

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).

(2) Any person, not covered under sub-section (1) may apply to the Assessing Officer for the allotment of a Permanent Account Number after which the Assessing Officer shall allot a Permanent Account Number to such person.

(3) Every person shall quote Permanent Account Number in all his returns to, or correspondence with, any income-tax authority and in all challans for the payment of any sum due under this Act. 5

(4) Every person shall intimate the Assessing Officer of any change in his address or in the name and nature of his business on the basis of which the Permanent Account Number was allotted to him.

(5) Every person who is eligible to obtain Aadhaar number shall quote such number in the application form for allotment of Permanent Account Number and in the return of income. 10

(6)(a) Every person who has been allotted Permanent Account Number and who is eligible to obtain Aadhaar number, shall intimate his Aadhaar number to the prescribed income-tax authority in such form and manner, as prescribed; 15

(b) if a person fails to intimate his Aadhaar number as per clause (a), the Permanent Account Number allotted to that person shall be made inoperative in such manner as prescribed.

(7) Every person who is required to furnish or intimate or quote his Permanent Account Number under this Act, and who— 20

(a) has not been allotted a Permanent Account Number but possesses the Aadhaar number, may furnish or intimate or quote his Aadhaar number *in lieu* of the Permanent Account Number, and such person shall be allotted a Permanent Account Number in the manner, as prescribed;

(b) has been allotted a Permanent Account Number, and who has intimated his Aadhaar number as per sub-section (6) may furnish or intimate or quote his Aadhaar number *in lieu* of the Permanent Account Number. 25

(8) A person who has already been allotted a Permanent Account Number cannot apply, obtain or possess another Permanent Account Number.

(9)(a) Every person entering into such transaction, as prescribed, shall quote his Permanent Account Number or Aadhaar number, in the documents pertaining to such transactions and also authenticate such Permanent Account Number or Aadhaar number, in the manner, as prescribed; 30

(b) every person receiving any document relating to the transactions referred to in clause (a), shall ensure that Permanent Account Number or Aadhaar number, has been duly quoted in such document and that such Permanent Account Number or Aadhaar number is authenticated as prescribed. 35

(10) The Board may make rules providing for—

(a) the form, manner and time in which an application may be made for the allotment of Permanent Account Number and the particulars which such application shall contain; 40

(b) class or classes of persons who shall be required to apply for allotment of Permanent Account Number;

(c) categories of documents pertaining to business or profession in which Permanent Account Number shall be quoted by every person; 45

(d) the form and manner in which the person who has not been allotted a Permanent Account Number shall make his declaration;

(e) manner of authentication of Permanent Account Number or Aadhaar number;

(f) class or classes of persons to whom the provisions of this section shall not apply having regard to the transactions or the circumstances. 50

(11)(a) The Central Government may, by notification, specify any class or classes of persons who shall apply to the Assessing Officer for the allotment of Permanent Account Number within such time as mentioned in such notification;

(b) the class or classes of persons in clause (a) may include such persons—

- 5 (i) by whom tax is payable under this Act; or
- (ii) by whom any tax or duty is payable under any other law in force; or
- (iii) being importers and exporters, even when no tax is payable by them.

(12) The provisions of sub-sections (5) and (6) shall not apply to such person or class or classes of persons or any State or part of any State, as notified by the  
10 Central Government.

(13) In this section,—

(a) “Aadhaar number” shall have the same meaning as assigned to it in section 2(a) of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016;

18 of 2016.

15 (b) “Assessing Officer” includes an income-tax authority who is assigned the duty of allotting permanent account number;

(c) “authentication” means the process by which the Permanent Account Number or Aadhaar number along with demographic information or biometric information of an individual is submitted to the income-tax authority or such other authority or agency as prescribed for its verification and such authority or agency verifies the correctness, or the lack thereof, on the basis of information available with it.  
20

#### *B.—Filing of return of income and processing*

25 **263.** (1)(a) The following persons shall furnish a return of income for the tax year under this Act, on or before the due date:—

Return of  
income.

(i) a company;

(ii) a firm;

(iii) a person other than a company or a firm, if his total income or the total income of any other person in respect of which he is assessable under this Act during the tax year, without giving effect to the provisions of Chapter XVII-B or provisions of Schedule VIII (Table: Sl. No. 1) or deductions allowable under Chapter IV-E (Capital Gains) or Chapter VIII, as the case may be, exceeded the maximum amount which is not chargeable to income-tax;  
30

(iv) a specified entity if its total income without giving effect to the provisions of section 11, exceeds the maximum amount which is not chargeable to income-tax;  
35

(v) a University, college or other institution as referred to in section 45(3)(a);

(vi) a business trust;

(vii) an investment fund as referred to in section 224;

40 (viii) a person who has sustained a loss in the tax year under the head “Profits and gains of business or profession” or under the head “Capital gains” and who intends to claim that such loss, or any part thereof, is to be carried forward as per this Act;

(ix) a person who intends to make a claim of refund under Chapter XX;

45 (x) a person, who is a resident, other than not ordinarily resident, and who at any time during the tax year,—

(A) holds, as a beneficial owner or otherwise, any asset (including any financial interest in an entity) located outside India, or has signing authority in any account located outside India; or

(B) is a beneficiary of any asset (including any financial interest in an entity) located outside India, except where any income arising from such asset is includible in the income of person referred to in item (A);

(xi) a person, other than a company or firm, who during the tax year, 5  
fulfils such conditions as prescribed;

(b) for the purposes of this section, “due date” means the date of the financial year succeeding the relevant tax year as mentioned in the corresponding entry of column C of the Table below in respect of the persons mentioned in column B of the said Table below: 10

Table

Sl. No.	Person	Due date	
A	B	C	
1.	Company.	31st October.	
2.	Person (other than a company) whose accounts are required to be audited under this Act or under any other law in force.	31st October.	15
3.	Partner of a firm whose accounts are required to be audited under this Act or under any other law in force; or the spouse of such partner (if section 10 applies to such spouse).	31st October.	20
4.	Assessee, including the partners of the firm or the spouse of such partner (if section 10 applies to such spouse), who is required to furnish a report referred to in section 172.	30th November.	25
5.	Any other assessee.	31st July.	

(2)(a) The Board may make rules providing for the prescribed form for 30  
furnishing return of income, manner of its verification and such other particulars including—

(i) the class or classes of persons who shall be required to furnish the return in electronic form or otherwise;

(ii) the form and the manner in which the return may be furnished, 35  
whether in electronic form or otherwise;

(iii) the documents, statements, receipts, certificates, audited reports or any other documents which may not be furnished along with the return in electronic form but shall be produced before the Assessing Officer on demand; 40

(iv) the computer resource or the electronic record to which the return in electronic form may be transmitted;

(b) the particulars prescribed under clause (a) may also include—

(i) income exempt from tax;

(ii) assets of the prescribed nature and value held by the assessee as a 45  
beneficial owner or otherwise or in which he is a beneficiary;

(iii) bank account and credit card held by the assessee;

(iv) expenditure exceeding the prescribed limit incurred by the assessee under prescribed heads;

(v) such other outgoings as prescribed;

(vi) the report of any audit referred to in section 63 or a copy thereof;

5 (vii) the particulars of the location and style of the principal place of the business or profession and all the branches thereof;

(viii) the names and addresses of the partners, if any, in the business or profession;

10 (ix) the names of the other members of the association of person or the body of individuals and the extent of the share of the assessee and the shares of all such members, in the profits of the business or profession and any branches thereof.

(3) The Central Government may, by notification, exempt any class or classes of persons, from the obligation to file a return of income under this section,  
15 subject to the conditions specified therein.

(4) Any person who has not furnished a return within the time allowed to him under sub-section (1), may furnish the return for any tax year at any time within nine months from the end of the relevant tax year, or before the completion of the assessment, whichever is earlier.

20 (5) If any person, having furnished a return under sub-section (1) or sub-section (4), discovers any omission or any wrong statement therein, he may furnish a revised return at any time within nine months from the end of the relevant tax year, or before the completion of the assessment, whichever is earlier.

25 (6)(a) Any person, whether or not he has furnished a return under sub-section (1) or (4) or (5) for a tax year, may furnish an updated return of his income or the income of any other person in respect of which he is assessable under this Act, at any time within forty-eight months from the end of the financial year succeeding the relevant tax year;

30 (b) the provisions of clause (a) shall continue to apply for a tax year if any person has sustained a loss in the said tax year and has furnished a return of loss within the due date specified under sub-section (1) and the updated return is a return of income;

(c) the provisions of clause (a) shall not apply for a tax year for any person, if—

(i) the updated return is a return of loss;

35 (ii) the updated return has the effect of decreasing the total tax liability determined on the basis of return furnished under sub-section (1) or (4) or (5) for the said tax year;

(iii) the updated return results in refund where no refund was due or increases the refund due on the basis of return furnished under sub-section (1) or (4) or (5) for the said tax year;

40 (iv) an updated return has already been furnished;

(v) any proceeding for assessment or reassessment or recomputation or revision of income under this Act is pending or has been completed for the said tax year;

45 (vi) the Assessing Officer is in the possession of information in respect of such person for the said tax year regarding violation of specified laws and the same has been communicated to him prior to the date of furnishing of updated return;

(vii) information for the said tax year has been received under an agreement referred to in section 159 in respect of such person and the same has been communicated to him, prior to the date of furnishing of updated return;

(viii) any prosecution proceedings under the Chapter XXII have been initiated for the said tax year in respect of such person, prior to the date of furnishing of updated return; or

(ix) thirty-six months have expired from the end of the financial year succeeding the relevant tax year, and any notice to show-cause under section 281 has been issued in his case, except where an order has been passed under section 281(3) determining that it is not a fit case to issue notice under section 280; or

(x) he is such person or belongs to such class of persons, as notified by the Board in this regard;

(d) a person shall also not be eligible to furnish an updated return of income, where—

(i) a search has been initiated under section 247 or books of account or other documents or any assets are requisitioned under section 248 in the case of that person;

(ii) a survey has been conducted under section 253, other than sub-section (4) of the said section, in the case of that person; or

(iii) a notice has been issued to the effect that any money, bullion, jewellery, virtual digital asset or valuable article or thing, seized or requisitioned under section 247 or 248 in the case of any other person, belongs to that person; or

(iv) a notice has been issued to the effect that any books of account or documents, seized or requisitioned under section 247 or 248 in the case of any other person, pertain or pertains to, or any other information contained therein, relate to, that person,

for the tax year in which such search is initiated or survey is conducted or requisition is made and any tax year preceding such tax year.

(7) A return of income furnished under this section, shall be treated as defective if it is not in conformity with all the conditions as prescribed and shall be dealt with in the following manner:—

(a) where the Assessing Officer considers that the return of income furnished by the assessee is defective, he may intimate the defect to the assessee and give him an opportunity to rectify the defect within fifteen days from the date of such intimation or within a further period as may be allowed on an application made by the assessee in this behalf;

(b) if the defect is not rectified within the period allowed under clause (a), then the return shall be treated as an invalid return and the provisions of this Act shall apply as if the assessee had failed to furnish the return;

(c) where the assessee rectifies the defect after the expiry of the period allowed under clause (a), but before the assessment is made, the Assessing Officer may condone the delay and treat the return as a valid return.

(8)(a) The provisions of this section shall also apply to a return of income which is furnished in pursuance of an order passed under section 239(4)(3)(b);

(b) the provisions of this section shall not apply to a specified senior citizen, as referred to in section 402(39), for the relevant tax year in which tax has been deducted at source under section 393(1) [Table: Sl. No. 8 (iii)].

(9) In this section,—

(a) “beneficial owner”, in respect of an asset means an individual who has

provided, directly or indirectly, consideration for the asset for the immediate or future benefit, direct or indirect, of himself or any other person;

(b) “beneficiary”, in respect of an asset means an individual who derives benefit from the asset during the tax year and the consideration for such asset has been provided by any person other than such beneficiary;

(c) “specified entity” means—

- (i) research association referred to in Schedule III (Table: Sl. No. 23);
- (ii) association or institution referred to in Schedule III (Table: Sl. No. 24);
- (iii) person referred to in Schedule VII (Table: Sl. No. 2);
- (iv) institution referred to in Schedule III (Table: Sl. No. 25);
- (v) any University or other educational institution or any hospital or other medical institution referred to in Schedule VII (Table: Sl. Nos. 17, 18 and 19);
- (vi) Mutual Fund referred to in Schedule VII (Table: Sl. No. 20 and 21);
- (vii) securitisation trust referred to in Schedule III (Table: Sl. No. 26);
- (viii) Investor Protection Fund referred to in Schedule III (Table: Sl. No. 28 and 29);
- (ix) Core Settlement Guarantee Fund referred to in Schedule III (Table: Sl. No. 30);
- (x) venture capital company or venture capital fund referred to in Schedule V (Table: Sl. No. 6);
- (xi) trade union or association referred to in Schedule III (Table: Sl. No. 31);
- (xii) Board or Authority referred to in Schedule VII (Table: Sl. No. 33 and 40);
- (xiii) Body or Authority or Board or Trust or Commission (by whatever name called) referred to in Schedule III (Table: Sl. No. 36);
- (xiv) infrastructure debt fund referred to in Schedule VII (Table: Sl. No. 46);

13 of 1976.  
45 of 1988.  
15 of 2003.  
22 of 2015.

(d) “specified laws” shall refer to the Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976, or the Prohibition of *Benami* Property Transactions Act, 1988, or the Prevention of Money-laundering Act, 2002, or the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015.

**264.** (1) The Board may make a Scheme for furnishing returns of income through a tax return preparer and such Scheme shall be notified, which—

(a) may enable any specified class or classes of persons in preparing and furnishing returns of income through a tax return preparer authorised to act as such under the Scheme;

(b) may be made irrespective of provisions of section 263.

Scheme for submission of returns through tax return preparers.

(2) In this section,—

(a) “tax return preparer” means any individual, not being a person referred to in section 515(3)(a)(ii) or an employee of the “specified class or classes of persons”, who has been authorised to act as a tax return preparer under the Scheme made under this section; 5

(b) “specified class or classes of persons” means any person, other than a company or a person, whose accounts are required to be audited under section 63 or under any other law, who is required to furnish a return of income under this Act.

(3) Every notification for the Scheme referred to in sub-section (1) shall be issued as per section 534 of this Act. 10

Return by whom  
to be verified.

**265.** The return of income under section 263 required to be furnished by the person specified in column B of the Table below shall be verified by the person specified in corresponding entry in column C of the said Table:

Table 15

Sl. No.	Person furnishing return of income	To be verified	
A	B	C	
1.	An individual.	(i) By the individual himself;	
		(ii) where the individual is mentally incapacitated from attending to his affairs, by his guardian or any other person competent to act on his behalf; 20	
		(iii) where, for any other reason, it is not possible for the individual to verify the return, by any person duly authorised by him through a valid power of attorney. 25	
2.	A Hindu undivided family.	(i) By the <i>karta</i> ;	
		(ii) where the <i>karta</i> is absent from India or is mentally incapacitated from attending to his affairs, by any other adult member of such family. 30	
3.	A company [in cases other than those mentioned at serial numbers 4, 5, 6 and 7].	(i) By the managing director of the company; 35	
		(ii) where there is no managing director, or the managing director is not able to verify the return due to any unavoidable reason, by any director of the company or any other person as prescribed for verifying the return. 40	



A	B	C
4.	A company not being resident in India.	By any person holding a valid power of attorney from the company to do so.
5	5. A company which is being wound up by the Court or otherwise, or where any person has been appointed as receiver of any assets of the company.	By the liquidator as referred to in section 322(I).
10		
15	6. A company whose management has been taken over by the Central Government or any State Government under any law.	By the principal officer of the company.
20	7. A company, for which application seeking corporate insolvency resolution process has been admitted by the Adjudicating Authority under sections 7 or 9 or 10 of the Insolvency and Bankruptcy Code, 2016 (31 of 2016).	By the insolvency professional appointed by such Adjudicating Authority, where—  Note.—“Insolvency professional” and “Adjudicating Authority” shall have the same meanings as assigned to them respectively in sections 3(19) and 5(1) of the Insolvency and Bankruptcy Code, 2016 (31 of 2016).
25		
30	8. A firm.	(i) By the managing partner of the firm; (ii) where the managing partner is not able to verify the return due to any unavoidable reason, or there is no managing partner as such, by any partner of the firm, not being a minor.
35	9. A limited liability partnership.	(i) By the designated partner of the limited liability partnership; (ii) where the designated partner of the limited liability partnership is not able to verify the return due to any unavoidable reason, or where there is no designated partner, by any partner of the limited liability partnership or any other person as prescribed for verifying the return.
40		
10.	A local authority.	By the principal officer of the local authority.
45	11. A political party as referred to in section 263(I)(a)(iii).	By the chief executive officer of such political party (whether the chief executive officer is known as secretary or by any other designation).
12.	Any other association.	(i) By any member of the association; or (ii) by the principal officer of the association.
50	13. Any other person.	(i) By the person himself; or (ii) by any person competent to act on his behalf.

Self-assessment.

**266.** (1) Where, after taking into account the amounts referred to in sub-section (2), any tax is payable on the basis of any return required to be furnished under section 263 or 268 or 280 or 294, then—

(a) the assessee shall be liable to pay such tax together with interest and fee payable under any provision of this Act for any delay in furnishing the return or any default or delay in payment of advance tax, before furnishing the return; and 5

(b) the return shall be accompanied by proof of payment of tax, interest and fee.

(2) The amounts referred to in sub-section (1) shall be,— 10

(a) the amount of tax, if any, already paid under any provision of this Act;

(b) any tax deducted or collected at source;

(c) any relief of tax claimed under section 157;

(d) any relief of tax or deduction of tax claimed under section 159(1) or 160 on account of tax paid in a country outside India; 15

(e) any relief of tax claimed under section 159(2) on account of tax paid in any specified territory outside India referred to in that section;

(f) any tax credit claimed to be set off as per section 206(13); and

(g) any tax or interest payable according to the provisions of section 391(2). 20

(3) Where the amount paid by the assessee under sub-section (1) falls short of the aggregate of the tax, interest and fee as payable under the said sub-section, the amount so paid shall be adjusted towards the fee payable and thereafter towards the interest payable and the balance, if any, shall be adjusted towards the tax payable. 25

(4) For the purposes of sub-section (1), interest payable under section 423 shall be computed on the tax on the total income as declared in the return as reduced by the amount of,—

(a) advance tax, if any, paid;

(b) any tax deducted or collected at source; 30

(c) any relief of tax claimed under section 157;

(d) any relief of tax or deduction of tax claimed under section 159(1) or 160 on account of tax paid in a country outside India;

(e) any relief of tax claimed under section 159(2) on account of tax paid in any specified territory outside India referred to in that section; and 35

(f) any tax credit claimed to be set off as per the provisions of section 206(13);

(5) For the purposes of sub-section (1), interest payable under section 424 shall be computed on an amount equal to the assessed tax or, as the case may be, on the amount by which the advance tax paid falls short of the assessed tax. 40

(6) In sub-section (5), “assessed tax” means the tax on the total income as declared in the return as reduced by the amount of,—

(a) tax deducted or collected at source, as per the provisions of Chapter XIX-B, on any income which is subject to such deduction or collection and which is taken into account in computing such total income; 45

(b) any relief of tax claimed under section 157;

(c) any relief of tax or deduction of tax claimed under section 159(1) or section 160 on account of tax paid in a country outside India;

5 (d) any relief of tax claimed under section 159(2) on account of tax paid in any specified territory outside India referred to in that section; and.

(e) any tax credit claimed to be set off as per the provisions of section 206(13).

10 (7) After a regular assessment under section 270 or 271 or an assessment under section 294 has been made, any amount paid under sub-section (1) shall be deemed to have been paid towards such regular assessment or assessment.

15 (8) If any assessee fails to pay the whole or any part of such tax, interest or fee as per the provisions of sub-section (1), he shall be deemed to be an assessee in default in respect of the tax, interest or fee remaining unpaid and all the provisions of this Act shall apply accordingly.

(9) The provisions of sub-section (8) shall apply without prejudice to any other consequences which the assessee may incur.

20 **267.** (1) Where no return of income under section 263(1) or (4) has been furnished by an assessee and, after taking into account the amounts referred to in sub-section (2), tax is payable on the basis of return to be furnished by such assessee under section 263(6), then—

Tax on updated return.

25 (a) the assessee shall be liable to pay such tax together with interest and fee payable under any of the provisions of this Act for any delay in furnishing the return or any default or delay in payment of advance tax;

(b) such tax, interest and fee shall be payable along with the payment of additional income-tax computed as per sub-section (5), before furnishing the return; and

30 (c) the return shall be accompanied by proof of payment of such tax, additional income-tax, interest and fee.

(2) The amounts referred to in sub-section (1) shall be,—

(a) the amount of tax, if any, already paid as advance tax;

(b) any tax deducted or collected at source;

35 (c) any relief of tax claimed under section 157;

(d) any relief of tax or deduction of tax claimed under section 159(1) or 160 on account of tax paid in a country outside India;

(e) any relief of tax claimed under section 159(2) on account of tax paid in any specified territory outside India referred to in that section; and

40 (f) any tax credit claimed to be set off as per the provisions of section 206(13).

(3) Where, return of income under section 263(1) or (4) or (5) (referred to as earlier return) has been furnished by an assessee and, after taking into account the amounts referred to in sub-section (4) [as increased by the amount of refund, if any, issued in respect of such earlier return], tax is payable on the basis of return to be furnished by such assessee under section 263(6) then— 5

(a) the assessee shall be liable to pay such tax together with interest payable under any provision of this Act for any default or delay in payment of advance tax;

(b) such tax, interest and fee shall be payable along with the payment of additional income-tax, as computed as per sub-section (5), as reduced by the amount of interest paid under the provisions of this Act in the earlier return, before furnishing the return; and 10

(c) the return shall be accompanied by proof of payment of such tax, additional income-tax, interest and fee.

(4) The sums referred to in sub-section (3) shall be the following,— 15

(a) the amount of relief or tax referred to in section 266(1), the credit for which has been taken in the earlier return;

(b) tax deducted or collected at source, as per the provisions of Chapter XIX-B, on any income which is subject to such deduction or collection and which is taken into account in computing total income and which has not been included in the earlier return; 20

(c) any relief of tax or deduction of tax claimed under section 159(1) or 160 on account of tax paid in a country outside India on such income which has not been included in the earlier return;

(d) any relief of tax claimed under section 159(2) on account of tax paid in any specified territory outside India referred to in that section on such income which has not been included in the earlier return; and 25

(e) any tax credit claimed, to be set off as per the provisions of section 206(13), which has not been claimed in the earlier return. 30

(5) For the purposes of sub-sections (1) and (3), the additional income-tax payable at the time of furnishing the return under section 263(6) shall be equal to,—

(a) 25% of aggregate of tax and interest payable, as determined in sub-section (1) or (3), as the case may be, if such return is furnished after expiry of the time available under section 263(4) or (5) and before completion of twelve months from the end of the financial year succeeding the relevant tax year; or 35

(b) 50% of aggregate of tax and interest payable, as determined in sub-section (1) or (3), as the case may be, if such return is furnished after the expiry of twelve months but before completion of twenty-four months from the end of the financial year succeeding the relevant tax year; 40

(c) 60% of aggregate of tax and interest payable, as determined in sub-section (1) or (3), as the case may be, if such return is furnished after the expiry of twenty-four months, but before completion of thirty-six months, from the end of the financial year succeeding the relevant tax year; or

5 (d) 70% of aggregate of tax and interest payable, as determined in sub-section (1) or (3), as the case may be, if such return is furnished after the expiry of thirty-six months, but before completion of forty-eight months, from the end of the financial year succeeding the relevant tax year.

(6) For the purposes of computation of “additional income-tax” under this section, tax shall include surcharge and cess, by whatever name called, on such tax.

(7) Irrespective of anything contained in section 424(2), for the purposes of sub-section (3), interest payable under section 424 shall be computed on an amount equal to the assessed tax where, “assessed tax” means the tax on the total income as declared in the return to be furnished under section 263(6),—

15 (a) after taking into account,—

(i) the amount of relief or tax referred to in section 266(1), the credit for which has been claimed in the earlier return, if any;

(ii) tax deducted or collected at source, as per the provisions of Chapter XIX-B, on any income which is subject to such deduction or collection and which is taken into account in computing such total income, which has not been included in the earlier return;

(iii) any relief of tax or deduction of tax claimed under section 159(1) or 160 on account of tax paid in a country outside India on such income which has not been included in the earlier return;

(iv) any relief of tax claimed under section 159(2) on account of tax paid in any specified territory outside India referred to in that section on such income which has not been included in the earlier return;

30 (v) any tax credit claimed, to be set off as per section 206(13), which has not been claimed in the earlier return; and

(b) as increased by refund, if any, issued in respect of such earlier return.

(8) If any difficulty arises in giving effect to the provisions of this section, the Board may, with the previous approval of the Central Government, by notification, issue guidelines removing the difficulty.

(9) No guidelines under sub-section (8) shall be issued after the expiration of two years from the 1st April, 2026.

(10) Every guideline issued by the Board under sub-section (8) shall be laid before each House of Parliament while it is in session for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive session aforesaid, both houses agree in making any modification in such guideline or both Houses agree that the guideline, should not be issued, the guideline shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that guideline.

(11) For the purposes of this section,—

(a) interest payable under section 423, for the purposes of sub-section (1), shall be computed on the amount of tax on the total income as declared in the return, under section 263(6), as per section 266(4);

(b) interest payable under section 425, for the purposes of sub-section (3), shall be computed after taking into account the total income furnished in the return under section 263(6) as the returned income;

(c) interest payable, for the purposes of sub-section (5), shall be the interest chargeable under any provision of this Act, on the income as per return furnished under section 263(6), as reduced by interest paid, as per the earlier return, if any. 5

(12) For the purposes of sub-section (11)(c), the interest paid in the earlier return shall be *nil* if such return is an updated return referred to in sub-section (1).

## CHAPTER-XVI

### PROCEDURE FOR ASSESSMENT

10

#### A.—*Procedure for assessment*

Inquiry before  
assessment.

**268.** (1) For the purpose of making an assessment under this Act, the Assessing Officer may serve on any person who has made a return under section 263 or in whose case the time allowed under section 263(1) for furnishing the return has expired, a notice requiring him, on a date to be specified therein,— 15

(a) where such person has not made a return within the time allowed under section 263(1) or before the end of the financial year succeeding the relevant tax year, to furnish a return of his income or the income of any other person in respect of which he is assessable under this Act, in such form and verified in such manner and setting forth such other particulars as prescribed; 20

(b) to produce, or cause to be produced, such accounts or documents as the Assessing Officer may require;

(c) to furnish in writing and verified in the manner as prescribed information in such form and on such points or matters (including a statement of all assets and liabilities of the assessee, whether included in the accounts or not) as the Assessing Officer may require. 25

(2) For the purposes of sub-section (1),—

(a) the previous approval of the Joint Commissioner shall be obtained by the Assessing Officer before requiring the assessee to furnish a statement of all assets and liabilities not included in the accounts; 30

(b) the Assessing Officer shall not require the production of any accounts relating to a period more than three years prior to the relevant tax year.

(3) A notice under sub-section (1)(a) may also be served by the prescribed income-tax authority.

(4) For the purposes of obtaining full information in respect of the income or loss of any person, the Assessing Officer may make such inquiry as he considers necessary. 35

(5) If, at any stage of the proceedings before him, the Assessing Officer, having regard to—

(a) the nature and complexity of the accounts;

(b) volume of the accounts; 40

(c) doubts about the correctness of the accounts;

(d) multiplicity of transactions in the accounts; or

(e) specialised nature of business activity of the assessee,

and interests of the revenue, is of the opinion that it is necessary so to do, he may, with the previous approval of the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner, after giving the assessee a reasonable opportunity of being heard, direct him to get either or both of the following— 45