

(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

(i) to get the accounts audited by an accountant, and to furnish a report of such audit in the such form duly signed and verified by such accountant and setting forth such particulars, as prescribed, and such other particulars as the Assessing Officer may require;

5 (ii) to get the inventory valued by a cost accountant, and to furnish a report of such inventory valuation in the prescribed as duly signed and verified by such cost accountant and setting forth such particulars, as prescribed, and such other particulars as the Assessing Officer may require.

10 (6) The accountant or the cost accountant as referred to in sub-section (5) shall be nominated by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner for the purposes of the said sub-section.

(7) The provisions of sub-section (5) shall have effect irrespective of whether or not accounts of the assessee have been audited under any other law in force or otherwise.

15 (8) Every report under sub-section (5) shall be furnished by the assessee to the Assessing Officer within such period as specified by the Assessing Officer.

(9) The Assessing Officer may, on his own motion, or on an application made in this behalf by the assessee and for any good and sufficient reason, subject to the provisions of sub-section (10), extend the period referred to in sub-section (8) by such further period or periods as he thinks fit.

20 (10) The aggregate of the period originally fixed under sub-section (8) and the period or periods so extended, as referred to in sub-section (9), shall not, in any case, exceed six months from the end of the month in which the direction under sub-section (5) is received by the assessee.

25 (11) The expenses of any audit or inventory valuation under sub-section (5) (including incidental expenses and remuneration of the accountant or the cost accountant) shall be—

(a) determined by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner as per such guidelines as prescribed; and

30 (b) paid by the Central Government.

(12) The assessee shall, except where the assessment is made under section 271, be given an opportunity of being heard in respect of any material gathered on the basis of any inquiry under sub-section (4), or any audit or inventory valuation under sub-section (5) and proposed to be utilised for the purposes of the assessment.

35 (13) In this section, “cost accountant” means a cost accountant as defined in section 2(1)(b) of the Cost and Works Accountants Act, 1959 and who holds a valid certificate of practice under section 6(1) of the said Act.

23 of 1959.

40 **269.** (1) The Assessing Officer may, for the purposes of assessment or reassessment, make a reference to a Valuation Officer to estimate the value, including the fair market value, of any asset, property or investment and submit a copy of report to him.

Estimation of  
value of assets  
by Valuation  
Officer.

(2) The Assessing Officer may make a reference to the Valuation Officer under sub-section (1) whether or not he is satisfied about the correctness or completeness of the accounts of the assessee.

45 (3) (a) For estimating the value, including the fair market value, of the asset, property, or investment, the Valuation Officer or any engineer, overseer, surveyor, or assessor authorized by him, may, subject to any rules made in this regard and at such reasonable times, as prescribed,—

50 (i) enter any land within the limits of the area assigned to the Valuation Officer; or

(ii) enter any land, building, or other place belonging to or occupied by any person in connection with whose assessment a reference has been made to the Valuation Officer; or

(iii) inspect any asset, property, or investment in respect of which a reference has been made to the Valuation Officer. 5

(b) The Valuation Officer or any engineer, overseer, surveyor, or assessor, may require any person in charge of, or in occupation or possession of, such land, building, or other place or such asset, property, or investment to afford the necessary facility to:

(i) survey or inspect such land, building, or other place or such asset, property, or investment; 10

(ii) estimate its value; or

(iii) inspect any books of account, document, or record relevant for the valuation of such asset, property, or investment and gather other particulars relating to it. 15

(c) No Valuation Officer, engineer, overseer, surveyor, or assessor shall enter any land, building or place referred to in clause (a)(ii), or inspect any asset, property, or investment referred to in clause (a)(iii), except with the consent of the person in charge of, or in occupation or possession of, such land, building, place, or asset, property, or investment, without providing such person at least two days' notice in writing of their intention to do so. 20

(d) If a person who, under this sub-section, is required to afford any facility to the Valuation Officer or the engineer, overseer, surveyor, or assessor, either refuses or evades to afford such facility, the Valuation Officer shall have all the powers as are vested in a court under the Code of Civil Procedure, 1908, when trying a suit in respect of the following matters,— 25

(i) discovery and inspection;

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

(iii) compelling the production of books of account and other documents; and 30

(iv) issuing commissions.

(4) The Valuation Officer shall, estimate the value of the asset, property or investment after taking into account such evidence as the assessee may produce and any other evidence in his possession gathered, after giving an opportunity of being heard to the assessee. 35

(5) The Valuation Officer may estimate the value of the asset, property or investment to the best of his judgment, if the assessee does not co-operate or comply with his directions.

(6) The Valuation Officer shall send the report of the estimate made under sub-section (4) or (5), to the Assessing Officer and the assessee. 40

(7) With a view to rectifying any mistake apparent from the record, the Valuation Officer may amend any report made by him, as per section 287.

(8) The Assessing Officer may, on receipt of the report from the Valuation Officer, and after giving the assessee an opportunity of being heard, take into account such report in making the assessment or reassessment. 45

(9) The Valuation officer shall send the report referred to in sub-section (6) within six months from the end of the month in which the reference is made under sub-section (1).

(10) For the purposes of this Act,—

(a) the Central Government may appoint as many Valuation Officers, as necessary; and

5 (b) subject to the rules and orders of the Central Government regulating the conditions of service of persons in public services and posts, a Principal Chief Commissioner, or a Chief Commissioner, or a Principal Commissioner or a Commissioner may appoint as many engineers, overseers, surveyors and assessors as may be necessary to assist the Valuation Officers in the performance of their functions.

10 **270.** (1) Where a return has been made under section 263, or in response to a notice under section 268(1) such return shall be processed in the following manner:—

Assessment.

(a) the total income or loss shall be computed after making the adjustments towards the following:—

15 (i) any arithmetical error in the return;

(ii) an incorrect claim, if such incorrect claim is apparent from any information in the return;

(iii) disallowance of loss claimed, if return of the tax year for which set off of loss is claimed was furnished beyond the due date specified under section 263(1);

20 (iv) disallowance of expenditure or increase in income indicated in the audit report but not taken into account in computing the total income in the return; or

25 (v) disallowance of deduction claimed under section 144 or under any of the provisions of Chapter VIII if the return is furnished beyond the due date specified under section 263(1);

(b) the tax, interest and fee, if any, shall be computed on the basis of the total income computed under clause (a);

30 (c) the sum payable by, or the amount of refund due to, the assessee shall be determined after adjustment of the tax, interest and fee, if any, computed under clause (b) by—

(i) any tax deducted at source;

(ii) any tax collected at source;

(iii) any advance tax paid;

35 (iv) any rebate or relief allowable under Chapter IX;

(v) any tax paid on self-assessment; and

(vi) any amount paid otherwise by way of tax, interest or fee;

40 (d) an intimation shall be prepared or generated and sent to the assessee specifying the sum determined to be payable by, or refund due to, the assessee under clause (c); and

(e) the amount of refund due to the assessee in pursuance of the determination under clause (c) shall be granted to the assessee.

(2) Before making any adjustment under sub-section (1)(a),—

45 (a) an intimation is to be given to the assessee of such adjustments either in writing or in electronic mode;

(b) the response received from the assessee in this regard, if any, shall be considered; and in a case where no response is received within thirty days of the issue of such intimation, such adjustments shall be made.

(3) For the purposes of sub-section (1), an intimation shall also be sent to the assessee in a case where the loss declared in the return by the assessee is adjusted but no tax, interest or fee is payable by, or no refund is due to, him.

(4) No intimation under sub-section (1) shall be sent after the expiry of nine months from the end of the financial year in which the return is made. 5

(5) For the purposes of sub-sections (1) to (4),—

(a) “an incorrect claim apparent from any information in the return” shall mean a claim, on the basis of an entry, in the return,—

(i) of an item, which is inconsistent with another entry of the same or some other item in such return; 10

(ii) in respect of which the information required to be furnished under this Act to substantiate such entry has not been so furnished; or

(iii) in respect of a deduction, where such deduction exceeds specified statutory limit which may have been expressed as monetary amount or percentage or ratio or fraction; 15

(b) “the acknowledgement of the return” shall be deemed to be the intimation in a case where no sum is payable by, or refundable to, the assessee under sub-section(1)(c), and where no adjustment has been made under sub-section(1)(a).

(6) For the purposes of processing of returns under sub-section (1), the Board may make a scheme for centralised processing of returns with a view to expeditiously determining the tax payable by, or the refund due to, the assessee as required under the said sub-section. 20

(7) The scheme made under sub-section (6) shall, as soon as may be laid before each House of Parliament. 25

(8) Where a return has been furnished under section 263 or in response to a notice under section 268(1), the Assessing Officer or the prescribed income-tax authority, if, considers it necessary or expedient to ensure that the assessee—

(a) has not understated the income;

(b) has not computed excessive loss; 30

(c) has not under-paid the tax in any manner,

shall serve on the assessee a notice requiring him, on a date to be specified therein,—

(i) either to attend the office of the Assessing Officer; or

(ii) to produce, or cause to be produced before the Assessing Officer any evidence on which the assessee may rely in support of the return. 35

(9) No notice under sub-section (8) shall be served on the assessee after the expiry of three months from the end of the financial year in which the return is furnished.

(10) On the day specified in the notice issued under sub-section (8), or as soon afterwards as may be, after hearing such evidence as the assessee may produce and such other evidence as the Assessing Officer may require on specified points, and after taking into account all relevant material which he has gathered, the Assessing Officer, subject to the provisions of sub-sections (11) and (13), shall— 40

(a) by an order in writing, make an assessment of the total income or loss of the assessee; and

(b) determine the sum payable by him or refund of any amount due to him on the basis of such assessment. 45

(11) In the case of entities referred to in sub-section (12), which are required to furnish the return of income under section 263(1)(a)(iv), no order under sub-section (10) making an assessment of the total income or loss of any such entity shall be made by the Assessing Officer, without giving effect to the provisions of section 11, unless—

(i) the Assessing Officer has intimated the Central Government or the prescribed authority the contravention of the provisions mentioned in Schedule III (Table: Sl. No. 23, 24 or 25), by such entity, where in his view such contravention has taken place; and

(ii) the approval granted to such entity has been withdrawn or notification issued in respect of such entity has been rescinded.

(12) For the purposes of sub-section (11), the entities shall be—

(a) a research association referred to in Schedule III (Table: Sl. No. 23);

(b) an association or institution referred to in Schedule III (Table: Sl. No. 24);

(c) an institution referred to in Schedule III (Table: Sl. No. 25).

(13) In the case of a registered non-profit organisation, where the Assessing Officer is satisfied that any such entity has committed any specified violation as mentioned in section 351(1), he shall—

(a) send a reference to the Principal Commissioner or Commissioner to withdraw the approval or registration; and

(b) no order making an assessment of the total income or loss of such registered non-profit organisation shall be made by him without giving effect to the order passed by the Principal Commissioner or Commissioner under section 351(2)(ii)(A) or (B).

(14) For the purposes of sub-section (10), where the Assessing Officer is satisfied that the activities of the university, college or other institution referred to in section 45(3)(a) (hereinafter referred to as “entity”) are not being carried out in accordance with all or any of the conditions subject to which such entity was approved, then—

(a) he may, after giving a reasonable opportunity of showing cause against the proposed withdrawal to the concerned entity, recommend to the Central Government to withdraw the approval; and

(b) that Government may by order, withdraw the approval and forward a copy of the order to the concerned entity and the Assessing Officer.

(15) Where a regular assessment under sub-section (10) or section 271 is made,—

(a) any tax or interest paid by the assessee under sub-section (1) shall be considered to have been paid towards such regular assessment;

(b) if no refund is due on regular assessment or the amount refunded under sub-section (1) exceeds the amount refundable on regular assessment, the whole or the excess amount so refunded shall be considered to be tax payable by the assessee and the provisions of this Act shall apply accordingly.

**271.(1)** If any person—

(a) fails to make the return required under sub-section 263(1) and has not made a return or a revised return under section 263(4) or (5) or an updated return under section 263(6);

(b) fails to comply with all the terms of a notice issued under section 268(1) or fails to comply with a direction issued under section 268(5);

Best judgment  
assessment.

(c) having made a return, fails to comply with all the terms of a notice issued under sub-section 270(8),

the Assessing Officer, after taking into account all relevant materials which he has gathered, shall, after giving the assessee an opportunity of being heard, make the assessment of the total income or loss to the best of his judgment and determine the sum payable by the assessee on the basis of such assessment. 5

(2) The Assessing Officer before making an assessment under sub-section (1) shall, subject to the provisions of sub-section (3), serve a notice on the assessee to show cause, on a date and time to be specified in the notice, as to why assessment should not be completed to the best of his judgment. 10

(3) It shall not be necessary to give the opportunity referred to in sub-section (2) in a case where a notice under section 268(1) has been issued prior to the making of an assessment under this section.

Power of Joint  
Commissioner to  
issue directions  
in certain cases.

**272.** (1) A Joint Commissioner may, on his own motion or on a reference being made to him by the Assessing Officer or on the application of an assessee, call for and examine the record of any proceeding in which an assessment is pending and, if he considers that, having regard to the nature of the case or the amount involved or for any other reason, it is necessary or expedient so to do, he may— 15

(a) issue such directions as he thinks fit for the guidance of the Assessing Officer to enable him to complete the assessment; and 20

(b) such directions shall be binding on the Assessing Officer.

(2) No directions which are prejudicial to the assessee shall be issued under sub-section (1) without giving an opportunity of being heard to the assessee.

(3) For the purposes of this section, no direction as to the lines on which an investigation connected with the assessment should be made, shall be deemed to be a direction prejudicial to the assessee. 25

Faceless  
Assessment.

**273.** (1) Irrespective of anything to the contrary contained in any other provision of this Act, the assessment, reassessment or recomputation under section 270(10) or 271 or 279, as the case may be, with respect to the cases referred to in sub-section (2), shall be made in a faceless manner as per such procedure, as prescribed in this behalf. 30

(2) The faceless assessment under sub-section (1) shall be made in respect of such territorial area, or persons or class of persons, or incomes or class of incomes, or cases or class of cases, as specified by the Board. 35

(3) The Board may, for the purposes of faceless assessment, set up the following Centre and Units and specify their functions and jurisdiction:—

(a) a National Faceless Assessment Centre to facilitate the conduct of faceless assessment proceedings in a centralised manner including assigning the case selected for the purposes of faceless assessment under this section to a specific assessment unit, intimating the assessee that assessment in his case shall be completed in faceless manner, serving a notice to the assessee under section 268(1) or 270(8), and forwarding any response of the assessee to the assessment unit; 40

(b) such assessment units, as it may deem necessary to conduct the faceless assessment, to perform the function of making assessment, which includes analysis of the material furnished by the assessee or any other person, identification of points or issues material for the determination of any liability (including refund) under this Act, seeking information or clarification on points or issues so identified, determination of any variation prejudicial to the assessee, and such other functions as may be required for the purposes of making faceless assessment; 50

(c) such verification units, as it may deem necessary to facilitate the conduct of faceless assessment, to perform the function of verification, which includes enquiry, cross verification, examination of books of account, examination of witnesses and recording of statements, and such other functions as may be required for the purposes of verification;

(d) such technical units, as it may deem necessary to facilitate the conduct of faceless assessment, to perform the function of providing technical assistance which includes any assistance or advice on legal, accounting, forensic, information technology, valuation, transfer pricing, data analytics, management or any other technical matter under this Act or an agreement entered into under section 159, which may be required in a particular case or a class of cases, under this section;

(e) such review units, as it may deem necessary to facilitate the conduct of faceless assessment, to perform the function of review of any variation proposed by the assessment unit (wherever it is so considered necessary by the National Faceless Assessment Centre), which includes checking whether the relevant and material evidence has been brought on record, relevant points of fact and law have been duly incorporated, the issues requiring addition or disallowance have been incorporated and such other functions as may be required for the purposes of review.

(4) In accordance with the procedure as prescribed under sub-section (1),—

(a) the verification unit, the technical unit and the review unit shall facilitate the conduct of faceless assessment; and

(b) the assessment unit shall—

(i) make the assessment of the total income or loss, by an order in writing after taking into account all relevant material which it has gathered and after giving the assessee an opportunity of being heard; and

(ii) determine the sum payable by the assessee or refund of any amount due to him on the basis of such assessment.

(5) For the purposes of this section, the terms “assessment unit”, “verification unit”, “technical unit” and “review unit” shall refer to an Assessing Officer having powers so assigned by the Board.

(6) The assessment unit, verification unit, technical unit and the review unit shall have the following authorities:—

(a) Additional Commissioner or Additional Director or Joint Commissioner or Joint Director, as the case may be;

(b) Deputy Commissioner or Deputy Director or Assistant Commissioner or Assistant Director, or Income-tax Officer, as the case may be;

(c) such other income-tax authority, ministerial staff, executive or consultant, as may be considered necessary by the Board.

(7) All communications, save as otherwise provided in sub-section (8),—

(a) among the assessment unit, review unit, verification unit or technical unit or with the assessee or any other person with respect to the information or documents or evidence or any other details, as may be necessary for the purposes of making a faceless assessment shall be through the National Faceless Assessment Centre;

(b) between the National Faceless Assessment Centre and the assessee, or his authorised representative, or any other person shall be exchanged exclusively by electronic mode; and

(c) between the National Faceless Assessment Centre and various units shall be exchanged exclusively by electronic mode.



(8) The provisions of sub-section (7) shall not apply to the enquiry or verification conducted by the verification unit in the circumstances as specified by the Board in this behalf.

(9) The Principal Chief Commissioner or the Principal Director General, as the case may be, in-charge of the National Faceless Assessment Centre shall, as per the procedure laid down by the Board in this regard, if he considers appropriate that the provisions of section 268(5) may be invoked in the case,—

(a) forward any reference received from an assessment unit in this regard to the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner having jurisdiction over such case, and inform the assessment unit accordingly;

(b) transfer the case to the Assessing Officer having jurisdiction over such case as per sub-section (12).

(10) Where a reference has been received by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner under sub-section (9)(a), he shall direct the Assessing Officer, having jurisdiction over the case, to invoke the provisions of section 268(5).

(11) Where a reference has not been forwarded as per sub-section (9)(a) to the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner, having jurisdiction over the case, the assessment unit shall proceed to complete the assessment as per the procedure laid down in this section.

(12) Irrespective of anything contained in sub-section (1) or (2), the Principal Chief Commissioner or the Principal Director General, as the case may be, in-charge of National Faceless Assessment Centre may, at any stage of the assessment, if considered necessary, transfer the case to the Assessing Officer having jurisdiction over such case, with the prior approval of the Board.

(13) In this section,—

(a) “designated portal” means the web portal designated as such by the Principal Chief Commissioner or the Principal Director General, in charge of the National Faceless Assessment Centre;

(b) “faceless assessment” means the assessment proceedings conducted electronically in 'e-Proceeding' facility through registered account of the assessee in designated portal; and.

(c) “registered account” of the assessee means the electronic filing account registered by the assessee in designated portal.

Reference to  
Principal  
Commissioner  
or  
Commissioner in  
certain cases.

**274.** (1) The Assessing Officer may make a reference to the Principal Commissioner or Commissioner at any stage of the assessment or reassessment proceedings before him, if, having regard to the material and evidence available with him, he considers that it is necessary to—

(a) declare an arrangement as an impermissible avoidance arrangement; and

(b) determine the consequence of such an arrangement within the meaning of Chapter XI.

(2) The Principal Commissioner or Commissioner shall, on receipt of a reference under sub-section (1), if he is of the opinion that the provisions of Chapter XI are required to be invoked,—

(a) issue a notice to the assessee, setting out the reasons and basis of such opinion, for submitting objections, if any; and

(b) provide an opportunity of being heard to the assessee within such period, not exceeding sixty days, as specified in the said notice.

5 (3) If the assessee fails to furnish any objection to the notice within the time specified in the notice issued under sub-section (2), the Principal Commissioner or Commissioner shall issue such directions as he deems fit in respect of declaration of the arrangement to be an impermissible avoidance arrangement.

10 (4) In case the assessee objects to the proposed action, and the Principal Commissioner or Commissioner, after hearing the assessee in the matter, is not satisfied by the explanation of the assessee, then, he shall make a reference in the matter to the Approving Panel for the purpose of declaration of the arrangement as an impermissible avoidance arrangement.

15 (5) If the Principal Commissioner or Commissioner is satisfied, after having heard the assessee that the provisions of Chapter XI are not to be invoked, he shall by an order in writing, communicate the same to the Assessing Officer with a copy to the assessee.

(6) The Approving Panel, on receipt of a reference from the Principal Commissioner or Commissioner under sub-section (4), shall—

20 (a) issue such directions, as it deems fit, in respect of the declaration of the arrangement as an impermissible avoidance arrangement as per the provisions of Chapter XI; and

(b) specify the tax year or years to which such declaration of an arrangement as an impermissible avoidance arrangement shall apply.

25 (7) No direction under sub-section (6) shall be issued unless an opportunity of being heard is given to the assessee and the Assessing Officer on such directions which are prejudicial to the interest of the assessee or the interests of the revenue, as the case may be.

(8) The Approving Panel may, before issuing any direction under sub-section (6),—

30 (a) if it is of the opinion that any further inquiry in the matter is necessary, direct the Principal Commissioner or Commissioner to make such inquiry or cause the inquiry to be made by any other income-tax authority and furnish a report containing the result of such inquiry to it; or

(b) call for and examine such records relating to the matter as it deems fit; or

35 (c) require the assessee to furnish such documents and evidence as it may direct.

(9) If the members of the Approving Panel differ in opinion on any point, such point shall be decided according to the opinion of the majority of the members.

40 (10) The Assessing Officer, on receipt of directions of the Principal Commissioner or Commissioner under sub-section (3) or of the Approving Panel under sub-section (6), shall proceed to complete the proceedings referred to in sub-section (1) as per such directions and the provisions of Chapter XI.

45 (11) If any direction issued under sub-section (6) specifies that declaration of the arrangement as impermissible avoidance arrangement is applicable for any tax year other than the tax year to which the proceedings referred to in sub-section (1) pertains, then,—

(a) the Assessing Officer while completing any assessment or reassessment proceedings relevant to such other tax year shall do so as per such directions and the provisions of Chapter XI; and

(b) it shall not be necessary for him to seek fresh direction on the issue for the relevant tax year. 5

(12) No order of assessment or reassessment shall be passed by the Assessing Officer without the prior approval of the Principal Commissioner or Commissioner, if any tax consequences have been determined in the order under the provisions of Chapter XI.

(13) The Approving Panel shall, subject to sub-sections (14) and (15), issue directions under sub-section (6) within six months from the end of the month in which the reference under sub-section (4) was received. 10

(14) In computing the period referred to in sub-section (13), the following shall be excluded:—

(a) the period commencing from the date on which the first direction is issued by the Approving Panel to the Principal Commissioner or Commissioner for getting the inquiries conducted through the authority competent under an agreement referred to in section 159 and ending with the date on which the information so requested is last received by the Approving Panel or one year, whichever is less; 15 20

(b) the period commencing on the date on which the proceeding of the Approving Panel is stayed by an order or injunction of any court and ending on the date on which certified copy of the order vacating the stay was received by the Approving Panel.

(15) If immediately after the exclusion of the period as per sub-section (14), the remaining period available to the Approving Panel for issue of directions is less than sixty days, such remaining period shall be extended to sixty days and the period of six months mentioned in sub-section (13) shall be deemed to have been extended accordingly. 25

(16) The directions issued by the Approving Panel under sub-section (6) shall be binding on— 30

(a) the assessee; and

(b) the Principal Commissioner or Commissioner and the income-tax authorities subordinate to him.

(17) No appeal under the Act shall lie against directions issued by the Approving Panel under sub-section (6), irrespective of anything contained in any other provision of the Act. 35

(18) The Central Government shall, for the purposes of this section, constitute one or more Approving Panels as may be necessary and each panel shall consist of three members including a Chairperson. 40

(19) The Chairperson of the Approving Panel shall be a person who is or has been a judge of a High Court, and—

(a) one member shall be a member of Indian Revenue Service not below the rank of Principal Chief Commissioner or Chief Commissioner of Income-tax; and 45

(b) one member shall be an academic or scholar having special knowledge of matters, such as direct taxes, business accounts and international trade practices.

5 (20) The term of the Approving Panel shall ordinarily be for one year and may be extended from time to time up to three years.

(21) The Chairperson and members of the Approving Panel shall meet, as and when required, to consider the references made to the panel and shall be paid such remuneration as prescribed.

10 (22) In addition to the powers conferred on the Approving Panel under this section, the powers which are vested in the Board for Advance Rulings under section 387 shall apply *mutatis mutandis* to the Approving Panel.

(23) The Board shall provide to the Approving Panel such officials as may be necessary for the efficient exercise of powers and discharge of functions of the Approving Panel under this Act.

15 (24) The Board may make rules for the purposes of the constitution and efficient functioning of the Approving Panel and expeditious disposal of the references received under sub-section (4).

Reference to  
Dispute  
Resolution  
Panel.

20 **275.** (1) The Assessing Officer shall, irrespective of anything to the contrary contained in this Act, in the first instance, forward a draft of the proposed order of assessment (hereafter in this section referred to as the draft order) to the eligible assessee, if he proposes to make any variation which is prejudicial to the interest of such assessee.

(2) On receipt of the draft order, the eligible assessee shall, within thirty days of its receipt,—

25 (a) file his acceptance of the variations to the Assessing Officer; or

(b) file his objections, if any, to such variation with,—

(i) the Dispute Resolution Panel; and

(ii) the Assessing Officer.

30 (3) The Assessing Officer shall complete the assessment on the basis of the draft order, if—

(a) the assessee intimates to the Assessing Officer the acceptance of the variation; or

(b) no objection is received within the period specified in sub-section (2).

35 (4) The Assessing Officer shall, irrespective of anything contained in section 286, pass the assessment order under sub-section (3) within one month from the end of the month in which,—

(a) the acceptance is received; or

(b) the period of filing of objections under sub-section (2) expires.

40 (5) The Dispute Resolution Panel shall, in a case where any objection is received under sub-section (2), issue such directions, as it thinks fit, for guidance of the Assessing Officer to enable him to complete the assessment.

(6) The Dispute Resolution Panel shall issue the directions as referred to in sub-section (5), in writing, stating the points of determination, the decision thereon and the reason for such decision.

(7) The Dispute Resolution Panel may, before issuing any directions referred to in sub-section (5),—

(a) make such further enquiry, as it thinks fit; or

(b) cause any further enquiry to be made by any income-tax authority, and report the result of the same to it. 5

(8) The Dispute Resolution Panel may, confirm, reduce or enhance the variations proposed in the draft order, so however, that it shall not set aside any proposed variation, or issue any direction under sub-section (5) for further enquiry and passing of the assessment order.

(9) For the purposes of sub-section (8), the power of the Dispute Resolution Panel to enhance the variation shall include the power to consider any matter arising out of the assessment proceedings relating to the draft order, irrespective of the fact that such matter was not raised by the eligible assessee. 10

(10) If the members of the Dispute Resolution Panel differ in opinion on any point, the point shall be decided as per the opinion of the majority of the members. 15

(11) Every direction issued by the Dispute Resolution Panel shall be binding on the Assessing Officer.

(12) No direction under sub-section (5) shall be issued unless an opportunity of being heard is given to the assessee, and the Assessing Officer, on such directions which are prejudicial to the interest of the assessee, or the interest of the revenue, respectively. 20

(13) No direction under sub-section (5) shall be issued after nine months from the end of the month in which the draft order is forwarded to the eligible assessee.

(14) Upon receipt of the directions issued under sub-section (5), the Assessing Officer shall, in conformity with the directions, complete, irrespective of anything to the contrary contained in section 286, the assessment without providing any further opportunity of being heard to the assessee, within one month from the end of the month in which such direction is received. 25

(15) The Board may make rules for the purposes of the efficient functioning of the Dispute Resolution Panel and expeditious disposal of the objections filed under sub-section (2) by the eligible assessee. 30

(16) The provisions of this section shall not apply to any assessment or reassessment order passed by the Assessing Officer with the prior approval of the Principal Commissioner or Commissioner as provided in section 274(12).

(17) In this section, subject to the provisions of sub-section (18),— 35

(a) “Dispute Resolution Panel” means a collegium comprising of three Principal Commissioners or Commissioners of Income-tax constituted by the Board for this purpose;

(b) “eligible assessee” means,—

(i) any person in whose case the variation referred to in sub-section (1) arises as a consequence of the order of the Transfer Pricing Officer passed under section 166(6); 40

(ii) any non-resident (not being a company), or any foreign company. 45

(18) The eligible assessee referred to in sub-section (17) shall not include person referred to in section 292(1) or other person referred to in section 295.

(19) The provisions of this section shall not apply to any proceedings under Chapter XVI-B.

276. (1) Income chargeable under the head “Profits and gains of business or profession” or “Income from other sources” shall, subject to the provisions of sub-section (2), be computed as per either cash or mercantile system of accounting regularly employed by the assessee.

Method of accounting.

(2) The Central Government may notify income computation and disclosure standards to be followed by any class of assessee or in respect of any class of income.

(3) The Assessing Officer may make an assessment in the manner provided in section 271, where—

(a) he is not satisfied about the correctness or completeness of the accounts of the assessee;

(b) the method of accounting provided in sub-section (1) has not been regularly followed by the assessee; or

(c) income has not been computed as per the standards notified under sub-section (2).

277. (1) For the purposes of determining the income chargeable under the head “Profits and gains of business or profession”,—

Method of accounting in certain cases.

(i) the valuation of inventory shall be made at lower of actual cost or net realisable value computed as per the income computation and disclosure standards notified under section 276(2);

(ii) the valuation of purchase and sale of goods or services and valuation of inventory shall be adjusted to include any tax, duty, cess or fee (by whatever name called) actually paid or incurred by the assessee to bring the goods or services to the place of its location and condition as on the date of valuation;

(iii) the inventory being securities not listed on a recognised stock exchange, or listed but not quoted on a recognised stock exchange with regularity from time to time, shall be valued at actual cost initially recognised as per the income computation and disclosure standards notified under section 276(2);

(iv) the inventory being securities other than those referred to in clause (iii), shall be valued at lower of actual cost or net realisable value as per the income computation and disclosure standards notified under section 276(2).

(2) For the purposes of sub-section (1), the inventory being securities held by a scheduled bank or public financial institution shall be valued as per the income computation and disclosure standards notified under section 276(2) after taking into account the extant guidelines issued by the Reserve Bank of India in this regard.

(3) For the purposes of sub-sections (1) and (2), the comparison of actual cost and net realisable value of securities shall be made category-wise.

(4) For the purposes of this section, any tax, duty, cess or fee (by whatever name called) under any law in force, shall include all such payment irrespective of any right arising as a consequence to such payment.

(5) In this section, “public financial institution” shall have the same meaning as assigned to it in section 2(72) of the Companies Act, 2013.

Taxability of  
certain income.

**278.** (1) The interest received by an assessee on any compensation or on enhanced compensation, shall be deemed to be the income of the tax year in which it is received, irrespective of anything to the contrary contained in section 276.

(2) Any claim for escalation of price in a contract or export incentives shall be deemed to be the income of the tax year in which reasonable certainty of its realisation is achieved. 5

(3) The income referred to in section 2(49)(w) shall be treated as the income of the tax year in which it is received, if not charged to income-tax in any earlier tax year.

Income escaping  
assessment.

**279.** (1) If, in the case of an assessee, any income chargeable to tax has escaped assessment for any tax year (hereinafter referred to as “the relevant tax year” in this section and sections 280 to 286, the Assessing Officer may, subject to the provisions of sections 280 to 286, for the relevant tax year,— 10

(a) assess or reassess income;

(b) recompute the loss or the depreciation allowance or any other allowance or deduction. 15

(2) For the purposes of the assessment or reassessment or recomputation under this section, Assessing Officer may assess or reassess—

(a) the income which has escaped assessment;

(b) income in respect of other issues which come to his notice subsequently in the course of the proceedings under this section, irrespective of the fact that the provisions of sections 280, 281 and 284 were not complied with. 20

Issue of notice.

**280.** (1)(a) Before making the assessment, reassessment or recomputation under section 279, the Assessing Officer shall, subject to the provisions of section 281, issue a notice to the assessee, along with a copy of the order passed under section 281(3). 25

(b) the notice referred to in clause (a) shall require the assessee to furnish, within such period as may be specified therein, a return of his income or income of any other person in respect of whom he is assessable under this Act during the relevant tax year; and. 30

(c) the period specified in the notice referred to in clause (a) shall not exceed three months from the end of the month in which such notice is issued.

(2) The return of income required under sub-section (1) shall be furnished in such form, verified in such manner and setting forth such other particulars, as prescribed, and the provisions of this Act shall apply accordingly, as if such return were a return required to be furnished under section 263. 35

(3) Any return of income required under sub-section (1), furnished after the expiry of the period specified in the notice under the said sub-section, shall not be deemed to be a return under section 263. 40

(4) No notice under this section shall be issued unless there is information with the Assessing Officer which suggests that the income chargeable to tax has escaped assessment in the case of the assessee for the relevant tax year.

(5) No notice under this section shall be issued without prior approval of the specified authority, where the Assessing Officer has received— 45

(a) information under the scheme notified under section 260; or

(b) directions from the Approving Panel under section 274(6); or

(c) any finding or direction contained in an order passed by any authority, Tribunal or court in any proceeding under this Act by way of appeal, reference or revision or by a Court in any proceeding under any other law.

5 (6) For the purposes of this section and section 281, the information with the Assessing Officer which suggests that the income chargeable to tax has escaped assessment means—

10 (a) any information in the case of the assessee for the relevant tax year as per the risk management strategy formulated by the Board from time to time;

(b) any audit objection to the effect that the assessment in the case of the assessee for the relevant tax year has not been made as per this Act;

(c) any information received under an agreement referred to in section 159 of this Act;

15 (d) any information made available to the Assessing Officer under the scheme notified under section 260;

(e) any information which requires action in consequence of the order of a Tribunal or a Court;

20 (f) any information in the case of the assessee emanating from the survey conducted under section 253, other than under sub-section (4) of the said section;

(g) any directions in the case of the assessee given by the Approving Panel under section 274(6);

25 (h) any finding or direction contained in an order passed by any authority, Tribunal or court in any proceeding under this Act by way of appeal, reference or revision, or by a Court in any proceeding under any other law.

30 **281.** (1) Where the Assessing Officer has information which suggests that income chargeable to tax has escaped assessment in the case of an assessee for the relevant tax year, he shall, before issuing any notice under section 280 provide an opportunity of being heard to such assessee by serving upon him a show cause notice.

Procedure before  
issuance of  
notice under  
section 280.

(2) The notice to show cause referred to in sub-section (1) shall be accompanied by the information which suggests that income chargeable to tax has escaped assessment in his case for the relevant tax year, and on receipt of such notice, the assessee may furnish his reply within such period, as specified in therein.

35 (3) The Assessing Officer shall, on the basis of material available on record and taking into account the reply of the assessee furnished under sub-section (2), if any, pass an order with the prior approval of the specified authority determining whether or not it is a fit case to issue notice under section 280.

40 (4) The provisions of this section shall not apply to income chargeable to tax escaping assessment for any tax year in the case of an assessee, where the Assessing Officer has received—

(a) information under the scheme notified under section 260;

(b) directions issued by the Approving Panel under section 274(6);

45 (c) any finding or direction contained in an order passed by any authority, Tribunal or court in any proceeding under this Act by way of appeal, reference or revision, or by a Court in any proceeding under any other law.

**282.** (1) No notice under section 280 shall be issued for the relevant tax year,—

(a) if four years and three months have elapsed from the end of the relevant tax year, unless the case falls under clause (b);

Time limit for  
notices under  
sections 280 and  
281.



(b) if four years and three months, but not more than six years and three months, have elapsed from the end of the relevant tax year, unless the Assessing Officer has books of account or other documents or evidence related to any asset or expenditure or transaction or entry which shows that the income chargeable to tax, which has escaped assessment, amounts to or is likely to amount to fifty lakh rupees or more. 5

(2) No notice to show cause under section 281 shall be issued for the relevant tax year,—

(a) if four years have elapsed from the end of the relevant tax year, unless the case falls under clause (b); 10

(b) if four years, but not more than six years, have elapsed from the end of the relevant tax year, unless the income chargeable to tax which has escaped assessment, as per the information with the Assessing Officer, amounts to or is likely to amount to fifty lakh rupees or more.

(3) No notice under section 280 or 281 shall be issued within one year from the end of any tax year. 15

Provision for cases where assessment is in pursuance of an order on appeal, etc.

**283.** (1) Irrespective of anything contained in sections 280 and 282, the notice under section 280 may be issued at any time for the purpose of making an assessment or reassessment or recomputation in consequence of or to give effect to—

(a) any finding or direction contained in an order passed by any authority, Tribunal or court in any proceeding under this Act by way of appeal, reference or revision or by a Court in any proceeding under any other law; or 20

(b) the directions issued by the Approving Panel under section 274(6).

(2) The provisions of sub-section (1) shall not apply in any case where any such assessment, reassessment or recomputation as is referred to in that sub-section relates to a tax year in respect of which an assessment, reassessment or recomputation could not have been made, by reason of any other provisions limiting the time within which any action for assessment, reassessment or recomputation may be taken, at the time when,— 25

(a) the order which was the subject-matter of the appeal, reference or revision, as the case may be, was made; or 30

(b) the reference from the jurisdictional Principal Commissioner or Commissioner is made to the Approving Panel under section 274(4).

Sanction for issue of notice.

**284.** The specified authority for the purposes of sections 280 and 281 shall be the Additional Commissioner or the Additional Director or the Joint Commissioner or the Joint Director. 35

Other provisions.

**285.** (1) In an assessment, reassessment or recomputation made under section 279, the tax shall be chargeable at the rate or rates at which it would have been charged had the income not escaped assessment.

(2) The Assessing Officer may drop the proceedings initiated under section 279 on a claim made by the assessee to the effect that— 40

(a) he had been assessed on an amount not lower than what he would be rightly liable for, even if the income alleged to have escaped assessment had been taken into account, or the assessment or computation had been properly made; and

(b) he has not impugned any part of the original assessment order for the relevant year under section 356 or 357 or 378. 45

(3) Where a claim has been made by an assessee under sub-section (2), he shall not be entitled to reopen matters concluded by an order under section 287 or 288 or 365(10) or 368 or 377.

**286.** (1) No order in respect of proceedings mentioned in column B of the Table below shall be made after expiry of the period specified in column D of the said Table and calculated from the date as mentioned in column C thereof.

Time limit for completion of assessment, reassessment and recomputation.

Table

Sl. No.	Nature of Proceedings or orders	Date from which time limit for completion is to be calculated	Time limit for completion
A	B	C	D
1.	Assessment order under section 270(10) or section 271.	End of the financial year succeeding the relevant tax year.	One year.
2.	Assessment order under section 270(10) or 271, where an updated return of income is furnished under section 263(6).	End of the financial year in which such updated return was furnished.	One year.
3.	Assessment order under section 270(10) or 271, where return is furnished in consequence of order under section 239(3)(b).	End of the financial year in which such return was furnished.	One year.
4.	Assessment, reassessment or recomputation order under section 279.	End of the financial year in which notice under section 280 was served.	One year.
5.	Fresh assessment order or fresh order under section 166 in pursuance to an order under section 359, or 363, or 377, or 378 setting aside or canceling an assessment order or an order under section 166.	End of the financial year in which order under section 359 or 363 is received, or order under section 377 or 378 is passed, by the jurisdictional Principal Commissioner or Commissioner.	One year.
6.	Assessment or reassessment which stands revived, as per section 153A(2) of Income-tax Act, 1961 (43 of 1961), or section 292.	End of the month in which such assessment or reassessment stands revived.	One year.

A	B	C	D
7.	Assessment required to be made in the hands of partner, in consequence of an assessment made on the firm under section 279.	End of the month in which assessment order in the case of firm is passed.	One year.  5
8.	Assessment, reassessment or recomputation required to be made on the assessee or any person in consequence of or to give effect to any finding or direction contained in an order—  (i) under section 359 or 363 or 365(10), or 368, or 377 or 378; or  (ii) of any Court in a proceeding otherwise than by way of appeal or reference under this Act.	End of the month in which such order is received, or passed, by the jurisdictional Principal Commissioner or Commissioner.	One year. 10  15  20  25  30
9.	Order giving effect to an order under section 359 or 363 or 365(10) or 368 or 377 or 378, otherwise than by making a fresh assessment or reassessment or fresh order under section 166, where—  (i) verification of any issue by way of submission of any document by the assessee or any other person is to be carried out; or  (ii) an opportunity of being heard is to be given to the assessee.	End of the month in which order under section 359 or 363 or 365(10) or 368 is received, or order under section 377 or 378 is passed, by the jurisdictional Principal Commissioner or Commissioner.	One year.  35  40  45  50

	A	B	C	D
5	10.	Order giving effect to an order under section 359 or 363 or 365(10) or 368 or 377 or 378 otherwise than by making a fresh assessment or reassessment or fresh order under section 166.	End of the month in which order under section 359 or 363 or 365(10) or 368 is received, or order under section 377 or 378 is passed by the jurisdictional Principal Commissioner or Commissioner.	Six months, extendable to nine months with the approval of authorities as per section 2(62) and (64)
10				
15	11.	Modification of assessment, reassessment or recomputation to give effect to the order passed under section 166 read with section 377	End of the month in which such order under section 166 is received by the Assessing Officer.	Two months.

(2) Time limit for completion of any assessment or reassessment as provided in sub-section (1), in a case where reference is made to the Transfer Pricing Officer for determining the arm's length price under section 166(1), shall be extended by an additional period of twelve months.

(3) For the purposes of this section, in computing the time limit for completion, the following period shall be excluded,—

(a) the time taken in reopening the whole or any part of the proceeding on request of the assessee or in giving an opportunity to the assessee to be re-heard under section 244;

(b) the period commencing on the date on which stay on assessment proceeding was granted by an order or injunction of any court and ending on the date on which certified copy of the order vacating the stay was received by jurisdictional Principal Commissioner or Commissioner;

(c) the period commencing from the date on which the Assessing Officer intimates the Central Government or the prescribed authority, the contravention of the provisions of Schedule III (Table: Sl. No. 23, 24, 25) or section 270(11)(i), and ending with the date on which the copy of the order withdrawing the approval or rescinding the notification, as the case may be, under those provisions is received by the Assessing Officer;

(d) the period commencing from the date on which the Assessing Officer directs the assessee to get his accounts audited or inventory valued under section 268(5) and—

(i) ending with the last date on which the assessee is required to furnish a report of such audit or inventory valuation under that section; or

(ii) where such direction is challenged before a court, ending with the date on which the order setting aside such direction is received by the Principal Commissioner or Commissioner;

(e) the period commencing from the date on which the Assessing Officer makes a reference to the Valuation Officer under section 269(1) and ending with the date on which the report of the Valuation Officer is received by him;

(f) the period (not exceeding sixty days) commencing from the date on which the Assessing Officer received the declaration under section 375(1) and ending with the date on which the order under section 375(3) is made by him;

(g) the period commencing from the date on which an application is made before the Board for Advance Rulings under section 383(1) and ending with the date on which the order either rejecting the application or the advance ruling pronounced by it, is received by the jurisdictional Principal Commissioner or Commissioner under section 384(5) or (8), as the case may be;

(h) the period commencing from the date on which a reference or first of the references for exchange of information is made by an authority competent under an agreement referred to in section 159 and ending with the date on which the information requested is last received by the jurisdictional Principal Commissioner or Commissioner, or one year, whichever is less;

(i) the period commencing from the date on which a reference for declaration of an arrangement to be an impermissible avoidance arrangement is received by the jurisdictional Principal Commissioner or Commissioner under section 274(1) and ending on the date on which a direction under sub-section (3) or (6) or an order under sub-section (5) of the said section is received by the Assessing Officer;

(j) the period (not exceeding one hundred eighty days) commencing from the date on which a search is initiated under section 247 or a requisition is made under section 248 and ending on the date on which the seized items or the requisitioned items, are handed over to the Assessing Officer having jurisdiction over the assessee,—

(i) in whose case such search is initiated under section 247 or such requisition is made under section 248; or

(ii) to whom any money, bullion, jewellery, virtual digital asset or other valuable article or thing seized or requisitioned belongs to; or

(iii) to whom any books of account or documents seized or requisitioned pertains or pertain to, or any information contained therein, relates to;

(k) the period commencing from the date on which the Assessing Officer makes a reference to the jurisdictional Principal Commissioner or Commissioner under the section 270(13) and ending with the date on which copy of the order under of section 351(2)(ii)(A) or (B), is received by the Assessing Officer.

(4) Where immediately after exclusion of the period as mentioned in sub-section (3), the remaining period for completion available to the Assessing Officer, as specified in sub-section (1), for making an order of assessment, reassessment or recomputation, is less than sixty days, such remaining period shall be extended to sixty days and the aforesaid time limits for completion shall be deemed to have been extended accordingly.

(5) Where the period available to the Transfer Pricing Officer is extended to sixty days as per section 166(8) and the remaining period for completion available to the Assessing Officer under this section, for making an order of assessment, reassessment or re-computation, is less than sixty days, such remaining period shall be extended to sixty days and the aforesaid time limit for completion shall be deemed to have been extended accordingly.

43 of 1961.

(6) Where a proceeding before the Interim Board for Settlement abates under section 245HA of the Income-tax Act, 1961 and the remaining period of limitation available to the Assessing Officer under this section for making an order of assessment, reassessment or re-computation, after the exclusion of the period under section 245HA(4) of the Income-tax Act, 1961, is less than one year, such remaining period shall be deemed to have been extended to one year; and for the purposes of determining the period of limitation under sections 282, 287, 288 and 296 and for the purposes of payment of interest under section 437, this sub-section shall also apply accordingly.

(7) In a case where the remaining time period for making an order of regular or reassessment, after excluding the time period specified in sub-section (3)(k), ends before the end of the month, the remaining period shall be extended to the end of such month, and the specified time limit for completion shall be deemed to have been extended accordingly.

(8) For the purposes of this section and section 283, where by an order referred to in entry in sub-section (1) (Table: Sl. No. 8.A)—

(i) any income is excluded from the total income of the assessee for a tax year, then, an assessment of such income for another tax year shall be deemed as one made in consequence of or to give effect to any finding or direction contained in the said order; or

(ii) any income is excluded from the total income of one person and held to be the income of another person, then, an assessment of such income on such other person shall be deemed as one made in consequence of or to give effect to any finding or direction contained in the said order, if such other person was given an opportunity of being heard before the said order was passed.

**287.** (1) An income-tax authority referred to in section 236, for rectifying any mistake apparent from the record, may amend any—

Rectification of mistake.

- (a) order passed by it under the provisions of this Act;
- (b) intimation or deemed intimation under section 271(1);
- (c) intimation under section 399.

(2) Irrespective of anything contained in any law in force, the authority concerned may, amend any order under sub-section (1) in relation to any matter, other than the matter considered and decided in any proceeding by way of appeal or revision, relating to such order.

(3) Subject to the other provisions of this section, the authority concerned,—

- (a) may make an amendment under sub-section (1) of its own motion; and
- (b) shall make such amendment for rectifying any such mistake which has been brought to its notice by—
  - (i) the assessee or the deductor or the collector; or
  - (ii) the Assessing Officer, if the authority concerned is the Joint Commissioner (Appeals) or the Commissioner (Appeals).

(4) No amendment that enhances an assessment, reduces a refund or otherwise increases the liability of the assessee or the deductor or the collector, shall be made under this section by the authority concerned without giving—

- (a) a notice of its intention of making such amendment; and

(b) a reasonable opportunity of being heard.

(5) The income-tax authority concerned shall pass an order in writing, if an amendment is made under this section.

(6) The Assessing Officer shall make refund which may be due to the assessee or the deductor or the collector, where an amendment reduces the assessment or otherwise reduces the liability of such assessee or the deductor or the collector. 5

(7) The Assessing Officer shall serve on the assessee or the deductor or the collector, a notice of demand in such form as prescribed specifying the sum payable,—

(a) where an amendment enhances the assessment or reduces a refund already made or otherwise increases the liability of such assessee or the deductor or the collector; and 10

(b) such notice shall be deemed to be issued under section 289 and the provisions of this Act shall apply accordingly.

(8) No amendment under this section, except as provided in section 288, shall be made after four years from the end of the financial year in which the order sought to be amended was passed. 15

(9) Subject to sub-section (8), an income-tax authority referred to in sub-section (1), shall pass an order for making the amendment or refusing to allow the claim within six months from the end of the month in which the application for amendment under this section is received by it from the assessee or the deductor or the collector. 20

**288.** The Assessing Officer, may carry out such actions as are specified in column B of the Table below for reasons mentioned therein, subject to the conditions as specified in column C, within four years (except serial number 12) referred to in section 287(8) which shall be reckoned from the time as specified in column D, and the provisions of section 287 shall, so far as may be, apply to such amendment:— 25

Table

Sl.No.	Actions	Conditions	Time	
A	B	C	D	
1.	Amendment of order of assessment of the partner of a firm so as to adjust the income of the partner corresponding to the amount not deductible under section 35(f)	Where any remuneration to any partner determined in completed assessment of the firm is subsequently found not deductible under section 35(f) in terms of— (a) assessment or reassessment of the firm; or (b) any reduction or enhancement made in the income of the firm under this section or section 287 or 356 or 363 or 365 or 368 or 377 or 378; or (c) any order passed under section 245D (4) of the Income-tax Act, 1961 on the application made by the firm,	From the end of the financial year in which the subsequent order was passed in the case of the firm.	30 35 40 45 50

Other amendments.

	A	B	C	D
5	2.	Amendment of order of assessment of the member of an association of persons or of a body of individuals; so as to include the share of the member in the assessment or the corrections thereof	Where the share of the member in the income of the association of persons or body of individuals determined in completed assessment is subsequently found not included in the assessment of the member or, if included, is not correct in terms of —  (a) assessment or reassessment of the association or body;  (b) any reduction or enhancement made in the income of the association or body under this section or section 287 or 359 or 363 or 365 or 368 or 377 or 378; or  (c) any order passed under section 245D (4) of the Income-tax Act, 1961 (43 of 1961) on the application made by the association or body.	From the end of the financial year in which the subsequent order was passed in the case of the association or body.
10				
15				
20				
25				
30	3.	Total income of the assessee in respect of succeeding year or years referred to in column C, to be recomputed and necessary amendment made consequent to proceedings initiated under section 279 for any tax year.	(a) Recomputation of loss or depreciation; and (b) in consequence to such recomputation, recompute the total income of the assessee for the succeeding year or years to which the loss or depreciation allowance has been carried forward and set off under the provisions of section 112(I) or 113(2) or 111(I) and (2) or 115(I)	From the end of the financial year in which the order under section 279 was passed.
35				
40				
45	4.	The total income of the transferor company for the tax year referred to in column C, to be recomputed and necessary amendment made.	Where in the assessment for any tax year,—  (a) the capital gain arising from the transfer of a capital asset is not charged under section 67 in terms of section 70(I)(c) or (d);	From the end of the year—  (i) in which the capital asset was converted or treated as stock-in trade; or
50				



A	B	C	D
		(b) such gains are deemed under section 71(1) as “Capital gains” of the tax year in which the transfer took place at any time before the expiry of the period of eight years from the date of such transfer by reason of—	(ii) in which the parent company or its nominees or, the holding company ceased to hold the whole of the share capital of the subsidiary company. 5 10
		(i) such capital asset being converted by the transferee company into, or being treated by it, as stock-in trade of its business; or	15 20
		(ii) the parent company or its nominees or, the holding company ceasing to hold the whole of the share capital of the subsidiary company.	25
5.	The order of assessment to be amended; so as to exclude the capital gain not chargeable to tax under any of the sections referred to in section 89.	Where in the assessment for any tax year, a capital gain on transfer of original asset, referred to in section 89 is charged to tax and within the period extended under that section—	From the end of the financial year in which the compensation was received by the assessee. 30 35
		(a) the assessee acquires the new asset referred to in that section; or	
		(b) deposits or invests such capital gain.	40
6.	The order of assessment to be amended - to allow deduction - in respect of such income or part thereof as is so received in, or brought into, India.	Where in the assessment for any year, any deduction under section 144 has not been allowed on the ground that—	From the end of the financial year in which such income is so received in, or brought into, India. 45
		(a) such income has not been received in convertible foreign exchange in India; or	50

A	B	C	D
5		(b) having been received in convertible foreign exchange outside India, or having been converted into convertible foreign exchange outside India, has not been brought into India, by or on behalf of the assessee with the approval of the Reserve Bank of India or such other authority as is authorised under any law for the time being in force for regulating payments and dealings in foreign exchange,	
10			
15			
20		and subsequently such income or part thereof has been or is received in, or brought into, India in the manner specified in (b) above.	
25			
7.	The order of assessment or any intimation or deemed intimation under section 270(1), -to be amended, - to give credit for income-tax - for the year in which such income is offered to tax or assessed to tax in India.	Where in the assessment for any tax year or in any intimation or deemed intimation under section 270(1) for any tax year,—	From the end of the financial year in which such dispute is settled.
30		(a) credit for income-tax paid in any country outside India or a specified territory outside India referred to in Chapter IX-B has not been given on the ground that the payment of such tax was under dispute; and	
35			
40		(b) subsequently such dispute is settled; and the assessee, within six months from the end of the month in which the dispute is settled, furnishes to the Assessing Officer—	
45			
50		(i) evidence of settlement of dispute and evidence of payment of such tax; and	



A	B	C	D
		(b) The transfer and consideration referred to in clause (a) shall be	
5		(i) Transfer by way of compulsory acquisition under any law;	
		(ii) consideration that was determined or approved by the Central Government or the Reserve Bank of India.	
10			
	10. Amendment to total income to disallow the deduction allowed under section 152.	Where a deduction has been allowed to an assessee in any tax year under section 152 in respect of any patent, and subsequently by an order of the Controller or the High Court under the Patents Act, 1970 (39 of 1970),—	From the end of the financial year in which the order of the Controller under section 2(1)(b), or the High Court under section 2(1)(i), of the Patents Act, 1970 (39 of 1970), was passed.
15			
20		(a) the patent was revoked, or	
		(b) the name of the assessee was excluded from the patents register as patentee in respect of that patent,	
25			
		the deduction from the income by way of royalty attributable to the period during which the patent had been revoked or the period for which name of the assessee was excluded as patentee in respect of that patent, shall be deemed to have been wrongly allowed.	
30			
35			
	11. Amendment of the order of assessment or any intimation - to allow credit of such tax deducted at source in the tax year referred to in column C, and the credit of such tax deducted at source not to be allowed in any other tax year.	(a) Where any income has been included in the return of income furnished by an assessee under section 263 for any tax year, and tax on such income has been deducted at source and paid to the credit of the Central Government as per the provisions of Chapter XIX-B in a subsequent tax year; and	From the end of the financial year in which such tax has been deducted.
40			
45			
		(b) an application is made by an assessee in such form, as prescribed, within two years from the end of the tax year in which such tax was deducted at source.	
50			
55			

A	B	C	D
12.	The order of assessment or any intimation or deemed intimation under section 271 to be amended for two consecutive tax years to give effect to the order passed under section 166(6) or directions issued under section 275(5)	Where the Transfer Pricing Officer under section 166(9) declares the option of the assessee, for determining the arm's length price of similar international or specified domestic transaction for the two consecutive tax years immediately following the relevant tax year, as valid.	<p>(i) Within three months from the end of the month in which the assessment is completed in the case of the assessee for the relevant tax year, and section 165(7) and (8) is applicable.</p> <p>(ii) If the order of assessment or any intimation or deemed intimation under section 270(1), for the two consecutive tax years is not made within the said three months, such recomputation shall be made within three months from the end of the month in which such order of assessment or intimation or deemed intimation, is made.</p>

Notice of demand.

**289. (1)** When any tax, interest, penalty, fine or any other sum is payable in consequence of any order passed under this Act, the Assessing Officer shall serve upon the assessee a notice of demand in such form, as prescribed, specifying the sum so payable.

(2) Where any sum is determined to be payable by the assessee or the deductor or the collector under section 270 or 399, the intimation under the said sections shall be deemed to be a notice of demand for the purposes of this section.

(3) Where the income of the assessee of any tax year includes income of the nature specified in section 17(1)(d) and such specified security or sweat equity shares referred to in the said section are allotted or transferred directly or indirectly by the current employer, being an eligible start-up referred to in section 140, the tax or interest on such income included in the notice of demand referred to in sub-section (1) shall be payable by the assessee within fourteen days—

(a) after the expiry of sixty months from the end of the relevant tax year; or

(b) from the date of the sale of such specified security or sweat equity share by the assessee; or

(c) from the date of the assessee ceasing to be the employee of the employer who allotted or transferred him such specified security or sweat equity share,

whichever is the earliest.

5       **290.** (1) The Assessing Officer shall serve on the assessee a modified notice of demand specifying the sum payable, if any, and such notice shall be treated as a notice under section 289 and the provisions of this Act shall accordingly, apply in relation to such notice, where—

Modification and revision of notice in certain cases.

10       (a) any tax, interest, penalty, fine or any other sum in respect of which a notice of demand has been issued earlier under section 289; and

(b) such tax, interest, penalty, fine or any other sum is reduced as a result of an order of the Adjudicating Authority as defined in section 5(1) of the Insolvency and Bankruptcy Code, 2016.

31 of 2016.

15       (2) The modified notice of demand as referred to in sub-section (1) shall be revised where the order referred to in sub-section (1)(b) is modified by the National Company Law Appellate Tribunal or the Supreme Court.

**291.** The Assessing Officer shall notify to the assessee by an order in writing the amount of the loss as computed by him for the purposes of section 111(1) or (2) or 112 or 113(2) or 115(1), where—

Intimation of loss.

20       (a) in the course of the assessment of the total income of any assessee, it is established that a loss has taken place; and

(b) the assessee is entitled to have carried forward and set off such loss under the provisions of the said sections.

*B.—Special procedure for assessment of search cases*

25       **292.** (1) Irrespective of any other provision of this Act, where on or after the commencement of this Act, in the case of any person, search is initiated or requisition is made, then, the Assessing Officer shall proceed to assess or reassess the total income of the block period as per this Chapter.

Assessment of income pertaining to the block period.

30       (2) The assessment or reassessment or recomputation proceedings under the provisions of this Act (other than this Chapter), if any, pertaining to any tax year falling in the block period, pending on the date of initiation of search, or the date of making of requisition, shall abate and shall be deemed to have been abated on such date.

35       (3) If any reference has been made under section 166(1) or order has been passed under section 166(6), the assessment or reassessment or recomputation proceedings, referred to in sub-section (2) together with such reference or order shall abate on the date referred to in sub-section (2).

40       (4) If any assessment under the provisions of this Chapter is required to be made in the case of an assessee, in whose case a search is initiated or a requisition is made subsequently—

(a) such pending assessment shall be duly completed;

(b) assessment in respect of such subsequent search or requisition shall be made thereafter under the provisions of this Chapter; and

45       (c) if the period available for assessment in clause (b) is less than three months, such period shall be extended to three months from the end of the month in which the assessment, as referred to in clause (a) was completed.

(5) Irrespective of anything contained in any other provision of this Act, if any proceeding initiated or completed under this Chapter has been annulled in an appeal or any other legal proceeding, then—

(a) the assessment or reassessment or recomputation or reference or order which has abated under sub-section (2) or (3), shall revive with effect from the date of receipt of the order of such annulment by the Principal Commissioner or Commissioner;

(b) the revival, as referred to in clause (a) shall cease to have effect, if such order of annulment is set aside.

(6) The income (other than undisclosed income) of the tax year in which the last of the authorisations for a search is executed or a requisition is made, shall be assessed separately as per other provisions of this Act.

(7) The total income pertaining to the block period, as referred to in section 293(5) shall be charged to tax at the rate specified in section 192, irrespective of the tax year or years to which such income pertains.

Computation of  
total income of  
block period.

**293. (1)** The total income of the block period referred to in section 292(1) shall be the aggregate of the following:—

(a) undisclosed income declared in the return furnished under section 294;

(b) income assessed under section 270(10) or section 271 or 279 of this Act, or section 153A or 153C of the Income-tax Act, 1961, prior to the date of initiation of search or the date of making of requisition in respect of tax years comprising the block period;

(c) income declared in the return of income furnished under section 263 or in response to a notice under section 268(1) or 280 in respect of tax years comprising the block period, which is not covered under clause (a) or (b);

(d) income determined—

(i) in respect of a tax year, where such tax year has ended and the due date for furnishing the return for such year has not expired prior to the date of initiation of the search or the date of requisition, on the basis of entries relating to such income or transactions as recorded in the books of account and other documents maintained in the normal course before the date of initiation of search or the date of requisition;

(ii) in respect of period commencing from 1st April of the tax year in which the search is initiated or requisition is made and ending on the day immediately preceding the date of initiation of search or requisition, on the basis of entries relating to such income or transactions as recorded in the books of account and other documents maintained in the normal course for such period on or before the day immediately preceding the date of initiation of search or the date of requisition;

(iii) in respect of period commencing from the date of initiation of the search or the date of requisition and ending on the date of the execution of the last of the authorisations for search or requisition, on the basis of entries relating to such income or transactions as recorded in the books of account and other documents maintained in the normal course for such period on or before the date of the execution of the last of the authorisations;

(e) undisclosed income determined by the Assessing Officer under sub-section (2).

(2) The undisclosed income forming part of the total income referred to in section 292(1) shall be computed on the basis of following:—

(a) evidence found as a result of search or survey or requisition; and

(b) any other material or information as are either available with the Assessing Officer or comes to his notice during the course of proceedings under this Chapter.

(3) The relating to any international transaction or specified domestic transaction referred to in section 166, shall not be considered for the purposes of determining the total income of the block period, and shall be considered in the assessment made under other provisions of this Act, if—

(a) such income pertains to the period beginning from the 1st April of the tax year in which last of the authorisations was executed and ending with the date of execution of the last of the authorisations; and

(b) such income is required to be determined—

(i) as a result of search or requisition of books of account or other documents; or

(ii) based on any other material or information as are either available with the Assessing Officer or comes to his notice during the course of proceedings under this Chapter; or

(iii) based on entries relating to income or transactions as recorded in books of account and other documents maintained in the normal course on or before the date of the execution of the last of the authorisations.

(4) For the purposes of determination of undisclosed income,—

(a) of a firm, such income assessed for each of the tax years falling within the block period shall be the income determined before allowing deduction of salary, interest, commission, bonus or remuneration, by whatever name called, to any partner not being a working partner;

(b) the provisions of sections 102, 103, 104 and 105 shall, so far as may be, apply and reference to tax year in those sections shall be construed as references to the relevant tax year falling in the block period;

(c) the provisions of section 166 shall, so far as may be, apply and reference to tax year in that section shall be construed as reference to the relevant tax year falling in the block period excluding the period referred to in sub-section (3).

(5) The tax referred to in section 292(7) shall be charged on the total income pertaining to the block period determined in the manner specified in sub-section (1) as reduced by the total income referred to in clause (b), (c) and (d) of the said sub-section.

(6) For the purposes of sub-sections (1) and (5), the following shall be ignored:—

(a) the undisclosed income declared under sub-section (1)(a) is a loss; or

(b) the income disclosed in respect of any tax year comprising the block period is a loss; or

(c) the returned income or assessed income under sub-section (1)(b) or (c) is a loss; or

(d) the income as determined under of sub-section (1)(d) is a loss.

(7) For the purposes of assessment, losses brought forward from the tax year (prior to the first tax year comprising the block period) under Chapter VII or unabsorbed depreciation under section 33(11) shall not be set off against the undisclosed income determined in the block assessment under this Chapter.

(8) Losses or unabsorbed depreciation as referred to in sub-section (7) may be carried forward for being set off in the tax year subsequent to the tax year in which the block period ends, for the remaining period, taking into account the block period and such tax year, and as per the provisions of this Act.



Procedure for  
block  
assessment.

**294. (1)** Where any search has been initiated or requisition is made in the case of any person, then,—

(a) the Assessing Officer shall, in respect of such search or requisition, issue a notice to such person, requiring him to furnish within a period specified in the notice, not exceeding sixty days, a return in the form and verified in the manner, as prescribed, setting forth his total income, including the undisclosed income, for the block period, and—

(i) such return shall be considered as if it was a return furnished under section 263 and thereafter notice under section 270(8) shall be issued;

(ii) any return furnished beyond the period allowed in the notice shall not be deemed to be a return under section 259;

(iii) no notice under section 280 is required to be issued for the purpose of proceeding under this Chapter;

(iv) a person who has furnished a return under this clause shall not be entitled to furnish a revised return;

(b) the Assessing Officer shall proceed to determine the total income including the undisclosed income of the block period in the manner laid down in section 293 and the provisions of sections 268, 270(8), 270(10), 271, 276, 287 and 288 shall, so far as may be, apply;

(c) the Assessing Officer, on determination of the total income of the block period as per this Chapter, shall pass an order of assessment or reassessment and determine the tax payable by him on the basis of such assessment or reassessment, so, however that—

(i) the provisions of section 275 shall not apply in respect of such order;

(ii) where the order of assessment or reassessment is made in pursuance of section 295, the block period for such assessment or reassessment shall be the same as that determined in respect of the person in whose case search was initiated or requisition was made and proceedings under the said section were initiated due to such search or requisition;

(d) the assets seized under section 247 or requisitioned under section 248 shall be dealt with as per section 250.

(2) The provisions of section 270(1) shall not apply to the return furnished under this section.

(3) The Assessing Officer, before issuance of notice under sub-section (1)(a), shall take prior approval of the Additional Commissioner or the Additional Director or the Joint Commissioner or the Joint Director.

Undisclosed  
income of any  
other person.

**295.** Where the Assessing Officer is satisfied that any undisclosed income belongs to or pertains to or relates to any person, other than the person with respect to whom search was initiated or requisition was made, then—

(a) any money, bullion, jewellery, virtual digital asset or other valuable article or thing, or assets, or books of account, other documents, or any information contained therein, seized or requisitioned shall be handed over to the Assessing Officer having jurisdiction over such other person; and

(b) such other person referred to in clause (a) shall be assessed under section 294 and the provisions of this Chapter shall apply accordingly.

**296.** (1) Irrespective of the provisions of section 296, the order under section 294 shall be passed within twelve months from the end of the month in which the last of the authorisations for search was executed, or requisition was made.

5 (2) Where search was initiated or requisition was made, and during the course of assessment or reassessment of the total income of the relevant block period, any reference under section 166(1) is made, the period available for completion of such assessment or reassessment proceeding shall be extended by twelve months.

10 (3) In computing the period of limitation under sub-section (1), the period (not exceeding one hundred eighty days) commencing from the date on which a search is initiated or a requisition is made and ending on the date on which seized or requisitioned items are handed over to the Assessing Officer having jurisdiction over the assessee shall be excluded.

15 (4) If after exclusion of the period referred to in sub-section (3), the remaining period of limitation for completion of assessment or reassessment, expires before the end of a month, such period shall be extended to end of such month.

(5) The period of limitation for completion of assessment or reassessment for the block period in the case of the other person referred to in section 295 shall be  
20 twelve months from the end of the month in which the notice under section 294 in pursuance of section 295, was issued to such other person.

(6) The period available for completion of assessment or reassessment proceeding in respect of the block period in a case referred to in sub-section (5) shall be extended by twelve months, where a reference under section 166(1) is  
25 made in such case.

(7) In computing the period of limitation under this section, the following period shall be excluded,—

(a) the period commencing on the date on which stay on assessment proceeding was granted by an order or injunction of any court and ending  
30 on the date on which certified copy of the order vacating the stay was received by jurisdictional Principal Commissioner or Commissioner;

(b) the period commencing from the date on which a first of the reference for exchange of information (made by an authority competent under an agreement referred to in section 159) is made and ending with the  
35 date on which such information requested is last received by the jurisdictional Principal Commissioner or Commissioner or one year, whichever is less;

(c) the time taken in reopening the whole or any part of the proceeding or giving an opportunity to the assessee to be re-heard under section 244(2);

40 (d) the period commencing from the date on which the Assessing Officer directs the assessee to get his accounts audited or inventory valued under section 268(5) and—

(i) ending with the last date on which the assessee is required to furnish a report of such audit or inventory valuation under that  
45 sub-section; or

(ii) where such direction is challenged before a court, ending with the date on which the certified copy of the order setting aside such direction is received by the jurisdictional Principal Commissioner or Commissioner;

(e) the period commencing from the date on which the Assessing Officer makes a reference to the Valuation Officer under section 269(1) and ending with the date on which the report of the Valuation Officer is received by the Assessing Officer;

(f) the period commencing from the date on which the Assessing Officer intimates the Central Government or the prescribed authority, the contravention of the provisions of Schedule III (Table: Sl. No. 23, 24 or 25) as referred to in section 270(11)(i) and ending with the date on which the copy of the order withdrawing the approval or rescinding the notification, under those clauses is received by the Assessing Officer;

(g) the period commencing from the date on which the Assessing Officer makes a reference to the Principal Commissioner or Commissioner as per section 270(13) and ending with the date on which the copy of the order under section 351(2)(ii)(A) or (B), is received by the Assessing Officer;

(h) the period commencing from the date on which a reference for declaration of an arrangement to be an impermissible avoidance arrangement is received by the jurisdictional Principal Commissioner or Commissioner under section 274(1) and ending on the date on which a direction under sub-section (3) or (6) or an order under sub-section (5) of the said section is received by the Assessing Officer;

(i) the period commencing from the date on which an application is made before the Board for Advance Rulings under section 381(1) and ending with the date on which the order rejecting the application is received by the jurisdictional Principal Commissioner or Commissioner under section 384(5);

(j) the period commencing from the date on which an application is made before the Board for Advance Rulings under section 381(1) and ending with the date on which the advance ruling pronounced by it is received by the jurisdictional Principal Commissioner or Commissioner under section 384(8).

(8) Where immediately after the exclusion of the period referred to in sub-section (7), the remaining period of limitation referred to in sub-section (1) or (5) available to the Assessing Officer for completion of assessment under section 294 is less than sixty days, such remaining period shall be extended to sixty days and the aforesaid period of limitation shall be deemed to be extended accordingly.

(9) Where after extension of the period referred to in sub-section (8), the period of limitation for making an order of assessment or reassessment, expires before the end of a month, such period shall be extended to the end of such month.

**297.** Interest under section 423, 424 or 425 or penalty under section 439 shall not be levied or imposed upon the assessee for the undisclosed income assessed or reassessed for the block period.

**298. (1)** Where the return of total income as required under a notice under section 294(1)(a), is not furnished within the period specified in such notice, or is not furnished, then,—

(a) the assessee shall be liable to pay simple interest at the rate of 1.5% of the tax on undisclosed income determined under clause (c) of said sub-section;

Certain interests and penalties not to be levied or imposed.

Levy of interest and penalty in certain cases.

(b) the interest in clause (a) shall be paid for every month or part of a month comprised in the period commencing on the day immediately following the expiry of the time specified in said notice, and ending on the date of completion of assessment under clause (c) of said sub-section.

5 (2) The Assessing Officer or the Commissioner (Appeals) in the course of any proceedings under this Chapter, may direct that the person shall pay by way of penalty a sum which shall be equal to 50% of tax so leviable in respect of the undisclosed income determined by the Assessing Officer under section 294(I)(c).

(3) The order imposing penalty under this section or section 444(I) or 450  
10 or 451 or 452 shall not be made for the block period in respect of a person, if—

(a) such person has furnished a return under section 294(I)(a);

(b) the tax payable on the basis of such return has been paid or, if the assets seized consist of money, the assessee offers the money so seized to be adjusted against the tax payable;

15 (c) evidence of tax paid is furnished along with the return; and

(d) an appeal is not filed against the assessment of that part of income which is shown in the return.

(4) The provisions of the sub-section (3) shall not apply where the undisclosed income determined by the Assessing Officer is in excess of the  
20 income shown in the return and in such cases the penalty shall be imposed on that portion of undisclosed income determined, which is in excess of income shown in the return.

(5) The order imposing a penalty under sub-section (2) shall not be made—

25 (a) unless an assessee has been given a reasonable opportunity of being heard;

(b) by the Deputy Commissioner or Assistant Commissioner or the Deputy Director or Assistant Director, where penalty exceeds two lakh rupees except with the previous approval of the Additional Commissioner or the Additional Director or the Joint Commissioner or the Joint Director;

30 (c) in a case where the assessment is the subject-matter of an appeal under section 357 or 362,—

(i) after the expiry of the financial year in which the proceedings, in the course of which action for the imposition of penalty has been initiated, are completed; or

35 (ii) six months from the end of the financial year in which the order of the Commissioner (Appeals) or the Appellate Tribunal is received by the jurisdictional Principal Commissioner or Commissioner,

whichever period expires later;

40 (d) in a case where the assessment is the subject-matter of revision under section 377, after the expiry of six months from the end of the financial year in which such order of revision is passed;

45 (e) in any case other than those mentioned in clause (c) and clause (d), after the expiry of the financial year in which the proceedings, in the course of which notice for the imposition of penalty has been issued, are completed, or six months from the end of the financial year in which notice for imposition of penalty is issued, whichever period expires later.

(6) In computing the period of limitation under this section, the following period shall be excluded—

(a) the time taken in giving an opportunity to the assessee to be reheard under section 244(2);

(b) the period commencing on the date on which stay on proceeding under sub-section (2) was granted by an order or injunction of any court and ending on the date on which certified copy of the order vacating the stay was received by jurisdictional Principal Commissioner or Commissioner.

(7) Where immediately after the exclusion of the period referred to in sub-section (6), the remaining period of limitation referred to in sub-section (5) available to the Assessing Officer for making an order under sub-section (2) of this section is less than sixty days, such remaining period shall be extended to sixty days and the aforesaid period of limitation shall be deemed to be extended accordingly.

(8) If after exclusion of the period referred to in sub-section (7), the remaining period of limitation for making of an order for imposition of penalty expires before the end of a month, such remaining period shall be extended to the end of such month.

(9) An income-tax authority on making an order under sub-section (2) imposing a penalty, unless he is himself an Assessing Officer, shall forthwith send a copy of such order to the Assessing Officer.

Authority competent to make assessment of block period.

**299.** (1) The order of assessment for the block period shall be passed by an Assessing Officer not below the rank of a Deputy Commissioner or an Assistant Commissioner or a Deputy Director or an Assistant Director.

(2) The order referred to in sub-section (1) shall be passed with the previous approval of the Additional Commissioner or the Additional Director or the Joint Commissioner or the Joint Director, in respect of search initiated or requisition made on or after the commencement of this Act.

Application of other provisions of Act. Interpretation.

**300.** Save as otherwise provided in this Chapter, all other provisions of this Act shall apply to assessment made under this Chapter.

**301.** In this Chapter—

(a) “block period” means the aggregate of—

(i) the period comprising six tax years preceding the tax year in which the search was initiated or any requisition was made; and

(ii) the period starting from the 1st April of the tax year in which search was initiated or requisition was made and ending on the date of the execution of the last of the authorisations for such search or such requisition;

(b) “requisition” means requisition of books of account, other documents or any assets under section 248;

(c) “requisitioned items” means the books of account, or other documents or money or bullion or jewellery or other valuable article or thing requisitioned under section 248;

(d) “search” means a search initiated under section 247;

(e) “seized items” means the books of account, or other documents or money or bullion or jewellery or other valuable article or thing seized under section 247;

(f) “the last of the authorisations” shall be deemed to have been executed,—

(i) in the case of search, on the 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, irrespective of whether or not any seizure is recorded in such *panchnama*;

5 (ii) in the case of requisition, on the actual receipt of the books of account or other documents or assets by the Authorised Officer; and

(g) “undisclosed income” includes—

10 (i) any money, bullion, jewellery, virtual digital asset or other valuable article or thing or any expenditure or any income based on any entry in the books of account or other documents or transactions, where such money, bullion, jewellery, virtual digital asset, valuable article, thing, entry in the books of account or other document or transaction represents wholly or partly income or property which has not been or would not have been disclosed for the purposes of this Act, in respect of  
15 the block period; or

(ii) any expense, exemption, deduction or allowance claimed under this Act which is found to be incorrect, in respect of the block period.

## CHAPTER XVII

### SPECIAL PROVISIONS RELATING TO CERTAIN PERSONS

20 A.—*Association of persons, firm, Hindu undivided family, etc.*

#### 1.—*Legal representatives*

**302.** (1) Where a person dies, his legal representative shall be liable to pay any sum which the deceased would have been liable to pay if he had not died, in the like manner and to the same extent as the deceased.

Legal  
representative.

25 (2) For the purposes of making an assessment (including an assessment, reassessment or recomputation under section 279) of the income of the deceased and for the purpose of levying any sum in the hands of the legal representative as per the provisions of sub-section (1), any proceeding—

30 (a) taken against the deceased before his death shall be deemed to have been taken against the legal representative and may be continued against the legal representative from the stage at which it stood on the date of the death of the deceased;

(b) which could have been taken against the deceased if he had survived, may be taken against the legal representative; and

35 (c) all the provisions of this Act shall apply accordingly.

(3) The legal representative of the deceased shall be deemed to be an assessee for the purposes of this Act.

40 (4) Subject to the provisions of sub-sections (5), (6) and (7), the liability of a legal representative referred to in sub-section (1) shall be limited to the extent to which the estate of the deceased is capable of meeting the liability.

(5) Every legal representative shall be personally liable for any sum payable by him in his capacity as legal representative if, while such liability remains undischarged, he creates a charge on or disposes of or parts with any assets of the estate of the deceased, which are in, or may come into, his possession.

45 (6) The liability of a legal representative referred to in sub-section (5) shall be limited to the value of the asset so charged, disposed of or parted with.