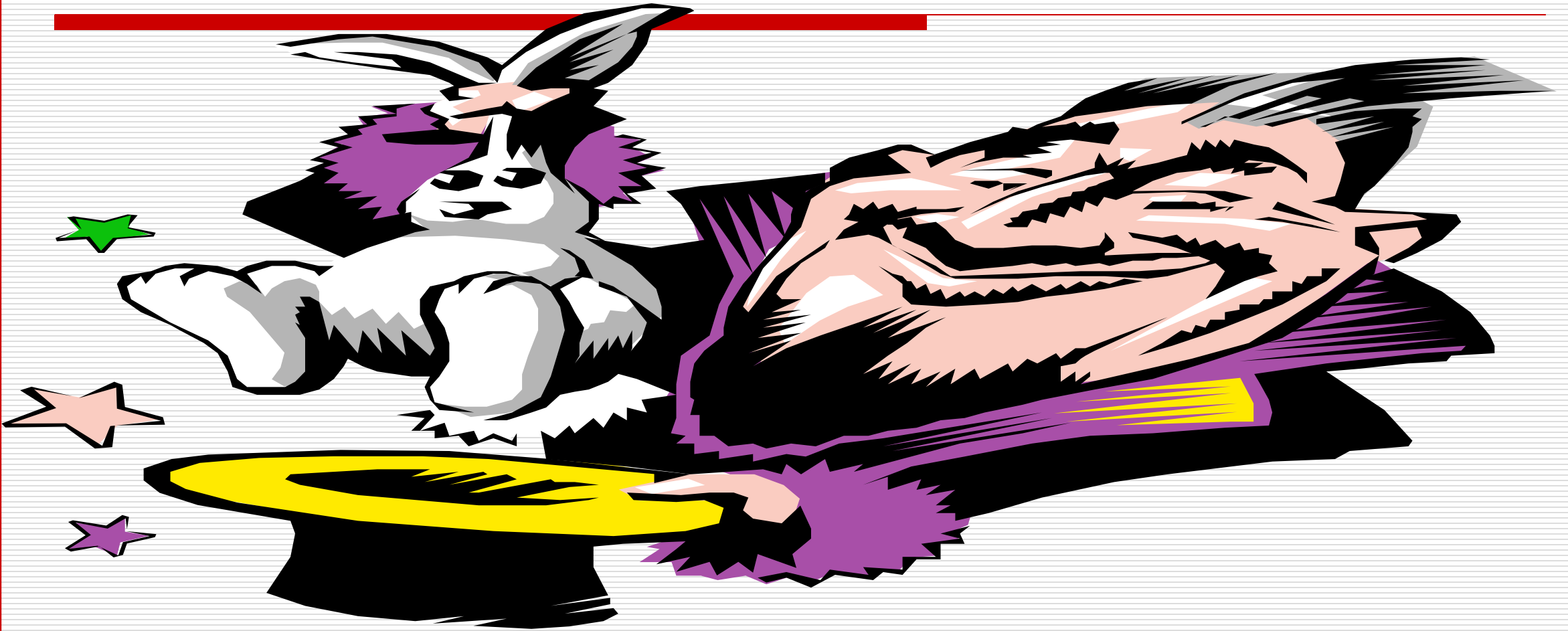


Search Assessement under Income Tax Act

By CMA Niranjan Swain. B.Com,CS,FCMA, LLB



Various Sections under which ITR is filled

- ➡ 139 (1) - Normal Return
- ➡ 139 (3) – Return of Loss
- ➡ 139 (4) – Belated Return
- ➡ 139 (5) – Revised Return
- ➡ 142(1) – Directions by AO to file the ROI
- ➡ 148 – Re-assessment of Income U/s 147
- ➡ 153 A/C – Block Assessment in case of Action U/s 132





Assessee / Tax Payer



3/16/2021

IT - DEPARTMENT

Various Sections of Assessment under Income Tax Act



140 (A) - Self Assessment



143 (1)- Summary Assessment



143 (3) - Regular Assessment

→ Limited Scrutiny
→ Complete Scrutiny



144 – Best Judgement

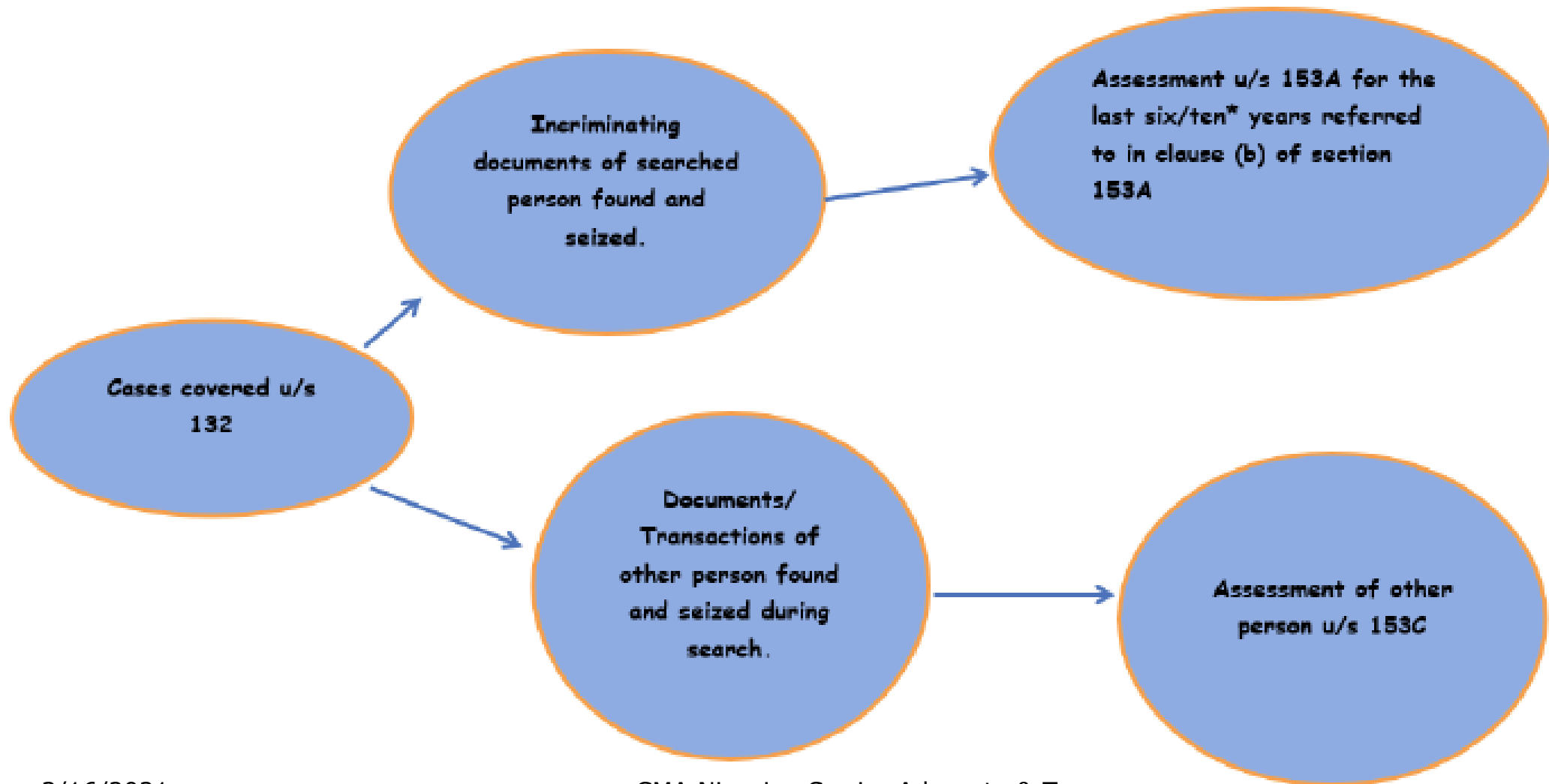


147 - Re- Assessment



153 (A)/(C) Block Assessment

Search Assessments



Assessment in case of Search and Seizure :- (Sec 153A to 153C) Also known as 'Block Assessment'

Assessment under
Search and Seizure

www.thetaxtalk.com

Procedure of Assessment under Section 153A

Search is initiated under section 132

Books of accounts, any document or any
asset requisitioned under section 132A

YES

Issue of notice under section 153A(1) for filling of Return of Income for 6 Assessment years

Assessee is required to file Return of Income for relevant assessment year and 6 previous assessment years as if return is under section 139(1) – Return to be filed U/s 153A

Assess or Reassess the total income of relevant assessment year and 6 previous assessment years after filling Return of Income

Tax is calculated at the rate applicable for the respective assessment year

U/s 153A -No notice for assessment or reassessment if income escaped likely to amount to be less than Rs. 50 Lakhs in relevant AY or in aggregate.

153A – All the proceeding of Assessment or Re-assessment (relating to 6 AY) as on the date of initiating 132 shall abate

Procedure for assessment where search is initiated under section 132 or books of account etc. are requisitioned under section 132A [Section 153A]

- (i) **Overriding provisions of section 153A:** The provisions of section 153A prescribing a procedure for assessment in the case of search or requisition will apply notwithstanding anything contained in sections 139/147/148/149/151 and 153.

This section provides for the procedure for completion of assessment where a search is initiated under section 132 or books of account, other documents or any assets are requisitioned under section 132A after 31st May, 2003.

Year upto which income can be assessed: In all cases, the Assessing Officer shall assess or reassess the total income of each of the six assessment years immediately preceding the assessment year relevant to the previous year in which the search was conducted under section 132 or requisition was made under section 132A.

However, the Assessing Officer shall also assess the total income of an assessment year preceding the assessment year relevant to the previous year in which search is conducted or requisition is made which falls beyond six assessment years but not later than ten assessment years from the end of the assessment year relevant to the previous year in which search is conducted or requisition is made. (The assessment years falling beyond 6 assessment years but upto 10 assessment years preceding the assessment year relevant to the previous year of search or requisition is referred as **Relevant Assessment Year or Years**)

Conditions to be satisfied for issue of notice beyond six assessment years prior to the year of search: No notice for assessment or reassessment shall be issued by the Assessing Officer for the **relevant assessment year or years** unless:

- (a) the Assessing Officer has in his possession books of account or other documents or evidence which reveal that the income, represented in the form of assets, which has escaped assessment amounts to or is likely to amount to ₹ 50 lakhs or more in the relevant assessment year or in aggregate in the relevant assessment years.
- (b) the income so referred above has escaped assessment for such year or years
- (c) the search under section 132 is initiated or requisition under section 132A is made on or after 1.4.2017

For this purpose, "**asset**" includes immovable property being land or building or both, shares and securities, loans and advances, deposits in bank account.

Issue of Notice: In cases of search or requisition, the Assessing Officer shall issue notice to the concerned assessee for each of the assessment years

In all cases, notice shall be issued for 6 assessment years prior to the assessment year relevant to the previous year in which the search or requisition is conducted.

In the cases, where the conditions are satisfied, notice shall be issued for **relevant assessment year or years i.e.**, beyond 6 assessment years but upto 10 assessment years prior to the assessment year relevant to the previous year in which the search or requisition is conducted.

Filing of return in response to notice: Such a person has to furnish a return of income within such period as may be specified in the notice setting forth such other particulars as may be prescribed.

Such a return should be filed in respect of six assessment years immediately preceding the assessment year relevant to the previous year in which the search was conducted under section 132 or requisition was made under section 132A.

In the cases where notices are issued for the period of beyond 6 years but upto 10 years **(relevant assessment year or years), subject to the satisfaction of the conditions, the concerned assessee has to furnish the return for the relevant assessment year or years also.**

Pending assessments to abate: The assessment or reassessment, if any, relating to any assessment year falling within the above period of six assessment years **and for the relevant assessment year or years**, pending on the date of the initiation of the search under section 132 or requisition under section 132A, as the case may be, shall abate. In other words, they will cease to be applicable.

Accordingly, in exercise of this power, the Central Government has, through Notification No.42/2012 dated 4.10.2012, inserted Rule 112F.

The said Rule provides that the Assessing Officer is not required to issue notice for assessing or reassessing the total income for six assessment years or for the relevant previous year or years immediately preceding the assessment year relevant to the previous year in which search is conducted or requisition is made, in the following cases:

- (a) where as a result of a search under section 132(1) or a requisition made under section 132A, a person is found to be in possession of any money, bullion, jewellery or other valuable articles or things, whether or not he is the actual owner of the same, and
- (b) where such search is conducted or such requisition is made in the territorial area of an assembly or parliamentary constituency in respect of which a notification has been issued under section 30 read with section 56 of the Representation of the People Act, 1951, or where the assets so seized or requisitioned are connected in any manner to the ongoing election in an assembly or parliamentary constituency.

However, this Rule is not applicable to cases where such search under section 132 or such requisition under section 132A has taken place after the hours of poll so notified.

Circular No.10/2012 dated 31.12.2012

In such cases, the officer investigating the case, with the approval of the Director General of Income-tax, is required to certify that -

- (a) the search is conducted under section 132 or the requisition is made under section 132A in the territorial area of an assembly or parliamentary constituency in respect of which a notification has been issued under section 30, read with section 56 of the Representation of the People Act, 1951; or
- (b) the assets seized or requisitioned are connected in any manner to the ongoing election process in an assembly or parliamentary constituency; and
- (c) no evidence is available or investigation is required for any assessment year other than the assessment year relevant to the previous year in which search is conducted or requisition is made.

The certificate of the investigating officer shall be communicated to the Commissioner of Income-tax and the Assessing Officer having jurisdiction over the case of such person.

■

Revival of abated proceeding: If any proceeding initiated under section 153A or any order of assessment or reassessment made under section 153A(1) has been annulled in any appeal or other legal proceeding, the abated assessment or reassessment relating to any assessment year shall stand revived with effect from the date of receipt of the order of such annulment by the Principal Commissioner or Commissioner. If the order of annulment is set aside, such revival shall cease to have effect.

Applicability of other provisions of the Act: Unless section 153A, section 153B and section 153C provide otherwise, all other provisions of the Income-tax Act, 1961, shall apply to the assessment or reassessment made in respect of assessment year under this section.

Applicable rate of tax: The tax shall be chargeable at the rate or rates as applicable to such assessment year.

1. Whether pre-conditions of sec. 153A/132 are to be complied mandatorily?

Held in:

Jindal Stainless Ltd. v ACIT , ITA Nos. 3480 & 3481 (Del) 2006- 122 TTJ 902

The prerequisite condition for application of section 153A is that assessment under this section can be made against a person in case of whom a search is initiated u/s 132; non-fulfillment of conditions laid down in sections 153A is a jurisdictional defect which cannot be cured.

Rajat Tradecom India Pvt. Ltd. v. DCIT, 120ITD 301 Appeal No. IT (SS) A No: 182 & 183/Ind./2007 –Indore ITAT -Before invoking the provision of section 153A it would be necessary to comply with the provisions contained u/s 132(1); the mere issue of warrant of authorization without there being search of the premises mentioned in the warrant of authorization would be meaningless and would not serve the purpose of section 132. therefore, actual search shall have to be carried out necessarily before proceeding u/s 153A

Similar decision held in:

[2010] 5 taxmann.com 59 (Ahd. - ITAT) ITA No. 2878 to 2880/Ahd/2007 Dr. Manshukh Kanjibhai Shah vs. ACIT,

J.M.Trading [2008] 20 SOT 489, DHC in S.K.Katyal 308 ITR 168

ISSUES – SECTION 153A

2. Whether proceedings may be continued without giving notice u/s 153A

Held that:

continuation of assessment proceeding after initiation of search without giving any notice u/s 153A and passing impugned final order of assessment was held to be illegal, arbitrary and wholly without jurisdiction

[2007] 162 TAXMAN 429 (JHAR.) Abhay Kumar Shroff v.CIT

3. Applicability of provisions of sec. 143 (2)

The ITAT Mumbai in the case of Sumanlata Bansal vs. the Assistant Commissioner of Income Tax, Central Circle 8 Mumbai, ITA nos. 525 to 530 relating to the assessment years 1999-2000 to 2005-2006 held that issue of notice under section 143(2) is not mandatory before making an assessment under section 153A of the Income Tax Act.

Ashok Chaddha vs Income Tax Officer (Delhi HC)

No specific notice was required under section 143(2) of the Act when the notice in the present case as required under Section 153 (A) (1) (a) of the Act was already given.

ISSUES - SECTION 153A

Alternative views

ACIT v. M/s G.M Infrastructure ITA.No.133/Ind/2008 ITAT Indore:

Provisions of sec. 143(2) have to be applied in its fullest scope i.r.o assessment or reassessment made u/s 153A.

CIT vs. Pawan Gupta & Ors.[2009] 223 CTR 487(Del)

It is mandatory u/s 153A/153C to issue and Serve notice u/s 143(2) after return u/s 153A is Filed and for non service of same, assessment u/s 153A can be annulled

4. Return filed u/s 153A is the original return.

A return filed under Section 153A takes the place of the original return under Section 139, for the purposes of all other provisions of the Act. Once the A.O. accepts the revised return filed under Section 153A, the original return under Section 139 abates and becomes non-est.

Delhi High Court in the case of Principal Commissioner of Income-tax-19 Vs Neeraj Jindal [2017] 393 ITR 1 (Delhi)

MEANING OF PENDING U/S 153A

Pending assessment to abate : An assessment can be said to be “pending” only if the AO is statutorily required to do something further. If a section 143(2) notice has been issued, the assessment is pending. However, the assessment in respect of a return processed u/s 143(1) is not “pending” because the AO is not required to do anything further about such a return.

Anil P. Khimani v. DCIT [2010] 7 ITATINDIA 758(Mum. ITAT) ,ITA No.2855/Mum/2008

Further held in same case:

The power given by the Proviso to “assess” income for six assessment years has to be confined to the undisclosed income unearthed during search and cannot include items which are disclosed in the original assessment proceedings.

JUDICIAL PRONOUNCEMENTS

1. The Hon'ble Mumbai Special Bench in the case of **All Cargo Global Logistics Ltd. v/s .DCIT (23 taxmann.com 103)** has explained the provisions of section 153A as under:

Scenario	Scope of Section 153A
1. No return of income is filed by the assessee (whether or not time limit to file return of income has expired).	<p>Since no return has been filed, the entire income shall be regarded as undisclosed income.</p> <p>Consequently, AO would have the authority/jurisdiction to assess the entire income, similar to jurisdiction in regular assessment u/s. 143(3).</p> <p>No requirement to restrict to documents found during the course of search.</p>



The final conclusion of the Mumbai ITAT Special Bench in the case of **All Cargo Global Logistics Ltd. v. DCIT (supra)**, on the issue is as under:

- In assessments that are abated, the AO retains the original jurisdiction as well as jurisdiction conferred on him u/s 153A for which assessments shall be made for each of the six assessment years separately;
 - In other cases, in addition to the income that has already been assessed, the assessment u/s 153A will be made on the basis of incriminating material, which in the context of relevant provisions means – (i) books of account, other documents, found in the course of search but not produced in the course of original assessment, and (ii) undisclosed income or property discovered in the course of search.
2. In relation to section 153A r.w.s. 263, the **Bombay High Court in the case of CIT v. Murli Agro Products Ltd. (49 taxmann.com 172)** has held that where there was nothing on record to suggest that any material was unearthed during search or during proceedings initiated under section 153A showing that certain relief in form of deduction was wrongly allowed to assessee, Commissioner could not invoke jurisdiction under section 263 on ground that assessment order passed under section 153A, read with section 143(3) was erroneous or prejudicial to interest of revenue .

Assessment or reassessment of income of any other person [Section 153C]

- (i) **Handing over of books of account, documents, assets seized or requisitioned to jurisdictional Assessing Officer, where they belong to another person:** Section 153C provides for assessment or reassessment of income of any other person.

Notwithstanding anything contained in section 139, section 147, section 148, section 149, section 151 and section 153, where the Assessing Officer is satisfied that -

- (a) any money, bullion, jewellery or other valuable article or thing seized or requisitioned **belongs to** ; or
- (b) any books of account or documents seized or requisitioned **pertain to**; or
- (c) any information contained therein, **relates to**,

any person, other than the person referred to in section 153A, then, the books of account or documents or assets, seized or requisitioned shall be handed over to the Assessing Officer having jurisdiction over such other person.

Jurisdictional Assessing Officer to proceed against other person [Section 153C(1)]: The Assessing Officer having jurisdiction over the other person shall proceed against such other person and issue such other person notice and assess or reassess income of such other person in accordance with the provisions of section 153A only if he is satisfied that the books of account or documents or assets seized or requisitioned have a bearing on the determination of the total income of such other person for six assessment years immediately preceding the assessment year relevant to the previous year in which search is conducted or requisition is made and **for the relevant assessment year or years** referred to in section 153A(1).

Pending assessments to abate: The assessment or reassessment, if any, relating to any assessment year falling within the period of six assessment years referred to in the said section and **for the relevant assessment year or years** referred to in section 153A(1) pending on the date of initiation of the search under section 132 or on the date of making of requisition under section 132A, as the case may be, shall abate.

Date of initiation of search [Section 153C(1)]: In case of such other person, the reference to the date of initiation of the search under section 132 or making of requisition under section 132A in the second proviso to section 153A shall be construed as reference to the date of receiving the books of account or documents or assets seized or requisitioned by the Assessing Officer having the jurisdiction over such other person.

Manner of assessment where jurisdictional Assessing Officer receives books of account etc. after due date of filing of return [Section 153C(2)]: In respect of the assessment year relevant to the previous year in which search is conducted under section 132 or requisition is made under section 132A, in case of such other person, where -

- (a) no return of income has been furnished by such person and no notice under section 142(1) has been issued to him, or
- (b) a return of income has been furnished by such person but no notice under sub-section (2) of section 143 has been served and limitation of serving the notice under sub-section (2) of section 143 has expired, or
- (c) assessment or reassessment, if any, has been made,

before the date of receiving of books of account or documents or assets seized or requisitioned by the Assessing Officer having jurisdiction over such other person, such

Assessing Officer shall issue the notice and assess or reassess total income of such other person for such assessment year in the manner provided in section 153A. [Section 153C(2)].

■

Applicability of Supreme Court Guidelines on recording of satisfaction note under section 158BD to apply to proceedings under section 153C for the purposes of assessment of income of a person other than the person in respect of whom search is initiated under section 132 or books of account are requisitioned under section 132A [Circular No.24/2015, dated 31-12-2015]

The Hon'ble Supreme Court in the case of *M/s Calcutta Knitwears* in its detailed judgment in Civil Appeal No. 3958 of 2014 dated 12-3-2014 (available in NJRS at 2014-LL-0312-51) has laid down that for the purpose of section 158BD of the Act (similar to section 153C of the Act, at present), recording of a satisfaction note is a pre-requisite and the satisfaction note must be prepared by the Assessing Officer before he transmits the record to the other Assessing Officer who has jurisdiction over such other person under section 158BD³. The Supreme Court held that "the satisfaction note could be prepared at any of the following stages:

- (a) at the time of or along with the initiation of proceedings against the searched person under section 158BC; or
- (b) in the course of the assessment proceedings under section 158BC; or
- (c) immediately after the assessment proceedings are completed under section 158BC of the searched person.

Prior approval of Joint Commissioner required for assessment or reassessment in respect of search cases [Section 153D]

Section 153D provides that assessment or reassessment of search cases in respect of each assessment year referred to in section 153A(1)(b) or the assessment year referred to in 153B(1)(b) shall not be made by an Assessing Officer below the rank of Joint Commissioner without the previous approval of the Joint Commissioner.

However, the prior approval of Joint Commissioner is not required where the assessment or reassessment order is required to be passed by the Assessing Officer with the prior approval of Principal Commissioner or Commissioner under section 144BA(12).

Presumption as to assets, books of account, etc. [Section 292C]

This section provides that where any books of account, other documents, money, bullion, jewellery or other valuable article or thing are or is found in the possession or control of any person in the course of a search under section 132 or survey under section 133A, it may, in any proceeding under this Act, be presumed that -

- (i) such books of account, other documents, money, bullion, jewellery or other valuable article or thing belong or belongs to such person;
- (ii) the contents of such books of account and other documents are true; and
- (iii) the signature and every other part of such books of account and other documents which purport to be in the handwriting of any particular person or which may reasonably be assumed to have been signed by, or to be in the handwriting of, any particular person, are in that person's handwriting;
- (iv) In the case of a document stamped, executed or attested, that it was duly stamped and executed or attested by the person by whom it purports to have been so executed or attested.

Assessment to be made individually in search cases even where the authorization or requisition mentions the name of more than one person [Section 292CC]

Section 292CC provides that:

- (a) it shall not be necessary to issue an authorization under section 132 or make a requisition under section 132A separately in the name of each person;
- (b) where an authorization under section 132 has been issued or a requisition under section 132A has been made mentioning therein the name of more than one person, the mention of such names of more than one person on such authorization or requisition shall not be deemed to construe that it was issued in the name of an association of persons or body of individuals consisting of such persons;

These provisions would apply irrespective of anything contrary contained in any other provision of the Act.

- (c) Further, even if an authorization under section 132 has been issued or requisition under section 132A has been made mentioning therein the name of more than one person, the assessment or reassessment shall be made separately in the name of each of the persons mentioned in such authorization or requisition.

1. Reasons to be recorded to reach at the satisfaction

Supreme Court in Amity Hotels (P) Ltd. 272 ITR 75, held that :
the reasons must be recorded by the Assessing Officer having jurisdiction over the assessee who had been searched before issuing the notice u/s 158 BD of the Act. The aforesaid view has been reiterated by this Court in the case of CIT Vs. Karan Engg. P. Ltd. and Janki Exports International Vs. UOI, 193 CTR 730.

2. Belongs to assessee?

Meghmani Organics Ltd. vs DCIT 129 TTJ 255

- The prerequisite for initiating proceedings u/s. 153C of the Act is that any money, bullion, jewellery or other valuable articles or things or documents seized or requisitioned belong to a person other than person in whose case warrant of authorizations is issued u/s. 132(1) of the Act. Since none of the documents belongs to the assessee, though they may be referable to the work of the assessee the same cannot be considered as "belonging to the assessee"
- Similar decisions in: LMJ International Ltd. vs DCIT 119 TTJ 214

ISSUES – SECTION 153C

3. Where no material seized other than statement recorded-whether 153C/158BD can be invoked?

Held no

CIT VS. Late Sh. Raj Pal Bhatia, ITA 276 OF 2009, Date of decision 29.11.2010, DELHI (HC):

- no Assessment u/s 158BD can be invoked merely on the basis of Statement of a person in whose premises search was conducted as the statement is not in the nature of document which was found during search.
- Therefore, it cannot be said that the statement was, seized "during the search and thus, would not qualify the expression "document" having been seized during the search. In such a scenario, proper course of action was reassessment u/s 147 read with section 148 of the Act.

In the case of Smt. Chitra Devi Vs. CIT 77 TTJ 430 decided by Jodhpur Bench of ITAT, reported in, it is held that statement recorded u/s 132 (4) of the Act during the search is no evidence as contemplated u/s 158BD of the Act and on that basis no valid proceedings in Chapter XIV-B of the Act could be initiated. aaaaaa

4. Whether notice u/s 153C is valid if papers found during the search proceedings gave reference about the other person.?

No.

[2010] 231 CTR 474(GUJ.) Vijaybhai N. Chandrani v. ACIT

Condition precedent for issuing notice u/s 153C and assessing or reassessing income of **‘such other person’** is that money, bullion, jewellery or other valuable article or thing or books of account or documents seized or requisitioned should belong to such person; where admittedly documents in question, namely, three loose papers recovered during search proceedings did not belong to petitioner, though there was a reference to petitioner therein, issue of notice to petitioner u/s 153C was not valid

ISSUES– SECTION 153B

1. Last authorization or last panchnama?

CIT Vs Sh. Anil Minda ITA No.582, 527,593,605,618,772 of 2009 authorization referred to in sub Section (1) would be that authorization which is executed on the conclusion of search as recorded in the last panchnama. Therefore, by this deeming provision, even an authorization which may not be otherwise the last authorization would become last authorization, if that is executed and if the panchnama in respect thereto is drawn last.

2. [2009] 308 ITR 116(Del) CIT vs. Deepak Aggarwal

- last panchnama to be taken into consideration for the purpose of reckoning the limitation period.
- revocation order for the purpose of continuing the search did not amount to execution of a search when no asset is seized under that order and there is only revocation of the prohibitory order passed earlier.

SECTION 153B

Time limit for completion of assessment u/s 153A/153C:

- **153(A): In case of person searched:**
 - (a) 21 months* from the end of the financial year in which last of the authorization for search u/s 132 or requisition u/s 132A was executed.
Similar time limit shall apply in respect of the year of search also.
- **153(C): In case of any other person:**

As provided in (a) supra or 9 months from the end of the f.y in which B/O/A or documents or assets seized/requisitioned are handed over to the AO having jurisdiction over such person; whichever is later.

***18 months from 1st day of April, 2018 (FY 2018-19)**
***12 months from 1st day of April, 2019 (FY 2019-20)**

Eg. For AY 2017-18 (FY 2016-17) – Dec 2018 (21 months)
For AY 2018-19 (FY 2017-18) – Oct 2019 (18 months)
For AY 2019-20 (FY 2018-19) – March 2020 (12 months)

 - If it involves TP (transfer pricing), than time limit increases by one year.
 - The period of limitation of 21/ 18/ 12 months to start from the last panchnama drawn.

SECTION 153B

- This section also provides certain exclusions while computing the period of limitation for completion of assessment or reassessment.(eg: application made before settlement commission, application made before AAR, .)
- If after exclusion, the period of limitation available to the Assessing Officer for making an order of assessment or reassessment, is less than sixty days, such remaining period shall be extended to sixty days.

Section 153 D

No AO below the rank of JCIT can pass the Order except with the prior approval of JCIT

Retention of Books of Account and other Documents:

- ❑ In the case of Books of accounts and other documents seized in consequence of Search and Seizure action u/s 132(1) or 132(1A) and are used in the Assessment order; then A.O. has to take approval of the Pr. CIT u/s 132(8) within 30 days from the date of assessment order for the retention of these documents.
- ❑ A.O. has not this flexibility to retain documents, without approval of Pr. CIT till passing of assessment order, in the case of documents impounded u/s 133A(3)(ia) or u/s 131(3). In this case A.O. has to take approval of Pr. CIT for retention within 15 days from first impounding of documents.

Finance Bill – 2021 – Search initiated on or after 1st April 2021

- ☐ **The salient features of new procedure are as under:-**
- ☐ – The provisions of section 153A and section 153C, of the Act are proposed to be made applicable to only search initiated under section 132 of the Act or books of accounts, other documents or any assets requisitioned under section 132A of the Act, on or before 31st March
- ☐ – Assessments or reassessments or in re-computation in cases where search is initiated under section 132 or requisition is made under 132A, after 31st March 2021, shall be under the new provision
- ☐ – Section 147 proposes to allow the Assessing Officer to assess or reassess or re-compute any income escaping assessment for any assessment year (called relevant assessment year).

Finance Bill – 2021 – Search initiated on or after 1st April 2021

- ❑ **The salient features of new procedure are as under:-**

- ❑ **Further, in search, survey or requisition cases initiated or made or conducted, on or after 1st April, 2021**, it shall be deemed that the Assessing officer has **information which suggests that the income chargeable to tax has escaped assessment in the case of the assessee** for the three assessment years immediately preceding the assessment year relevant to the previous year in which the search is initiated or requisition is made or any material is seized or requisitioned or survey is

Finance Bill – 2021 – Search initiated on or after 1st April 2021

- ❑ **The salient features of new procedure are as under:-**
- ❑ **– New Section 148A of the Act proposes that before issuance of notice the AO shall conduct enquiries**, if required, and provide an opportunity of being heard to the assessee.
- ❑ After considering his reply, the AO shall decide, by passing an order, whether it is a fit case for issue of notice under section 148 and serve a copy of such order along with such notice on the assessee.
- ❑ The AO shall before conducting any such enquiries or providing opportunity to the assessee or passing such order obtain the approval of specified authority.
- ❑ However, this procedure of enquiry, providing opportunity and passing order, before issuing notice under section 148 of the Act, shall not be applicable in search or requisition

Finance Bill – 2021 – Search initiated on or after 1st April 2021

- ☐ **The salient features of new procedure are as under:-**
- ☐ **– Years covered under Assessment :**
- ☐ In normal cases, no notice shall be issued if three years have elapsed from the end of the relevant assessment year.
- ☐ Notice beyond the period of three years from the end of the relevant assessment year can be taken only in a few specific cases where the AO has in his possession evidence which reveal that the income escaping assessment, represented in the form of asset, amounts to or is likely to amount to fifty lakh rupees or more, notice can be issued beyond the period of three year but not beyond the period of ten years from the end of the relevant assessment year.

Q&A

