

but does not include—

(A) a seagoing ship or vessel or inland vessel, as the case may be, if the main purpose for which it is used is the provision of goods or services of a kind normally provided on land;

(B) fishing vessels;

(C) factory ships;

(D) pleasure crafts;

(E) harbour and river ferries;

(F) offshore installations; and

(G) a qualifying ship which is used as a fishing vessel for more than thirty days during a tax year;

(j) “seagoing ship” means a ship, if it is certified as such by the competent authority of any country;

(k) “tonnage income” means the income of a tonnage tax company computed as per the provisions of this Part;

(l) “tonnage tax activities” means the activities referred to in section 228(3) and (7);

(m) “tonnage tax business” means the business of operating qualifying ships giving rise to relevant shipping income as referred to in section 228(1);

(n) “tonnage tax company” means a qualifying company in relation to which tonnage tax option is in force;

(o) “tonnage tax scheme” means a scheme for computation of profits and gains of business of operating qualifying ships under the provisions of this Part

CHAPTER XIV

TAX ADMINISTRATION

A.—Authorities, jurisdiction and functions

236. For the purposes of this Act, there shall be the following classes of income-tax authorities:—

(a) the Central Board of Direct Taxes constituted under the Central Boards of Revenue Act, 1963;

(b) Principal Directors General of Income-tax or Principal Chief Commissioners of Income-tax;

(c) Directors General of Income-tax or Chief Commissioners of Income-tax;

(d) Principal Directors of Income-tax or Principal Commissioners of Income-tax;

(e) Directors of Income-tax or Commissioners of Income-tax or Commissioners of Income-tax (Appeals);

(f) Additional Directors of Income-tax or Additional Commissioners of Income-tax or Additional Commissioners of Income-tax (Appeals);

(g) Joint Directors of Income-tax or Joint Commissioners of Income-tax or Joint Commissioners of Income-tax (Appeals);

(h) Deputy Directors of Income-tax or Deputy Commissioners of Income-tax;

(i) Assistant Directors of Income-tax or Assistant Commissioners of Income-tax;

(j) Income-tax Officers;

(k) Tax Recovery Officers; and

5 (l) Inspectors of Income-tax.

237. (1) The Central Government may appoint such persons as it thinks fit to be income-tax authorities.

Appointment of income-tax authorities.

(2) The Central Government may, subject to the rules and its orders regulating the conditions of service of persons in public services and posts, authorise the Board, or a Principal Director General or Director General, or a Principal Chief Commissioner or Chief Commissioner, or a Principal Director or Director, or a Principal Commissioner or Commissioner, to appoint income-tax authorities below the rank of a Deputy Commissioner or Assistant Commissioner.

(3) Subject to the rules and orders of the Central Government regulating the conditions of service of persons in public services and posts, an income-tax authority authorised in this behalf by the Board, may appoint such executive or ministerial staff as may be necessary to assist it in the execution of its functions.

238. The Board may, by notification, direct that any income-tax authority or authorities specified in the notification shall be subordinate to such other income-tax authority or authorities as specified in such notification.

Control of income-tax authorities.

239. (1) The Board may issue such orders, instructions and directions to other income-tax authorities as it considers fit for the proper administration of this Act, and such authorities and all other persons employed in the execution of this Act shall observe and follow such orders, instructions and directions.

Instructions to subordinate authorities.

(2) No orders, instructions or directions under sub-section (1) shall be issued to—

(a) require any income-tax authority to make a particular assessment or to dispose of a particular case in a particular manner; or

(b) interfere with the discretion of the Joint Commissioner (Appeals) or Commissioner (Appeals) in the exercise of his appellate functions.

(3) Without prejudice to the foregoing power, the Board may,—

(a) if it considers necessary or expedient so to do for the proper and efficient management of the work of assessment and collection of revenue, issue, from time to time (whether by way of relaxation of any of the provisions of section 263, 270, 271, 279, 280, 287, 298, 398(3), 406, 407, 423, 424, 425, 427, 428, 439, 448, 449 or otherwise), general or special orders in respect of any class of incomes or class of cases,—

(i) setting forth directions or instructions (not being prejudicial to assessee's) as to the guidelines, principles or procedures to be followed by other income-tax authorities in the work relating to assessment or collection of revenue or the initiation of proceedings for the imposition of penalties; and

(ii) any such order may, if the Board is of the opinion that it is necessary in the public interest so to do, be published and circulated in the prescribed manner for general information;

(b) if it considers desirable or expedient so to do for avoiding genuine hardship in any case or class of cases, by general or special order, authorise any income-tax authority, not being a Joint Commissioner (Appeals) or a Commissioner (Appeals) to admit an application or claim for any exemption, deduction, refund or any other relief under this Act after the expiry of the period specified in this Act for making such application or claim and deal with the same on merits as per law; 5

(c) if it considers desirable or expedient so to do for avoiding genuine hardship in any case or class of cases, by general or special order for reasons to be specified therein, relax any requirement contained in any of the provisions of Chapter IV or VIII, where the assessee has failed to comply with any requirement specified in such provision for claiming deduction thereunder, subject to the following conditions:— 10

(i) the default in complying with such requirement was due to circumstances beyond the control of the assessee; and 15

(ii) the assessee has complied with such requirement before the completion of assessment in relation to the tax year in which such deduction is claimed.

(4) The Central Government shall cause every order issued under sub-section (3)(c) to be laid before each House of Parliament. 20

Taxpayer's
Charter.

240. The Board shall adopt and declare a Charter for Taxpayers and issue such orders, instructions, directions or guidelines to other income-tax authorities as it considers fit for the administration of such Charter.

Jurisdiction of
income-tax
authorities.

241. (1) The income-tax authorities shall exercise all or any of the powers and perform all or any of the functions conferred on, or assigned to, such authorities under this Act as per such directions as the Board may issue for the exercise of the powers and performance of the functions by all or any of those authorities. 25

(2) Any income-tax authority, being an authority higher in rank, may, if so directed by the Board, exercise the powers and perform the functions of an income-tax authority lower in rank and any such direction issued by the Board shall be deemed to be a direction issued under sub-section (1). 30

(3) The directions of the Board under sub-section (1) may authorise any other income-tax authority to issue orders in writing for the exercise of the powers and performance of the functions by all or any of the other income-tax authorities who are subordinate to it. 35

(4) In issuing the directions or orders referred to in sub-sections (1), (2) and (3), the Board or other income-tax authority authorised by it may have regard to any one or more of the following criteria:—

(a) territorial area; 40

(b) persons or classes of persons;

(c) incomes or classes of income; and

(d) cases or classes of cases.

(5) Without prejudice to sub-sections (1), (2) and (3), the Board may, by general or special order, subject to such conditions, restrictions or limitations as specified therein— 45

(a) authorise any Principal Director General or Director General or Principal Director or Director to perform such functions of any other income-tax authority as may be assigned to him by the Board;

(b) empower the specified income-tax authority to issue orders in writing that the powers and functions assigned to the Assessing Officer under this Act in respect of any specified area, or persons or classes of persons, or incomes or classes of income, or cases or classes of cases, shall be exercised or performed by an Additional Commissioner or an Additional Director or a Joint Commissioner or a Joint Director.

(6) Where any order is made under sub-section (5)(b), references in any other provision of this Act or in any rule made thereunder, to the Assessing Officer shall be deemed to be references to such Additional Commissioner or Additional Director or Joint Commissioner or Joint Director by whom the powers and functions are to be exercised or performed under such order, and any provision of this Act requiring approval or sanction of the Joint Commissioner shall not apply.

(7) The directions and orders referred to in sub-sections (1), (2) and (3) may, wherever considered necessary or appropriate for the proper management of work, require two or more Assessing Officers (whether or not of the same class) to exercise and perform, concurrently, the powers and functions in respect of any area, or persons or classes of persons, or incomes or classes of income, or cases or classes of cases, and—

(a) where such powers and functions are exercised and performed concurrently by the Assessing Officers of different classes, any authority lower in rank amongst them shall exercise the powers and perform the functions as any higher authority amongst them may direct; and

(b) references in any other provision of this Act or in any rule made thereunder to the Assessing Officer shall be deemed to be references to such higher authority and any provision of this Act requiring approval or sanction of any such authority shall not apply.

(8) Irrespective of anything contained in any direction or order issued under this section, or in section 242, the Board may, by notification, issue any direction for the purposes of furnishing of the return of income or the doing of any other act or thing under this Act or any rule made thereunder by any person or class of persons.

(9) The income-tax authority exercising and performing the powers and functions in relation to the person or class of persons referred to in sub-section (8) shall be such authority as specified in the notification issued under that sub-section.

242. (1) Where an Assessing Officer has been vested with jurisdiction over any area by virtue of any direction or order issued under section 241(1) or (2) or (3), he shall have jurisdiction within the limits of such area,—

Jurisdiction of
Assessing
Officers.

(a) in respect of any person carrying on a business or profession, if the place at which he carries on his business or profession is situated within the area, or where his business or profession is carried on in more places than one, if the principal place of his business or profession is situated within the area; and

(b) in respect of any other person residing within the area.

(2) Where a question arises under this section as to whether an Assessing Officer has jurisdiction to assess any person, the question shall be determined by the specified income-tax authority.

(3) Where under this section, a question arises relating to areas within the jurisdiction of different specified income-tax authorities, the question shall be determined—

(a) by the concerned specified income-tax authority concerned; or

(b) if they are not in agreement, by the Board or by such specified income-tax authority as the Board may, by notification, specify. 5

(4) No person shall call in question the jurisdiction of an Assessing Officer,—

(a) where he has made a return under section 263(1), after the expiry of one month from the date on which he was served with a notice under section 268(1) or 270(8) or after the completion of the assessment, whichever is earlier; 10

(b) where he has made no such return, after the expiry of the time allowed by the notice under section 268(1) or 280(2) for the making of the return or by the notice under section 271(2) to show cause why the assessment should not be completed to the best of the judgment of the Assessing Officer, whichever is earlier; 15

(c) where an action has been taken under section 247 or 248, after the expiry of one month from the date on which he was served with a notice under section 153C(2) of the Income-tax Act, 1961 or section 294(1)(a) or after the completion of the assessment, whichever is earlier. 20

(5) Subject to the provisions of sub-section (4), where an assessee calls in question the jurisdiction of an Assessing Officer, then the Assessing Officer shall, if not satisfied with the correctness of the claim, refer the matter for determination under sub-section (2) or (3) before the assessment is made.

(6) Irrespective of anything contained in this section or in any direction or order issued under section 241, every Assessing Officer shall have all the powers conferred under this Act on an Assessing Officer in respect of the income accruing or arising or received within the area, if any, over which he has been vested with jurisdiction by virtue of the directions or orders issued under section 241(1) or (2) or (3) or section (4). 30

Power to transfer cases.

243. (1) The specified income-tax authority may transfer any case from one or more Assessing Officers subordinate to him (whether with or without concurrent jurisdiction) to any other Assessing Officer or Assessing Officers (whether with or without concurrent jurisdiction) subordinate to him.

(2) If the Assessing Officer or Assessing Officers, from whom the case is to be transferred and the Assessing Officer or Assessing Officers, to whom the case is to be transferred are not subordinate to the same specified income-tax authority, and the concerned specified income-tax authorities— 35

(a) are in agreement, then the specified income-tax authority from whose jurisdiction the case is to be transferred may pass the order; 40

(b) are not in agreement, the order transferring the case may be passed by the Board or any such specified income-tax authority as the Board may, by notification, specify.

(3) The order of transfer under sub-section (1) or (2) may be passed by the specified income-tax authority after giving the assessee a reasonable opportunity of being heard wherever it is possible to do so and after recording his reasons therefor. 45

(4) Nothing in sub-section (1) or (2) or (3) shall be considered to require any opportunity of being heard to be given, where the transfer is from any Assessing Officer or Assessing Officers (whether with or without concurrent jurisdiction) to any other Assessing Officer or Assessing Officers (whether with or without concurrent jurisdiction) and the offices of all such officers are situated in the same city, locality or place.

(5) The transfer of a case under sub-section (1) or (2) may be made at any stage of the proceedings, and it shall not be necessary to re-issue any notice already issued by the Assessing Officer or Assessing Officers from whom the case is transferred.

(6) For the purposes of section 241 and this section, “case”, in relation to any person whose name is specified in any order or direction issued thereunder, means all proceedings under this Act in respect of any year, which may—

(a) be pending on the date of that order or direction; or

(b) have been completed on or before such date; or

(c) be commenced after the date of such order or direction in respect of any year.

(7) For the purposes of sections 241, 242 and this section, “specified income-tax authority” means the Principal Director General or Director General or Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner.

244. (1) Whenever, in respect of any proceeding under this Act, an income-tax authority ceases to exercise jurisdiction and is succeeded by another who has and exercises jurisdiction, the income-tax authority so succeeding may continue the proceeding from the stage at which the proceeding was left by his predecessor.

Change of incumbent of an office.

(2) Before the proceeding referred to in sub-section (1) is so continued, the assessee concerned may demand that—

(a) the previous proceeding or any part thereof be reopened; or

(b) he be reheard before any order of assessment is passed against him.

245. (1) The exercise of following powers for the purposes mentioned in sub-section (2) shall be as per a Scheme made by the Central Government:—

Faceless jurisdiction of income-tax authorities.

(a) all or any of the powers and performance of all or any of the functions conferred on, or, assigned to, income-tax authorities under this Act referred to in section 241; or

(b) vesting the jurisdiction with the Assessing Officer under section 242; or

(c) power to transfer cases under section 243; or

(d) exercise of jurisdiction in case of change of incumbency under section 244.

(2) The purposes of the Scheme referred to in sub-section (1) shall be to impart greater efficiency, transparency and accountability by—

(a) eliminating the interface between the income-tax authority and the assessee or any other person, to the extent technologically feasible;

(b) optimising utilisation of the resources through economies of scale and functional specialisation;

(c) introducing a team-based exercise of powers and performance of functions by two or more income-tax authorities, concurrently, in respect of any area, or persons or classes of persons, or incomes or classes of income, or cases or classes of cases, with dynamic jurisdiction.

(3) The Central Government may, for the purpose of giving effect to the Scheme made under sub-section (1), by notification, direct that any of the provisions of this Act shall not apply or shall apply with such exceptions, modifications and adaptations as specified in such notification. 5

(4) Every notification issued under sub-sections (1) and (3) shall, as soon as may be after the notification is issued, be laid before each House of Parliament. 10

B.—Powers

Power regarding
discovery,
production of
evidence, etc.

246. (1) The Assessing Officer, Joint Commissioner, Joint Commissioner (Appeals), Commissioner (Appeals), Commissioner or Principal Commissioner, or Chief Commissioner or Principal Chief Commissioner and the Dispute Resolution Panel referred to in section 275(17)(a), shall, for the purposes of this Act, have the same powers as are vested in a court under the Code of Civil Procedure, 1908, when trying a suit in respect of the following matters:— 15 5 of 1908.

(a) discovery and inspection;

(b) enforcing the attendance of any person, including any officer of a banking company and examining him on oath; 20

(c) compelling the production of books of account and other documents; and

(d) issuing commissions.

(2) The powers conferred under sub-section (1) may also be exercised, in respect of any person or class of persons, even when there are no proceedings pending with respect to such person or class of persons, by the following income-tax authorities:— 25

(a) any income-tax authority (not below the rank of Assistant Commissioner of Income-tax) notified by the Board, for the purposes of making any inquiry or investigation in relation to an agreement referred to in section 159; 30

(b) the Principal Director General or Director General or Principal Director or Director or Joint Director or Assistant Director for the purposes of making any inquiry or investigation, if he has the reason to suspect that any income has been concealed, or is likely to be concealed; and 35

(c) the authorised officer referred to in section 247(1), before taking action under section 247(1)(b)(i) to (viii), or during the course of such action.

(3) Any income-tax authority exercising the powers referred to in sub-sections (1) and (2) may, subject to the rules made in this behalf, impound any books of account or other documents produced before it in any proceeding under this Act. 40

(4) The Assessing Officer or the Assistant Director shall record the reasons for impounding any books of account or other documents under sub-section (3) and may retain such impounded books of account or other documents up to fifteen days (exclusive of holidays), or for such further period, with the prior sanction of the approving authority. 45

247. (I) Where the competent authority, in consequence of information in his possession, has reason to believe that—

(a) any person to whom a summons under section 246(I) or a notice under section 268(I),—

5 (i) was issued to produce, or cause to be produced, any books of account or other documents or any information stored in any electronic media or a computer system, has omitted or failed to produce, or cause to be produced, such books of account or other documents or such information as required by such summons or notice; or

10 (ii) has been issued or might be issued, will not, or would not, produce or cause to be produced, any books of account or other documents or any information stored in an electronic media or a computer system which will be useful for, or relevant to, any proceedings under this Act; or

15 (b) any person is in possession of any asset or information in relation to any asset and such asset represents either wholly or partly, income or property which has not been, or would not be, disclosed, for the purposes of this Act, or the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015, (herein referred to as the undisclosed income or property in this section),

22 of 2015.

20 then the approving authority may authorise any Joint Director or Joint Commissioner or Assistant Director or Assistant Commissioner or Income-tax Officer, or any Joint Director or Joint Commissioner, so authorised, may authorise any Assistant Director or Assistant Commissioner or Income-tax Officer, hereinafter referred to as the authorised officer to—

(i) enter and search any building, place, vessel, vehicle, aircraft where he has reason to suspect that such assets, books of account, other documents, or any information stored in an electronic media or computer systems are kept;

30 (ii) require any person, who is found to be in possession or control of any books of account or other documents maintained in the form of electronic record [as defined in section 2(I)(ha), (i), (j), (k), (l), (r), and (t) of the Information Technology Act, 2000], on computer systems, any information stored in an electronic media or computer systems, to afford the authorised officer with such reasonable technical and other assistance (including access code, by whatever name called) as may be necessary to enable the authorised officer to inspect any information, electronic records and communication or data contained in or available on such computer systems;

21 of 2000.

40 (iii) break open the lock of any door, box, locker, safe, almirah, or other receptacle for exercising the powers conferred by clause (i), to enter and search any building, place, etc., where the keys thereof or the access to such building, place, etc., is not available, or gain access by overriding the access code to any said computer system, or virtual digital space, where the access code thereof is not available;

45 (iv) search any person who has got out of, or is about to get into, or is in, the building, place, vessel, vehicle or aircraft, if the authorised officer has reason to suspect that such person has secreted about his person any such books of account, other documents, computer systems or asset;

50 (v) place marks of identification on any books of account or other documents or make or cause to be made extracts or copies therefrom and also from computer systems;

(vi) make a note or an inventory of any such asset, and stock-in-trade of the business, found as a result of such search;

(vii) seize any such books of account, other documents, computer systems, or asset (other than stock-in-trade of the business), found as a result of such search;

(viii) serve an order of deemed seizure, on the owner or the person who is in immediate possession or control thereof, of any valuable article or thing, which is not stock-in-trade, not to remove, part with or otherwise deal with it, except with the previous permission of the authorised officer, if it is not possible or practicable to take physical possession or removal to a safe place of such article or thing, due to its volume, weight, or other physical characteristics or it being of a dangerous nature. 10

(2) If any building, place, vessel, vehicle or aircraft referred to in sub-section (1)(i) is within the area of jurisdiction of any Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner, but such income-tax authority has no jurisdiction over the person referred to in sub-section (1)(a) or (b), then, irrespective of the fact that he has no jurisdiction, it shall be competent for him to exercise the powers under sub-section (1), where he has reason to believe that any delay in getting the authorisation from the income-tax authority having jurisdiction over such person may be prejudicial to the interests of the revenue. 15

(3) If any Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner, in consequence of information in his possession, has reason to suspect that any books of account, other documents, or any information stored in an electronic media or computer systems, or asset in respect of which an officer has been authorised by the competent authority to take action under sub-section (1)(i) to (viii) are or is kept in any building, place, vessel, vehicle or aircraft not mentioned in the authorisation under sub-section (1), then such Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner may, irrespective of anything contained in section 241, authorise the said officer to take action under any of the clauses aforesaid in respect of such building, place, vessel, vehicle or aircraft. 20 25

(4) The authorised officer may, where it is not practicable to seize, any such books of account, other documents, computer systems, asset, bank locker, bank account, for reasons other than deemed seizure under of sub-section (1) (viii),— 30

(a) serve an order on the owner or the person who is in immediate possession or control thereof, not to remove, part with or otherwise deal with it except with the previous permission of such officer and take such steps as may be necessary for ensuring compliance with the order; and 35

(b) such order shall not remain in force for a period exceeding sixty days from the date of the order and serving of such order shall not be deemed to be seizure of such books of account, other documents or assets under sub-section (1)(vii), 40

(5) The authorised officer may requisition the services of—

(a) any police officer or any officer of the Central Government, or of both; or

(b) any person or entity as may be approved by the Principal Chief Commissioner or the Chief Commissioner or the Principal Director General or the Director General, as per with such procedure, as prescribed, 45

to assist him for all or any of the purposes specified in sub-sections (1) and (3) and it shall be the duty of every such officer or person or entity to comply with such requisition.

(6) The authorised officer may, during the course of any search or seizure, examine on oath any person who is found to be in possession or control or access holder of any computer systems, books of account, other documents or asset, or any other person who is present in the premises or is being searched, and—

5 (a) any statement made by the such person, during such examination may thereafter be used in evidence in any proceeding under this Act; and

 (b) the examination of any such person may be not merely in respect of any books of account, other documents or assets found as a result of the search, but also in respect of all matters relevant for the purposes of any investigation
10 connected with any proceeding under this Act.

(7) Where any books of account (in physical form or electronic form), other documents or asset, is found in the possession or control of any person in the course of a search, it may be presumed—

15 (a) that such books of account, computer systems, virtual digital space, other documents or asset, belong or belongs to such person;

 (b) that the contents of such books of account, other documents, electronic content, records or communication found on such computer systems or virtual digital space, are true;

20 (c) that the signature and every other part of such books of account and other documents which purport to be in the handwriting of any particular person or which may reasonably be assumed to have been signed by, or to be in the handwriting of, any particular person, are in the handwriting of that person; and

25 (d) in the case of a document stamped, executed or attested, that it was duly stamped and executed or attested by the person by whom it purports to have been so executed or attested, and that the electronic records, data, communication, and information exchange carried out using such electronic devices is presumed to be exchanged between the parties thereto.

30 (8) The authorised officer may, by order in writing, provisionally attach any property belonging to the assessee, during the course of the search or seizure, or within sixty days from the date of execution of the last of the authorisations for the search and such provisional attachment shall—

35 (a) be made, if the authorised officer is satisfied, after recording the reasons in writing, that it is necessary to do so in the interest of the revenue, with the prior approval of Principal Director General or Director General or the Principal Director or Director;

 (b) be valid for six months from the end of the month in which the order of provisional attachment is made, and the rules prescribed as referred to in section 413 shall, *mutatis mutandis*, apply to such provisional attachment.

40 (9) The authorised officer may, during the course of the search or seizure, or within sixty days from the date on which the last of the authorisations for search was executed, make a reference to a Valuation Officer, or any person registered as a value under section 514, or any person or entity registered by or under any law enforce, requiring him to—

45 (a) estimate the fair market value of the property in the manner, as prescribed; and

 (b) submit a report of the estimate to the authorised officer or the Assessing Officer, within sixty days from the date of receipt of such reference.

(10) The provisions of the Bharatiya Nagarik Suraksha Sanhita, 2023 relating to searches and seizure shall apply, so far as may be, to search and seizure under this section.

46 of 2023.

(11) The Board may make rules in relation to any search or seizure under this section including providing for the procedure to be followed by the authorised officer—

(a) for obtaining ingress into any building, place, vessel, vehicle or aircraft to be searched where free ingress thereto is not available; and

(b) for ensuring safe custody of any books of account or other documents or assets seized.

Powers to
requisition.

248. (1) Where the approving authority, in consequence of information in his possession, has reason to believe that—

(a) any person to whom a summons under section 246(1), or notice under section 268(1) was issued to produce, or cause to be produced, any books of account or other documents or any information stored in an electronic media or a computer systems has omitted or failed to produce, or cause to be produced, such books of account or other documents, or any information stored in an electronic media or a computer systems as required by such summons or notice and the said books of account or other documents or such electronic media or computer systems have been taken into custody by any officer or authority under any other law in force; or

(b) any books of account or other documents or any information stored in an electronic media or a computer systems will be useful for, or relevant to, any proceeding under this Act and any person to whom a summons or notice as aforesaid has been or might be issued will not, or would not, produce or cause to be produced, such books of account or other documents or any information stored in an electronic media or a computer system on the return of such books of account or other documents or such electronic media or computer system by any officer or authority by whom or which such books of account or other documents or such electronic media or computer system have been taken into custody under any other law in force; or

(c) any assets represent either wholly or partly income or property which has not been, or would not have been, disclosed for the purposes of this Act by any person from whose possession or control such assets have been taken into custody by any officer or authority under any other law in force,

then, the approving authority may authorise any, Joint Director or Joint Commissioner or Assistant Director or Assistant Commissioner or Income-tax Officer (hereinafter in this section and in section 489(2) referred to as the requisitioning officer) to require the officer or authority referred to in clause (a) or (b) or (c), to deliver such assets or books of account, other documents or such electronic media or computer system to the requisitioning officer.

(2) On a requisition being made under sub-section (1), the officer or authority referred to in clause (a) or (b) or (c), of that sub-section, shall deliver such assets or books of account or other documents or electronic media or computer system to the requisitioning officer either forthwith or when such officer or authority is of the opinion that it is no longer necessary to retain the same in his or its custody.

(3) Where any assets or books of account or other documents or electronic media or computer system have been delivered to the requisitioning officer, the provisions of sections 247(7) to (11), 250 and 251 shall, so far as may be, apply as

if such books of account or other documents or electronic media or computer system or assets had been seized under section 247 by the requisitioning officer from the custody of the person referred to in sub-section (1) (a) or (b) or (c), and as if for the words “the authorised officer”, occurring in any of the aforesaid sections 247(7) to (11), 250 and 251, the words “the requisitioning officer” were substituted.

249. The reason to believe or reason to suspect, as referred to in section 247 or 248, recorded by the income-tax authority shall not be disclosed to any person or authority or the Appellate Tribunal.

Reasons not to be disclosed.

250. (1) The Assessing Officer may recover the tax liability (including penalty or interest payable other than advance tax) out of the assets seized under section 247 or requisitioned under section 248, and such liability shall be the aggregate of—

Application of seized or requisitioned assets.

43 of 1961.
22 of 2015. 15 (a) any existing liability under this Act, or under the Income-tax Act, 1961 or the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015;

(b) any liability determined under this Act or under the Acts referred to in clause (a), up to the date of completion of the assessment or reassessment or recomputation in consequence to the search or the requisition;

43 of 1961. 20 (c) any liability in respect of which such person is in default or deemed to be in default under this Act or under the Income-tax Act, 1961, determined on or after the completion of the assessment or reassessment or recomputation in consequence of the search or the requisition, and till the date of release of the assets; and

43 of 1961. 25 (d) any liability arising on an application made before the Interim Board of Settlement under section 245C(1) of the Income-tax Act, 1961.

(2) The Assessing Officer may release the assets seized or portion of such asset to the person from whose custody the assets were seized, on an application made by the person concerned within thirty days from the end of the month in which the asset was seized, after fulfilment of the following requirements:—

30 (a) satisfying himself about the nature and source of acquisition of any such asset;

(b) recovering any existing liability referred to in sub-section (1);

(c) obtaining prior approval of the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner.

35 (3) The assets referred to in sub-section (2) shall be released within one hundred and twenty days from the date on which the last of the authorisations for the search or requisition was executed.

40 (4) If the assets consist solely of money, or partly of money and partly of other assets, the Assessing Officer may apply such money in the discharge of the liabilities referred to in sub-section (1) and the assessee shall be discharged of such liability to the extent of the money so applied.

45 (5) The assets, other than money, may also be applied for discharge of liabilities referred to in sub-section (1) as remains undischarged and shall be deemed to be under distraint as if such distraint was effected by the Assessing Officer or Tax Recovery Officer under authorisation from the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner and the recovery of any liability out of such assets shall be effected in the manner as prescribed.

(6) The mode of recovery of liabilities under sub-section (1) shall not preclude the recovery of liabilities aforesaid by any other mode laid down in this Act.

(7) Any assets or proceeds thereof, which remain after the liabilities referred to in sub-section (1) are discharged shall be forthwith made over or paid to the concerned person.

(8) The Central Government shall pay simple interest at the rate of 0.5% for every month or part of a month for the period on the amount determined in accordance with the following formula:—

$$(A-B)+(C-D)$$

where —

A = the aggregate amount of money seized under section 247 or requisitioned under section 248;

B = the amount of money, if any, released under sub-section (2);

C = the proceeds, if any, of the assets sold towards the discharge of the liability under sub-section (1); and

D = the aggregate amount required to meet the liabilities referred to in sub-section (1).

(9) The interest referred to in sub-section (8) shall run from the date immediately following the expiry of one hundred and twenty days from the date on which the last of the authorisations for the search under section 247 or requisition under section 248, was executed to the date of completion of the assessment or reassessment or recomputation.

251. (1) Where, the authorised officer, referred to in section 247(1)(b) has no jurisdiction over the person from whom the assets or books of account or other documents or electronic media or computer system were seized or requisitioned under section 247(1) or 248, he shall hand over the seized or requisitioned assets or books of account or other documents or electronic media or computer system to the Assessing Officer having jurisdiction over such person and such Assessing Officer thereupon shall exercise the powers under sub-sections (2) to (4).

(2) The authorised officer or the Assessing Officer referred in sub-section (1), shall, on an application made by the person referred to therein, allow him to make copies or take extracts from, the material seized or requisitioned, at such place and time as appointed, and in the presence of a person empowered by such officer in this behalf.

(3) The authorised officer may—

(a) retain the material seized or requisitioned, under section 247 or 248, up to one month from the end of the quarter in which the order of assessment or reassessment or recomputation is made;

(b) retain such material seized or requisitioned, beyond the period specified in clause (a), after recording reasons in writing and obtaining approval from the approving authority.

(4) The approving authority shall not allow the retention of material seized or requisitioned, beyond thirty days from the date on which all proceedings under this Act in respect of the years for which the material seized or requisitioned are relevant, are completed.

Copying,
extraction,
retention and
release of books
of account and
documents
seized or
requisitioned.

(5) If a person legally entitled to the material seized or requisitioned under section 247(1) or section 248, objects for any reason, to the approval given by approving authority under sub-section (3)(b), he may make an application to the Board stating therein the reasons for such objection and requesting for the return of the material seized or requisitioned and the Board may, after giving the applicant an opportunity of being heard, pass such orders as it thinks fit.

252. (1) The Assessing Officer, the Joint Commissioner or the Joint Commissioner (Appeals) or the Commissioner (Appeals) may, for the purposes of this Act, require any—

Power to call for information.

(a) person, including a banking company or any officer thereof, to furnish, within such time, requisite information or to furnish statements of account and affairs verified in such manner specified by such authority, giving such information in relation to such matters as, in the opinion of such authority, will be useful for, or relevant to, any enquiry or proceedings under this Act;

(b) firm to furnish him with a return of the names and addresses of the partners of the firm and their respective shares;

(c) Hindu undivided family to furnish him with a return of the names and addresses of the manager and the members of the family;

(d) person whom he has reason to believe to be a trustee, guardian or agent, to furnish him with a return of the names of the persons for or of whom he is trustee, guardian or agent, and of their addresses;

(e) assessee to furnish a statement of the names and addresses of all persons to whom he has paid in any tax year, rent, interest, commission, royalty or brokerage, or any annuity, not being any annuity taxable under the head “Salaries” amounting to more than ten thousand rupees, or such higher amount as prescribed, together with particulars of all such payments made;

(f) dealer, broker or agent or any person concerned in the management of a stock or commodity exchange to furnish a statement of the names and addresses of all persons to whom he or the exchange has paid any sum in connection with the transfer, whether by way of sale, exchange or otherwise, of assets, or on whose behalf or from whom he or the exchange has received any such sum, together with particulars of all such payments and receipts.

(2) The powers conferred under sub-section (1)(a) may also be exercised by the competent authority or the Assistant Director.

(3) The powers under sub-section (1)—

(a) shall not be exercised by any income-tax authority below the rank of Principal Director or Director or Principal Commissioner or Commissioner, other than the Joint Director or Assistant Director, without the prior approval of the Principal Director or Director or, as the case may be, the Principal Commissioner or Commissioner, in a case where no proceeding is pending.

(b) may be exercised by an income-tax authority notified under section 246(2)(a), for the purposes of an agreement referred to in section 159, even if no proceedings are pending before it or any other income-tax authority.

253. (1) Irrespective of anything contained in any other provision of this Act, an income-tax authority may enter any place at which a business or profession, or activity for charitable purpose is carried on, whether such place be the principal place or not of such business or profession or of such activity for charitable purpose, where such place—

5

(a) is within the limits of the area assigned to such authority; or

(b) is occupied by any person in respect of whom such authority exercises jurisdiction; or

(c) in respect of which such authority is authorised for the purposes of this section by income-tax authority, who is assigned the area within which such place is situated or who exercises jurisdiction in respect of any person occupying such place,

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and, upon entry into such a place, may require any proprietor, trustee, employee or any other person who may at that time and place be attending in any manner to, or helping in, the carrying on of such business or profession or such activity for charitable purpose—

15

(i) to provide the necessary technical and other assistance (including access code) to enable the inspection of such books of account or other documents, or computer system, or any other material connected with such system including virtual digital space, as may be required and which may be available at such place;

20

(ii) to provide the necessary facility to check or verify the asset, stock, which may be found therein; and

(iii) to furnish such information as such authority may require as to any matter which may be useful for, or relevant to, any proceeding under this Act.

25

(2) For the purposes of this section, a place where a business or profession, or activity for charitable purpose is carried on shall also include any other place, whether any business or profession or activity for charitable purpose is carried on therein or not, in which the person carrying on such business or profession or activity for charitable purpose states that any of his books of account or other documents or any part of his cash or stock or other valuable article or thing or computer system relating to such business or profession or activity for charitable purpose, are or is kept.

30

(3) An income-tax authority may enter any place of business or profession or activity for charitable purpose referred to in sub-section (1), only during the hours at which such place is open for the conduct of business or profession or activity for charitable purpose and, in the case of any other place, only after sunrise and before sunset.

35

(4) An income-tax authority acting under this section may, for the purposes of verifying that tax has been deducted or collected at source as per the provisions of Chapter XIX-B of this Act, after sunrise and before sunset, enter—

40

(a) any office, or any other place where business or profession or activity for charitable purpose is carried on, within the limits of the area assigned to such authority; or

(b) any place in respect of which such authority is authorised for the purposes of this section by an income-tax authority who is assigned the area within which such place is situated or where books of account or documents are kept,

45

and on entry to such office or place, the income-tax authority may require the deductor or the collector or any other person who may at that time and place be attending in any manner to such work—

50

(i) to provide the necessary facility to inspect such books of account or other documents, and access to electronic media or computer system, or virtual digital space, as may be required; and

(ii) to furnish such information as may be required in relation to such matter.

5 (5) An income-tax authority acting under this section may—

(a) place marks of identification on the books of account or other documents inspected by such authority and make or cause to be made extracts or copies therefrom or from electronic media or computer system;

10 (b) record the statement of any person on oath which may be useful for, or relevant to, any proceeding under this Act;

(c) impound and retain in custody any books of account or other documents inspected by it, after recording reasons for doing so, for a period—

(i) of fifteen days (exclusive of holidays); or

15 (ii) exceeding fifteen days (exclusive of holidays) with the prior approval of the approving authority;

(d) make an inventory of any asset or stock checked or verified by such authority.

(6) The income-tax authority acting under sub-section (4) shall only undertake the actions referred under sub-sections (5)(a) and (5)(b).

20 (7) An income-tax authority acting under this section shall, on no account, remove or cause to be removed from the place wherein it has entered, any asset or stock.

25 (8) The income-tax authority having regard to the nature and scale of expenditure incurred, for the purposes of verifying the expenditure made by the person in connection with any function, ceremony or event, if it is of the opinion that it is necessary and expedient to do so, after such function, ceremony or event, may—

30 (a) require the person by whom such expenditure has been incurred or any other person who is likely to possess the information regarding such expenditure, to furnish such information which may be useful for, or relevant to, any proceeding under this Act;

(b) record the statements of the person or any other person on oath in this behalf; and

(c) any statement so recorded may thereafter be used as evidence in any proceeding under this Act.

35 (9) If a person is required to provide facility to the income-tax authority to inspect books of account or other documents in any form or to check or verify any cash, stock or other valuable article or thing or to furnish any information or to have his statement recorded, either refuses or evades to do so, the income-tax authority shall have all the powers under section 246(I) for enforcing compliance with the requirement.

40 (10) The action under this section shall be taken by an income-tax authority with the prior approval of the Principal Director General or the Director General or the Principal Chief Commissioner or the Chief Commissioner.

(11) In this section, “income-tax authority” means—

45 (a) a Principal Commissioner or Commissioner, a Principal Director or Director, a Joint Commissioner or Joint Director, an Assistant Director or a Deputy Director or an Assessing Officer, or a Tax Recovery Officer; and

(b) includes an Inspector of Income-tax, for the purposes of sub-sections, (1)(i), (5)(a) and (8),

who is subordinate to the Principal Director General or the Director General or the Principal Chief Commissioner or the Chief Commissioner, as specified by the Board. 5

Power to collect certain information.

254. (1) Irrespective of anything contained in any other provision of this Act, an income-tax authority may, for the purposes of collecting any information which may be useful for, or relevant to, the purposes of this Act, enter—

(a) any building or place within the limits of the area assigned to such authority; or 10

(b) any building or place occupied by any person in respect of whom such authority exercises jurisdiction,

at which a business or profession is carried on, regardless of the fact that such place be the principal place or not of such business or profession and require any proprietor or employee or any other person, who may at that time and place, be attending in any manner to, or helping in, or carrying on of such business or profession, to furnish such information as prescribed. 15

(2) The income-tax authority may enter any place of business or profession referred to in sub-section (1) only during the hours at which such place is open for the conduct of business or profession. 20

(3) The income-tax authority acting under this section shall, on no account, remove or cause to be removed from the building or place wherein it has entered, any books of account or other documents or any cash or stock or other valuable article or thing.

(4) In this section, “income-tax authority” means— 25

(a) a Joint Commissioner, or a Joint Director or an Assistant Director or an Assessing Officer; and

(b) an Inspector of Income-tax, authorised by the Assessing Officer to exercise the powers conferred under this section in relation to the area in respect of which the Assessing Officer exercises jurisdiction or part thereof. 30

Power to inspect registers of companies.

255. The Assessing Officer, assessment unit, verification unit, the Joint Commissioner or the Joint Commissioner (Appeals) or the Commissioner (Appeals), or any person subordinate thereof and authorised in writing in this behalf by such officer or authority, may inspect, and if necessary, take copies, or cause copies to be taken, of any register of the members, debenture holders or mortgagees of any company or of any entry in such register. 35

Power of competent authority.

256. The competent authority shall be competent to make any enquiry under this Act, and for this purpose, shall have all the powers that an Assessing Officer has under this Act in relation to the making of enquiries.

Proceedings before income-tax authorities to be judicial proceedings.

257. (1) Any proceeding under this Act before an income-tax authority shall be deemed to be a judicial proceeding within the meaning of sections 229 and 267 and for the purposes of section 233 of the Bharatiya Nyaya Sanhita, 2023. 40 45 of 2023.

(2) Every income-tax authority shall be deemed to be a Civil Court for the purposes of section 215 of the Bharatiya Nagarik Suraksha Sanhita, 2023. 46 of 2023.

Disclosure of information relating to assessee.

258. (1) The Board or any other income-tax authority specified by it by an order in this behalf, may furnish or cause to be furnished to— 45

42 of 1999.

(a) any officer, authority or body performing any functions under any law relating to the imposition of any tax, duty or cess, or dealings in foreign exchange as defined in section 2(n) of the Foreign Exchange Management Act, 1999; or

5 (b) such officer, authority or body performing functions under any other law, if in the opinion of the Central Government it is necessary so to do in the public interest, as it may specify by notification in this behalf,

any such information received or obtained by any income-tax authority in the performance of its functions under this Act, as may, in the opinion of the Board
10 or other income-tax authority, be necessary for the purpose of enabling the officer, authority or body, to perform his or its functions under that law.

(2) The Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner may furnish or cause to be furnished to a person, the information relating to any assessee received or obtained by any income-tax
15 authority in the performance of his functions under this Act,—

(a) on an application made by such person to the aforesaid authorities in the prescribed form and on being satisfied that it is in the public interest so to do; and

20 (b) the decision of the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner in this behalf, shall be final and shall not be called in question in any court of law.

(3) Irrespective of anything contained in sub-section (1) or (2) or any other law in force, the Central Government may, having regard to the practices and usages, customary or any other relevant factors, by notification, direct that no
25 information or document shall be furnished or produced by a public servant in respect of such matters relating to such class of assessee except to such authorities as specified in that notification.

259. (1) For the purposes of verification of information in the possession of the prescribed income-tax authority, such authority may issue a notice requiring
30 any person to furnish any information as may be useful for, or relevant to, any inquiry or proceeding under this Act in such form and manner and within such time, as specified in such notice.

Power to call for information by prescribed income-tax authority.

(2) The prescribed income-tax authority may process and utilise such information and document received by him as per the scheme notified under section 260.

35 **260.** (1) The Central Government may make a scheme, by notification, for the purposes of calling for information under section 252, collecting certain information under section 254, or calling for information by prescribed income-tax authority under section 259, or exercise of power to inspect register of companies under section 255, or exercise of power of Assessing Officer under section 256 so as to
40 impart greater efficiency, transparency and accountability by—

Faceless collection of information.

(a) eliminating the interface between the income-tax authority and the assessee or any other person to the extent technologically feasible;

(b) optimising utilisation of the resources through economies of scale and functional specialisation;

45 (c) introducing a team-based exercise of powers, including to call for, or collect, or process, or utilise, the information, with dynamic jurisdiction.

(2) The Central Government may, for the purpose of giving effect to this scheme made under sub-section (1), by notification, direct that any of the provisions of this Act shall not apply or shall apply with such exceptions,
50 modifications and adaptations as specified in the notification.

(3) Every notification issued under sub-sections (1) and (2) shall, as soon as may be after the notification is issued, be laid before each House of Parliament.

Interpretation.

261. For the purposes of this Chapter, the expressions—

- (a) “approving authority” means—
- (i) the Principal Director General or the Director General; or
 - (ii) the Principal Chief Commissioner or the Chief Commissioner; or
 - (iii) the Principal Director or the Director; or 5
 - (iv) the Principal Commissioner or the Commissioner;
- (b) “asset” includes any money, bullion, jewellery or other valuable article or thing, held in physical or virtual form;
- (c) “authorised officer” means— 10
- (i) the Joint Director or the Additional Director;
 - (ii) the Joint Commissioner or the Additional Commissioner;
 - (iii) the Assistant Director or the Deputy Director;
 - (iv) the Assistant Commissioner or the Deputy Commissioner; or
 - (v) the Income-tax Officer or the Tax Recovery Officer; 15
- (d) “competent authority” means— 15
- (i) the Principal Director General or the Director General; or
 - (ii) the Principal Chief Commissioner or the Chief Commissioner; or
 - (iii) the Principal Director or the Director; or
 - (iv) the Principal Commissioner or the Commissioner; or 20
 - (v) the Joint Director or the Additional Director; or
 - (vi) the Joint Commissioner or the Additional Commissioner;
- (e) “computer system” means computers, computer systems, computer networks, computer resources, communication devices, digital or electronic data storage devices, used on stand-alone mode or part of a computer system, linked through a network, or utilised through intermediaries for information creation or processing or storage or exchange, and includes the remote server or cloud server or virtual digital space; 25
- (f) “date on which the last of the authorisations for search was executed” means— 30
- (i) in the case of search, the date of conclusion of search as recorded in the last panchnama drawn in relation to any person in whose case the warrant of authorisation has been issued; or
 - (ii) in the case of requisition under section 248, the date of actual receipt of the books of account or other documents or assets by the requisitioning officer; 35
- (g) “material seized” means books of account or other documents or digital data storage devices, computer systems, and extracts seized from a person during the course of search under section 247 or requisitioned under section 248, and includes seizure of backup taken from any specialised programs like tally software, excel sheets, word files and all electronic records including data and information in the electronic form containing figures and any other relevant noting, and shall be construed to mean as book of accounts maintained by the said person; 40

43 of 1961. (h) “proceeding” means any proceeding in respect of any year, whether under the Income-tax Act, 1961 or under this Act, which may be pending on the date on which a search under section 247 or requisition under section 248 is authorised or powers under section 253 are exercised, as the case may be, or which may have been completed on or before such date and includes all proceedings under this Act or the Income-tax Act, 1961 which may be commenced after such date in respect of any year;

5 (i) “virtual digital space” means an environment, area or realm, that is constructed and experienced through computer technology and not the physical, tangible world which encompasses any digital realm that allows users to interact, communicate and perform activities using computer systems, computer networks, computer resources, communication devices, cyberspace, internet, worldwide web and emerging technologies, using data and information in the electronic form for creation or storage or exchange and includes—

(i) email servers;

(ii) social media account;

(iii) online investment account, trading account, banking account, etc.;

20 (iv) any website used for storing details of ownership of any asset;

(v) remote server or cloud servers;

(vi) digital application platforms; and

(vii) any other space of similar nature.

CHAPTER XV

25 RETURN OF INCOME

A.—Allotment of Permanent Account Number

262.(1) Every person who has not been allotted a Permanent Account Number shall, within such time as prescribed, apply to the Assessing Officer for its allotment if he fulfils any of the following conditions:—

Permanent
Account
Number.

30 (a) his total income or the total income of any other person for which he is assessable under this Act during any tax year exceeded the maximum amount not chargeable to income-tax;

(b) he is carrying on any business or profession whose total sales, turnover or gross receipts are or is likely to exceed five lakh rupees in any tax year;

35 (c) he is required to furnish a return of income under section 263 for any tax year; or

(d) he is a resident, other than an individual, which enters into a financial transaction aggregating to two lakh fifty thousand rupees or more in a tax year; or

40 (e) he is the managing director, director, partner, trustee, author, founder, karta, chief executive officer, principal officer or office bearer of the person referred to in clause (d) or any person competent to act on behalf of the person referred to in clause (d).