Types of assessment

1.Precautionary or protective assessment

A Precautionary or Protective Assessment is made by the Income Tax Department when there is uncertainty about who is liable to pay tax on a particular income. It is done to safeguard revenue in cases where ownership or taxability is disputed.

Key Features:

- Applied in Disputed Cases – When there is confusion about which taxpayer should be assessed, the department may assess multiple parties to ensure tax collection.
- Done to Protect Government Revenue – It prevents tax evasion if one party later proves not to be liable.
- Final Tax is Levied on the Right Person – Once the dispute is settled, tax is finally collected from the correct taxpayer, and the others can claim a refund.

2. Regular Assessment

Regular Assessment is a detailed scrutiny of an income tax return conducted by the **Assessing Officer (AO)** to verify its correctness and ensure proper tax compliance. This type of assessment is done **manually** (as opposed to automated assessments) when the tax department suspects **misreporting of income, excessive deductions, or discrepancies in tax filings**.

3.income escaping assessment/ Reassessment

Income Escaping Assessment (also known as **Reassessment**) is conducted when the **Assessing Officer (AO)** believes that some **income has not been disclosed** or **escaped taxation** in the original assessment. This allows the tax department to reassess a taxpayer's income and collect any unpaid tax.

4. best judgement assessment

Best Judgment Assessment is conducted when a taxpayer **fails to comply** with income tax regulations, such as **not filing a return, ignoring notices, or not providing necessary documents**. In such cases, the **Assessing Officer (AO)** estimates the taxpayer's income and tax liability **based on available information** and passes an order accordingly.

- The taxpayer **may have to pay additional tax**, penalties, and interest.
- If dissatisfied, the taxpayer **can appeal to higher authorities**.

5. regular assessment

A **Regular Assessment** is a detailed scrutiny of an income tax return conducted by the **Assessing Officer (AO)** to ensure the correctness of income, deductions, and tax payments. This type of assessment helps prevent tax evasion and ensures that the taxpayer has correctly reported their financial details.

- If the AO finds no errors, the return is accepted.
- If underreported income is detected, additional tax and penalties may be levied.

- If tax paid is more than required, a **refund** is issued.

6. faceless assessments

Faceless Assessment is a digital, AI-driven system introduced by the **Income Tax Department of India** to eliminate physical interaction between taxpayers and tax officers, making the assessment process **transparent, efficient, and corruption-free**.

- **No Physical Interaction** – All communication between the taxpayer and tax authorities happens online via the **Income Tax portal**.
- **Randomized Case Selection** – Cases are assigned through **automated systems**, preventing bias and favouritism.
- **Multiple-Level Review** – Tax assessments are reviewed by different officers to ensure accuracy.
- **No Direct Contact with Assessing Officer** – Taxpayers do not meet or know the specific officer handling their case.
- **E-Communication** – Notices, queries, and submissions are exchanged through **email or the e-filing portal**.

key reasons for claiming a GST refund

Excess Input Tax Credit (ITC) Accumulation

- When input tax credit (ITC) exceeds the output tax liability, businesses can claim a refund.
- This commonly happens in zero-rated supplies (exports or SEZ transactions) and inverted duty structures (when input tax is higher than output tax).

Export of Goods or Services (Without Payment of Tax)

- Businesses exporting goods or services under LUT (Letter of Undertaking) can claim a refund of ITC used for exports.
- No GST is charged on the export invoice.

Tax Paid on Supplies to SEZ Units/Developers

- Supplies made to Special Economic Zones (SEZs) are considered zero-rated.
- The supplier can claim a refund of ITC or tax paid on such supplies.
- A refund can be claimed for the excess ITC.

Refund of Excess Tax Paid

- If a taxpayer mistakenly pays excess tax due to incorrect tax calculations, they can apply for a refund.

Refund Due to Finalization of Provisional Assessment

- If a taxpayer was required to pay tax on a provisional basis, and after final assessment, it turns out they have paid more than due, the excess tax is refundable.

Refund on Supplies Deemed Exports

- In cases where supplies qualify as deemed exports (such as supplies to an advance authorization holder or EPCG holder), the recipient or supplier can claim a refund.