

Paper – 16 Direct Tax Laws and International Taxation

Full Marks : 100 Time allowed: 3 hours

Part - I

Choose the correct alternative and also provide your justification [10 x 2]
 The authority for advance ruling will not allow consideration of any question involving determination of ______ of any property.
 (a) income

- (b) reasonable expected rent
- (c) fair market value
- (d) none of the above

Reason:

The Authority may, after examining the application and the records called for, by order, either allow or reject the application. However, where the question raised in the application -

- (i) is already pending before any income-tax authority or Appellate Tribunal [except in the case of a resident applicant falling in sec. 245N(b)(iii)] or any court;
- (ii) involves determination of fair market value of any property;
- (iii) relates to a transaction or issue which is designed *prima facie* for the avoidance of income-tax [except in the case of a resident applicant falling in sec. 245N(b)(iii)]
- shall be rejected by the authority.
- 2. Where a sole proprietary concern is succeeded by a company in the business carried on by it as a result of which the sole proprietary concern sells or otherwise transfers any capital asset to the company, the transaction is not regarded as transfer provided certain conditions are satisfied. One of those condition is:
 - (a) Proprietor holds not less than 51% of the total voting power in the company and his shareholding continues to remain as such for a period of 3 years from the date of succession
 - (b) Proprietor holds not less than 51% of the total voting power in the company and his shareholding continues to remain as such for a period of 5 years from the date of succession
 - (c) Proprietor holds not less than 50% of the total voting power in the company and his shareholding continues to remain as such for a period of 3 years from the date of succession

(d) Proprietor holds not less than 50% of the total voting power in the company and his shareholding continues to remain as such for a period of 5 years from the date of succession

Reason:

As per sec. 47(xiv), where a sole proprietary concern is succeeded by a company in the business carried on by it as a result of which the sole proprietary concern sells or otherwise transfers any capital asset to the company, the transaction is not regarded as transfer provided following conditions are satisfied:

- (a) All assets and liabilities of the sole proprietary concern relating to the business immediately before the succession become the assets and liabilities of the company;
- (b) Proprietor holds not less than 50% of the total voting power in the company and his shareholding continues to remain as such for a period of 5 years from the date of succession; and
- (c) The sole proprietor does not receive any consideration or benefit, directly or indirectly, in any form or manner, other than by way of allotment of shares in the company.
- 3. Interest on refund due to TDS or TCS or Advance tax shall be allowed, provided the amount of refund is not ____ of the tax determined u/s 143(1) or on regular assessment.
 - (a) less than 10%
 - (b) less than 90%
 - (c) more than 10%
 - (d) less than 20%

Reason:

As per sec. 244A, where refund is due by reason of excess TDS or TCS or Advance tax, no interest on refund shall be allowed if the amount of refund is less than 10% of the tax determined u/s 143(1) or on regular assessment.

- 4. Special rate of tax as provided in sec. 115A on interest on infra-bond being issued to non-resident is:
 - (a) 5%
 - (b) 20%
 - (c) 10%
 - (d) 15%

Reason:

As per sec. 115A, interest received from an infrastructure debt fund referred to in sec. 10(47) shall be taxable @ 5%.

- 5. The ICDS is required to be followed:
 - (a) by all assessee (other than an individual or a Hindu undivided family who is not required to get his accounts of the previous year audited u/s 44AB)
 - (b) by all assessee
 - (c) by all assessee (other than an individual or a Hindu undivided family)
 - (d) none of the above

Reason:

The standards are required to be followed:

- by all assessee (other than an individual or a Hindu undivided family who is not required to get his accounts of the previous year audited u/s 44AB)
- who follows the mercantile system of accounting,
- for the purposes of computation of income chargeable to income-tax under the head "Profits and gains of business or profession" or "Income from other sources".
- 6. Countries that employ explicit policies designed to attract international trade oriented activities by minimization of taxes and reduction or elimination of other restrictions on business operations is described as _____.
 - (a) Tax Planning
 - (b) Tax Havens
 - (c) Tax Evasion
 - (d) Tax Management

Reason:

Any country which modifies its tax laws to attract foreign capital could be considered a tax haven

- 7. The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 extends to:
 - (a) Whole of India except the state of Jammu and Kashmi
 - (b) Whole of India
 - (c) Whole of India except the state of Arunachal Pradesh
 - (d) Whole of India except the state of Jammu and Kashmir & Assam

Reason:

The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 extends to whole of India

- 8. A foreign company means a company which is not
 - (a) An Indian company
 - (b) A domestic company
 - (c) An Indian company as well as a domestic company.
 - (d) None of the above

Reason:

As per sec. 2(23A), foreign company means a company which is not a domestic company.

- 9. Filing return of income within prescribed time limit is _____
 - (a) tax evasion
 - (b) tax avoidance
 - (c) tax planning
 - (d) tax management

Reason:

Tax management is a procedure to comply with the provisions of the law. Filing of return of income within prescribed time limit is compliance of law.

- 10. Out of the following, which is the power of the CBDT
 - (a) Instructions to subordinate authorities
 - (b) Issue General or Special order to subordinates
 - (c) Admit application or claim after expiry of time limit
 - (d) All of the above

Reason:

All of these are prescribed u/s 119.

Answer:

- 1. (c) fair market value
- 2. (d) Proprietor holds not less than 50% of the total voting power in the company and his shareholding continues to remain as such for a period of 5 years from the date of succession
- 3. (a) less than 10%
- **4**. (a) 5%
- 5. (a) by all assessee (other than an individual or a Hindu undivided family who is not required to get his accounts of the previous year audited u/s 44AB)
- 6. (b) Tax Havens

- 7. (b) Whole of India
- 8. (b) A domestic company
- 9. (d) tax management
- **10**. (d) All of the above

Part - II

(Answer and Five Questions out of seven questions to be answered)

2. (a) Explain the circumstances under which the Assessing Officer can resort to provisional attachment of the property of the assessee. [8]

Answer:

Where, during the pendency of any proceeding for the assessment or reassessment, the Assessing Officer is of the opinion that for the purpose of protecting the interests of the revenue it is necessary so to do, he may, with the previous approval of the Chief Commissioner, Commissioner, Director General or Director, by order in writing, attach provisionally any property belonging to the assessee in the manner provided in the Second Schedule.

Every such provisional attachment shall cease to have effect after the expiry of a period of 6 months from the date of such order.

However, Principal Chief Commissioner or Chief Commissioner, Principal Commissioner or Commissioner, Principal Director General or Director General or Principal Director or Director may, for reasons to be recorded in writing, extend the aforesaid period by such further period or periods as he thinks fit, so, however, that the total period of extension shall not in any case exceed 2 years or 60 days after the date of order of assessment or reassessment, whichever is later.

2. (a) A Ltd. made the following payments of advance tax during the financial year 2018-19:

	₹in lakh		₹ in lakh
June 15, 2018	3.70	September 15, 2018	3.50
December 15, 2018	10.25	March 18, 2019	8.80

The return of income is filed on 31-7-2019 showing

Business income

₹80 lakh

Long term capital gain taxable @ 20% (as on 1-12-2018)

₹ 10 lakh

Compute interest payable u/s 234C.

[8]

Answer:

Computation of tax liability for A.Y. 2019-20(₹ in lakh)

Particulars	Business income	Long term capital gain
Income	80.00	10.00
Tax rate	30%	20%
Tax liability before surcharge	24.00	2.00
Add: Surcharge	Nil	Nil
Tax liability after surcharge	24.00	2.00
Add: Education cess	0.96	0.08
Tax liability after surcharge and cess	24.96	2.08

Computation of interest payable u/s 234C

Particulars	Installment of Advance tax				
raiticulais	15/6/2018	15/9/2018	15/12/2018	15/3/2019	
Rate of Advance tax	15%	45%	75%	100%	
Amount payable					
(24,96,000 x 15%)	3,74,400				
(24,96,000 x 45%)	•	11,23,200	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		
[(24,96,000 + 2,08,000) x 75%]			20,28,000		
[(24,96,000 + 2,08,000) x 100%]	•			27,04,000	
Less: Amount paid till date	3,70,000	7,20,000	17,45,000	17,45,000 ³	
Shortfall	Nil ¹	4,03,200	2,83,000	9,59,000	
Rounded off (a)	Nil-	4,03,200	2,83,000	9,59,000	
Period of default (b)	/ET A	3 months	3 months	1 month	
Interest (1% x a x b)	السيرة الم	₹12,096	₹ 8,490	₹ 9,590	
Total interest payable u/s 234C/	5	₹ 30	,176		

Since assessee has paid at least 12% of tax (i.e. ₹ 2,99,520) on or before 15th June, 2018, hence no interest u/s 234C shall be levied.

- 1. Since assessee fails to pay 36% of tax (i.e. ₹ 8,98,560) on or before 15th September, 2018, hence interest u/s 234C shall be levied. It is to be noted that interest shall be payable considering 45% of tax.
- 2. As payment has not been made within due date, hence advance tax paid on 18-03-2019 has not been considered.
- 3. From the following profit & loss account of Ronie for the year ended 31-3-2019, compute his gross total income for the assessment year 2019-20:

Particulars	Amount	Particulars	Amount
Opening stock	4,00,000	Sales	2,40,00,000
Purchases	2,30,00,000	Closing stock	4,80,000
Salaries	8,00,000	Income from house property	80,000
Rent, rates & taxes	1,20,000	Dividend from an Indian	9,000
		company	
Legal charges	40,000		
Miscellaneous expenses	20,000		
Provision for bad debts	30,000		
Provision for gratuity	20,000		
Provision for income tax	40,000		
Salary to Mrs. Ronie	36,000		
Depreciation	40,000	\$	
Net profit	23,000		
	2,45,69,000		2,45,69,000

Additional information

- 1. Purchases include ₹ 1,00,000 paid in cash to cultivator for purchase of an agricultural produce.
- 2. Purchases also include ₹ 1,00,000 paid by way of compensation to a supplier as the assessee was unable to take the delivery of goods due to lack of storage space and finances.
- 3. Opening stock was overvalued by 25% and closing stock was undervalued by 25%.
- 4. Salary includes ₹ 15,000 paid as customary bonus on the occasion of Diwali over and above the bonus payable under the Payment of Bonus Act, 1956.
- 5. Rent, rates & taxes include ₹ 10,000 on account of disputed sales tax demand. ₹ 3,000 on account of municipal taxes for property let out. It also includes ₹ 5,000 as customs penalty paid during the year.
- 6. An amount of ₹ 20,000 from a customer was written off from the provision for bad debts
- 7. An employee retired on 28-3-2019. Gratuity payable to him was ₹ 20,000. A provision was created for the same this year and it was paid on 2-4-2019.
- 8. Mrs. Ronie is a law graduate and actively working in the assessee's firm.

[16]

Answer:

Computation of gross total income of Ronie for the A.Y.2019-20

Particulars	Note	Details	Amount
Profits and gains of business or profession			
Net profit as per books of account			23,000
Add: Expenditure disallowed but debited in P/L A/c			
Disputed sales tax demand \\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\	6	10,000	
Municipal tax	7	3,000	
Custom penalty	8	5,000	
Provision for bad debts	9	30,000	
Provision for income tax	12	40,000	88,000
व्यसी भाषि (/ अपयातम			1,11,000
Less: Expenditure allowed but not debited in P/L A/c:	79)		
Bad debts	9	20,000	
Less: Income not taxable but credited to P/L A/c:			
Dividend received from companies		9,000	
Less: Income taxable under other heads but credited to P/L A/c			
Income from house property		80,000	1,09,000
			2,000
Adjustment of stock			
Add: Under valuation of closing stock	4	1,60,000	
Add: Over valuation of opening stock	3	80,000	2,40,000
			2,42,000
Income from house property			
Gross Annual Value (Actual rent received)		80,000	

Less: Municipal Taxes	3,000	
Net Annual value (NAV)	77,000	
Less: Standard deduction u/s 24(a) @ 30% of NAV	23,100	53,900
Income from other sources		
Dividend [Exempt u/s 10(34)]		Nil
Gross Total Income		2,95,900

Notes

- 1. Since the payment is made in cash of ₹ 1,00,000 to agriculturist, hence the provision of sec. 40A(3) do not attract.
- 2. Payment of compensation to supplier is a business expenditure and shall be allowed.
- 3. Overvaluation of opening stock by 25%

Stock at overvalued figure (i.e. at 125%) = ₹ 4,00,000

Stock at cost (i.e. at 100%) = ₹3,20,000 (i.e. ₹4,00,000 / 125%)

Overvaluation of stock = ₹80,000 (i.e. ₹4,00,000 - ₹3,20,000)

4. Under valuation of closing stock by 25%

Stock at undervalued figure (i.e. at 75%) = ₹4,80,000

Stock at cost (i.e. at 100%) =₹ 6,40,000 (i.e. ₹ 4,80,000 / 75%)

Undervaluation of stock = ₹1,60,000 (i.e. ₹6,40,000 - ₹4,80,000)

- 5. Voluntary bonus to employee shall be allowed expenditure.
- 6. Disputed sales tax demand is not allowed assuming it is still not paid [Sec. 43B]
- 7. Municipal tax paid is allowed under the head income from house property.
- 8. Any payment for infringement of law is not allowed as deduction.
- 9. Provision for bad debt is disallowed. However, bad debt written off against the same is allowed expenditure.
- 10. Since the gratuity is paid before due date of filing of return, hence the same is allowed.
- 11. Payment to relative not being in excess shall be allowed as deduction. Further Mrs. Ronie is possessing technical or professional qualification. Hence, clubbing provision u/s 64(1) is not attracted.
- 12. Income tax is disallowed expenditure u/s 40(a).

4. (a) Compute total income of each investment fund for A.Y. 2019-20 from the following details:

Income	Fund A	Fund B	Fund C
Business Income	Nil	5,00,000	(2,00,000)
Capital Gains	20,00,000	15,00,000	(5,00,000)
Income from Other Sources	5,00,000	3,00,000	10,00,000

Further, it is also given that there are 20 unit holder each holding one unit. You are also requested to compute income of unit holder assuming that income from investment fund is the only income of unit holder.

[8]

Answer:

Computation of total income of the investment fund for the A.Y. 2019-20

Particulars	Fund A	Fund B	Fund C
Business Income	Nil	5,00,000	Nil
Total Income	Nil	5,00,000	Nil

Such income is taxable at the rate @ 30% if the fund is a company or firm else at maximum marginal rate of tax (i.e., 35.88%)

Computation of total income of the unit holder for the A.Y. 2019-20

Particulars	Fund A	Fund B	Fund C
Capital Gains [Income / 20]	1,00,000	75,000	
Income from Other Sources [Income / 20] [#(₹ 10 lakh – ₹ 2 lakh) / 20]	25,000	15,000	40,000#
Total Income	1,25,000	90,000	40,000

4. (b) Write short notes on Anonymous Donation.

[8]

Answer:

Anonymous Donation [Sec. 115BBC]

Where the total income of an assessee being

- Any University or other educational institution referred u/s 10(23C)(iiiad) or (vi)
- Any hospital or other institution referred u/s 10(23C)(iiiae) or (via)
- Any fund or institution referred u/s 10(23C)(iv) or (v)
- Any trust or institution referred u/s 11.
- includes any income by way of anonymous donation# in excess of specified limit##, such donation shall be taxed @ 30% (+SC+EC+SHEC)
- # Anonymous donation means any voluntary contribution, where a person receiving such contribution does not maintain a record of the identity indicating the name and address of the person making such contribution and other prescribed particulars.
- ## Specified limit: Anonymous donation received being higher of the following:
 - (a) 5% of the total donations received by the assessee; or
 - (b) ₹1,00,000

Exceptions:

The above provision shall not apply to any anonymous donation received by -

Any trust or institution created wholly for religious purposes

- Any trust or institution created wholly for religious and charitable purposes other than any anonymous donation made with a specific direction that such donation is for any University or other education institution or hospital or other medical institution run by such trust or institution.
- Anonymous donation received upto specified limit.
- 5. (b) Critically comment with the help of a case law:

A fresh claim before the Assessing Officer can be made only by filing a revised return and not otherwise. Discuss. [8]

Answer:

A return of income filed within the due date u/s 139(1) or a belated return filed u/s 139(4) may be revised by filing a revised return u/s 139(5) where the assessee finds any omission or wrong statement in the original return subject to satisfying other conditions. There is no provision in the Income-tax Act, 1961, to make changes or modification in the return of income by filing a letter. The Apex Court in *Goetze (India) Ltd. -vs.- CIT (2006) 284 ITR 323*, has held that there is no provision in the Income-tax Act, 1961 to allow an amendment in the return of income filed except by way of filing a revised return. In a case where a return of income has been filed within the due date u/s 139(1) or a belated return is filed u/s 139(4), the only option available to the assessee to make an amendment to such return is by way of filing a revised return u/s 139(5).

5. (b) State the method of computation of income from construction and service contract. [5]

Answer:

Computation of income from construction and service contracts [Sec. 43CB]

The profits and gains arising from a construction contract or a contract for providing services shall be determined on the basis of percentage of completion method in accordance with the ICDS.

Taxpoint:

Profits and gains arising from a contract for providing services:

Case	Method
Contract for providing services with duration of not more	Project completion method
than 90 days	
A contract for providing services involving indeterminate	Straight line method
number of acts over a specific period of time	

- For the purpose of percentage of completion method:
 - the contract revenue shall include retention money;
 - the contract costs shall not be reduced by any incidental income in the nature of interest, dividends or capital gains.

6. (a) Shri Suresh, an ordinarily resident in India, provides following details of his income for the previous year relevant to the A.Y. 2019-20

Income from India ₹ 6,80,000
 Income from Country Z ₹ 4,00,000
 Investment in PPF ₹ 80,000

Further, it is to be noted that:

- (a) India has avoidance of double taxation agreement with Country Z. According to said agreement, income is taxable in the country in which it is earned and not in other country. However, in the other country such income can be included for the purpose of computation of tax rate.
- (b) Foreign income has been taxed in Country Z @ 20%.

Compute Indian tax payable.

[8]

Answer:

Computation of total income and tax liability of Shri Suresh for the A.Y. 2019-20

/***	Particulars	Amount
Income from India	/ T \Z\	6,80,000
Income from Country Z	I Z	4,00,000
Gross Total Income		10,80,000
Less: Deduction u/s 80C [Investr	nent in PPF]	80,000
l-To	otal income	10,00,000
Tax on above	\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \	1,12,500
Add: Health & Education cess		4,500
Tax ar	nd cess payable	1,17,000
Less: Relief u/s 90 [₹ 4,00,000 x 11	.70%1]	46,800
Tax payable in In	ndia (Rounded off u/s 288B)	70,200

1. Average rate of Indian tax = ₹ 1,17,000 / ₹ 10,00,000 x 100 = 11.70%

6. (b) Write short note on "Berry Ratio"

[8]

Answer:

Berry ratio is the ratio of gross profit to operating expenses. It measures the return on operating expenses. As the functions performed by the tax-payers are often reflected in the operating expenses, this ratio determines the relationship of the income earned in relation to the functions performed. This ratio helps in overcoming the difficulties in applying the RPM, which does not explain the creation of gross profit. This ratio is used in conducting an arm's length analysis of service-oriented industry such as limited risk distributor, advertising, marketing and engineering services. The Berry ratio may be used to test whether service providers have earned enough mark-up on their operating expenses. In essence, the Berry ratio implicity assumes that there is a relationship between the level of operating expenses and the level of gross profits earned by routine distributors and service providers.

7. (a) Videsh Ltd., a US company has a subsidiary, Hind Ltd. in India. Videsh Ltd. sells mobile phones to Hind Ltd. for resale in India. Videsh Ltd. also sells mobile phones to Bharat Ltd. another mobile phone reseller. It sold 48,000 mobile phones to Hind Ltd. at ₹ 12,000 per unit. The price fixed for Bharat Ltd. is ₹ 11,000 per unit.

The warranty in case of sale of mobile phones by Hind Ltd. is handled by itself, whereas, for sale of mobile phones by Bhart Ltd., Videsh Ltd. is responsible for warranty for 6 months. Both Videsh Ltd. and Hind Ltd. extended warranty at a standard rate of ₹ 500 per annum.

On the above facts, how is the assessment of Hind Ltd. going to be affected? Show your calculations also. [8]

Answer:

Computation of Arm's Length Price

Particulars	Amount
Cost of Mobile Phone sold to Bharat Ltd.	11,000
Less: Cost of Warranty	250
Arm's Length Price	10,750

Computation of Increase in Total Income

Particulars	Amount (in lacs)
Cost of mobile phone acquired from Videsh Ltd. [₹ 12,000 x 48,000]	5,760
Less: Arm's length Value [₹ 10,750 x 48,000]	5,160
Therefore, Increase in Total Income	600

7. (b) State the provision relating to assessment u/s 10 of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015. [8]

Answer:

Assessment [Sec. 10]

- The Assessing Officer may, on receipt of an information from an income-tax authority or any other authority under any law for the time being in force or on coming of any information to his notice, serve on any person, a notice requiring him, on the specified date, to produce such accounts or documents or evidence as the Assessing Officer may require for the purposes of this Act.
 - No separate return is required to be filed under this Act
 - There is no time limit for issuance of the aforesaid notice. The Assessing Officer may issue such notice any time on the basis of information.
- The Assessing Officer may, from time to time, serve further notices requiring the production of such other accounts or documents or evidence as he may require.
- The Assessing Officer may make such inquiry, as he considers necessary, for the purpose of obtaining full information in respect of undisclosed foreign income and asset of any person for the relevant financial year or years.

- The Assessing Officer, after considering such accounts, documents or evidence, as he has obtained, and after taking into account any relevant material which he has gathered and any other evidence produced by the assessee, shall by an order in writing, assess the undisclosed foreign income and asset and determine the sum payable by the assessee.
- Such order shall be made within 2 years from the end of the financial year in which the notice was issued by the Assessing Officer [Sec. 11]
- ➤ <u>Best Judgment Assessment</u>: If any person fails to comply with all the terms of the notice, the Assessing Officer shall, after taking into account all the relevant material which he has gathered, make the assessment of undisclosed foreign income and asset to the best of his judgment and determine the sum payable by the assessee. [Sec. 10(4)]
 - Before making such an assessment, an opportunity of being heard is required to be given to the assessee.

8. Write short note

- (a) Under-reporting of income for levy of penalty u/s 270A
- (b) Revision u/s 264
- (c) Appointment of income tax authorities
- (d) 'Case' in light of provision of settlement commission

Answer:

(a) Cases of under-reporting of income [Sec. 270A(2)]

A person shall be considered to have under-reported his income, if:

- (i) the income assessed is greater than the income determined in the return processed u/s 143(1)(a);
- (ii) the income assessed is greater than the maximum amount not chargeable to tax, where no return of income has been furnished:
- (iii) the income reassessed is greater than the income assessed or reassessed immediately before such reassessment:
- (iv) the amount of deemed total income assessed or reassessed u/s 115JB or 115JC is greater than the deemed total income determined in the return processed u/s 143(1)(a);
- (v) the amount of deemed total income assessed u/s 115JB or 115JC is greater than the maximum amount not chargeable to tax, where no return of income has been filed;
- (vi) the amount of deemed total income reassessed u/s 115JB or 115JC is greater than the deemed total income assessed or reassessed immediately before such reassessment;
- (vii) the income assessed or reassessed has the effect of reducing the loss or converting such loss into income.

(b) Revision of Order not Prejudicial to Revenue [Sec. 264]

Orders which may	Any order which is -
be revised	• erroneous;
	 not covered u/s 263 (i.e. not prejudicial to the interest of the revenue);
	passed by an authority subordinate to the Principal Commissioner or Commissioner.
	Taxpoint: No order under this section can be passed which is prejudicial to the assessee.
	Notes:
	a) Order which is not appealable before the Commissioner (Appeal) can also be referred to the Commissioner for revision.
	b) For the purposes of this section, the Deputy Commissioner (Appeals) shall be deemed to be an authority subordinate to the Commissioner.
On whose motion is revision possible	Either on own motion of the Principal Commissioner / Commissioner or on an application by the assessee for revision.
Procedure to be followed	 Examination of Records: Once revision proceedings have been initiated, the Principal Commissioner or Commissioner may call for and examine the record of any proceeding. Inquiry: He must also make or cause to be made such inquiry as
	he deems necessary 3. Order: He may pass such revision order as the circumstances of the case justify. However, the order passed should not be prejudicial to the assessee.
Time limit for filing an application	Where revision has been initiated by the assessee, the application must be made within 1 year from the date on which the order in question was communicated to the assessee or the date on which he otherwise came to know of it, whichever is earlier.
	However, the Principal Commissioner or Commissioner can admit a belated application if the assessee was prevented by sufficient cause from making the application within time.
	In computing the above period of limitation following time shall be excluded:
	The day on which the order complained of was served; and
	If the assessee had not received the copy of the order, the time required to obtain copy of such order.
Time limit for passing a revisional	Where the Principal Commissioner or Commissioner acts on his own motion
order	- Within 1 year from the date of original order
	Where the application is made by the assessee
	- Within 1 Year from the end of the financial year in which such application is made.
	In computing the above period of limitation following period shall be excluded.
	Time taken in giving an opportunity to the assessee of being re-

	heard u/s 129; &
	Any period during which any proceeding under this section is stayed by an order or injunction of any court. [Sec. 264(6)]
	However, there is no time limit for passing a revision order for giving effect to, or in consequence of, an order of the ITAT, the High Court or the Supreme Court.
Orders which cannot be revised	a) Where an order is appealable but no appeal has been made to CIT (Appeals) or to the Tribunal and time within which such appeal can be made, has not expired.
	Note: Where an appeal lies to the Commissioner (Appeals) or to the Appellate Tribunal and the right of appeal is waived by the assessee, the Principal Commissioner or Commissioner may revise the order even before the expiry of time limit of appeal.
	b) Where the order has been made the subject of an appeal to the Commissioner (Appeals) or to the Appellate Tribunal.
	E.g., the assessee has been aggrieved with point A and point B in the order passed by the Assessing Officer. He preferred an appeal to the Commissioner (Appeals) in respect of point A and seeks to file revision petition u/s 264 in respect of point B. It is not possible, he cannot file revision petition u/s 264 due to doctrine of total (or complete) merger of the order. He has to choose either way of the course. It is to be noted that for the purpose of sec. 264, doctrine of total merger is applicable, on the other hand, for the purpose of sec. 147, 154 and 263, doctrine of partial merger is applicable. Note The assessment order could not be said to have been made subject matter of appeal, where an appeal was dismissed - a) on the ground that the same was incompetent; or b) as barred by limitation; or
Fee	₹ 500 where the application for revision is made by the assessee.
Appeal against order u/s 264	A revisional order passed by the Principal Commissioner or Commissioner u/s 264 cannot be appealed to the Tribunal or the High Court. However, a petition for a writ of certiorari under Article 226 is maintainable
Other points	 The assessee cannot claim the right of revision in respect of an earlier year on the basis of finding of the Tribunal for a subsequent year. An order by the Principal Commissioner or Commissioner declining to interfere shall not be deemed to be an order prejudicial to the assessee.

(c) Appointment of income tax authorities [Sec. 117]

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

- (b) The Central Government may authorise the Board, or a Principal Director General or Director-General, a Principal Chief Commissioner or Chief Commissioner or a Principal Director or Director or a Principal Commissioner or Commissioner to appoint income-tax authorities below the rank of an Assistant Commissioner or Deputy Commissioner.
- (c) An income-tax authority authorised in this behalf by the Board may appoint such executive or ministerial staff as may be necessary to assist it in the execution of its functions.

All these appointments can be made subject to the rules and orders of the Central Government.

(d) "Case" in light of provision relating to Settlement Commission

Case means any proceeding for assessment, of any person in respect of any assessment year or assessment years which may be pending before an Assessing Officer on the date on which an application is made.

Taxpoint

- 1. A proceeding for assessment or reassessment or recomputation u/s 147 shall be deemed to have commenced:
 - (a) from the date on which a notice u/s 148 is issued for any assessment year;
 - (b) from the date of issuance of the notice referred above, for any other assessment year or assessment years for which a notice u/s 148 has not been issued, but such notice could have been issued on such date, if the return of income for the other assessment years or assessment years has been furnished u/s 139 or in response to a notice u/s 142;
- A proceeding for making fresh assessment in pursuance of an order u/s 254 or sec. 263
 or sec. 264, setting aside or cancelling an assessment shall be deemed to have been
 commenced from the date on which such order, setting aside or cancelling an
 assessment was passed;
- A proceeding for assessment or reassessment for any of the assessment years u/s 153A / 153C shall be deemed to have commenced on the date of issue of notice initiating such proceeding and concluded on the date on which the assessment is made;
- 4. A proceeding for assessment for any assessment year, other than aforesaid proceedings shall be deemed to have commenced from the date on which the return of income for that assessment year is furnished u/s 139 or in response to a notice served u/s 142 and concluded on the date on which the assessment is made; or on the expiry of the time specified for making assessment u/s 153(1), in case where no assessment is made.