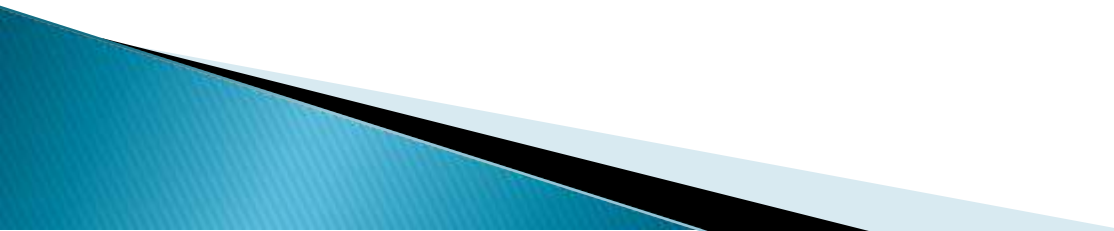



# **NOTICE U/S 143(2) AND ASSESSMENT PROCEEDINGS U/S 143(3) OF THE INCOME TAX ACT, 1961 AS AMENDED**

E- Assessment – Practical aspect preparation of point wise reply to queries raised, filing of the same ( Sample copy of reply to Assessing Officer

# DISCUSSIONS


- ▶ – Introduction to Scrutiny Assessment
  - ▶ – Legal Framework: Sec 143(2) and 143(3)
  - ▶ – E-Assessment under Faceless Regime
  - ▶ – Practical Tips: Preparing Point-wise Replies
  - ▶ – Sample AO Reply Format
- 

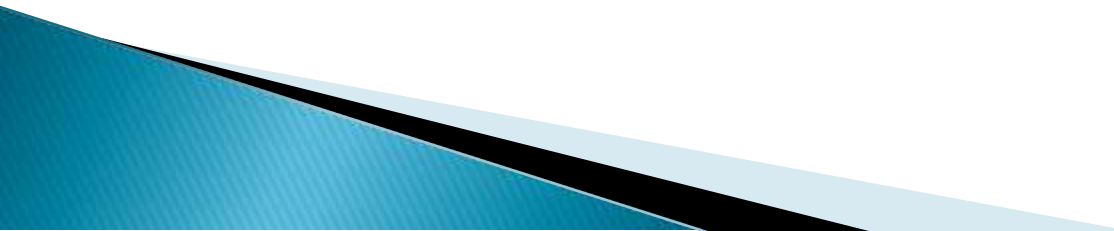
- ▶ SECONDARY PARAMETER AFTER RESPONSE FROM ASSESSEE THROUGH ROI
- ▶ SECONDARY PARAMETER AFTER ISSUANCE OF NOTICE U/S 142(1) ONLY
- ▶ SECONDARY PARAMETER AFTER ISSUANCE OF NOTICE U/S 142(1) AS WELL AS AFTER RESPONSE FROM ASSESSEE THROUGH ROI
- ▶ REPETITION AFTER ISSUANCE OF NOTICE U/S 148 AND U/S 142(1) FOR REASSESSMENT PROCEEDINGS
- ▶ AFTER ISSUANCE OF NOTICE U/S 153A BUT NOT COMPULSORY

- ▶ **KEY FEATUERS:**
  - ▶ CHILD SECTION BEFORE INITIATION
  - ▶ BECOME DOMINANT SECTION AFTER INITIATION
  - ▶ ABSOLUTELY PROCEDURAL SECTION
  - ▶ WIDE SCOPE OF ACTIVITIES IN THE ASSESSMENT PROCEEDINGS
  - ▶ CAN BE ACTIVE SEVERAL TIMES FOR THE ASSESSMENT
  - ▶ LOT OF LITIGATIONS FACED BY THE DEPARTMENT
  - ▶ NO RECTIFICATION IS ALLOWED BOTH IN THE HANDS OF THE ASSESSEE AS WELL AS DEPARTMENT
- 

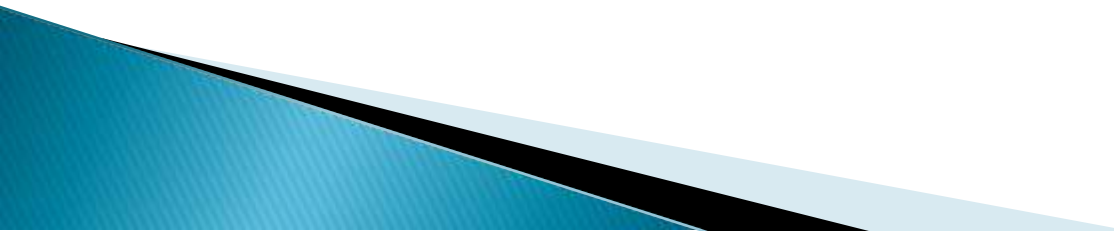
# SECTIONS OF ASSESSMENTS

<b>Section 140A</b>	<b>Self Assessment</b>
Section 142(1)	Enquiry before Assessment
Section 143(1)(a)	Summery Assessment before communicating Assessee
<b>Section 143(3)</b>	<b>Scrutiny Assessment</b>
Section 144	Best Judgment Assessment
Section 147	Reassessment after opening
Section 153A	Search Assessment
Section 153C	Assessment on Survey related to Search operation
Section 154	Rectification on Assessment
Section 155	Amendment

- ▶ **TIME LIMIT FOR ISSUANCE OF NOTICE:**
  - ▶ **WITHIN THREE MONTHS FROM THE END OF THE F.Y. IN WHICH THE RETURN HAS BEEN FILLED**
  - ▶ **ISSUANCE OF REPETITIVE NOTICE CAN BE ALLOWED BUT WITHIN THE TIME LIMIT**
  - ▶ **TIME LIMIT CAN NOT BE EXTENDED BY THE A.O. EVEN BY THE CHIEF CIT SAVE AND EXCEPT BY THE COMPETENT AUTHORITY UNDER CBDT**
  - ▶ **NOTICE CAN BE ISSUED WITHIN THE ASSESSMENT PROCEEDINGS**
- 

- ▶ **Objects** : To capture any understatement of income or excessive deductions
  - ▶ **Reasons**: High-value transactions,
  - ▶ TDS or any other data mismatch as per Portal
  - ▶ Average ratio of expense if substantially higher than the standard average of that particular Industry
  - ▶ Very Low Net worth and/or excessive Loan or CL
  - ▶ Excessive Sundry Creditors ratio to Purchase
  - ▶ Cash balance is so poor to sustain
  - ▶ Very low GP and/or NP ratio in comparison to the average of that particular Industry
  - ▶ Other reasons for random selection
- 

# Season Believe

- ▶ Full-fledged examination of return
  - ▶ Limited Scrutiny for the examination of particular data/transaction
    - ▶ – AO can call for evidence, books of account
    - ▶ – Outcome: Additions/disallowances, revised tax liability
- 



**2022**

**Finance Bill 2022 proposed Amendments to the existing provisions of Section 144B**

**2021**

**Insertion of Section 144B in the Income-Tax vide the Taxation and other Laws (Relaxation and Amendment of Certain Provisions) Act**

**2020**

**Renamed as Faceless Assessment Scheme 2019 with more scope.**

**2019**

**05-07-2019 E-Assessment Scheme, 2019**

**2018**

**BUDGET insertion of three classes- 143(3A), 143(3B) & 143(3C) to Section 143(3) in IT Act, 1961**

**2017**

**E-Assessment in other option given to 102 cities**

**2016**

**Pilot basis in Delhi & Mumbai**

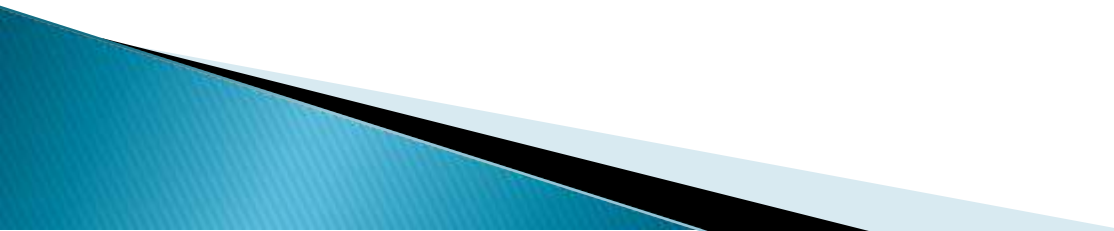
# FACELESS ASSESSMENT

- Faceless Assessment is a part of e-governance initiative of the Government of India.
- To do scrutiny proceeding under section 143(3) / 147.
- To be conducted in a faceless and jurisdiction-less manner.
- Through the electronic means of communication via e-proceedings functionality.
- No physical/personal interface between the assessee and the assessing authority.

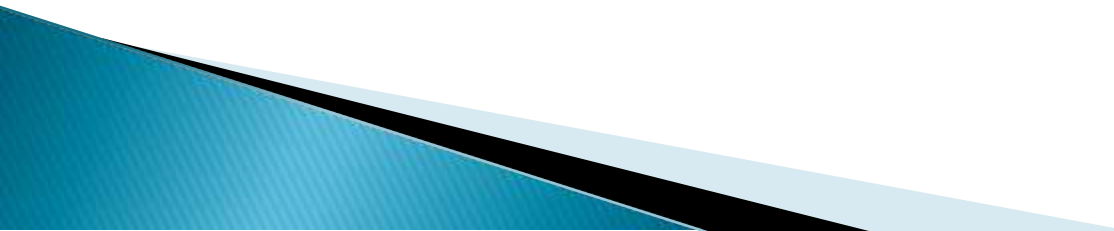
- ▶ The case selection will be through the system using data analytics & Artificial Intelligence
- ▶ Automated random allocation of cases
- ▶ Abolition of Territorial jurisdiction
- ▶ Central issuance of notices with Document Identification Number (DIN)
- ▶ Team-based assessment & reviews
- ▶ No physical interface, meaning no need to visit Income Tax office

# FEATURES

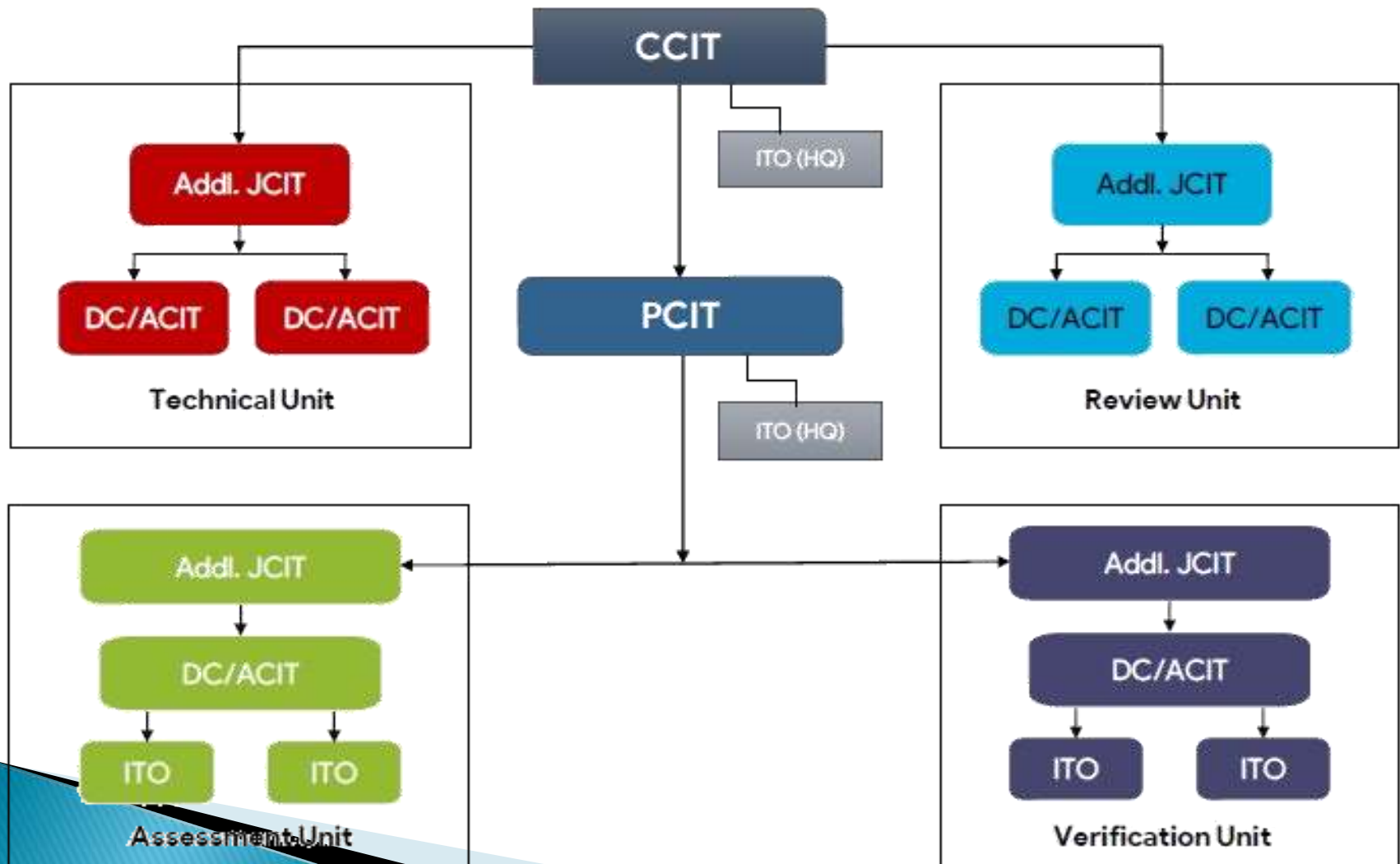
# E-Assessment Framework

- ▶ – Introduced under Sec 144B
  - ▶ – Faceless assessment procedure
  - ▶ – Entities: Assessment, Verification, Review, Technical Units
  - ▶ – All communication through Income Tax Portal
- 

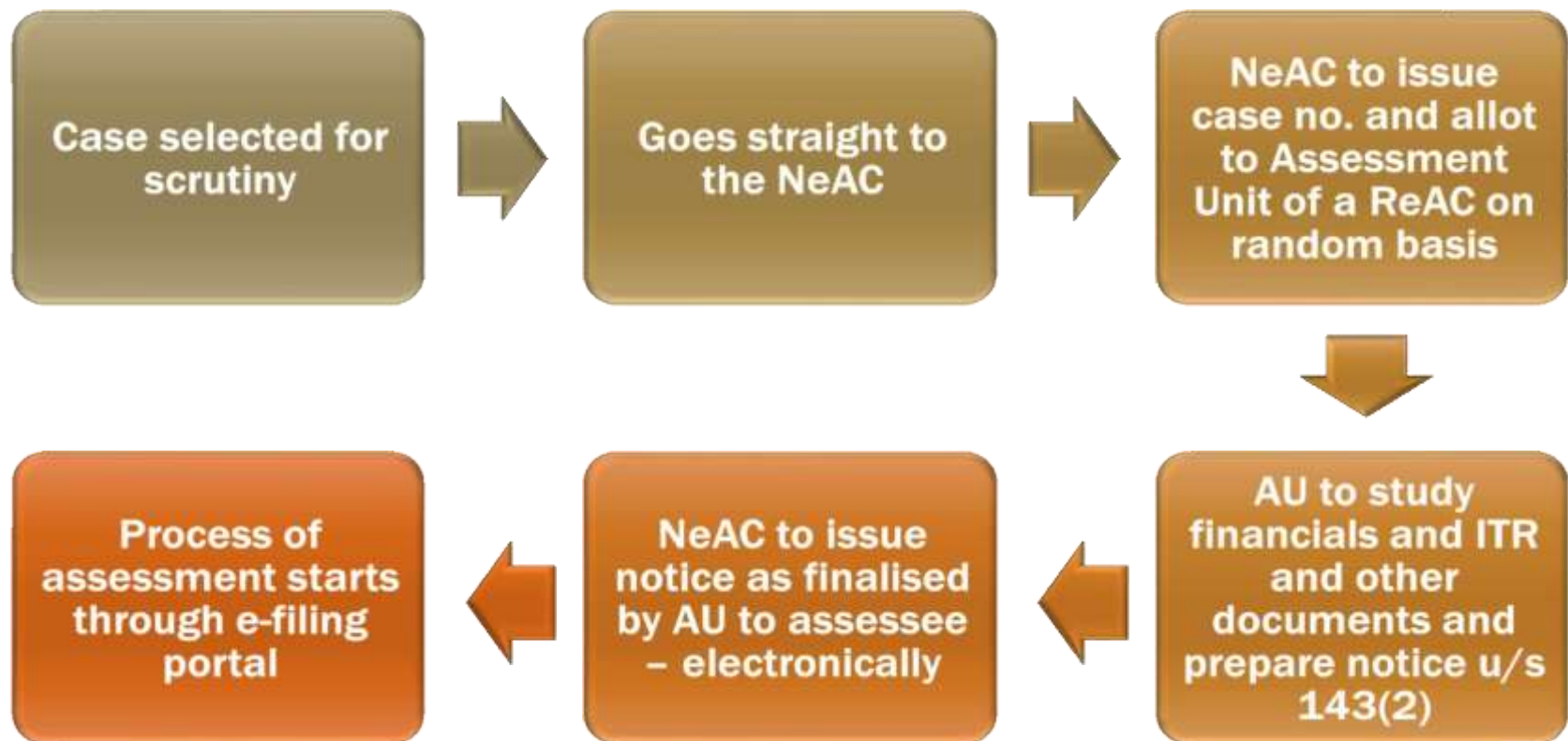
# E-Assessment: Process Flow

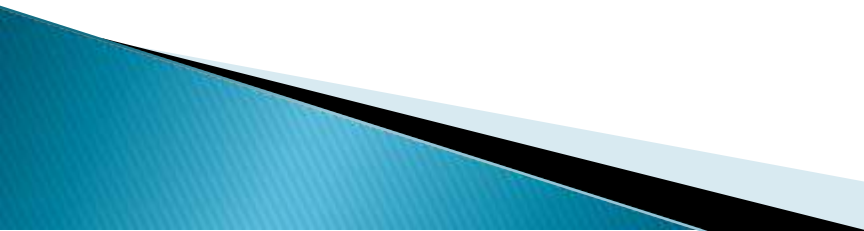
- ▶ 1. Notice u/s 143(2) issued
  - ▶ 2. Questionnaire issued
  - ▶ 3. Submit replies with documents
  - ▶ 4. Draft order issued
  - ▶ 5. Final order with demand/refund
- 

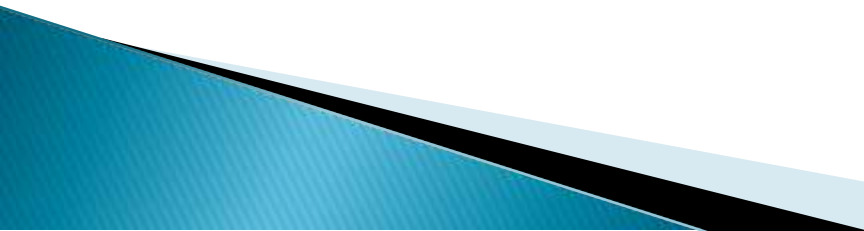
# Regional E-Assessment Centres



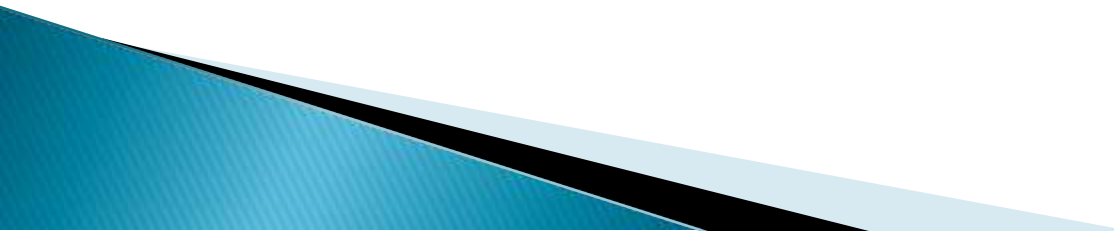
# INITIAL PROCESS IN FACELESS ENVIRONMENT



- ▶ ISSUANCE OF NOTICE AND RESPONSE
  - ▶ National e Assessment Centre shall serve a notice on the assessee under section 143(2).
  - ▶ Such Notice shall specify the issues selected for assessment.
  - ▶ ACIT (e Verification), having headquarter at Delhi, to act as prescribed Income tax Authority for the purpose of section 143(2).
  - ▶ Assessee may, within fifteen days or any other period as mentioned in the notice from the date of receipt of notice, file his response to the NeAC.
- 

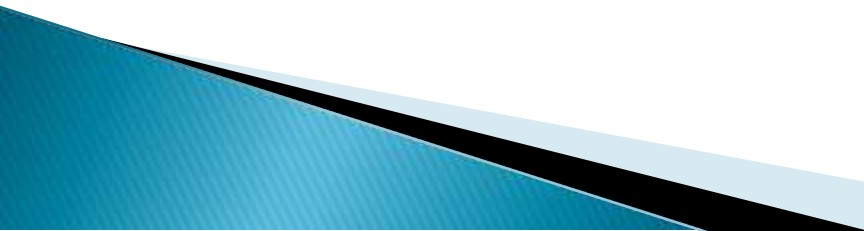
- ▶ TIME LIMIT FOR THE COMPLETION OF ASSESSMENT:
  - ▶ ONLY U/S 143(3)
  - ▶ WITHIN ONE YEAR FROM THE END OF THE RELEVANT ASSESSMENT YEAR
  - ▶ U/S 147,153A,153C ETC
  - ▶ AS PER NORMAL PROVISIONS OF THE RESPECTIVE ACT
  - ▶ CONCLUSIVE PROVISIONS
- 

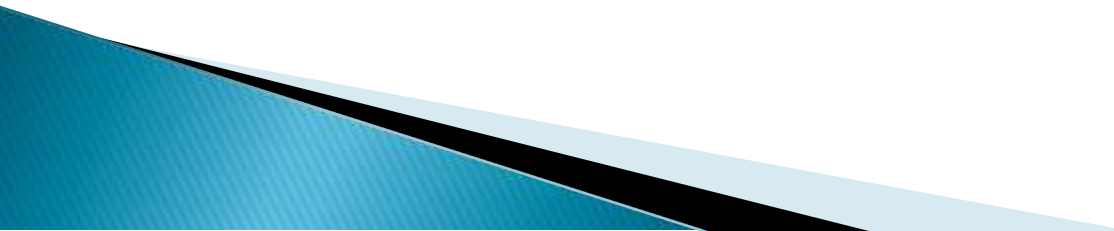
## ▶ FACELESS ASSESSMENT

- ▶ NOTIFICATION NO.62/2019 THE ALL REGIONAL E- ASSESSMENT CENTRES ARE DEPUTED TO ASSIST AND CONDUCT THE E-ASSESSMENT PROCRDURES
  - ▶ SHOWCAUSE NOTICE IS COMPULSORY BEFORE COMPLETION OF THE ASSESSMENT WITH ADDITIONS
  - ▶ DRAFT ASSESSMENT ORDER MAY BE ISSUED TO THE ASSESSEE
- 

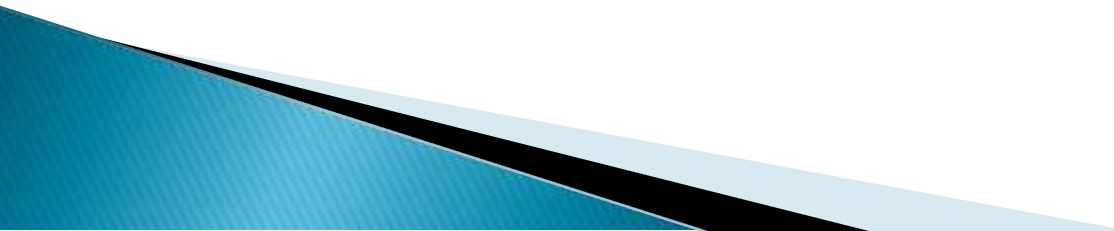
- ▶ ATTORNEY SHOULD BE ENROLLED AND REGISTERED FOR THE ACT OF COMPETENCY AND DULY REGISTERED IN THE PORTAL.
- ▶ RIGHT TO ACCESS THE VIDEO CONFERENCE PRIOR TO THE COMPLETION OF ASSESSMENT

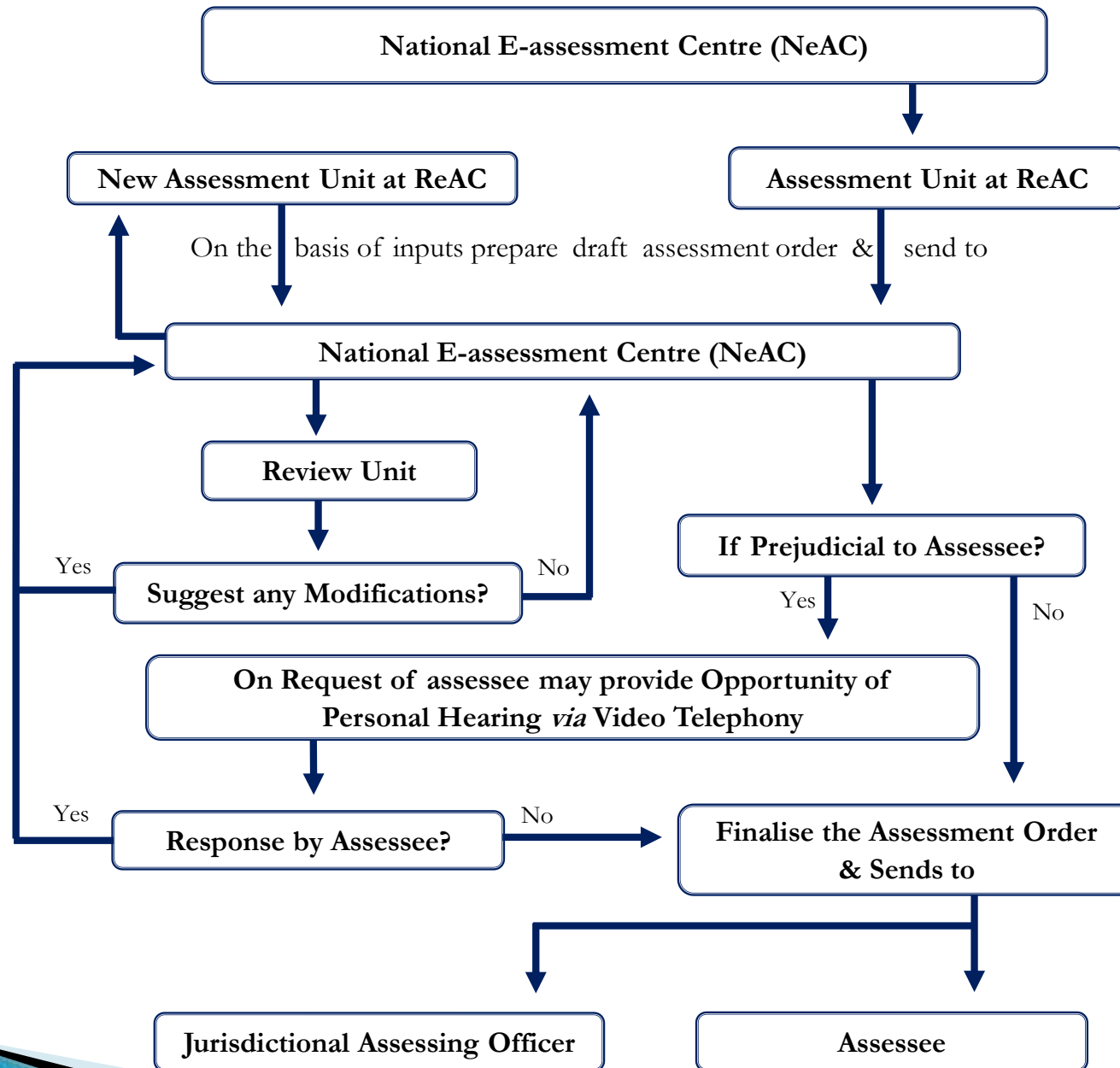
### **Section 143(3) – Scrutiny Assessment**

- ▶ – Full-fledged examination of return
  - ▶ – AO can call for evidence, books of account
  - ▶ – Outcome: Additions/disallowances, revised tax liability
- 

- ▶ Strategies of Assessee
  
  - ▶ Read notice and annexures
  - ▶ – Identify queries
  - ▶ – Gather evidence: invoices, statements
  - ▶ – Match data with ITR, 26AS, AIS/TIS
  
  - ▶ Reply
  - ▶ Serial numbers per queries
  - ▶ – Clear headings, bullets
  - ▶ – Refer annexures
  - ▶ – Be precise
- 

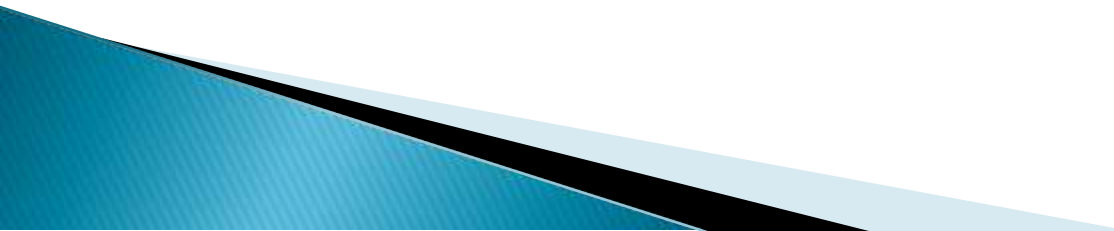
# E-Assessment: Process Flow

- ▶ 1. Notice u/s 143(2) issued
  - ▶ 2. Questionnaire issued
  - ▶ 3. Submit replies with documents
  - ▶ 4. Draft order issued
  - ▶ 5. Final order with demand/refund
- 

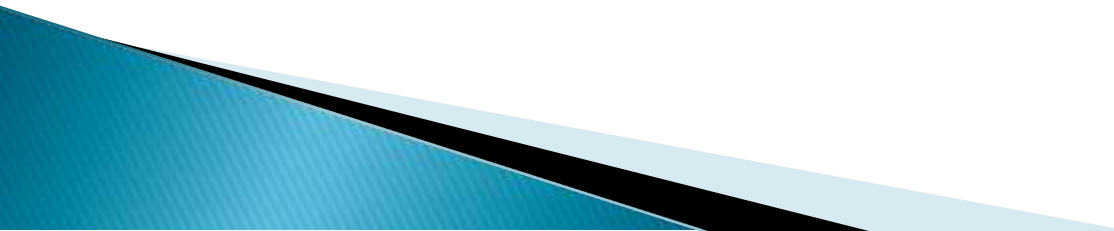


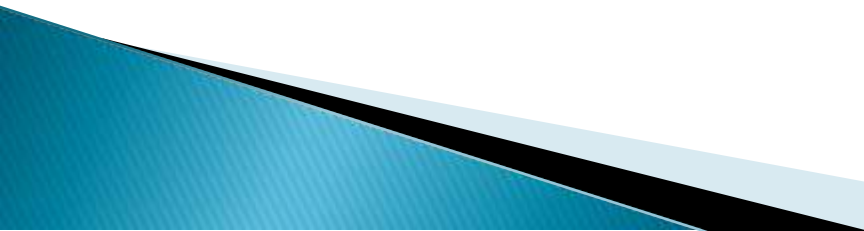
tax

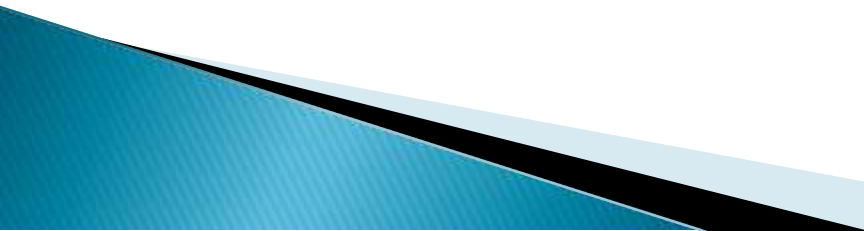
▶ **Statement of written arguments and how to prepare it under the INCOME TAX ACT, 1961**

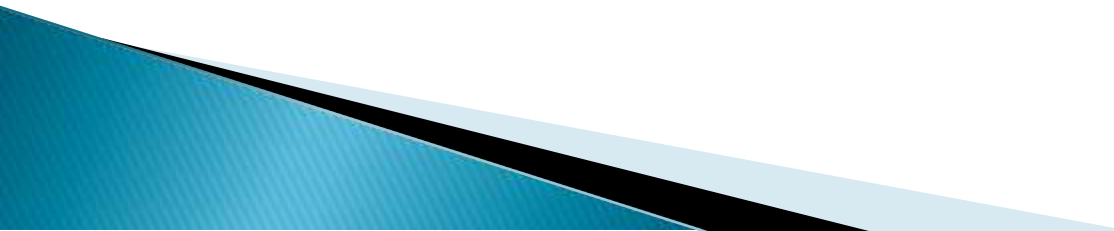


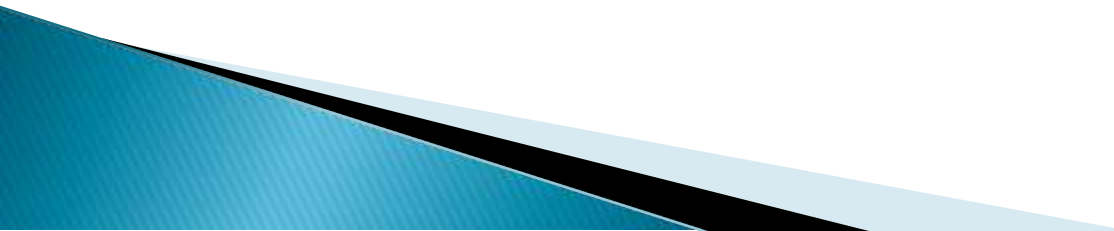
# E-Assessment: Process Flow

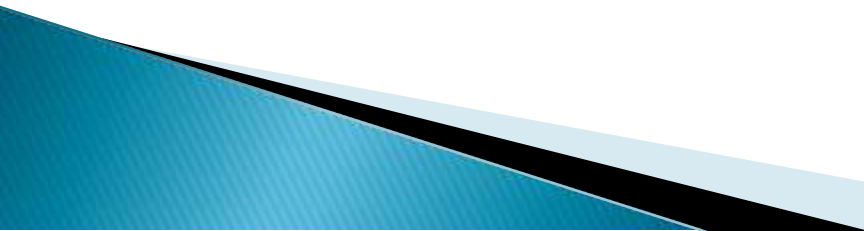
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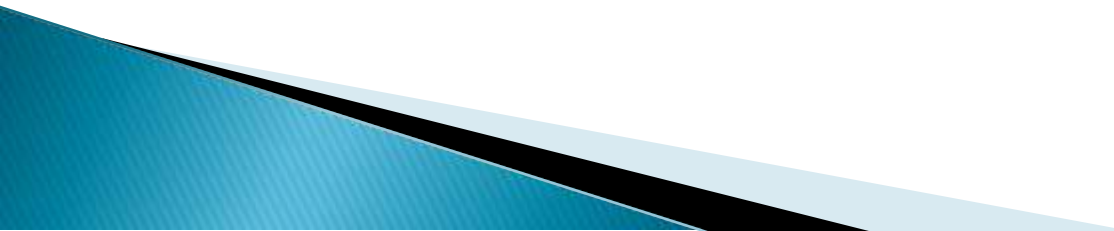
- ▶ An argument is “a claim or proposition put forward along with reasons or evidence supporting it.” It is “an attempt to support a conclusion by giving reasons for it.”
  - ▶ The word “argument” is often used to refer to a heated dispute, a quarrel, or a shouting-match. But the term argument essentially refers to “a set of propositions, or statements, which are designed to convince a reader or listener of a claim, or conclusion, and which include at least one reason (premise) for accepting the conclusion
  - ▶ In short, an argument is a collection of statements. It should have a conclusion the argument attempts to establish. The others in the collection are called the premises, which are supposed to lead to convince that the conclusion is true.
- 

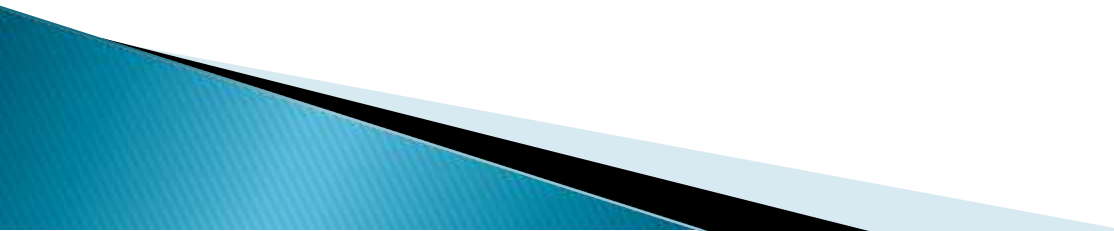
- ▶ **Self Guidelines for handling issues on preparation of written arguments and also its applications thereof**
  - ▶ Writing of an arguments is one of the most important parts of the exclusion challenge process. Getting a clear, concise and persuasive set of arguments written down will make it easier to put a case forward in the hearing and allow the authority time to review and understand your position before they make their decision.
  - ▶ Putting together your best case starts with identifying the legal issues.
  - ▶ Going through the set of the subject matter will help the person arguing the matter to do that by asking you a series of questions about the exclusion, and will provide you with Suggested Wording documents, which provide a proposed wording for arguments covering a range of circumstances to fit your case.
  - ▶ Alternatively, if you don't want to use this resource to identify the issues, and already know which Suggested Wording documents you wish to use,
- 

- ▶ Clearly explains the events as the art of arguments of the person describes them;
  - ▶ Highlights where the point of disagreements arises in the events;
  - ▶ Refers all the evidences that supports the family's version of events;
  - ▶ Does not discuss legal questions such as whether the tests in the guidance are met. This will confuse matters. Your submissions will be most effective if you set out the background first, and then go on to discuss your legal arguments
- 


- ▶ Narration should be very concise and specific
  - ▶ Presentation should be well defined
  - ▶ Analysis
  - ▶ Explanation
- 

- ▶ Identify the issue
  - ▶ Narrate the statement of Facts
  - ▶ Grounds of Appeal
  - ▶ Weightage of Grounds
  - ▶ Question of Facts
  - ▶ Question of Law
  - ▶ Any existence of General Law
  - ▶ Evidences in a nutshell
  - ▶ Similar issue in any preceding year(s)
  - ▶ Similar issue in any other case
  - ▶ Existence of any difference of opinion and at which situation
- 

- ▶ Digestive case laws on similar occasion
  - ▶ Digestive laws in relation with the Rules and specially with the intension of the Parliament
- 

- ▶ Situational Parameter
  - ▶ How and when reference can be drawn up
  - ▶ Stressing on the grounds
  - ▶ ABC analysis of the Grounds
  - ▶ Arrest the weak point of the Respondent prior to the stages of the arguments
  - ▶ Arrest the weak point of the Respondent at the on going stages of the arguments
  - ▶ Conclusion
- 

The arguer want to make this process as comprehensive and smooth as possible. However, this guidance cannot cover every situation. Given the complexity of the process, it is inevitable that your finished Submissions will need to be reviewed to make sure that they read properly. You may need to amend the wording to avoid repetition, ensure everything is clear and nothing has been missed out at all. You may also want to smooth out the formatting. It's absolutely tailor made and depending upon the situation and the degree of persistence thereof. However as it's jurisdictionally covered under the Civil Procedure Code 1908. The pre existence of the said Code must persists.



Date: 20/12/2020

- ▶ The Deputy/Assistant Commissioner of Income Tax
- ▶ National e-Assessment Centre
- ▶ ReAC -1 Delhi

▶ Sub: Submission in respect of .....bearing PAN: ..... against your notice vide no. ITBA/AST/F/142(1)/2020-21/10286284081(1) relating to the Assessment Year 2018-19

▶ Sir,

▶ With reference to your query I am sending the same as per your Annexure.

▶ Details of Registered Office and Principal place of business along with details of branch office(s)/Godown(s) with complete address, telephone no., FAX No., e-mail or web site address, etc.

▶ Name of the registered Office: Janata Fish Centre and Janata Enterprise  
▶ Address Haroa,24-Paraganas(N),PIN- 743425

▶ Godown: Janata Fish Centre and Janata Enterprise  
▶ Haroa,24-Paraganas(N),PIN- 743425

▶ Telephone No. 7407821343

▶ FAX No. NIL

▶ Email id: taxationindia2010@gmail.com

▶ At present no website has been executed by your assessee.

▶ Details of Bank Accounts

▶

Name of the Bank	Branch	Type of Account	A/c No.	Operated by
▶ Canara Bank	Overseas branch	Current	1856201555602	Proprietor
▶ Bank of Baroda	Bangur	Current	40140200000187	-DO-
▶ Bank of Baroda	Bangur	Overdraft	40140400000060	-DO-
▶ United Bank of India	Haroa	Overdraft	0179210030110	-DO-
▶ Axis Bank	Naihati	Savings	021010100606400	-DO-

▶ Major debit and credit entries attached in Annexure – A, Since the balance as appearing in bank Book and as appearing in bank statement are exactly same where the entire transaction made during the year duly reflected in the bank statement the Reconciliation statement does not at all required.

▶

- ▶ Detailed note on business activities carried on during the previous year clearly indicating the modus operandi of the business , details of other regulatory/tax compliance required in running the business
- ▶
- ▶ Mr. Akmal Ahmed being the proprietor of M/s Janata Fish Centre and M/s Janata Enterprise having its registered office situated at Haroa, 24-Paraganas (N) – 743425 is engaged in the business of trading of raw prawn. Both the concerns under the name and style M/s Janata Fish Centre as well as M/s Janata Enterprise are duly enrolled in the registrar of the Haroa Gram panchayat as a supplier of raw prawn both in the nature of live and dead prawn in the wholesale trade. No other licensing authority is enacted to control the operation of your assessee's business. No indirect tax is levied either at the stage of production or at the stage of sales thereon. The business was established in the calendar year of 2001 and since date It is continuing its operation till the calendar year 2020. The concern is procuring raw live prawn and on different occasion after development to the extent of certain stage of growth it is being sold in the wholesale trade otherwise due to the demand in response to the market the concern is selling directly the same to the buyer.
- ▶





▶ Quantitative and value-wise details of opening stock/Inventory and closing stock/Inventory,

▶ To be send within the week

▶ Method of valuation and documentary support of such valuation

▶ Details of Sundry Debtors (such as name and address amount outstanding.

Name of the Party with address	Opening balance Rs.	Debit Rs.	Credit Rs.	Closing balance Rs.
▶ Magnum Export ▶ 16, Mangoe Lane Kolkata ▶ 700001 ▶ 14,32,88,962		28,17,22,383	102,16,57,915	116,00,91,336
▶ Meega Moda (P) Ltd. ▶ 33A J.N Road, Kolkata - 700071 ▶ 16,29,612		----- 16,17,18,612		16,00,89,000
▶ Das Enterprise ▶ Howrah Amta Road, Howrah -711403 ▶ (-) 9,32,113		----- 2,11,007		11,43,120

▶ No balance exists more than three years.

▶ **Details of Other operating Revenue or Other Income credited to Profit & Loss A/c**

▶

▶ Rent	Rs.1,70,860/-
▶ Savings bank interest	Rs.649/-
▶ Interest on other Deposit	Rs.9,018/-
▶ Other miscellaneous Income	Rs.72,425/-
▶ Total	Rs.2,52,952/-

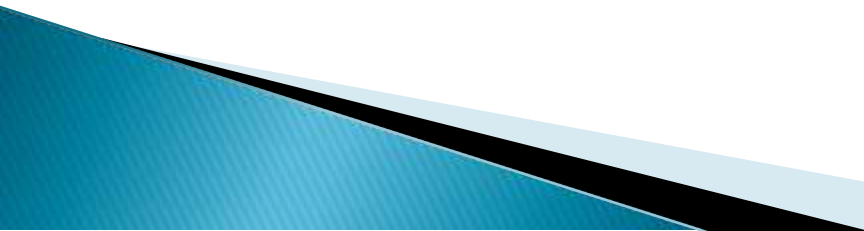
▶

▶ **Month wise and Party wise (with address thereof) details of all major expenses exceeding Rs. 1,00,000/- debited under each head of the Profit & Loss A/c along with comparative analysis of previous year's figure**

▶

▶ To be send within the week

- ▶ **Furnish details of Annual return of TDS along with copy of challan for payment made to the Govt. Accounts. Also indicate whether any interest U/s 201(1A) is included in the said payment on delayed deposit of TDS. If any payments are made without deduction of tax at source or TDS made but not deposited within the prescribed time limit and explanation why the same will not be disallowed within the meaning of section 40(a)(ia) of the Act.**
- ▶
- ▶ No TDS is applicable during the F.Y. 2017-18 Hence TDS Return is not been filled.
- ▶ **Working of inadmissible expenses U/s 14A read with Rule 8D with an explanation why such expenses will not be disallowed**
- ▶
- ▶ No question arises on account of inadmissibility U/s 14A
- ▶ **Detailed note on payments made to sister concern/related parties/partners and justification for the same with reference to section 40A(2)(b) of the I.T. Act, 1961**
- ▶
- ▶ To be send within a week

- ▶ **Details of any issue agitated in appeal**
  - ▶
  - ▶ Appeal is pending for the A.Y. 2017-18 in respect of one alleged addition derived by the L'd A.O. based on difference in opening balance of under debtors amounting Rs. 4,90,00,000/-
  - ▶ **Details of Survey/Search action by the Income Tax department, if any taken on your group cases**
  - ▶
  - ▶ No such Search U/s 132 or or survey U/s 133A of the Act made to your assessee's premises till date.
  - ▶ **Details of sales and purchases made during the year with name and address of the parties along with copy of ledger and copy of sample bills.**
  - ▶
- 

- ▶ Details of Income Tax Assessment of previous three years with copy of assessment orders if any additions are made and status of appeals
- ▶
- ▶ In respect of assessment for the last three preceding years the Assessment Year 2015-16 and 2016-17 have not been done U/s 143(3) read with U/s 147 or 153A or any other law.
- ▶ However the addition made in the assessment U/s 143(3) of the Act for the A.Y. 2017-18 are in three folds.
- ▶ Making some alleged addition on account of profit of Rs.5,79,990/- based on additional deposit in Bank Account of Rs.7,94,50,585/-
- ▶
- ▶ Proportionate interest on overdraft disallowed  
Rs.3,01,855/-
- ▶
- ▶ Difference in opening balance in respect of Sundry Debtors  
Rs.4,90,00,000/-
- ▶
- ▶ Total Addition  
Rs.4,98,81,845/-
- ▶
- ▶ Order Separately attached in Annexure

- ▶
- ▶ **Details of all deductions claimed with all documentary evidences**
- ▶ U/s 80C on a/c of payment of LIC Premium  
Rs.1,50,000/-
  
- ▶ U/s 80D on a/c of payment of Mediclaim  
Rs.25,000/-
  
- ▶ Total deduction claimed  
Rs.1,75,000/-
  
- ▶
- ▶ **Separate Trading Account, P/L Account and Balance Sheet for each separate business activities**
- ▶ The trading and profit and loss A/c is prepared in consideration of the whole Income and expenses thereon and the same is duly prepared in combined nature. Since the only product raw prawn is dealing with the assessee the separation of accounts does not arise save and except Cash and Bank book for the respective units.