

**Assessment in response to Notice u/s143(2) - Section 143(3) including E- Assessment - Practical aspect such as preparation of point wise reply to queries raised, filing of the same ( Sample copy of reply to Assessing Officer)**

## **(2) Notice serve on assessee**

Section - 68, Finance Acts-2016 1st day of June, 2016

### **(2) Where a return has been furnished**

- under section 139, or
  - in response to a notice under sub-section (1) of section 142,
- the Assessing Officer or
- the **prescribed** income-tax authority, as the case may be, {Rule 12E – not below ITO}
- **if**, considers it necessary or expedient to ensure that the assessee
    - has not understated the income or
    - has not computed excessive loss or
    - has not under-paid the tax in any manner,
- shall **serve** on the assessee a **notice** requiring him, on a date to be specified therein, **either** to **attend** the office of the Assessing Officer or to **produce**, or cause to be produced before the Assessing Officer any **evidence** on which the assessee may rely in **support** of the **return**:

## **PT - < 6 months notice**

**Provided that**

- **no notice** under this sub-section shall be served on the assessee
- **after** the expiry of **six months** from the **end** of the financial year in which the return is furnished.

*Notice – 143(2) and time limit is -- Proviso to 143(2)*

|-----|-----|  
*Date of return (Acknowledgment)      End of FY (31/3/Y<sup>YY</sup>)      + 6 Months = 30/9/Y<sup>YY</sup>*

## **(3) Assessment**

Section - 58, Finance Acts-2017 effect from the 1st day of June, 2016 { **Amendment** }.

- (3) *On the day specified in the notice issued under sub-section (2), or as soon afterwards as may be,*
- *after hearing*
  - *such evidence as the assessee may produce and*
  - *such other evidence as the Assessing Officer **may** require on specified points, **and***
  - *after taking into account all relevant material which he has gathered,*
- the Assessing Officer shall,*

- *by an order in writing,*
- ***make an assessment** of the total income or loss of the assessee, and*
- *determine the sum payable by him or refund of any amount due to him on the basis of such assessment:*

## Scrutiny

1. Instruction No.7/2014 [F.NO.225/229/2014-ITA.II], DATED 26-9-2014
2. Instruction No.20/2015 [F.NO.225/269/2015-ITA-II], DATED 29-12-2015
3. Letter [F.NO.225/162/2016/ITA.II], DATED 11-7-2016
4. Instruction No. 4/2016 dt. 13th of July, 2016
5. Instruction No. 5/2016 dt. 14th of July, 2016
6. Letter F.No.System/ITBA/Instruction/Assessment/CASS Cycle 2/2016-17, Dated 25-7-2016

## INSTRUCTION No.7/2014

INCOME TAX –

COPY OF INSTRUCTION No.7/2014

Dated 26th September, 2014

F.No. 225/229/2014/ITA.II

Government of India

Ministry of Finance

Department of Revenue

(CBDT) New Delhi

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To

All Pr. Chief-Commissioners of Income-tax/Chief-Commissioners of Income-tax

All Pr. Directors-General of Income-tax/Directors-General of Income-tax

**Scope** of enquiry in cases selected for scrutiny during the Financial Year 2014-2015 on basis of

AIR/CIB/26AS mis-match-regarding

It has come to the notice of the Board that during the scrutiny assessment proceedings some of the AOs are routinely calling for information **which is not relevant**, for enquiry into the issues to be considered.

This has been **causing undue harassment** to the taxpayers and has also drawn adverse criticism from several quarters. Further, feedback and analysis of such orders indicates that many times the core issues, which formed the basis of selection of the case for scrutiny were not examined properly. Such instances primarily occurred in cases selected for scrutiny under Computer Aided Scrutiny Selection

('CASS') for verification of specific information obtained from third party sources which apparently did not match with the details submitted by the taxpayer in the return-of-income.

2. Therefore, for proper administration of the Income-tax Act, 1961 ('Act'), Central Board of Direct Taxes, by virtue of its powers under section 119 of the Act, in supersession of earlier **instructions/guidelines** on this subject, hereby directs that the cases selected for scrutiny during the Financial Year 2014-2015 under CASS, on the **basis** of either AIR data or CIB information or for non reconciliation with 26AS data, the scope of enquiry should be **limited** to verification of these particular aspects only. Therefore, in such cases, an Assessing Officer shall confine the questionnaire and subsequent enquiry or verification **only to the specific point(s)** on the basis of which the particular return has been selected for scrutiny.

3. The **reason(s)** for selection of cases under CASS are **displayed** to the Assessing Officer in AST application and **notice u/s 143(2)**, after generation from AST, is issued to the taxpayer with the remark "Selected under Computer Aided Scrutiny Selection (CASS)". The functionality in AST is being modified suitably to flag the reasons for scrutiny selection in AIR/CIB/26AS cases. This functionality is expected to be operationalised by 15th October, 2014. Further, the Assessing Officer while issuing notice under **section 142(1)** of the Act which is enclosed with **the first questionnaire would proceed to verify only the specific aspects requiring examination/verification**. In such cases, all efforts would be made to ensure that assessment proceedings are completed expeditiously in minimum possible number of hearings without unnecessarily dragging the case till the time-barring date.

4. In case, during the course of assessment proceedings, it is found that there is potential escapement of **income exceeding Rs. 10 lakhs** (for non-metro charges, the monetary limit shall be Rs. 5 lakhs) on any other issue(s) apart from the AIR/CIB/26AS information based on which the case was selected under CASS requiring substantial verification, the case may be taken up for comprehensive scrutiny with the approval of the Pr. CIT/DIT concerned. However, such an **approval** shall be accorded by the Pr. CIT/DIT in writing after being satisfied about merits of the issue(s) necessitating wider and detailed scrutiny in the case. Cases so taken up for detailed scrutiny shall be monitored by the Jt. CIT/Addl. CIT concerned.

5. The contents of this Instruction should be immediately brought to the notice of all concerned for strict compliance.

6. Hindi version to follow.

Sd/- (Rohit Garg) Deputy Secretary to the Government of India

## INSTRUCTION NO.20/2015

### SECTION 143 OF THE INCOME-TAX ACT, 1961 - ASSESSMENT - SCRUTINY ASSESSMENT - SOME IMPORTANT ISSUES AND SCOPE OF SCRUTINY IN CASES SELECTED THROUGH COMPUTER AIDED SCRUTINY SELECTION (CASS)

**INSTRUCTION NO.20/2015 [F.NO.225/269/2015-ITA-II], DATED 29-12-2015**

The Central Board of Direct Taxes ('CBDT'), *vide* Instruction No. **7/2014** dated 26-9-2014 had clarified the **extent of enquiry** in certain category of cases specified therein, which are selected for scrutiny through CASS.

**Further clarifications** have been sought regarding the scope and applicability of the aforesaid Instruction to cases being scrutinized.

2. In order to facilitate the **conduct** of scrutiny assessments and to bring further clarity on some of the issues emerging from the aforesaid Instruction, following **clarifications** are being made:

- i. **Year** of applicability: As stated in the **Instruction No. 7/2014**, the said Instruction is applicable only in respect of the cases selected for scrutiny through CASS-**2014**.
- ii. Whether the said Instruction is applicable to all cases selected under CASS: The said Instruction is applicable where the case is selected for scrutiny under CASS **only** on the **parameter(s) of AIR/CIB/26AS data**. If a case has been selected under CASS for any **other reason(s)**/parameter(s) besides the AIR/CIB/26AS data, **then** the said Instruction **would not apply**.
- iii. Scope of Enquiry: **Specific issue based enquiry** is to be conducted only in those scrutiny cases which have been selected on the parameter(s) of AIR/CIB/26AS data. In such cases, the Assessing Officer, shall also **confine the Questionnaire only to the specific issues** pertaining to AIR/CIB/26AS data. Wider scrutiny in these cases can only be conducted as per the guidelines and procedures stated in Instruction No. 7/2014.
- iv. Reason for selection: In cases under scrutiny for verification of AIR/CIB/26AS data, the Assessing **Officer has to intimate the reason** for selection of case for scrutiny to the assessee concerned.

3. As far as the returns **selected** for scrutiny through CASS-2015 are concerned, **two type of cases** have been selected for scrutiny in the current Financial Year- one is 'Limited Scrutiny' and other is 'Complete Scrutiny'. The assessees concerned have duly been intimated about their cases falling either in '**Limited Scrutiny**' or '**Complete Scrutiny**' through notices issued under section **143(2)** of the Income-tax Act, 1961 ('Act').

The **procedure** for handling 'Limited Scrutiny' cases shall be as under:

- a. In 'Limited Scrutiny' cases, the reasons/issues shall be forthwith communicated to the assessee concerned.
- b. The **Questionnaire** under section 142(1) of the Act in 'Limited Scrutiny' cases shall remain **confined only to the specific** reasons/issues for which case has been picked up for scrutiny. Further, the **scope** of enquiry shall be **restricted** to the 'Limited Scrutiny' issues.
- c. These cases shall be completed **expeditiously** in a limited number of hearings.
- d. During the course of assessment proceedings in 'limited Scrutiny' cases, if it comes to the notice of the Assessing Officer that there **is potential escapement** of income

exceeding Rs. **five** lakhs (for **metro** charges, the monetary limit shall be Rs. **ten** lakhs) requiring substantial verification on any other issue(s), then, the case **may** be taken up for 'Complete Scrutiny' with the **approval** of the Pr. CIT/CIT concerned. However, such an approval shall be accorded by the Pr. CIT/CIT in **writing** after being satisfied about merits of the issue(s) necessitating 'Complete Scrutiny' in that particular case. Such cases **shall be monitored by the Range Head** concerned. The procedure indicated at points (a), (b) and (c) above shall no longer remain binding in such cases. (For the present purpose, 'Metro charges' would mean Delhi, Mumbai, Chennai, Kolkata, **Bengaluru**, Hyderabad and Ahmedabad).

4. The Board further desires that in **all** cases under **scrutiny**, where the Assessing Officer proposes to make additions or disallowances, the assessee would be **given a fair opportunity to explain his position on the proposed additions/disallowances** in accordance with the principle of natural justice. In this regard, the Assessing Officer shall issue an appropriate show-cause notice duly indicating the **reasons for the proposed additions/disallowances** along with necessary **evidences/reasons forming the basis** of the same. **Before passing the final order** against the proposed additions/disallowances, **due consideration shall be given to the submissions** made by the assessee in response to the show-cause notice.

5. The contents of this Instruction should be immediately brought to the notice of all concerned for strict compliance.

## **Instruction No. 4/2016**

**Compulsory manual selection of cases for scrutiny criteria during the Financial Year 2016-2017**

**Instruction No. 4/2016**

**Government of India**

**Ministry of Finance**

**Department of Revenue (CBDT)**

North-Block, New Delhi

Date: 13<sup>th</sup> of July, 2016

To

All Pr. Chief-Commissioners of Income-tax/Chief-Commissioners of Income-tax

All Pr. Directors-General of Income-tax/Directors-General of Income-tax

Sir/Madam

**Subject: Compulsory manual selection of cases for scrutiny during the Financial Year 2016-2017- regd:-**

1. In supersession of earlier Instructions on the above subject, the Board hereby lays down the following procedure and criteria for manual selection of returns/cases for compulsory scrutiny during the financial-year 2016-2017:-

(i) Cases involving addition on a substantial and recurring question of law or fact in earlier assessment year(s), in excess of Rs. 25 lakhs in metro charges at Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata, Mumbai and Pune, while for other charges, quantum of such addition should exceed Rs. 10 lakhs (for transfer pricing cases, quantum of such addition should exceed Rs. 10 crore) and where:

- a. such an addition in assessment has become final as no further appeal was/has been filed; or
- b. such an addition has been confirmed at any stage of appellate process in favour of revenue and assessee has not filed further appeal; or
- c. such an addition has been confirmed at 1<sup>st</sup> appeal stage in favour of revenue or subsequently and further appeal of assessee is pending before any Authority in the appellate process.

(ii) All assessments pertaining to Survey under section 133A of the Act excluding those cases where books of accounts, documents etc. were not impounded and returned income (excluding any disclosure made during the Survey) is not less than returned income of preceding assessment year. However, where assessee retracts the disclosure made during the Survey, such cases will not be covered by this exclusion.

(iii) Assessments in search and seizure cases to be made under section(s) 158B, 158BC, 158BD, 153A & 153C read with section 143(3) of the Act and also for the returns filed for the assessment year relevant to the previous year in which authorization for search and seizure was executed u/s 132 or 132A of the Act.

(iv) Return filed in response to notice under section 148 of the Act.

(v) Cases where registration u/s 12AA of the IT Act has not been granted or has been cancelled by the CIT/DIT concerned, yet the assessee has been found to be claiming tax-exemption under section 11 of the Act. However, where such orders of the CIT/DIT have been reversed/set-aside in appellate proceedings, those cases will not be selected under this clause.

(vi) Cases of entities, being 'scientific research association' or 'university, college or other institution', having approval under section(s) 35(1)(ii)/35(1)(iii) of the Act.

(vii) Cases in respect of which specific and verifiable information pointing out tax-evasion is given by any Government Department/Authority. However, before selecting a case for scrutiny under this criterion, Assessing Officer shall be required to take prior administrative approval from the concerned jurisdictional Pr. CIT/Pr.DIT/CIT.

2. Computer Aided Scrutiny Selection (CASS): Cases are also being selected under CASS-2016 on the basis of broad based selection filters. List of such cases has been/is being separately intimated by the Pr.DGIT(Systems) to the jurisdictional authorities concerned.

3. As a taxpayer friendly measure, to reduce the departmental interface with the assessee and reduce the compliance burden of tax payers in scrutiny assessment proceedings, the scheme of Assessment through e-mail is being extended **to all scrutiny cases** including the cases selected under above parameters in seven cities of Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata and Mumbai. However, assessee in these **seven cities can exercise the option** of not being scrutinized under the **e-mail based paperless assessment proceedings** after informing the Assessing Officer concerned in writing in the beginning or subsequently during the course of assessment proceedings. Further, in cases which require submission of voluminous documents and it is not practicable to submit the scanned copies thereof through e-mail, in such instances; the Assessing Officer may decide to receive such documents in physical form after recording reasons for the same.

4. It is reiterated that the targets for completion of scrutiny assessments and strategy of framing quality assessments as contained in Central Action Plan document for Financial-Year 2016-2017 have to be complied with and it must be ensured that all scrutiny assessment orders including the cases selected under the manual criterion are completed through the AST system software only. It should be the endeavour of the Assessing Officers and his supervisory authorities to ensure that scrutiny assessment cases are disposed in a well planned manner without dragging the assessment proceedings till the last date of limitation. Further, Pr. CCsIT/CCIT(Central)/Pr. CCIT(International tax)/CCIT(Exemption)/DsGIT should evolve a suitable monitoring mechanism in their respective charges in order to ensure quality of assessments being framed during the financial year. In this regard, by 31<sup>st</sup> January, 2017, such authorities shall send a report to the respective Zonal Member with a copy to Member (IT) containing details of at least 25 quality assessment orders from their respective charges. It may further be the endeavour that cases selected for publication in 'Let us Share' are picked up only from the quality assessments as reported.

5. These instructions may be brought to the notice of all concerned for necessary compliance.

## ***Instruction No. 5/2016***

### **CBDT Instruction On When A "Limited Scrutiny" Case Can Be Converted Into A "Complete Scrutiny" Case By The AO**

The CBDT has issued Instruction No. 5/2016 dated 14th July 2016 by which it has, in order to ensure that maximum objectivity is maintained in converting a case falling under 'Limited Scrutiny' into a 'Complete Scrutiny' case, issued guidelines which require the Assessing Officer to form a reasonable view that there is possibility of under assessment of income if the case is not examined under 'Complete Scrutiny'. It is stated that the **monetary limits and requirement of administrative approval** from Pr. CIT/CIT/Pr.

DIT/DIT, as prescribed in Para 3(d) of earlier Instruction dated 29.12.2015, shall **continue** to remain applicable

**Instruction No. 5/2016**

Government of India  
Ministry of Finance  
Department of Revenue  
Central Board of Direct Taxes  
North Block, New Delhi, the 14th of July, 2016

*Subject: Direction regarding scope of enquiry in cases under 'Limited Scrutiny' selected through CASS 2015 & 2016-regd.-*

*Vide Instruction No. 20/2015 dated 29.12.2015 in File of even number, Board has laid down Standard Operating Procedure for handling of cases under 'Limited Scrutiny' which were selected through Computer Aided Scrutiny Selection in 'CASS Cycle 2015'. In these cases, it was stated that the general scope of enquiry in scrutiny proceedings **should be restricted to the relevant parameters which formed the basis for selecting the case for scrutiny**. However, in **revenue potential cases**, it was further provided that **'Complete Scrutiny' could be conducted, if there was potential escapement** of income above a prescribed monetary limit, subject to the approval of administrative Pr. CIT/CIT/Pr. DIT/DIT.*

*2. In order to ensure that maximum objectivity is maintained in converting a case falling under 'Limited Scrutiny' into a 'Complete Scrutiny' case, the matter has been further examined and in partial modification to Para 3(d) of the earlier order dated 29.12.2015, Board hereby lays down that while proposing to take up 'Complete Scrutiny' in a case which was originally earmarked for 'Limited Scrutiny', the Assessing Officer ('AO') shall be **required to form a reasonable view** that there is possibility of under assessment of income if the case is not examined under 'Complete Scrutiny'. In this regard, the monetary limits and requirement of administrative approval from Pr. CIT/CIT/Pr. DIT/DIT, as prescribed in Para 3(d) of earlier Instruction dated 29.12.2015, shall **continue** to remain applicable.*

*3. Further, while forming the reasonable view, the **Assessing Officer would ensure that:***

- a. there **exists credible material** or information available **on record** for **forming** such **view**;*
- b. this reasonable view should **not** be based on mere **suspicion**, conjecture or unreliable source; and*
- c. there must be **a direct nexus** between the available material and formation of such view.*

*4. It is further clarified that in cases under 'Limited Scrutiny', the scrutiny assessment proceedings would **initially be confined only to issues under 'Limited Scrutiny'** and questionnaires, enquiry, investigation etc.*



would be **restricted to such issues**. Only upon conversion of case to 'Complete Scrutiny' after following the procedure outlined above, the AO may examine the additional issues besides the issue(s) involved in 'Limited Scrutiny'. The AO shall also expeditiously intimate the taxpayer concerned regarding conducting 'Complete Scrutiny' in such cases.

5. It is also clarified that once a case has been converted to 'Complete Scrutiny', the AO can deal with any issue emerging from ongoing scrutiny proceedings notwithstanding the fact that the reason for such issue have not been included in the Note.

6. To ensure proper monitoring in cases which have been converted from 'Limited Scrutiny' to 'Complete Scrutiny', it is suggested, that provisions of section 144A of the Act may be invoked in suitable cases. To prevent possibility of fishing and roving enquiries in such cases, it is desirable that these cases should invariably be picked up while conducting Review or Inspection by the administrative authorities.

7. The above Instruction shall be applicable from the date of its issue and would cover the cases selected under CASS 2015 which are pending scrutiny cases as well as cases selected/being selected under the CASS 2016.

8. The contents of this Instruction may be brought to the notice of all for necessary compliance.

9. Hindi version to follow.

(Rohit Garg)

Deputy Secretary to the Government of India (F.No. 225/269/2015-ITA.11)

## Others

### 'Limited Scrutiny' – Limited to what extent?

In line with the vision/commitment of the Government of India to ease the doing of business in India, CBDT has taken some steps to limit the scope of income tax scrutiny in some cases by way of introducing the concept of 'Limited Scrutiny'.

Further, CBDT has also issued some directions/clarifications

(i) towards digitalisation of scrutiny process;

(ii) putting/raising the monetary **restraints** on the cases to be picked up for scrutiny and for conversion of 'Limited Scrutiny' into 'Complete Scrutiny'; and

(iii) for rationalisation of the scrutiny process.

This article succinctly travels you through the various instructions issued by CBDT in this regard.

### Concept of Limited Scrutiny

CBDT noticed that in many cases Assessing Officers ('AO') were routinely calling for information which was not relevant, for enquiry of the issues forming the very bases of scrutiny selection. Thus, with a view to avoid undue harassment to the taxpayers, CBDT introduced the concept of limited scrutiny<sup>1</sup>. As directed by CBDT, scrutiny cases **selected** under Computer Assisted Scrutiny Selection ('CASS') on following **basis** will come within the scope of limited scrutiny:

1. Annual Information Report (AIR)
2. Central Information Branch (CIB) information
3. Non-reconciliation with Form No. 26AS data

Further, CBDT clarified 2&6 that while issuing the scrutiny **notice** assessee(s) concerned will duly been **intimated** about their cases falling **either** in 'Limited Scrutiny' or 'Complete Scrutiny' by mentioning the type of case - 'Limited' or 'Complete' on the notice issued u/s 143(2) of the Act.

### Formats of notice u/s 143(2)

CBDT<sup>3</sup> has also modified the format of notice issued u/s 143(2) of the Act and has issued following **three** formats of the said notice:-

1. Limited Scrutiny
2. Complete Scrutiny
3. Manual Scrutiny

### Procedure for handling 'Limited Scrutiny' cases<sup>2</sup>

- In 'Limited Scrutiny' cases, notices will contain **the issue(s) identified for examination**.
- Questionnaire u/s 142(1) of the Act in 'Limited Scrutiny' cases shall **remain confined only to** the specific reasons/issues for which case has been picked up for scrutiny.
- Further, the *scope of enquiry* shall be restricted to the 'Limited Scrutiny' issues.
- These cases shall be completed expeditiously in a limited number of hearings.

### Conversion of Limited Scrutiny into Complete scrutiny in case potential escapement of income exceeds Rs.5/10 lakhs<sup>2</sup>

During the course of assessment proceedings in 'limited Scrutiny' cases, if it comes to the notice of the AO that there is potential escapement of income exceeding Rs.5 lakhs (**Rs. 10 lakhs for 7 specified metros** namely Delhi, Mumbai, Chennai, Kolkata, Bengaluru, Hyderabad and Ahmedabad) requiring substantial verification on any other issue(s), then, the case may be taken up for 'Complete Scrutiny' with the **approval of the Pr. CIT/CIT concerned**.

## **Formation of reasonable view<sup>5</sup>**

While proposing to take up 'Complete Scrutiny' in a case which was originally earmarked for 'Limited Scrutiny', the AO shall be required to form a reasonable view (*by way of a Note*) that there is possibility of under assessment of income if the case is not examined under 'Complete Scrutiny'.

Further, while forming the reasonable view, the AO would ensure that:

1. there exists credible material or information available on record for forming such view;
2. this reasonable view should not be based on mere suspicion, conjecture or unreliable source; and
3. there must be a direct nexus between the available material and formation of such view.

Further, before granting an [approval](#) in writing, the Pr. CIT/CIT shall be [satisfied about merits](#) of the issue(s) necessitating 'Complete Scrutiny' in that particular case.

## **Procedure on conversion into Complete Scrutiny<sup>5</sup>**

Once a case has been converted to 'Complete Scrutiny', the AO can deal with any issue emerging from ongoing scrutiny proceedings notwithstanding the fact that the reason(s) for such issue have not been included in the note. The procedure indicated at points (a), (b) and (c) above shall no longer remain binding in such cases converted to Complete Scrutiny.

## **Monetary limit for manual Scrutiny**

CBDT4 has also specified the monetary criteria for manual selection of returns/cases for compulsory scrutiny during the financial-year 2016-2017. This inter-alia includes cases involving *addition on a substantial and recurring question of law or fact in earlier assessment year(s)* in excess of Rs.10 lakhs ([Rs.25 lakhs for aforesaid 7 metros](#)), where:

1. such an addition in assessment has become final as no further appeal was/has been filed; or
2. such an addition has been confirmed at any stage of appellate process in favour of revenue and assessee has not filed further appeal; or
3. Such an addition has been confirmed at 1st appeal stage in favour of revenue or subsequently and further appeal of assessee is pending before any Authority in the appellate process.

*Note: - For transfer pricing cases, quantum of such addition should exceed Rs. 10 crores.*

## **Show-cause notice for any proposed additions/disallowances<sup>2</sup>**

In all cases under scrutiny, where the AO proposes to make additions or disallowances, the assessee would be given a fair opportunity to explain his position on the proposed additions/disallowances in accordance with the principle of natural justice. In this regard, the AO shall issue an appropriate show-cause notice duly indicating the reasons for the proposed additions/disallowances along with necessary evidences/reasons forming the basis of the same. Before passing the final order against the proposed

additions/disallowances, due consideration shall be given to the submissions made by the assessee in response to the show-cause notice.

#### **Optional E-Scrutiny in 7 metros<sup>4</sup>**

E-scrutiny, which allows the assessee to reply to scrutiny questions over email, has also been started in aforementioned 7 metros. Notice u/s 143(2) will include a brief note regarding the benefits and procedure of assessment through e-mail based communication (printed on the other side of the notice). However, the assessee has an [option to opt out](#) of this scheme after informing the AO concerned in writing in the beginning or subsequently during the course of assessment proceedings.

#### **Online passing of all scrutiny assessments orders**

CBDT6 has also mandated online passing of all scrutiny assessments orders.

#### **Concluding note**

Following the above directions, assessee started getting such 'Limited Scrutiny' notices. The above measures will help in streamlining the overall scrutiny process and create a fair and transparent tax environment. Though the intention is in the right direction, however the achievement of ultimate objective lies in the apt and quick implementation (*with a periodic review*) of the measures adopted in this regard.

DIRECTORATE OF INCOME TAX (SYSTEMS)

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New Delhi-110055

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E-mail id- [adg2.systems@incometax.gov.in](mailto:adg2.systems@incometax.gov.in)

F.No. DGIT(S)/ADG(S)-2/CASS 2018/2017-18

Dated: 13.10.2017

The Principal Chief Commissioner of Income-Tax/ CCsIT (By Name)

Ahmadabad I Allahabad I Amritsar I Bangalore I Baroda I Bhopal I Bhubaneswar I Bareilly I Chandigarh I Chennai I Cochin I Coimbatore I Dehradun I Delhi I Durgapur I Guwahati I Hubli I Hyderabad I Indore I Jaipur I Jalpaiguri I Jodhpur I Kanpur I Kolkatta I Lucknow/ Ludhiana I Madurai /Meerut I Mumbai I Nagpur I Nashik I Panaji I Panchkula I Patna I Pune I Raipur I Rajkot I Ranchi I Shimla I Shillong I Surat /Thane /Trichy I Trivandrum I Udaipur I Vishakhapatnam; and

The Principal Commissioner of Income-Tax /CsIT /CsIT (CO) (By Name)

Agra I Bikaner I Calicut I Dhanbad I Gandhinagar I Gwalior I Jabalpur /Jalandhar I Kolhapur I Muzzaffarpur I Mysore I Patiala I Rohtak I Sambalpur I Varanasi I Vijaywada I Delhi (CO) I Mumbai (CO)

I Chennai (CO) I Ahmedabad (CO) I Bangalore (CO) I Bhopal (CO) I Bhubaneswar (CO) I Kolkata (CO) I Cochin (CO) I Chandigarh (CO) I Hyderabad (CO)/ Jaipur (CO) I Kanpur (CO) I Nagpur (CO) I Patna (CO) I Pune (CO) I Guhawati (CO)

Sir / Madam,

Sub:- Suggestion on CASS parameters for Returns received in F.Y. 2017-18-Reg.-

The Directorate is in the process of modifying the CASS parameters so as to select cases for scrutiny assessment for returns filed in F.Y. 2017-18. You are requested to kindly provide your valuable feedback on CASS parameters to make the process more effective, considering, interalia, the following factors:

- (i) The parameters of selection of earlier CASS runs, which have **not yielded revenue** even after in-depth scrutiny, which may be considered for exclusion in future CASS run.
- (ii) The new parameters of selection, which are to be considered for inclusion in future Cass run, based on the additions made or the revenue potential, with reference abcaus.in to the specific data fields available in AST, TDS, OLTAS, CIB, AIR modules etc.
- (iii) Cases of specific Industry (based on business code/nature of business) and economy trends of Y. 2016-17 (A.Y. 2017-18), which need to be considered for selection.
- (iv) Particular parameters of selection of earlier CASS runs, which led to higher concentration or shortage in selection with particular AOs or particular charge , may be indicated with statistics .
- (v) Suggestion/ rules in respect of high risk cases pertaining to cash deposited during demonetization period.

The Pr. CCsIT I CCsIT may send their suggestions before 31.10.2017 by e-mail on [cass@incometax.gov.in](mailto:cass@incometax.gov.in) for incorporation in CASS for this year.

This issues with the approval of Pr. DGIT(S) .

Yours faithfully,

(Sanjeev Singh)  
ADG(S)-2  
New Delhi

Copy for information and with a request to suggest special parameters for selection in respect of assesses under their jurisdictions :

The Principal Chief Commissioner of Income Tax (International Taxation) , New Delhi.  
The Chief Commissioner of Income Tax (Exemptions) , New Delhi.  
The DIT, Database Cell for uploading on [www.irsOfficersonline.gov.in](http://www.irsOfficersonline.gov.in).

ADG(S)-2  
New Delhi