-national or terrorist activity. In such cases, the Competent Authority shall consult with relevant Agency and seek inputs regarding the said activity and its implications, for the purpose of deciding it as a deserving case and incorporate them while seeking approval;
- (d) In the case of an applicant, being a person other than the main accused, where it is proved that the applicant facilitated tax evasion through mechanisms such as use of entities for laundering of money, generation of bogus invoices of sale/purchase without actual business, by providing accommodation entries or in any other manner, as prescribed in section 277A of the Act;
- (e) If the offence is directly related to an offence under the following Acts:

- i. the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015; or
 - ii. Prohibition of Benami Property Transactions Act, 1988;
- (f) In case of an offence under section 275A and/or 275B of the Act.

7. Other terms of compounding:

- 7.1 Applications for compounding shall normally be accepted if the conditions mentioned in these guidelines are satisfied.
- 7.2 However, compounding is not a matter of right and applications may be rejected by the Competent Authority in exceptional cases, on recording in writing, reasons such as if the applicant is a habitual offender or the gravity of the offence considering the facts and circumstances of the offence, etc.
- 7.3 Prosecution instituted under Indian Penal Code (IPC) (or now Bhartiya Nyay Sanhita 2023), if any, cannot be compounded, under these Guidelines. In case the prosecution complaint filed under the provisions of the Act as well as under the Indian Penal Code (IPC) (or now Bhartiya Nyay Sanhita 2023), is based on the same facts and the offence(s) under the Act have been compounded, then the complaint relating to the offences under IPC (or BNS, 2023) shall be withdrawn by the Competent Authority, in terms of section 321 of Criminal Procedure Code, 1973, and/or section 360 of Bharatiya Nagarik Suraksha Sanhita, 2023.

8. Authority Competent to Compound an Offence:

- 8.1 The jurisdictional Pr. CCIT / CCIT / Pr. DGIT / DGIT is the Competent Authority for compounding of offences.
- 8.2 If a person has committed an offence u/s 276B / 276BB of the Act for non-payment of TDS/TCS in respect of both resident and non-resident payees/ collectees then the jurisdiction over such person normally lies with more than one jurisdictional charge. In such case, the Pr. CCIT/ CCIT/ Pr. DGIT/ DGIT in whose jurisdiction compounding application has been filed will be the Competent Authority. However, in case the applicant files applications in more than one jurisdictional charge, the Competent Authority will be the jurisdictional authority where the quantum of TDS default is higher. All other applications shall be transferred to such Competent Authority. Further, in case of any dispute in deciding Competent Authority, the Pr. CCIT having PAN jurisdiction will decide Competent Authority, within 30 days of receipt of such reference.
- 8.3 In case an applicant files Compounding application for offences committed u/s 276B/276BB of the Act, in respect of two or more TANs falling in two or more jurisdictions, the jurisdictional authority where the quantum of TDS default is higher shall be the Competent Authority. All other applications shall be transferred to such

Competent Authority. Further, in case of any dispute in deciding Competent Authority, the Pr. CCIT having PAN jurisdiction will decide Competent Authority, within 30 days of receipt of such reference.

9. Compounding Procedure

- 9.1 On receipt of the Compounding application, the Competent Authority shall obtain a report from the Assessing Officer/Assistant or Deputy Director concerned who shall submit it promptly along-with duly filled in check-list (Annexure-2), to the Competent Authority, through proper channel.
- 9.2 In cases where, the compounding application is not found to be acceptable, then the Competent Authority shall dispose of such application through a speaking order in the suggested format (Annexure-3 - Part-II). Such order may be passed within two months from the end of the month of receipt of the application as far as possible.
- 9.3 In cases where, the compounding application is found to be acceptable, then the Competent Authority shall intimate the applicant accordingly, along with the compounding charges payable and other pending liabilities, if any. Such intimation may be issued within two months from the end of the month of receipt of the application as far as possible.
- 9.4 The Competent Authority shall, while intimating the amount of compounding charges to the applicant, require him to pay the same within one month from the end of the month of receipt of such intimation. On written request of the applicant for further extension of time period for payment of compounding charges, the Competent Authority, under exceptional circumstances, may extend this period up to six months. Extension beyond 6 months and upto 12 months shall not be permissible except with the prior approval in writing of the Pr. Chief Commissioner of Income Tax of the Region concerned. Extension beyond 12 months and upto 24 months from the end of month shall not be permissible except with the prior approval of Chairman, CBDT or a Member, CBDT authorized by the Chairman, CBDT on a proposal of the Competent Authority concerned. No extension shall be allowed after 24 months from the end of the month of receipt of such intimation of compounding charges.
- 9.5 Where compounding charge is not paid within the time allowed/extended, the application will be rejected and prosecution proceedings shall be initiated, if not already done so.
- 9.6 The complainant shall serve a copy of the prosecution complaint to each accused within 15 days of filing complaint to allow prompt filing of compounding application.
- 9.7 The order of acceptance/rejection of application of compounding shall be brought to the notice of the Court, where the said prosecution proceedings are pending before the Court, immediately through prosecution counsel in all cases where prosecution proceedings have been instituted.

9.8 In case proceedings to impose penalty related to the offence sought to be compounded are pending at the time of filing of the compounding application, such proceedings should be concluded expeditiously and the demand related to penalty, if any, recovered before issuing the compounding order.

9.9 For the purpose of payment of compounding charges, the following path on e-Filing website of the department is relevant:

“Login on e-Filing portal → e-Pay Tax → New Payment → Income Tax → Minor Head → Other Receipts (500) → compounding charges”.

9.10 Where the payment of compounding charges is made within time allowed/extended, the Competent Authority shall pass the compounding order in the suggested format (Annexure-3 - Part-I) within one month from the end of the month of payment of total compounding charges.

9.11 Taxpayers, particularly NRIs, avoid opting for compounding due to a misconception that it constitutes an admission of offences, which could affect their reporting obligations at various statutory and international forums. To address this misconception and encourage taxpayers to seek compounding, it is directed that the Competent Authority shall include the following paragraph in the compounding order issued under section 279(2) of the Act:

“This compounding order is intended to resolve the offence under section 279(2) of the Act and should not be construed as an admission of the offence(s) by the applicant.”

9.12 The timelines for processing the compounding applications by the Competent Authority prescribed in these Guidelines, are administrative and do not prescribe a limitation period for disposal of the compounding application.

9.13 All the functions relating to processing of any compounding application is recommended to be undertaken through in ITBA / TRACES to the extent possible.

10. Compounding Charges

10.1 For the purpose of computation of the compounding charges, the word “tax” means-tax including surcharge and any cess, by whatever name called, as applicable. However, interest shall not be included in ‘tax’ to be considered for computation of Compounding Charge.

10.2 The compounding charges for the ‘first’ compounding application or consolidated compounding application by a person shall be computed, for each offence disclosed in the application, as given in the Annexure-4 to these Guidelines.

10.3 Further, any application filed subsequent to the first application, shall be counted as second, third and fourth compounding application or consolidated compounding

application and so on.

- 10.4 Furthermore, if a person applied for compounding of an offence(s), the type of which was applied for earlier, then compounding charges for subsequent offence(s) shall be 1.2 times, 1.4 times, 1.6 times, and so on of the compounding charges given in the Annexure-4 to these Guidelines, for the second, third, fourth, etc. time of such offence.
- 10.5 It is also clarified that if a subsequent application(s) includes any offence(s), the type of which had not been disclosed in any of the earlier applications, the compounding charges for the said offence(s) shall be computed only as per the charges given in the Annexure-4 to these Guidelines.
- 10.6 Where the compounding application(s) had been filed in accordance with prior guidelines and are either pending or were rejected or have been compounded, all such applications, filed prior to issuance of these guidelines, shall together be considered as 'first' compounding application.
- 10.7 If the application is made beyond 12 months from the end of the month in which the prosecution complaint is filed, the compounding charges shall be increased by 50% of the amount calculated as per paras 10.2 to 10.5 above.

11. Co-accused and Abettor- Section 278B (Offences by companies) and Section 278C (Offences by Hindu undivided families)


- 11.1 Where an offence under this Act has been committed by a Company or HUF as defined in section 278B or 278C of the Act, an application for compounding may be filed separately or conjointly by the main accused i.e., Company, or HUF and/or any of the person(s) deemed to be guilty of the offence under section 278B or 278C of the Act, to be referred as "Co-accused" for the purpose of compounding under these guidelines. The Competent Authority may decide the application accordingly subject to the payment of compounding charges as per these guidelines.
- 11.2 It is again clarified that in cases of offences by a company or HUF, the main accused or co-accused may apply separately or conjointly. On payment of compounding charges for the offence as determined under these guidelines, by any one of them separately or jointly, the Competent Authority shall compound the offences of the main accused as well as all the co-accused, vide an order u/s 279(2) of the Act.
- 11.3 For the purpose of depositing compounding charges, co-accused under Section 278B or 278C of the Act may deposit the charges under his PAN for the relevant financial year of the offence for which compounding is sought.
- 11.4 In case liability of a company for an offence committed prior to the commencement of the corporate insolvency resolution process ceases due to the provisions of section 32A of the Insolvency Bankruptcy Code (IBC), it is clarified that prosecution proceedings against the co-accused can still continue. In such a case, the compounding

application and payment of compounding charges can be made by the co-accused and/or the main accused company.

12. It is requested to circulate the above revised Guidelines among all the officers for compliance and give wide publicity to the same.

Encl: As above

Yours faithfully,



17.10.24

Jagdish

**Deputy Secretary (Inv.V),
CBDT, New Delhi**

Copy to-

1. The PS to the Revenue Secretary
2. The Chairman, CBDT
3. All Members, CBDT
4. All officers of the rank of Joint Secretary/CIT and above in CBDT
5. The CIT (Media & Technical Policy), CBDT
6. The ADG (Systems)-4 for uploading on www.incometaxindia.gov.in
7. Additional DIT, Database cell, for uploading on www.irsofficersonline.gov.in.

**Format of application in the form of Affidavit for Compounding of Offences under
Income-tax Act, 1961 to be submitted by each applicant separately**

S.No.	Particulars	Remarks
1.	Name of the applicant	
2.	Status and PAN/TAN	
3.	Offences committed u/s *	
4.	AYs /Quarters/Date /period involved in each such offence	
5.	Whether the applicant is a co-accused as per para 11	
6.	Status of case (i.e., whether contemplated/ pending in Court/convicted/acquitted)	
7.	Date of filing of complaint, if any	
8.	Whether it is an offence in respect of which, the compounding application was rejected earlier due to reasons as per para 3.2.	
9.	Whether the application is filed beyond 12 months from the end of the month in which prosecution complaint is filed (for the purpose of para 10.7).	
10.	Particulars of offences along-with justification for compounding (separate sheet)	
11.	Whether the applicant has paid the amount of tax, interest, penalty and any other sum due relating to the offence.	
12.	Whether the applicant undertakes to pay further tax, interest, penalty and any other amount as is found to be payable on verification of the record.	
13.	Whether the applicant undertakes to pay the compounding charges as shall be intimated by the department.	
14.	Whether the applicant undertakes to withdraw appeals filed by him related to the offence sought to be compounded.	
15.	Whether the application is a first application as per para 10. If no, then sequence number of the application.	
16.	Whether application include any offence(s) which have been applied for compounding earlier. Give details in annexure.	
17.	Whether application include any offence(s) which have not been applied for compounding earlier. Give details in annexure.	
18.	Whether the applicant was convicted with an imprisonment for a period two years or more by a court of law under direct tax laws for the offence sought to be compounded.	

19.	Whether the applicant was convicted with an imprisonment for a period two years or more by a court of law under any other law direct tax laws which is related to the offence sought to be compounded.	
20.	Whether the offence has been committed by the applicant who, as a result of investigation conducted by any Central or State agency has been found involved, in any manner, in anti-national/terrorist activity.	
21.	Whether it is an offence which is directly related to any offence under the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015.	
22.	Whether it is an offence which is directly related to any offence under The Prohibition of Benami Property Transactions Act, 1988.	
23.	Whether it is an offence u/s 275A, 275B.	
24.	Whether Compounding Application Fee has been paid as per para 4.2	

VERIFICATION

I son/daughter of in the capacity of.....certify and solemnly affirm that the information in the above columns is true and correct to the best of my knowledge and belief.

Place:

Signature

Date:

Designation ---
Current address--

* All offences for which compounding is sought

Annexure 2

Suggested Check List for Compounding as per the Guidelines issued by the CBDT vide F.No.285/08/2014-IT (Inv.V)/..... dated2024 on Compounding of Offences

(To be submitted by AO/ADIT/DDIT to the authority competent to compound through proper channel)

Name of the applicant :-

Status and PAN/TAN :-

Offences u/s :-

AYs/ Quarters/Date/ period involved in offence :-

Whether the applicant is a co-accused as per para 11:

Date of filing of complaint, if any :-

Status of case (i.e. whether Contemplated/ :-

Pending in Court/ Convicted/ Acquitted)

S.No.	Particulars (<i>vis-a-vis</i> Compounding Guidelines)	Remarks	Reference of the File submitted
1.	The applicant has filed a written request for compounding the offence in the prescribed Proforma.	Yes	On Page no.....
2.	Whether the applicant has paid the amount of tax, interest and penalty& any other sum due relating to the default as prescribed in the Guidelines.	Yes	On Page no.....
3.	Whether on verification of record any further amount of tax, interest and penalty& any other sum was found payable by the applicant.	Yes/No, If yes date of intimation and date of payment.	If yes. give details in brief. Add annexure if required. On Page no...
4.	Whether the applicant has undertaken to pay the compounding charges computed as per Para 10 of the Guidelines.	Yes	On Page no.....

5.	Whether the applicant has furnished undertaking to withdraw appeals filed by him related to the offence sought to be compounded.	Yes	On Page no.....
6.	Whether it is an offence in respect of which, the compounding application has been rejected earlier on merits, as per para 3.2.	Yes/No	If yes give details in brief. Add annexure if required. On Page no....
7.	Whether the application is filed beyond 12 months from the end of the month in which prosecution complaint is filed per para 10.7.	Yes/No	On Page no
8.	Whether application include any offence(s) which have been applied in any earlier compounding application(s).	Yes/No	If yes, give details in brief. Add annexure if required. On Page no....
9.	Whether application include any offence(s) which have not been applied in any earlier compounding application(s).	Yes/No	If yes, give details in brief. Add annexure if required. On Page no....
10.	Whether the applicant was convicted with an imprisonment for a period two years or more by a court of law under direct tax laws for the offence sought to be compounded.	Yes/No	If yes, give details in brief. Add annexure if required. On Page no....
11.	Whether the applicant was convicted with an imprisonment for a period two years or more by a court of law under any other law direct tax laws which is related to the offence sought to be compounded.	Yes/No	If yes, give details in brief. Add annexure if required. On Page no....
12.	Whether the offence has been committed by an applicant who, as a result of investigation conducted by any Central or State agency has been found involved, in any manner, in anti-national/terrorist activity.	Yes/No	If yes, give details in brief. Add annexure if required. On Page no....

13.	Whether it is a case of a person who is main accused and where it is proved that he has enabled others in tax evasion such as, through shell companies or by providing accommodation entries in any other manner as mandated in section 277A of the Act.	Yes/No	If yes, give details in brief. Add annexure if required. On Page no...
14.	Whether it is an offence directly related to an offence relating to a) Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015. b) Prohibition of Benami Property Transactions Act. 1988	Yes/No	If yes, give details in brief. Add annexure if required. On Page no....
15.	Whether it is an offence u/s 275A, 275B.	Yes/No	If yes, give details in brief. Add annexure if required. On Page no....
16.	Amount of compounding charges computed by AO/ADIT/DDIT as per Para 10 of the Guidelines.	Rs.	On Page no
17.	The compounding charges are in accordance with Para 10 of the Guidelines	Yes	If no, give reasons. On Page no....
18.	The factors such as habitual offender or the gravity of the offence, have been considered while dealing with the compounding application.	Yes	On Page no....
19.	Whether the cases of Co-accused are being considered as per Para 11	Yes/Not Applicable	If yes, give details in brief. Add annexure if required. On Page no....
20.	Any other fact relating to the person/case relevant for consideration of the Competent Authority.	Yes/No	If yes, give details in brief. Add annexure if required. On Page no....

Signature:
Name:
Designation:
Date:

Recommended by:

1. Jt.CIT/ Addl. CIT/Jt.DIT/Addl. DIT.....Signature/Name/Designation/Date

2. PCIT/PDIT/CIT/DITSignature/Name/Designation/Date

Note: The details in this annexure may be given on the basis of information furnished by the applicant in his application for compounding or information already available or inputs sought from any other agency.

(Suggested Format)

Part-I

Order u/s 279(2) of the Income-tax Act, 1961 for Compounding of an Offence as mentioned in Para 9.10 of the Guidelines issued by the CBDT vide F.No.285/08/2014-IT (Inv.V)/ dated2024 on Compounding of Offences.

Order u/s 279(2) of Income-tax Act, 1961

Name of the person :-
 Status :-
 Offences u/s :-
 AYs / Quarters/Date/ period involved in offence :-
 Date of filing of complaint, if any :-
 Status of case (i.e. whether contemplated/- Pending in Court/ Convicted/ Acquitted)/:-Date of hearing, if any:-
 Date of order: -

Order u/s 279(2) of the Income-tax Act, 1961

I, the Principal Chief Commissioner/Chief Commissioner of Income-tax /Principal Director General/Director General of Income-tax, in exercise of powers vested in me by virtue of the provisions of sub-section 2 of section 279 of the Income-tax Act, 1961 hereby compound the offence(s) u/s..... of the Income -tax Act,1961 for the A.Y.(s) / Date/ period....., committed by/s./Shri/Ms.....

“This compounding order is intended to resolve the offence under section 279(2) of the Act and should not be construed as an admission of the offence(s) by the applicant.”

The Statement of the facts of the case are enclosed as **Annexure - 'A'**

Place:

Date:

Seal:

Signature

Principal Chief Commissioner/Chief Commissioner of Income-tax /
 Principal Director General/Director General of Income-tax

Copy to for information and necessary action:

The Pr. Commissioner of Income Tax/ Pr. Director of Income Tax —

The Assessing Officer/ ADIT/DDIT—

The ADIT/DDIT (Prosecution) --

The Prosecution Counsel (if the case is pending in the Court)

The applicant (By name)—

Guard file.

Signature

ACIT/ ITO (Hq.)

O/o the Pr. CCIT/CCIT/ Pr. DGIT/DGIT

(Suggested Format)

Part-II

Order u/s 279(2) of the Income-tax Act, 1961 for rejecting the Compounding of an Offence as mentioned in Para 9.2 of the Guidelines issued by the CBDT vide F.No. 285/08/2014-IT(lnv.V)/ dated2024 on Compounding of Offences

Order u/s 279(2) of Income-tax Act, 1961

Name of the person :-
 Status :-
 Offences u/s :-
 AYs / Quarters/Date/ period involved in offence:-
 Date of filing of complaint, if any:-
 Status of case (i.e. whether Contemplated):-
 Pending in Court/ Convicted/ Acquitted):-
 Date of hearing, if any:-
 Date of order:-

Order u/s 279(2) of the Income-tax Act, 1961

I, the Principal Chief Commissioner/Chief Commissioner of Income-tax/Principal Director General/Director General of Income-tax, in exercise of powers vested in me by virtue of the provisions of sub-section 2 of section 279 of the Income-tax Act, 1961 hereby decline the prayer to compound the offence(s), u/s.....of the Income-tax Act, 1961 for the A.Y.(s) / Date/ period....., committed by M/s./Shri /Ms.....

The case was not found to be a fit case for compounding as "..... (mention reasons)

.....

.....

..

The Statement of the facts of the case are enclosed as **Annexure - 'A'**

Place:

Date:

Seal

Signature

Principal Chief Commissioner/Chief Commissioner of Income-tax / Principal Director General/Director General of Income-tax

Copy to:

The Pr. Commissioner of Income Tax/ Pr. Director of Income Tax

The Assessing Officer/ ADIT/DDIT -

The ADIT/DDIT(Prosecution) ---

The Prosecution Counsel (if the case is pending in the Court)

The applicant (By name)---

Guard file

Sd/-

ACIT/ ITO (Hq.)

O/o the Pr. CCIT/CCIT/ Pr. DGIT/DGIT

Statement of facts

The statement of facts should, inter alia, contain the following:

1. Details of application filed

An application for Compounding of Offences committed u/s of the Income-tax Act, 1961 was filed in prescribed format by M/s. /Mr. /Ms..... on.....

2. Brief facts

3. Whether complaint has been filed

A complaint was filed in the Court of..... on and the case is still pending in the court/the Court has convicted the person who has filed an appeal against the conviction order that is pending in the Court/ the Court has acquitted the person & the department has filed an appeal against the acquittal order that is pending in the Court or an appeal against the acquittal order is contemplated.

OR

The complaint is yet to be filed in the Court.

4. In case of order accepting compounding, details of payment of compounding charges by the person.

5. Direction to the AO/ Standing Counsel to take necessary action to implement the orders at the earliest.

Annexure 4

Section	Description/Heading of section	Compounding Charges
276A	(Prior to 01.04.2023) Failure to comply with the provision of sections 178(1) and 178(3)	The Competent Authority may determine compounding charge having regard to the nature and magnitude of the offence, loss of revenue directly or indirectly attributable to such offence, subject to levy of a minimum compounding charge of Rs.10,000/- (Rupees one thousand) for each such offence.
276AA	(Prior to 01.10.1986)- Failure to comply with the provisions of section 269AB or section 269I	
276AB	(Prior to 01.04.2022) Failure to comply with the provisions of sections 269UC, 269UE and 269UL	
276DD	(Prior to 1.04.1989) - Failure to comply with the provisions of section 269SS	10% of the amount of any loan or deposit accepted in contravention of the provisions of Section 269SS.
276E	(Prior to 1.04.1989) - Failure to comply with the provisions of section 269T	10% of the amount of deposit repaid in contravention of the provisions of Section 269T.
275A	Contravention of order made under sub-section (3) of section 132) i.e., contravention to Prohibitory Order passed by the authorized officer during the search and seizure action.	10 % of the highest of total income declared or assessed, in the last 7 financial years including year of search, subject to a minimum of Rs.5,00,00,000/- (Rupees five crore).
275B	Failure to comply with the provisions of clause	10 % of the highest of total income declared or assessed, in the last 7 financial years including year of

	(iib) of sub-section (1) of section 132) i.e., failure to afford the authorized officer the necessary facility to inspect such books of account or other documents during the search and seizure action.	search, subject to a minimum of Rs.5,00,00,000/- (Rupees five crore).
276	(w.e.f. 01.04.1989) - Removal, concealment, transfer or delivery of property to thwart tax recovery.	75% of the outstanding tax or the recovery amount sought to be thwarted through the removal/ concealment/ transfer/ delivery of property, whichever is lower.
276B	Failure to pay tax deducted at source under Chapter XIID or XVII-B	1.5 % per month or part of a month of the amount of tax in default for the default period. The period of default shall be calculated from the date of deduction to the date of deposit of tax deducted at source, as is done in respect of calculating interest under section 201(1A) (ii) of the Act. The compounding charge shall not exceed the TDS amount in default.
276BB	Failure to pay the tax collected at source	Same as charge for offence u/s 276B as above
276C(1)	Willful attempt to evade tax, etc.	125% of tax amount sought to be evaded or tax on under-reported income, as the case may be.
276C(2)	Willful attempt to evade payment of taxes, etc.	1.5% per month or part of the month of the amount of tax, interest and penalty, the payment of which was sought to be evaded, for the period of default. The period of default shall be calculated as the period from the date immediately following the due date of payment to the date of actual payment. For computing the period of default, any period of stay of demand granted by any Income Tax Authority, the Appellate Tribunal or Court shall be excluded.

		<p>The compounding charge shall not exceed tax, interest and penalty, the payment of which was sought to be evaded.</p> <p>It is clarified that in case compounding proceedings relate to sections 276C(1) and 276C(2) for the offence involving same issue and year, the compounding charges as per 276C(1) only shall be applicable.</p>
276CC	Failure to furnish return of income	<p>30% of the amount of tax sought to be evaded or the amount of tax on under-reported income, as the case may be, in case of default in filing of return pursuant to search or survey action, subject to a minimum of Rs. 10,00,000/- (Rupees ten lakh).</p> <p>15% of the amount of tax sought to be evaded or the amount of tax on under-reported income, as the case may be, subject to a minimum of Rs. 5,00,000/- (Rupees five lakh), in other cases.</p> <p>It is clarified that in case compounding proceedings relate to Sections 276C(1) and 276CC for the offence involving same issue and year, the compounding charges as per 276C(1) only shall be applicable.</p>
276CCC	Failure to furnish return of income in search case as per 158BC	Same as above for offence u/s 276CC, relating to non-filing of return pursuant to search action.
276D	Failure to produce accounts and documents	10% of returned income or assessed income of the assessment year pertaining to the offence, whichever is higher, subject to a minimum of Rs. 5,00,000/- (Rupees five lakh).
277	False statement in verification etc.	<p>For an offence committed u/s 277 of the Act, 50% of the amount of tax, which would have been evaded due to the offence committed u/s 277.</p> <p>For abetment of an offence committed u/s 278 of the Act, 50% of the amount of tax, which would have been evaded or which is willfully attempted to be evaded, due to the offence committed u/s 278.</p> <p>Where same set of facts and circumstances attract prosecution u/s 277 as well as section 278, the compounding charge shall only be calculated by treating them as single offence.</p>
278	Abetment of false return, etc.	

		Where same set of facts and circumstances attract prosecution u/s 277 or 278, in addition to another offence, no separate compounding charge shall be charged for offence u/s 277 or 278.
277A	Falsification of books of account/documents, etc.	100% of the amount of tax or interest or penalty evaded on account of such false entry or statement.